

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

July 7, 2008

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 Error

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 an error in the AFC process affecting the response factors for a specific flowgate.

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 reactance modeling.

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."

Reactance Modeling Issue

Entergy has concluded that the reactance of a transformer used in an off-Entergy system flowgate that is monitored for AFC was modeled incorrectly in the EMS network model. The transformer was modeled negative and should have been modeled positively. The negative value of reactance in the model caused incorrect response factors on a particular off-system flowgate.

In a model used by transmission planners, this transformer was modeled as a “three winding” transformer. The planning model was evaluated using Powerworld Simulator, a computer program. This program does not support evaluating “three winding” transformers and converts any three winding transformers in the model to “three two winding” transformers. As a result, the reactance and resistance of each of the converted transformers were calculated. The results showed two transformers with positive values and one transformer with a negative value. The negative value shown in Powerworld Simulator was assumed correct and the EMS model was thus incorrectly changed on April 29, 2008.

The error was introduced into the model during the course of a benchmarking of reactance and resistance of transmission elements used in the AFC process. During the benchmarking process, the value for the Fort Smith transformer was mistakenly identified as an incorrect value and was adjusted on April 29, 2008. On June 16, 2008, Entergy staff questioned the value introduced on April 29, 2008 and continued to investigate to determine the appropriate value. On June 18, 2008, the value was changed to the value used prior to the adjustment on April 29, 2008. On June 26, 2008, Entergy confirmed that the value introduced on April 29, 2008 was inaccurate.

While AFC calculations for the Operating and Planning Horizon may have been affected by the error, Entergy has not ascertained if the error in question caused improper approval or denial of any transmission service requests.

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

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

CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of July, 2008, 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