

Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004
Tel. 202.739.3000
Fax: 202.739.3001
www.morganlewis.com

Morgan Lewis
C O U N S E L O R S A T L A W

Floyd L. Norton, IV
Partner
202.739.5620
fnorton@morganlewis.com

August 27, 2007

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 OASIS-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 a RFCALC issue involving the mismanagement of data.

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 a recently discovered issue involving the use of "participation factor" data in the Available Flowgate Capacity ("AFC") process.

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

The Issue

On August 8, 2007 the ICT contacted Entergy concerning the evaluation of a particular transmission service request, specifically the calculation of the 15 most limiting flowgates² and their response factors by RFCALC, for a specific transfer path, for the first hour of the AFC planning horizon.³ The ICT noted several of the limiting flowgates for the first hour of the AFC planning horizon were not listed as constraining flowgates in any other hour. Typically the list of the 15 most limiting flowgates for a transfer path remains similar for the next several hours or even days.

Entergy investigated the issue and reported it to AREVA for further study on August 9, 2007. AREVA, after reviewing the code, concluded on August 10, 2007 that there was a problem, occurring because RFCALC used a zero participation factor value for certain source generators when calculating response factors for flowgates.

The problem appears to have arisen in July 2005, when software changes to utilize a static participation factor for response factor computations were implemented by Entergy.⁴ The changes were designed so that RFCALC would use static participation factors for all Entergy network units specified in Entergy's unit commitment and dispatch file. If an Entergy network unit in the unit commitment file does not have a specified participation factor, RFCALC is designed to utilize a default participation factor value specified in the Entergy State Estimator network model.

RFCALC should have, but failed to use non-zero participation factors for IPP/QF sources, which are not specified in the Entergy-supplied unit commitment file, as it only contains network resources. This resulted in RFCALC using a default value of zero as the participation factor as specified in the State Estimator network model for some generators.

RFCALC has a logic which updates all default participation factors for generators in the Network model after the Powerflow solution of the first hour of the planning or operating horizon. Thus, the zero value for the default participation factor was changed to a non-zero value, and RFCALC used this value for RF calculations from the second timepoint of the planning/operating horizon. Therefore, the RF calculations from the second timepoint of the AFC planning horizon onwards were correct.

² Entergy's AFC process utilizes the 15 most limiting flowgates per transfer path to evaluate transmission service requests.

³ The AFC planning horizon is the period of time from the end of the operating horizon through day 31.

⁴ RFCALC did not have the functionality to replicate response factors for the first hour of the AFC planning horizon until July 19, 2007.

Impact of the Improper Modeling

Entergy has randomly analyzed the network models from 2005 (the date of the static participation factor change) through the present date and has concluded that only transfers from the certain sources could have been impacted: PBENERGY; GEORGULF; OXYTAF; DYNOWACHITA; CLARKS; CARBON; UCB; SOHAVENDUKE; WASHINGTON; DOWCHEM; MCADAMSTPS; WARREN.⁵

This list is approximate, as all of these units may not have had zero factors since July 2005. Any impact would be limited to the first hour of the AFC planning horizon; however, the improper modeling of the first hour could have an impact on daily, weekly and monthly firm transactions.

In some cases the improper modeling could have resulted in an improper denial of service, provided that other limiting flowgates would not have caused service to be denied. Moreover, if a flowgate has sufficient AFC available, the request may be granted even with the inaccuracy.

Remedy

This problem was remedied on August 10, 2007 by changing the zero participation factors to non-zero values in the State Estimator Network model. Entergy and ICT are working with AREVA on design changes to safeguard against this issue in future.

Respectfully submitted,

/s/ Floyd L. Norton, IV

Floyd L. Norton
Attorney for
Entergy Services, Inc.

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

⁵ The names listed are the source names as defined on Entergy's OASIS.

CERTIFICATE OF SERVICE

I hereby certify that I have this 27th day of August, 2007, 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/ Kevin C. Frank
Kevin C. Frank
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Tel: (202) 739-5709