

ENERGY TEXAS, INC.
Electric Service

SCHEDULE SRC-2

Sheet No.: 140
Effective Date: April 29, 2022
Revision: 0
Supersedes: New Schedule
Schedule Consists of: Six Sheets Plus
Attachments A and B

SYSTEM RESTORATION COSTS-2

I. GENERAL

This System Restoration Costs Schedule SRC-2 is applicable under the regular terms and conditions of Entergy Texas, Inc. ("Company" or "ETI") to all electric service billed under all of the Company's Rate Classes identified herein and all associated Riders, whether for metered or un-metered service, and subject to the jurisdiction of the Public Utility Commission of Texas ("PUCT" or the "Commission").

Schedule SRC-2 is applicable to energy consumption and demands of the Company's customers who take bundled service from the Company and when, and if, the Company's Service Area becomes subject to retail competition, to Retail Electric Providers or other entities during the term that this schedule is in effect, and to the facilities, premises, and loads of all other customers obligated to pay System Restoration Costs Charges as provided in this schedule.

II. DEFINITIONS

For the purposes of this schedule, the following terms shall have the following meanings:

Company – Entergy Texas, Inc., and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area.

Special Purpose Entity ("SPE") – The owner of Transition Property, on behalf of whom the System Restoration Costs are collected.

Financing Order – The Financing Order issued by the PUCT in Docket No. 52302 under Subchapter I of Chapter 36 and Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act ("PURA") providing for the issuance by the SPE of system restoration bonds ("System Restoration Bonds") to securitize the amount of qualified costs ("Qualified Costs") determined by the Commission in such order.

Non-Eligible Self-Generation ("NESG") – New on-site generation as defined in PURA § 39.252(b) (except all dates referenced shall be replaced with the date of the Financing Order) which materially reduces or reduced customer loads on the Company's system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

Retail Electric Provider ("REP") – If the Company's Service Area becomes subject to retail competition, the entity which serves the customer's energy needs, and will remit to the Servicer the System Restoration Costs - 2 ("SRC-2") billed in accordance with this schedule.

Service Area – The Company’s certificated service area as it existed on the date of the Financing Order.

Servicer – On the effective date of this tariff, the Company shall act as Servicer. However, the SPE may select another party to function as Servicer or the Company may resign as Servicer or be succeeded by a permitted successor in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. 52302. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

System Restoration Costs Charges (“SRC-2 Charges”) – a non-bypassable charge computed on the basis of individual end-use customer consumption, except for SRC-2 Charges applicable to NESG for which charges are based on the output of the on-site generation.

- A. For customers whose facilities, premises, and loads are subject to SRC-2 Charges billed and collected pursuant to the Initial or Adjusted System Restoration Costs Rates, Attachment A to this schedule, the SRC-2 Charges shall constitute a separate charge.
- B. The assessment of SRC-2 Charges may be separately identified on the bills sent to customers or when, and if, the Company’s Service Area becomes subject to retail competition, REPs or other entities. If such charges are not separately identified, customers will be notified at least annually that the Transition Property is owned by the BondCo and not ETI.

III. APPLICABILITY

This schedule, along with Attachment A, sets out the rates, terms and conditions under which SRC-2 Charges shall be billed and collected by the Company, any successor Servicer(s), any REPs, and any other entity(ies) responsible for billing or collecting SRC-2 Charges on behalf of the SPE pursuant to the terms of the Financing Order or this tariff. This schedule is applicable to energy consumption and demands of customers taking service from the Company and to facilities, premises and loads of such customers.

This schedule also applies to:

- A. Customers taking service at facilities, premises, or loads located within the Service Area who received service from the Company on the date the Financing Order was issued, but whose present facilities, premises, or loads request to change service to another utility at any time on or after the date of the Financing Order, provided the request to change service to another utility was not pending as of that date.
- B. Customers located within the Service Area and prior customers of the Company who are served by NESG.
- C. Public customers located within the Service Area who purchase power from the General Land Office under PURA § 35.102.

Individual end-use customers are responsible for paying SRC-2 Charges billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, an entity designated to collect SRC-2 Charges in place of the REP, or other entity which may be required to bill or collect the SRC-2 Charges. The REP, an entity designated to collect SRC-2 Charges in place of the REP, or another entity which is required to bill or collect the SRC-2 Charges will

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pay the SRC-2 Charges to the Servicer, whether or not they collect the SRC-2 Charges from their customers. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

IV. TERM

This schedule shall remain in effect until the SRC-2 Charges have been collected and remitted to the SPE in an amount sufficient to satisfy all obligations of the SPE in regard to paying principal and interest on the System Restoration Bonds together with all other qualified costs as provided in PURA §§ 39.302(4) and 36.403(d). However, in no event shall the SRC-2 Charges provided for in this schedule be collected for service rendered after 15 years from issuance of the System Restoration Bonds. SRC-2 Charges for service rendered during the 15-year period following issuance of the System Restoration Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

V. SRC-2 RATE CLASSES

The SRC-2 Rates will be payable by all existing customers of the Company and all existing and future customers located within the Company's Service Area. The defined SRC-2 Rate Classes to whom SRC-2 Rates will apply are as follows:

- Residential — this service is applicable for all domestic purposes in single family residences or individual apartments.
- Small General Service — this service is applicable to non-residential customers using 20 kW or less of demand. The Small General Service class also includes Municipal Traffic Signal Service and Unmetered Services.
- General Service — this service is applicable to non-residential customers who contract for not less than 5 kW but not more than 2,500 kW of electric service.
- Large General Service — this service is applicable to non-residential customers who contract for not less than 300 kW but not more than 2,500 kW of electric service.
- Large Industrial Power Service Trans. & Distribution — this service is applicable to non-residential customers who contract for not less than 2,500 kW of electric service. The Large Industrial Power Service class also includes customers taking service under Pipeline Pumping Service and Interruptible Service.
- Large Industrial Power Service – Distribution Only – this service is applicable to non-residential customers who contract for not less than 2,500 kW of electric service at Distribution Voltage (Less than 69 kilovolts), including any distribution-level customers taking service under Pipeline Pumping Service and Interruptible Service.

- Standby and Maintenance Service — this service is applicable to non-residential customers who have their own generation equipment and who contract for Standby and Maintenance Service from the Company. For SRC-2 Rates, there will be a separate Standby Service Charge and Maintenance Service Charge, as described below.
- Street and Outdoor Lighting — this class includes Area Lighting Service which provides security or flood lighting services provided on end-use customers' premises and Street and Highway Lighting Service.

VI. PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS

The Periodic Billing Requirement shall be functionalized and allocated to each SRC-2 Rate Class using the methods approved by the Commission in Docket No. 51997 as outlined in Attachment B to this schedule.

VII. DETERMINATION OF SRC-2 RATES

SRC-2 Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of the SRC-2 Charges is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the System Restoration Bonds and to pay on a timely basis other qualified costs. With the exception of Standby and Maintenance Service, the SRC-2 Rates shall be computed by multiplying the Periodic Billing Requirement Allocation Factor ("PBRAF_c") times the Periodic Billing Requirement ("PBR") for the projected SRC-2 period, and dividing such amount by the billing units of the SRC-2 Rate Class, as shown in the following formula:

$$\text{SRC-2}_c = [(\text{PBR} * \text{PBRAF}_c) + P_c] / \text{FBU}_c$$

Where,

SRC-2_c = SRC-2 Rate applicable to an SRC-2 Rate Class during the SRC-2 Period;

PBR = Periodic Billing Requirement for the SRC-2 Period;

PBRAF_c = the Periodic Billing Requirement Allocation Factor for such class in effect at such time;

P_c = Prior period over-/under-recovery for such class; and

FBU_c = Forecasted Billing Units (i.e., class-specific energy or demand billing units) currently forecast for a class for the SRC-2 period.

The SRC-2 Rate applicable to the Large Industrial Power Service – Distribution Only class shall be the sum of (a) the product of (1) the PBR and (2) the PBRAF for the Large Industrial Power Service Trans. & Distribution Service class and (3) 34.94% and (b) the prior period over-/under-recovery for the Large Industrial Power Service – Distribution Only class divided by the Forecasted Billing Units.

The Standby Service Charge and the Maintenance Service Charge will be designed as follows:

- a. Start with the Large Industrial Power Service class's Charge for system restoration costs applicable to transmission service.

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- b. Calculate the Standby and Maintenance Service revenue requirement, which is the sum of the Standby Service Charge multiplied by the Standby Service billing determinants and the Maintenance Service Charge multiplied by the Maintenance Service billing determinants.
 1. The Standby Service Charge is the transmission system restoration costs for the Large Industrial Power Service class multiplied by 11.379%.
 2. The Maintenance Service Charge is the Standby Service Charge multiplied by 75%.
 3. The Standby and Maintenance Service billing determinants for Standby Service Charges and Maintenance Service Charges are based on usage [kW] during the most recent 12-month period.
- c. Deduct the Standby and Maintenance Service revenue requirement from the overall revenue requirement for system restoration costs.
- d. Reallocate any remaining revenue requirement for system restoration costs to the rate classes.

VIII. STANDARD AND INTERIM TRUE-UP PROCEDURE

Not less than 15 days prior to the first billing cycle for the Company's April 2023 billing month, and no less frequently than annually, the Servicer shall file a revised Attachment A setting forth the upcoming SRC-2 period's SRC-2 Rates (Adjusted SRC-2 Rates), complete with all supporting materials. The Adjusted SRC-2 Rates will become effective on the first billing cycle of the Company's April billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the Servicer's adjustment. Any necessary corrections to the Adjusted SRC-2 Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

The Servicer is also required to make mandatory interim true-up adjustments semi-annually (or quarterly during the period between the expected final maturity and the legal final maturity of the last bond tranche or class), using the methodology applicable to the standard true-up, (i) if the Servicer forecasts that SRC-2 Charge collections will be insufficient to make all scheduled payments of principal, interest and other qualified amounts in respect of the system restoration bonds during the current or next succeeding payment period and/or (ii) to replenish any draws upon the capital subaccount. In the event an interim true-up is necessary, the interim true-up adjustment should be filed not less than 15 days prior to the first billing cycle of the month in which the revised system restoration charges will be in effect. In no event would such interim true-up adjustments occur more frequently than every three months if quarterly system restoration bond payments are required or every six months if semi-annual system restoration bond payments are required; provided, however, that interim

true-up adjustments for any system restoration bonds remaining outstanding after the expected final maturity date of the last tranche or class shall occur quarterly.

IX. NON-STANDARD TRUE-UP PROCEDURE

In the event that the forecasted billing units for one or more of the SRC-2 Rate Classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a non-standard true-up filing at least 90 days before the effective date of the next standard true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- A. allocate the upcoming period's Periodic Billing Requirement based on the PBRAFs as outlined in Attachment B;
- B. calculate undercollections or overcollections from the preceding period in each SRC-2 Rate Class by subtracting the previous period's SRC-2 Charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
- C. sum the amounts allocated to each SRC-2 Rate Class in steps A and B above to determine an adjusted Periodic Billing Requirement for each SRC-2 Rate Class;
- D. divide the Periodic Billing Requirement for each SRC-2 Rate Class by the maximum of the forecasted billing units or the threshold billing units for that Class, to determine the threshold rate;
- E. multiply the threshold rate by the forecasted billing units for each SRC-2 Rate Class to determine the expected collections under the threshold rate;
- F. allocate the difference in the adjusted Periodic Billing Requirement and the expected collections calculated in step E among the SRC-2 Rate Classes using the PBRAFs as outlined in Attachment B;
- G. add the amount allocated to each SRC-2 Rate Class in step F above to the expected collection amount by class calculated in step E above to determine the final Periodic Billing Requirement for each class; and
- H. divide the final Periodic Billing Requirement for each SRC-2 Rate Class by the forecasted billing units to determine the SRC-2 Rate by Class for the upcoming period.

A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- A. The Servicer will make a "non-standard true-up filing" with the Commission at least 90 days before the effective date of the proposed true-up adjustment. The filing will contain the proposed changes to the SRC-2 Rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- B. Concurrently with the filing of the non-standard true-up with the Commission, the Servicer will notify all parties in Docket No. 52302 of the filing of the proposal for a non-standard true-up.

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- C. The Servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with the Financing Order. The Commission will issue a final order by the proposed effective date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the Servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the Servicer in the next true-up filing.

X. ALTERNATIVE BILLING AND COLLECTION TERMS AND CONDITIONS

The billing and collection of SRC-2 Charges may differ as set forth in this schedule. The alternative terms and conditions for each party are set forth below:

A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:

1. Applicable to former customers of the Company in multiply certificated service areas now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer pursuant to the terms of the Transition Property Servicing Agreement.

B. Billings by Servicer to NESG:

1. Applicable to end-use consumption served by on-site non-eligible self generation. The SRC-2 Charges applicable to NESG are in addition to the applicable SRC-2 Charges under A above or C below.
2. Payment terms pursuant to the Commission's rules.
3. SRC-2 Rate Class determined by summing loads on the transmission and distribution system with loads served by non-eligible self generation.
4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

C. Billings by the REP or its Replacement to End-Use Customers:

1. Applicable to consumption of all end-use customers served by the REP for which SRC-2 Charges apply, including applicable former customers and NESG, under the following conditions:
2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
3. Each REP must (1) have a long-term, unsecured credit rating of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively, or (2) provide (A) a deposit of two months’ maximum expected SRC-2 Charges collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of SRC-2 Charges collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain long-term, unsecured credit ratings of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively.
4. If the long-term, unsecured credit rating from either Standard & Poor’s or Moody’s Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below “BBB-” or “Baa3” (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months’ maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the System Restoration Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the System Restoration Bonds unless otherwise utilized for the payment of the REP’s obligations for SRC-2 Charges payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.

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6. In the event that a REP or the Provider of Last Resort ("POLR") provider is billing customers for SRC-2 Charges, the REP shall have the right to transfer the customer to the POLR provider (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

D. Billings by the Servicer to the REP or its Replacement (when applicable):

1. Applicable to all consumption subject to REP billing of SRC-2 Charges.
2. Payments of SRC-2 Charges are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or not, or when, the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer ("EFT"), wire transfer ("WT") and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid SRC-2 Charges existing on the 36th calendar day after billing by the Servicer. Any and all such penalty payments will be made to the Indenture Trustee to be applied against SRC-2 Charges obligations. A REP shall not be obligated to pay the overdue SRC-2 Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue SRC-2 Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such SRC-2 Charges; however, the prior REP shall not be relieved of the previously assessed penalties.
3. After the 10 calendar-day grace period (the 45th calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid SRC-2 Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:

- (a) Allow the POLR provider or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of SRC-2 Charges.
- (b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the System Restoration Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the System Restoration Bonds.
- (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay SRC-2 Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

4. The POLR provider will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR provider defaults or is not eligible to provide such services, responsibility for billing and collection of SRC-2 Charges will immediately be transferred to and assumed by the Servicer until a new POLR provider can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR provider, or Servicer for any amount of SRC-2 Charges they have paid their REP (although future SRC-2 Charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45th day, the REP shall not be required to comply with § X.D.3.(a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days.
5. In the event the Servicer is billing customers for SRC-2 Charges, the Servicer shall have the right to terminate transmission and distribution service for non-payment by end-use customers pursuant to the Commission's rules.
6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the standard true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the system restoration bonds issued by Entergy Texas Funding II, LLC pursuant to the financing order issued in Docket No. 52302. On an annual basis in connection with the standard true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:

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- (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing SRC-2 Charges) have been written off.
 - (b) The REP's recourse will be limited to a credit against future SRC-2 Charges payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.
 - (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits in its calculation of the SRC-2 Rates for the next SRC-2 billing period, and the REP's rights to credits will not take effect until after such adjusted SRC-2 Rates have been implemented.
7. In the event that a REP disputes any amount of billed SRC-2 Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of SRC-2 Charges payments (and penalties arising therefrom) will be handled in a like manner.

Any interest paid by the Servicer on disputed amounts shall not be recovered through SRC-2 Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.

8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

XII. OTHER TERMS AND CONDITIONS

Prior to the date when retail competition is introduced into ETI's Service Area, if any retail customer does not pay the full amount of any bill to ETI, the amount paid by the customer will be applied in the following order of priority: first, to any amounts due with respect to customer deposits, second, to all electric service charges of ETI and to all system restoration charges on the bill, *pari passu*, based upon the total amount billed, and third, to tax and charges billed to the customer. If there is more than one owner of transition property, or if the sole or any owner of transition property (or pledge or pledgee) has issued multiple series of bonds, such partial collections representing system restoration charges shall be allocated among such owners (or pledgee or pledgees), and among such series of system restoration bonds, pro-rata based upon the amounts billed with respect to each series of system restoration bonds, provided that late fees and charges may be allocated to the Servicer as provided in the Tariff. If the Service Area becomes subject to retail competition and if a REP or other entity does not pay the full amount it has been billed, the amount paid by the REP or such other entity will first be apportioned between the system restoration charges and other fees and charges (including amounts billed and due in respect of system restoration charges associated with system restoration bonds issued under other financing orders), other than late fees, and second, any remaining portion of the payment will be allocated to late fees. The amount allocated to system restoration charges shall be further allocated in the same manner as the second preceding sentence. The foregoing allocations will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.

At least once each year, following the introduction of retail open access in the Service Area, (i) the Company shall cause to be prepared and delivered to REPs, if appropriate, and such customers a notice stating, in effect, that the Transition Property and the SRC-2 Charges are owned by the SPE and not the Company; and (ii) each REP which bills SRC-2 Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the SRC-2 Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

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SCHEDULE SRC-2 - ATTACHMENT A

INITIAL OR ADJUSTED SYSTEM RESTORATION COSTS RATES

I. RATE CLASSES

For purposes of determining and billing Initial or Adjusted System Restoration Costs Rates, each end-use customer will be designated as a customer belonging to one of eight SRC-2 classes as identified and defined in § V of Rate Schedule SRC-2.

II. NET MONTHLY RATE

The Initial or Adjusted SRC-2 Rates shall be determined in accordance with and are subject to the provisions set forth in Rate Schedule SRC-2. Not less than 15 days prior to the first billing cycle for the Company's April billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a revision to Schedule SRC-2, Attachment A setting forth the Adjusted SRC-2 Rates to be effective for the upcoming period. If made as a result of the standard true-up adjustment in Rate Schedule SRC-2, the Adjusted SRC-2 Rates will become effective on the first billing cycle of the Company's April billing month. If an interim true-up adjustment is made pursuant to Rate Schedule SRC-2, the Adjusted SRC-2 Rates will become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a non-standard true-up filing pursuant to Rate Schedule SRC-2 is made to revise the Initial or Adjusted SRC-2 Rates, the filing will be made at least 90 days prior to the first billing cycle for the Company's April billing month. Amounts billed pursuant to this schedule are not subject to Rider IHE or State and local sales tax.

<u>SRC-2 Rate Class</u>	<u>Initial or Adjusted SRC-2 Rates</u>	
Residential	\$0.00224	per kWh
Small General Service	\$0.00146	per kWh
General Service	\$0.00174	per kWh
Large General Service	\$0.00120	per kWh
Large Industrial Power Service – Trans. & Distribution	\$0.04451	per kW
Large Industrial Power Service – Distribution Only	\$0.34865	per kW
Standby and Maintenance Service		
Standby Service	\$0.01146	per kW
Maintenance Service	\$0.00556	per kW
Street and Outdoor Lighting	\$0.00944	per kWh

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The Initial or Adjusted SRC-2 Rates are multiplied by the kWh or kW as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

ATTACHMENT B

Entergy Texas, Inc.
Allocation of Annual Securitization Payments
Texas Retail by Class

	<u>Texas Retail</u>							
	<u>Tx Retail</u>	<u>RES</u>	<u>SGS</u>	<u>GS</u>	<u>LGS</u>	<u>LIPS</u>	<u>SMS</u>	<u>LTG</u>
Total SRC Revenue Requirement								
Texas Retail Allocation Factors *	100.0000%	59.7869%	4.1278%	22.3979%	6.0031%	4.5519%	0.0000%	3.1325%
Total Storm Costs*	\$256,198,242							
Estimated Annual Levelized Payment **	\$33,697,450							
Payment Allocated to Rate Classes - Exh. REL-1	\$33,697,450	\$20,146,645	\$1,390,958	\$7,547,517	\$2,022,894	\$1,533,860	\$0	\$1,055,575
Allocated to SMS***	\$50,482						\$50,482	
Credit to rate classes for SMS	\$ (50,482)	\$ (30,182)	\$ (2,084)	\$ (11,307)	\$ (3,030)	\$ (2,298)		\$ (1,581)
Amount to be recovered from rate classes	\$33,646,968	\$20,116,464	\$1,388,874	\$7,536,210	\$2,019,864	\$1,531,562		\$1,053,994

* Source of Storm Costs and Texas Retail Allocation Factors - Docket No. 51997, Stipulation & Settlement Agreement

** Source of Annual Levelized Payment to be allocated - Updated Schedule 8

*** LIPS-Distribution and SMS rates are based on the provisions of the Stipulation & Settlement Agreement, Docket No. 51997