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Gregory D. Pierce
Director Transmission Compliance

January 20, 2010

VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Entergy Services, Inc.; Docket No. ER05-1065-000
Report of AFC-Related Errors

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission") April 24, 2006 Order in *Entergy Services, Inc.*, 115 FERC ¶ 61,095 (2006) ("April 24 Order"), Entergy Services, Inc., acting as agent for the Entergy Operating Companies,¹ hereby notifies the Commission it has recently become aware of the following AFC-related error.

In the April 24 Order, the Commission conditionally accepted Entergy's proposal to establish an Independent Coordinator of Transmission ("ICT") for the Entergy System. As the Commission is aware, the Southwest Power Pool, Inc. acts as Entergy's ICT. In the April 24 Order, the Commission imposed an obligation for Entergy to "notify the Commission, the ICT and the Users Group within 15 days if Entergy discovers that it has lost data, or reported inaccurate data, or otherwise believes that it has mismanaged data." See April 24 Order at P 110. Accordingly, Entergy submits the following explanation of mismanaged data.

¹ The Entergy Operating Companies include: Entergy Arkansas, Inc., Entergy Gulf States Louisiana, LLC, Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc. The Entergy Operating Companies and Entergy Services, Inc. are referred to collectively herein as "Entergy."

Incorrect Accounting for Recalls in AFC Calculations for the Planning and Study Horizons

On December 18, 2009, the ICT notified Entergy that it had observed an issue with the accounting of recalls in the AFC calculations for the Planning and Study Horizons. The ICT and Entergy began evaluating the potential issue shortly thereafter and an extensive review process ensued. During the review process by Entergy, which continued until January 5, 2010, the application of a recall credit to a flowgate's AFC value was observed despite the parent TSR being modeled at reduced or zero MW value in the RFCALC Reservation Capacity MOD file due to a previous recall of reserved capacity. Further investigation revealed a difference in the accounting for TSRs subject to recall in the webTrans AFC calculator and the baseflow modeling processes. As a result, inflated AFC values, which could have resulted in overselling of AFC, were reflected on thermal flowgates when the credit for a recall was already incorporated into the base flow model. This issue was not observed on proxy flowgates.

On December 20, 2009, although the underlying cause of the issue had yet to be determined as discussed above, a manual work around in which the ICT would exclude all recall reservations and perform an initialization in webTrans was implemented. Although this manual workaround corrected the AFC values calculated for thermal flowgates, it impacted the calculation of AFC values for the proxy flowgates. The ICT manually monitored the proxy flowgates to ensure that no other TSRs were incorrectly impact. Both the thermal and proxy flowgates are now appropriately accounting for recalls in calculated AFC values since the change was put into production on December 22, 2009.

Improper Accounting of the Impacts of Annulled and Displaced TSRs

On January 5, 2010, Entergy determined that an issue identified by a customer on December 17, 2009, was reportable as required by the April 2006 Order. The ICT received a call from a customer indicating that the Scenario Analyzer was showing a Fail value on a request out of the DUKEHINDS facility due to an incorrect value on the DUKEHINDS_PMAX flowgate. The customer had annulled a TSR on December 14, 2009, which action should have made that flowgate available. Upon investigation, it was determined that, where an annulment or displacement of a TSR occurred after a baseflow recalculation, webTrans failed to properly increment AFC values to account for the annulled and displaced TSRs after its initialization. Review of this issue has indicated that only the Study Horizon was impacted by this issue due to a daily software restart that occurs without a baseflow resynchronization. A software change was implemented on December 22, 2009 to correct this issue.

Incorrect File Format

The ICT notified Entergy, December 28, 2009, that the AFC values for April 2010 seemed high. Upon investigation, it was determined that the April 2010 file had an incorrect format for two columns, which resulted in the exclusion of some TSRs from the model for the Study Horizon. The affected model results were uploaded on December 21, 2009. The corrected model results were uploaded on December 28, 2009. This issue resulted in the approval of two TSRs for 25 MW each, which should have been refused.

Preemption Recall

On January 5, 2010, Entergy determined that an issue identified by the ICT on January 5, 2010, was reportable as required by the April 2006 Order. Entergy received a call from the ICT reporting an issue with the challenger/defender process which resulted in double counting the AFCs and causing flowgates to be oversold. The impact of this error would only be seen in the following circumstances: (1) a competition was detected for a given defender TSR; (2) that defender TSR already had an operator initiated RECALL of similar characteristics to the recall determined for the new competition; and (3) the challenger that initiated the competition withdrew their request for service. The characteristics of the RECALLs impacted were: must be type RECALL, must refer to the defender that was object of competition, and must have the same start/stop time as the recall that was to be issued by the competition. A software change was implemented on January 7, 2010, to correct the issue.

Challenger not Recognizing Defender as Available for Preemption

On January 6, 2010, Entergy determined that an issue identified by the ICT on January 6, 2010, was reportable as required by the April 2006 Order. The ICT notified Entergy that there appeared to be an issue with preemption where the challenger did not recognize the defender as being available for preemption for the Planning and Study Horizons. For this issue to occur several criteria must be met: (1) the Defender must be submitted before a Resync; (2) the Challenger must be submitted after a subsequent Resync; (3) The competition must occur on a constrained NON-PROXY flowgate; (4) the Challenger must be acted on before the next Resync. The potential impact to the market during the window of exposure is that a TSR might be refused service that could have been granted through competition or counteroffered a lower MW amount than could have been granted through competition. A manual work around was put in place on January 7, 2010, where the ICT operators would alert an ICT support engineer when a TSR received a FAIL status, then the support engineer would evaluate the scenario and recommend the proper action. A software change was implemented on January 18, 2010, to correct the issue.

In the event that further information is needed, please do not hesitate to contact the undersigned.

Respectfully submitted,
/s/Gregory D. Pierce
Gregory D. Pierce
Director, Transmission Compliance

Kimberly D. Bose, Secretary
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cc: Southwest Power Pool, Inc.
ICT Users Group
Service List; Docket No. ER05-1065-000

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of January, 2010, served the foregoing document upon the Southwest Power Pool, Inc., the ICT Users Group, and each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Nicole A. Livaccari

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