



October 30, 2006

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FEDERAL ENERGY
REGULATORY COMMISSION

Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Entergy Services, Inc., Docket No. ER07- ____-000

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Part 35 of the Commission's Regulations, 18 C.F.R. Part 35, Entergy Services, Inc., acting as agent for the Entergy Operating Companies (collectively, "Entergy"),¹ hereby requests that the Commission accept (a) new Schedule 9 to Entergy's Open Access Transmission Tariff ("OATT")--Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development and Start-Up Costs, (b) new Schedule 10 to the OATT--Recovery of Independent Coordinator of Transmission Operation Costs, and (c) related amendments to the transmission rate formulas for point-to-point and network transmission services included in Entergy's OATT. Entergy requests that the Commission accept Schedules 9 and 10 and the related OATT amendments effective the date the Independent Coordinator of Transmission ("ICT") begins granting or denying transmission service under Entergy's OATT.

I. Background and Reasons for the Filing

On April 24, 2006, the Commission conditionally approved Entergy's proposal to establish the ICT. *Entergy Servs., Inc.*, 115 FERC ¶ 61,095 (2006) ("ICT Order"). The ICT will, among other things, grant or deny requests for transmission service, calculate available flowgate capability, administer Entergy's Open Access Same Time Information System ("OASIS"), and perform an enhanced planning function. *Id.* at P 2. The ICT

¹ The Operating Companies are Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., and Entergy New Orleans, Inc.

package also includes the Weekly Procurement Process ("WPP"), which is designed to allow merchant generators and other wholesale suppliers to compete to serve Entergy's native load and participating network customers' loads. *Id.* The WPP will provide an additional mechanism for granting short-term firm transmission service on the Entergy system. *Id.* The ICT is intended to improve transparency of transmission information, enhance transmission access, and relieve transmission congestion. *Id.* at P 3. The Commission has determined that the ICT package, with modifications, is consistent with or superior to the Order No. 888² *pro forma* OATT. *Id.*

Since April 1998, Entergy has been pursuing various ways to restructure and enhance transmission services on the Entergy system. The ICT Order is the culmination of extensive efforts by Entergy since then to promote greater independence over the provision of transmission service. Entergy's initial efforts were guided by the Commission's requirements for Independent System Operators, first enunciated in Order No. 888, and later by the characteristics and function required under Order No. 2000 for Regional Transmission Organizations ("RTOs").³ Entergy incurred significant costs associated with these efforts, including engaging in Commission-mandated collaborative processes, preparing and defending regulatory filings, paying employee salaries and expenses, and paying the costs of consulting and legal fees. A brief summary of the key proceedings provides a framework by which the cost schedules attached hereto can be analyzed.

A. Independent Transmission Company

Entergy's efforts to develop an independent transmission entity began in April 1998, when Entergy first proposed an independent transmission company ("Transco") to the Commission. To implement this proposal, on April 5, 1999 Entergy submitted to the

² *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, 62 Fed. Reg. 12,274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 62 Fed. Reg. 64,688 (Nov. 25, 1997), 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd*, *Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd*, *New York v. FERC*, 535 U.S. 1 (2002).

³ *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 (1999), *on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd sub nom. Public Utility District No. 1 of Snohomish County, Washington v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

Commission a petition for declaratory order in Docket No. EL99-57-000, describing Entergy's intention to create a Transco that would own and operate Entergy's transmission system in accordance with the Commission's open access and independent operator principles enunciated in Order No. 888. In addition to preparing and filing the initial petition in that docket, it was necessary for Entergy to analyze, and in most cases respond to, more than 60 pleadings filed by parties in that docket. Additionally, Entergy engaged in numerous meetings with state regulators and stakeholders to discuss its proposal.

On July 30, 1999, the Commission granted Entergy's request for a declaratory order and provided preliminary guidance on issues of independence and governance, but noted that the rulemaking proceeding on RTOs was ongoing and that Entergy would be subject to any applicable requirements adopted in a final RTO rule. *Entergy Servs., Inc.*, 88 FERC ¶ 61,149 at 61,500 (1999), *reh'g denied* 90 FERC ¶ 61,191 (2000). On December 20, 1999, the Commission issued Order No. 2000.

B. The Southwest Power Pool Regional Transmission Organization

With the encouragement of the Commission, as well as retail regulators, Entergy sought to comply with Order No. 2000 by submitting, on October 16, 2000, an application for Commission approval of an independent transmission company that would operate under the oversight of the RTO proposed by the Southwest Power Pool ("SPP") (Docket No. RT01-75-000). Entergy subsequently developed a proposed rate structure for this independent company and submitted it to the Commission for approval. These comprehensive filings required hundreds of person-hours to prepare, including extensive testimony submitted by six expert witnesses. On March 28, 2001, the Commission issued an Order Addressing RTO Scope and Other Issues. *Southwest Power Pool, Inc.*, 94 FERC ¶ 61,359 (2001). As directed by that order, Entergy submitted a compliance filing on May 25, 2001, providing information on Entergy's efforts to expand the scope of the proposed joint RTO.

To implement the Commission's March 28, 2001 order, Entergy spent countless hours and resources meeting with SPP and stakeholders. Entergy engaged in extensive discussions with SPP as well as neighboring transmission-owning entities (including both public power and investor owned utilities) concerning participation in a larger RTO. These meetings included discussions of alternative RTO structures. For example, Entergy met repeatedly with representatives of the Southern Company as to whether the Southern Company and Entergy could establish one large independent transmission company to operate in the southeastern region of the country, or separate independent transmission companies operating together as a single RTO. Other alternatives for the Southern Company to participate in the proposed partnership RTO between Entergy and SPP were also explored. In the same vein, Entergy met with representatives of the Tennessee Valley Authority ("TVA"). These meetings led to an agreement between

Entergy and TVA to negotiate a coordination agreement to address market, seams, and coordination issues between TVA and the proposed partnership RTO between Entergy and SPP.

The Commission then switched course and ultimately rejected the joint Entergy-SPP RTO proposal "because SPP members failed to discuss the feasibility of a broader RTO with other entities." *Cleco Power LLC*, 101 FERC ¶ 61,008 at P 5 (2002). The Commission directed Entergy and others to engage in a mediation with the goal of developing a single RTO for the Southeastern region of the country (Docket No. RT01-100-000). During the summer of 2001, Entergy and others engaged in a strenuous "iterative" process, including many face-to-face meetings to discuss and explore the issues and concerns of various and diverse market participants. *Regional Transmission Organizations*, 96 FERC ¶ 63,036 (2001). In the end, these extensive efforts to create a single Southeastern RTO proved unsuccessful. The docket was terminated by the Commission on December 22, 2004.

C. The SeTrans Regional Transmission Organization

As a result of the discussions during the Commission-ordered mediation, Entergy, Cleco, Southern Company, and certain non-jurisdictional transmission owners in the Southeast region developed the SeTrans RTO proposal to administer transmission service and operate certain markets over a large footprint in the Southeast (Docket No. EL02-101). The SeTrans proposal, initially submitted to the Commission as a petition for declaratory order on June 27, 2002, contemplated a fully functioning RTO consistent with all the requirements of Order No. 2000. The proposal required that functional control of the Entergy transmission system be transferred to the SeTrans Independent System Administrator ("ISA").

Significant efforts went into developing the SeTrans proposal. In addition to the collaborative process required to harmonize the diverse interests of the multiple sponsors, the SeTrans sponsors also actively sought the advice of interested stakeholders. This involved numerous and frequent meetings including sponsors, stakeholders, and the Stakeholder Advisory Committee. These meetings ultimately had a significant effect on the agreements and protocols that were submitted to the Commission in the SeTrans petition for declaratory order.

In October 2002, the Commission approved several essential parts of the SeTrans proposal, finding that SeTrans complied with Order No. 2000 in such critical areas as its governance structure, transmission pricing policy, business model, and the ISA selection process. *Cleco Power LLC*, 101 FERC ¶ 61,008 (2002).

After submitting the petition for declaratory order, Entergy and the other SeTrans sponsors continued their efforts to develop the SeTrans RTO proposal. First, the SeTrans

sponsors conducted a request-for-proposals process to select the entity that would act as the ISA. After selecting the ISA, the SeTrans sponsors engaged in extensive negotiations with that entity to come to terms on the numerous agreements that were necessary to transfer operational control of their transmission facilities to the ISA. These negotiation meetings were held nearly every week from January through October of 2003. During this same time frame, the SeTrans sponsors and the ISA-select also met regularly to continue to develop the SeTrans tariff and protocols. Further, throughout this period, the SeTrans sponsors and the ISA-elect held numerous meetings to consult with stakeholders and with representatives from the Commission and the state commissions in the region.

Ultimately, retail regulators in the region expressed significant concerns about the role of an RTO and its effects on matters subject to their jurisdiction, including concerns about native load protection and cost impacts. In the end, Entergy and the other SeTrans sponsors concluded that achieving both consensus and regulatory acceptance for the RTO was extremely unlikely. Therefore, in December 2003, the SeTrans sponsors announced their unanimous decision to suspend the SeTrans efforts.

D. The ICT

Undaunted in its efforts to enhance the independence and structure of transmission service on its system, Entergy subsequently developed and filed, on June 10, 2003, a petition for declaratory order seeking guidance with respect to the major elements of its proposed WPP. The WPP was designed to facilitate the continued integration of merchant generation and wholesale suppliers into the procurement processes Entergy uses to serve its native load customers and to establish additional mechanisms for granting short-term firm transmission service (Docket No. EL03-132-000). Entergy proposed that the WPP would be overseen by an independent third party. On September 30, 2003, the Commission provided guidance on the major elements of Entergy's proposal, and directed that parties participate in a technical conference regarding the role of the independent third party. *Entergy Servs., Inc.*, 104 FERC ¶ 61,336 (2003).

Using the guidance provided by the Commission, as well as incorporating the input gleaned from meetings with interested parties, Entergy included an expanded WPP proposal in a Section 205 filing dated March 31, 2004. By that filing Entergy again sought to create an independent transmission entity (Docket No. ER04-699-000). Entergy proposed to amend its OATT to (a) establish arrangements with an independent entity, the ICT, which would provide oversight over the operations of the Entergy transmission system; (b) institute a new process for assigning cost responsibility for transmission upgrades; and (c) implement an expanded WPP. Again, at the Commission's instructions, numerous technical conferences and extensive discussions were held between Entergy, Entergy's customers, and retail regulators.

Responding to these discussions, Entergy proposed to enhance the functions of the ICT and, in this regard, filed a petition for declaratory order with the Commission (Docket No. EL05-52-000) asking the Commission two questions: (a) whether the proposed overall functions for the ICT would cause it to become a public utility under the FPA or a Transmission Provider under Entergy's OATT; and (b) whether Entergy's transmission pricing proposal, as administered by the ICT, satisfies the Commission's transmission pricing policies. On March 22, 2005, the Commission issued an order finding that the enhanced ICT proposal would be acceptable, subject to certain specific modifications and conditions. *Entergy Servs., Inc.*, 110 FERC ¶ 61,295, *order on clarification*, 111 FERC ¶ 61,222 (2005).

In response to this guidance order, Entergy submitted its ICT proposal as a new Section 205 filing on May 27, 2005 in Docket No. ER05-1065-000. On April 24, 2006 the Commission issued the ICT Order, approving Entergy's proposal to establish the ICT for a minimum term of four years. Entergy made its compliance filing to the ICT Order on May 24, 2006. In that filing, Entergy filed (a) amended versions of the Entergy OATT attachments related to the ICT proposal and (b) an executed agreement between SPP and Entergy (the "ICT Agreement"), pursuant to which SPP will act as the ICT. Entergy also committed to implement the WPP within 14 months of the ICT Order. Entergy committed as well that the ICT will be ready to begin operations within 30 days following a Commission order approving the ICT Agreement. The Commission issued an order addressing Entergy's compliance filing on October 19, 2006. *Entergy Servs., Inc.*, 117 FERC ¶ 61,055 (2006).

II. Discussion

The purpose of this filing is to obtain Commission approval of a cost-recovery mechanism that will allow Entergy to recover (a) the costs it incurred to develop or join an RTO and to develop the ICT (new Schedule 9 to the OATT) and (b) the on-going costs that will be incurred under the ICT Agreement (new Schedule 10 to the OATT).⁴ Entergy discusses each Schedule in turn.

A. Schedule 9--Recovery of RTO and ICT Development and Start-Up Costs

1. Recovery of Development and Start-Up Costs

The Commission specified in Order No. 2000 that the reasonable costs of developing an RTO may be included in transmission rates. Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,196; *see also Alliance Cos.*, 97 FERC ¶ 61,327 at 62,531 (2001)

⁴ These costs do not include the costs associated with developing the WPP.

(noting that the Commission will consider proposals for recovery of all prudently incurred costs in seeking to establish RTOs). The Commission subsequently expanded on that policy to permit recovery of costs incurred attempting to develop an RTO that ultimately is not implemented. In *Ameren Services Company*, 103 FERC ¶ 61,178 (2003) ("*GridAmerica*"), for example, the Commission approved the applicants' proposal to collect development costs associated with the by-then defunct Alliance RTO ("Alliance"), and for the subsequent costs incurred in forming the GridAmerica independent transmission company, which would operate under the Midwest Independent Transmission System Operator. *Id.* at P 21; *see also American Elec. Power Serv. Corp.*, 111 FERC ¶ 61,180 at P 33 (2005) ("We want to emphasize that the \$31.6 million of costs may be recovered through the [PJM Interconnection LLC ('PJM')] OATT.") ("*AEP II*").

In the cases approving recovery of development costs incurred pursuing RTOs that ultimately were not implemented, the transmission owner seeking cost recovery was proposing to join a different, existing RTO. That difference, however, should not affect Entergy's right to recover the costs at issue here. The Commission's decision to permit recovery has not turned on the transmission owner joining an existing RTO *per se*. Recovery instead has turned on implementation of a structure that furthers independence over transmission. *GridAmerica*, 103 FERC ¶ 61,178 at P 21 ("Our decision to allocate GridAmerica's RTO development costs (\$36.2 million) through the Schedule 10 cost adder was done in recognition that these costs were caused by both the Alliance RTO formation and the formation of the GridAmerica ITC," which is not an RTO); *see also American Elec. Power Serv. Corp.*, 104 FERC ¶ 61,013 at P 26 (2003) (permitting recovery of costs because they were incurred seeking to "promote desired changes in the industry") ("*AEP I*"), *order on reh'g*, 105 FERC ¶ 61,081 (2004).

The ICT clearly promotes the goal of increasing independence over transmission. In the ICT Order the Commission found, for example, that:

Entergy's proposal is consistent with or superior to the Order No. 888 tariff and as represented, an improvement on the present situation. The ICT appears to have sufficient authority to independently and fairly grant or deny transmission service, perform necessary feasibility and system impact studies, administer Entergy's OASIS, and ensure that the terms of Entergy's OATT are administered fairly and in a non-discriminatory manner.

ICT Order, 115 FERC ¶ 61,095 at P 61. Indeed, the cost adder proposed to be included as Schedule 9 would serve to encourage the formation of independent transmission organizations, and is in keeping with Commission precedent:

As we have noted before in other proceedings, the development of new businesses allows the potential for commercial benefits. However, the initial development and determination of how the businesses will operate usually requires considerable costs that must be incurred before actual business operations commence. Similarly, before receiving the commercial benefits of being integrated with an RTO, start-up costs must be incurred by the RTO-member applicants.

PJM Interconnection, 109 FERC ¶ 61,012 at P-50 (2004); *see also Duke Energy Corp.*, 94 FERC ¶ 61,080 at 61,369 (2001) (noting Commission's commitment to utilities that they will not be disadvantaged by participating in an RTO); *id.* at 61,368 ("GridSouth is entitled to defer the recovery of start-up costs until such time that the RTO is operational, at which time depreciation of the asset must commence."); *PJM Interconnection, L.L.C.*, 93 FERC ¶ 61,056 (2000) (accepting proposal to recover \$136 million in start-up costs, inclusive of carrying charges, because these costs were appropriately incurred).

Recovery not only of the ICT-related costs, but also all of Entergy's earlier costs seeking to establish independent entities, thus is warranted and is consistent with Commission policy.

2. Development of the Schedule 9 Rates

The rates included in Schedule 9 have been developed consistent with Commission precedent. The recovery mechanism utilized in Schedule 9 is the same for both the RTO-related and ICT-related development costs incurred by Entergy. *AEP I*, 104 FERC ¶ 61,013 at PP 25-26 (utility should treat earlier RTO start-up costs the same as current RTO start-up costs). Further, consistent with *Central Maine Power Company*, 116 FERC ¶ 61,129 at P 10 (2006), Entergy will not begin amortizing the deferred costs until it begins collecting those costs in rates.

The rate under Schedule 9 is a levelized rate calculated by amortizing the Schedule 9 costs (discussed below) over four years. Annual levelized costs were calculated to reflect a return on and the return of the Schedule 9 costs, and the annual levelized costs then were divided by the total energy transmitted by the Entergy transmission system in calendar year 2005 to calculate the Schedule 9 rate. Entergy OATT, Schedule 9 § 2(c). Entergy will recover that rate until the principle received under Schedule 9 equals Entergy's actual Schedule 9 costs. *Id.* § 3; *see also AEP II*, 111 FERC ¶ 61,180 at P 2. The rate under Schedule 9 initially is \$0.1235/MWh,⁵ but that rate will be adjusted for the last month of recovery to align costs and cost recovery. At the end of the Schedule 9 recovery period Entergy will file a notice of termination of

⁵ The derivation of the initial Schedule 9 rate is shown in Attachment E hereto.

Schedule 9 and will provide an accounting of the cost recovery and revenues received under the schedule.

In addition, Entergy's treatment of its RTO and ICT development costs has been consistent with the Commission's decisions addressing similar costs. In *AEP I*, for example, the Commission held that American Electric Power Service Corporation ("AEP") could defer start-up costs associated with the Alliance RTO and seek recovery of such costs once AEP integrated into PJM. *AEP I*, 104 FERC ¶ 61,013 at PP 1, 25. The Commission also authorized AEP to accrue carrying charges on both the Alliance RTO start-up and PJM integration costs. *Id.* at P 27. The Commission explained that, although the costs associated with the Alliance RTO would provide little if any direct benefit, AEP's investments in the Alliance RTO represented "sunk costs in an unsuccessful effort to create an organization that would promote desired changes in the industry" and for which "commercial benefits [were] forthcoming" once integration with PJM had been achieved. *Id.* at P 26.

Similar to AEP, Entergy incurred a significant amount of RTO development costs while, among other things, working with SPP, participating in the Commission-ordered Southeastern mediation, and attempting to institute the SeTrans RTO. All of these investments were made with the purpose, as well as the full expectation, that Entergy would participate in a viable RTO. Entergy also has incurred significant costs establishing the ICT. Entergy deferred these costs and accrued carrying charges (in the form of an Allowance for Funds Used During Construction) pending its participation in an independent entity. Entergy's treatment of the costs at issue here thus is consistent with the Commission's determinations in *AEP I*.

3. Cost Support

The cost support included with this filing at Attachment D includes all of the actual deferred expenses incurred through September 30, 2006, plus estimated costs that will be incurred after September 30, 2006 and prior to actual ICT operations, that will be recovered under Schedule 9. As noted above, the revenues Entergy will recover under Schedule 9 will equal the actual Schedule 9 costs Entergy incurs plus interest on the unamortized balance, and Entergy will provide a final accounting of costs and revenues to the Commission at the end of the Schedule 9 recovery period.

All costs to be recovered under Schedule 9 were sustained by Entergy in its various efforts to effectuate the Commission's policies promoting independence over transmission. Costs incurred for efforts related to RTO development are separately identified from those related to ICT development. Attachment D shows the deferred costs from two perspectives. First, there is a summary showing costs incurred by year. Second, there is a more detailed breakdown of annual costs, roughly assigning the costs incurred to the specific proposal being pursued by Entergy at a particular point in time.

The cost support included here is modeled on the itemization of costs that the applicants in the *GridAmerica* proceeding provided in response to the Commission's order in *Ameren Services Company*, 101 FERC ¶ 61,320 (2002). There, the Commission required the applicants seeking to recover RTO development costs to file "a breakdown of these costs to be filed in sufficient detail to allow the Commission to determine whether all costs being collected are actual costs that were prudently incurred." *Id.* at P 143. The applicants submitted the requested cost support, *see, e.g.*, Compliance Filing of GridAmerica Participants, Docket Nos. ER02-2233-003 and EC03-14-003 at Attachment G (Feb. 19, 2003), and the Commission subsequently determined that the support was sufficiently detailed to satisfy the requirements of its earlier order, *GridAmerica*, 103 FERC ¶ 61,178 at P 35. Further, Entergy notes that none of the costs included here have been allocated to any other Entergy rate or charge. The cost support included with this filing thus provides ample evidence upon which the Commission may determine that the costs incurred by Entergy in connection with RTO and ICT development have been prudently incurred.

B. Schedule 10--Recovery of Independent Coordinator of Transmission Operation Costs

Schedule 10 will provide for the recovery of on-going costs incurred under the ICT Agreement. Prior to June 2008, the rate under Schedule 10 will be equal to the ICT base contract amount for calendar year 2007 plus any projected additional ICT costs for calendar year 2007,⁶ divided by the total energy transmitted by the Entergy Transmission System in calendar year 2005. Entergy OATT, Schedule 10 § 2(c). For transmission service billings beginning in June 2008, the Schedule 10 rate will be updated on an annual basis.⁷ Beginning in June 2008, the rate will be calculated based on the total ICT operating costs for the previous calendar year plus a true-up amount, divided by the total energy transmitted by the Entergy transmission system in the prior calendar year. The true-up amount will be the actual ICT operating costs billed to Entergy in the previous year less the sum of the collections under Schedule 10 during the previous calendar year. To minimize over-collections or under-collections of ICT costs, the costs in the previous year may be adjusted as part of the annual update process for known or projected cost

⁶ The ICT Agreement provides that, once the ICT is "Fully Operational," the ICT will receive a "Fixed Price Amount" of approximately \$11.5 million per year for the first two years of the agreement. ICT Agreement §§ 3.2, 3.3. In addition to the Fixed Price Amount under Section 3.3 of the ICT Agreement, the ICT will be paid other capital investment and on-going costs. *Id.* § 3.2.

⁷ The rate update in 2008 will be the first update based on a full year of ICT operating costs.

decreases or increases as indicated by the ICT. *Id.* Every month, the billing summary from the ICT will be posted on the OASIS.

The initial rate under Schedule 10 is \$0.0707/MWh. The derivation of that rate is shown in Attachment F hereto.

C. Amendments to Transmission Rate Formulas

To ensure that there is no double recovery of costs, Entergy has amended its transmission rate formulas to exclude annual ICT costs from Transmission O&M expense.

III. Other Filing Requirements

A. Documents Submitted With This Filing

This filing consists of this cover letter and the following attachments:

Attachment A: Schedule 9 to Entergy's OATT.

Attachment B: Schedule 10 to Entergy's OATT.

Attachment C: Amended tariff sheets, in clean and redlined formats.

Attachment D: Cost support for the Schedule 9 rate.

Attachment E: Calculation of the Schedule 9 rate.

Attachment F: Calculation of the Schedule 10 rate.

B. Proposed Effective Date

Entergy requests that the Commission accept Schedules 9 and 10 and the related OATT amendments effective the date the ICT begins granting or denying transmission service under Entergy's OATT. To this end, Entergy requests that the Commission waive the 60 day notice requirement. Section 35.11 of the Commission's Regulations permits waiver of this requirement upon a showing of good cause. 18 C.F.R. § 35.11; *see also Central Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992). The standards to grant the requested waiver are satisfied here. First, mechanically, it makes sense to align the effective date of Schedules 9 and 10 with the date the ICT begins granting or denying transmission service. Second, customers do not face any risk as a result of placing the tariff sheets into effect immediately. Entergy will be obligated to pay refunds to the extent the Commission later determines that a lower

rate should apply. Third, Entergy is making this filing shortly after the Commission acted on Entergy's compliance filing to implement the ICT. Fourth, there is no risk that Entergy will recover excessive revenues; Entergy will recover only its actual ICT and RTO-related costs.

C. Persons to Whom This Filing Has Been Served

A copy of this filing, including all attachments, has been served upon all customers taking service under Entergy's OATT, as well as each of Entergy's retail regulators.

D. Brief Description of Tariff Changes

The OATT changes are described fully in Section II above.

E. Reasons for the Tariff Changes

The reasons for the tariff changes are described fully in Section II above.

F. Showing That All Requisite Agreements Have Been Obtained

No agreements of other parties are necessary for the rates proposed herein.

G. Statement Regarding Illegal, Duplicative, or Unnecessary Costs

None of the costs sought to be recovered has been adjudged illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

H. Remaining Requirements

The Commission's Regulations require statements comparing sales, services, and revenues associated with the rate schedule change. 18 C.F.R. § 35.13(c)(1)-(2). Entergy is unable to predict the usage of transmission service under its OATT. However, the revenues associated with Schedule 9 will not exceed the level of the development and start-up costs filed herewith. Further, the revenues associated with Schedule 10 will not exceed Entergy's actual on-going costs under the ICT Agreement.

I. Request for Waivers

To the extent necessary to permit Schedules 9 and 10, and the related OATT amendments, to become effective as requested herein, Entergy requests the Commission

to waive any and all other requirements under Part 35 of the Commission's Regulations and any other applicable rules.

IV. Communications

Entergy requests that all copies of notices and correspondence related to this filing be sent to the following individuals, and further requests waiver of the Commission's regulations to the extent necessary to allow the designation of four individuals to receive service:

*Kimberly H. Despeaux
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Entergy Services, Inc.
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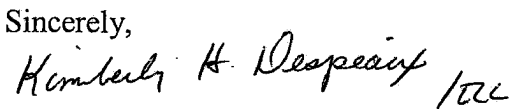
*Andrea Weinstein
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*Richard Armstrong
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(202) 530-7300
aweinst@entergy.com
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* Individuals designated to receive service.

Magalie R. Salas
October 30, 2006
Page 14

In the event that further information is needed, please contact one of the above named individuals.

Sincerely,

A handwritten signature in black ink that reads "Kimberly H. Despeaux" followed by a stylized flourish or initials.

Kimberly H. Despeaux
Associate General Counsel
Entergy Services, Inc.

Attachments

ATTACHMENT A
SCHEDULE 9 TO ENTERGY'S OATT

SCHEDULE 9

Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development and Start-Up Costs

The transmission customer shall compensate the Transmission Provider each month in accordance with the provisions in Appendix 1 attached to this Schedule 9.

Issued By: Randall W. Helmick
Vice President, Transmission

Effective: The Date the ICT is Installed

Issued On: October 30, 2006

**Recovery of Regional Transmission Organization
And Independent Coordinator of Transmission
Development and Start-Up Costs**

1. Rate Structure

The transmission customer ("Customer") shall pay the Transmission Provider ("Provider" or "Company") each month for recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development and Start-Up Costs ("Pre-Op Costs") in accordance with the provisions of this Appendix 1.

2. Transmission Service

a. Transmission Service Charge

Customers receiving transmission service under Part II or Part III of the Transmission Provider's Open Access Transmission Tariff ("Tariff") shall pay a Pre-Op Costs Transmission Service Charge monthly. The Pre-Op Costs Transmission Service Charge for any calendar month shall be equal to the Customer's Pre-Op Costs Transmission Billing Quantity for transmission service in that month, defined in Paragraph 2.b. below, and multiplied by the Pre-Op Costs Transmission Service Rate as defined in Paragraph 2.c, below. Should a Customer receive more than one type of transmission service in a month, the charges for each such service shall

Issued By: Randall W. Helmick
Vice President, Transmission

Effective: The Date the ICT is Installed

Issued On: October 30, 2006

Appendix 1

be determined and then aggregated to determine the Pre-Op Costs Transmission Service Charge for that month. An imputed Pre-Op Costs Transmission Service Charge will be calculated for all other customers receiving transmission service during that same month.

The total Pre-Op Costs Service Charge for any month shall be the sum of the Transmission Service Charge for customers receiving transmission service under Part II or Part III of the Tariff plus the imputed Transmission Service Charge for all other customers receiving transmission service during that same month.

b. Transmission Billing Quantity

The Pre-Op Costs Transmission Billing Quantity for each type of transmission service provided to the Customer in any calendar month shall be the energy associated with the Customer's transmission service as determined from the Service Agreement(s) under which the Customer is receiving transmission service, or as otherwise agreed by the Company and the Customer. The Pre-Op Costs Transmission Billing Quantity shall be stated in MWh and reflect an adjustment for losses to the Entergy Transmission System input level.

c. Transmission Service Rate

The Pre-Op Costs Transmission Service Rate ("Rate") applicable to each type of transmission service for any calendar month shall be the sum of twelve (12) months of projected levelized recovery of the Pre-Op Costs Revenue Requirement divided by the total energy transmitted by the Entergy Transmission System in calendar year 2005, where the energy is expressed in MWh and includes adjustment for losses to the Entergy Transmission System input level.

The Rate shall be determined by application of the Pre-Op Costs Rate formula contained in Attachment 1 to this Appendix 1 in accordance with the provisions of Paragraphs 3 and 4 below.

The Rate will remain in effect for the Term of Recovery of this Schedule 9, except that the Rate for the final month of recovery may be lowered to more closely align revenues received under this Schedule 9 during the Term of Recovery with total actual Pre-Op Costs.

3. Term of Recovery

The Pre-Op Costs Term of Recovery is projected to be 48 months, but may be shortened or lengthened as necessary to align revenues received under this Schedule 9 during the Term of Recovery with total actual Pre-Op Costs.

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Vice President, Transmission

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Appendix 1

4. Revenue Requirement

The levelized recovery value of the monthly Pre-Op Costs Revenue Requirement shall be determined by application of the Pre-Op Costs Revenue Requirement formula contained in Attachment A to this Appendix 1 and in accordance with the provisions of Paragraph 2 and 3 above.

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Appendix 1

GENERAL NOTES

1. THE TERM OF RECOVERY IS 4 YEARS (48 MONTHS) STARTING WITH THE FIRST (1ST) FULL MONTH OF ICT OPERATIONS, BUT MAY BE SHORTENED OR LENGTHENED AS NECESSARY TO ALIGN REVENUES RECEIVED UNDER THIS SCHEDULE DURING THE TERM OF RECOVERY WITH TOTAL ACTUAL PRE-OP COSTS .
2. ACTUAL PRE-OP COSTS THROUGH SEPTEMBER 2006 AND PROJECTED ADDITIONAL PRE-OP COSTS SHALL BE USED TO PROJECT PRE-OP COSTS FOR RATE DEVELOPMENT. RECOVERY WILL BE BASED ON TOTAL ACTUAL PRE-OP COSTS.
3. EXCEPT WHERE INDICATED OTHERWISE, THE COST CONCEPTS CONTAINED IN THIS ATTACHMENT 1 ARE TO BE DETERMINED BY SUMMING THE CORRESPONDING VALUES FOR THE VARIOUS ENTERGY OPERATING COMPANIES OR, WHERE REFERENCED, ARE VALUES DETERMINED IN SCHEDULE 7 AND ATTACHMENT H AND APPLIED HEREIN.
4. IN THE EVENT EITHER THE STATUTORY STATE OR FEDERAL CORPORATE INCOME TAX RATES CHANGE DURING THE TERM OF RECOVERY, THEN THE REVENUE REQUIREMENT SHALL BE REDETERMINED TO REFLECT SUCH TAX RATE CHANGE. ALL OTHER PARAMETERS SHALL REMAIN UNCHANGED. THE REDETERMINED REVENUE REQUIREMENT SHALL BECOME EFFECTIVE COMMENCING WITH THE BILLING MONTH IN WHICH THE TAX RATE(S) CHANGED. ANY SUCH REDETERMINATION SHALL BE SUBMITTED TO THE FERC AND THE CUSTOMER(S) AND SHALL CONSIST OF THE FOLLOWING:
 - A) TRANSMITTAL LETTER SETTING OUT BASIS FOR THE CHANGE
 - B) COPY OF DOCUMENTATION SUPPORTING THE CHANGE IN STATUTORY TAX RATE(S)
 - C) REVENUE REQUIREMENT COMPARISON SHOWING EFFECT OF THE RATE CHANGE ON AFFECTED CUSTOMERS
 - D) REDETERMINATION OF THE REVENUE REQUIREMENT REFLECTING THE REVISED TAX RATE(S)

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Attachment A

PRE-OP COSTS TRANSMISSION SERVICE RATE

PCRR = PRE-OP COSTS REVENUE REQUIREMENT (1)

PCRR = AMORT + PABB * CC + AFUDCTG

WHERE:

AMORT = MONTHLY AMORTIZATION EXPENSE

PABB = MONTHLY BALANCE OF UNAMORTIZED PRE-OP COSTS

CC = BEFORE TAX COST OF CAPITAL (2)

AFUDCTG = MONTHLY AMORTIZATION EXPENSE OF INCOME TAX GROSS-UP
FOR EQUITY AFUDC VALUE

PCTSR = PRE-OP COSTS TRANSMISSION SERVICE RATE

PCTSR = 12 * PCRR / 2005 MWH (3)

NOTES:

- (1) CALCULATED AS A MONTHLY LEVELIZED RECOVERY AMOUNT OVER THE 48-MONTH PROJECTED RECOVERY PERIOD
- (2) BEFORE TAX COST OF CAPITAL AS DETERMINED IN SCHEDULE 7 AND ATTACHMENT H FOR THE 2005 CALENDAR YEAR.
- (3) FOR THE INITIAL RATE DETERMINATION, ACTUAL 2005 MWH TRANSMITTED BY THE ENTERGY TRANSMISSION SYSTEM, INCLUDING LOSSES TO THE INPUT LEVEL

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Attachment A

ATTACHMENT B
SCHEDULE 10 TO ENTERGY'S OATT

SCHEDULE 10

Recovery of Independent Coordinator of Transmission Operation Costs

The transmission customer shall compensate the Transmission Provider each month in accordance with the provisions in Appendix 1 attached to this Schedule 10.

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**Recovery of
Independent Coordinator of Transmission
Operations Costs**

1. Rate Structure

The transmission customer ("Customer") shall pay the Transmission Provider ("Provider" or "Company") each month for recovery of Independent Coordinator of Transmission Operations Costs ("ICT Op Costs") in accordance with the provisions of this Appendix 1.

2. Transmission Service

a. Transmission Service Charge

Customers receiving transmission service under Part II or Part III of the Transmission Provider's Open Access Transmission Tariff ("Tariff") shall pay an ICT Op Costs Transmission Service Charge monthly. The ICT Op Costs Transmission Service Charge in any calendar month shall be equal to the Customer's ICT Op Costs Transmission Billing Quantity for transmission service in that month, as defined in Paragraph 2.b. below, multiplied by the ICT Op Costs Transmission Service Rate, as defined in Paragraph 2.c. below. Should a Customer receive more than one type of transmission service in a month, the charges for each such service shall be determined and then aggregated to determine the ICT Op Costs Transmission Service Charge for that month. An ICT Op Costs Transmission Service Charge will

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Appendix 1

be imputed for all other customers receiving transmission service during that same month.

The total ICT Op Costs Transmission Service Charge for any month shall be the sum of the ICT Op Costs Transmission Service Charge for customers receiving transmission service under Part II or Part III of the Tariff plus the imputed ICT Op Costs Transmission Service Charge for all other customers receiving transmission service during that same month.

b. Transmission Billing Quantity

The ICT Op Costs Transmission Billing Quantity for each type of transmission service provided to the Customer in any calendar month shall be the energy associated with the Customer's transmission service as determined from the Service Agreement(s) under which the Customer is receiving transmission service, or as otherwise agreed by the Company and the Customer. The ICT Op Costs Transmission Billing Quantity shall be stated in MWh and reflect adjustment for losses to the Entergy Transmission System input level.

c. Transmission Service Rate

For transmission service billings rendered prior to June 2008,¹ the ICT Op Costs Transmission Service Rate ("Rate") applicable to each type of transmission service shall be the ICT base contract amount for calendar year 2007 plus any projected additional ICT Op costs for calendar year 2007 divided by the total energy transmitted by the Entergy Transmission System in calendar year 2005, where the energy is expressed in MWh and includes an adjustment for losses to the Entergy Transmission System input level.

For transmission service billings rendered in June 2008 and beyond, the Rate applicable to each type of transmission service for any calendar month shall be updated on or about May 1, 2008 and annually thereafter. The Rate shall be the immediately previous calendar year's total ICT Op Costs² plus a true-up amount³ divided by the total energy transmitted by the Entergy Transmission System in the prior calendar year, where the energy is expressed in MWh and includes an adjustment for losses to the Entergy Transmission System input level. The true-up amount is the immediately previous calendar year's actual ICT Op Costs less the sum of the actual and

¹ No rate redetermination will be made for this Schedule 10 in 2007 due to the short time the initial rate would be in effect.

² To minimize over-collection or under-collection of ICT costs, known or projected cost decreases or increases may be added to the prior year's ICT Op Costs for the Rate redetermination.

³ For the filing in 2008, the true-up amount shall be calculated for the first month of ICT operations through December 31, 2007. For all annual filings thereafter, the true-up amount shall be calculated for the immediately previous calendar year.

imputed collections under this Schedule 10 during the immediately previous calendar year.

The ICT Op Costs Transmission Service Rate (Rate) applicable to each type of transmission service shall be determined by application of the ICT Op Costs Transmission Service Rate formula contained in Attachment A to this Appendix 1 in accordance with the provisions of this Schedule 10.

3. Recovery of ICT Op Costs

Recovery of ICT Op Costs will begin with transmission service billings issued for the first (1st) full month of ICT operations and will continue monthly thereafter for services provided by the ICT or its successors.

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Appendix 1

INDEPENDENT COORDINATOR
OF TRANSMISSION OPERATION COSTS

GENERAL NOTES

1. RECOVERY OF ICT OP COSTS WILL BEGIN WITH BILLINGS RENDERED FOR THE FIRST (1ST) FULL MONTH OF ICT OPERATIONS AND WILL CONTINUE MONTHLY THEREAFTER FOR RECOVERY OF COSTS BILLED BY THE ICT OR ITS SUCCESSORS.
2. THE INITIAL RATE WILL BE DEVELOPED USING TOTAL PROJECTED ANNUALIZED ICT OP COSTS FOR CALENDAR YEAR 2007 AND WILL REMAIN IN EFFECT UNTIL REDETERMINED RATES ARE IMPLEMENTED IN JUNE 2008. THEREAFTER, RATES WILL BE REDETERMINED ANNUALLY ON OR ABOUT MAY 1 USING THE PRIOR CALENDAR YEAR'S TOTAL ICT OP COSTS, AS ADJUSTED FOR KNOWN OR PROJECTED CHANGES IN ICT OP COSTS, PLUS OR MINUS A TRUE-UP AMOUNT FOR UNDER-COLLECTIONS OR OVER-COLLECTIONS.
3. FOR THE FILING IN 2008, THE TRUE-UP AMOUNT SHALL BE CALCULATED FROM THE FIRST MONTH OF ICT OPERATIONS THROUGH DECEMBER 31, 2007. FOR ALL ANNUAL FILINGS THEREAFTER, THE TRUE-UP AMOUNT SHALL BE CALCULATED FOR THE IMMEDIATELY PREVIOUS CALENDAR YEAR.

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Attachment A

INDEPENDENT COORDINATOR
OF TRANSMISSION OPERATION COSTS

ICT OP COSTS TRANSMISSION SERVICE RATE

ICTTSR = ICT OP COSTS SERVICE RATE (\$/MWH)

ICTTSR = $\frac{\text{OPCOS}}{\text{MWH}}$

WHERE:

OPCOS = ICT OP COSTS

OPCOS = ACOS + ADJ + TUA

ACOS = PRIOR YEAR ANNUAL ICT OP COST (1)

ADJ = ADJUSTMENT (2)

TUA = TRUE-UP AMOUNT (3)

MWH = TOTAL MWH TRANSMITTED BY THE ENTERGY TRANSMISSION SYSTEM
FOR THE PREVIOUS CALENDAR YEAR INCLUDING ADJUSTMENT FOR
LOSSES TO THE ENTERGY TRANSMISSION SYSTEM INPUT LEVEL (4)

NOTES:

- (1) THE 2007 CALENDAR YEAR PROJECTED ANNUALIZED ICT OP COSTS WILL BE USED
FOR THE INITIAL RATE CALCULATION
- (2) ADJUSTMENT FOR KNOWN OR PROJECTED CHANGES IN ICT OP COSTS
- (3) THE ACTUAL ICT OP COSTS LESS THE SUM OF THE ACTUAL AND IMPUTED
COLLECTIONS
- (4) 2005 MWH WILL BE USED FOR THE INITIAL RATE CALCULATION

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Attachment A

ATTACHMENT C
AMENDED TARIFF SHEETS
(CLEAN AND REDLINED FORMATS)

LONG-TERM FIRM TRANSMISSION SERVICE RATES (Cont'd)

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

MREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID, PLUS, FOR TEST YEARS 2003 AND 2004 ONLY, REVENUES COLLECTED PURSUANT TO THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002.

TXP = TOTAL TRANSMISSION EXPENSE

$TXP = TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA$

WHERE:

TOM = TRANSMISSION O&M EXPENSE EXCLUSIVE OF SYSTEM CONTROL AND DISPATCHING EXPENSE IN FERC ACCOUNT 561 (1) (6)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (2)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (3)

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

TKW = THE ENTERGY SYSTEM NET AREA PEAK DEMAND (kW) FOR THE TEST YEAR ("ENTERGY PEAK"), WHICH SHALL INCLUDE THE LOAD PLACED ON THE ENTERGY TRANSMISSION SYSTEM AT THE TIME OF THE ENTERGY PEAK BY ENTERGY'S INTERRUPTIBLE RETAIL CUSTOMERS, AS INCREASED BY FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS WITH TERMS EXCEEDING 12 MONTHS, WHICH ARE NOT INCLUDED IN THE ENTERGY PEAK AND EXCLUDING, FOR TEST YEARS 2003 AND 2004 ONLY, FIRM TRANSMISSION SERVICE ASSOCIATED WITH THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002. (4)(5)

NOTE:

- 1) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY'S TRANSMISSION SYSTEM.
- 2) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY TABLE C AMOUNTS - ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYMENTS.
- 3) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID INTEREST.
- 4) FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS NOT INCLUDED IN THE ENTERGY PEAK SHALL UTILIZE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT, WHERE APPLICABLE- INCLUDING FOR FIRM OFF-SYSTEM SALES THAT PORTION OF THE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT NOT OTHERWISE INCLUDED IN THE ENTERGY PEAK - AND METERED OR SCHEDULED LOADS AT THE TIME OF THE ENTERGY PEAK OTHERWISE.

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- 5) FIRM DELIVERIES ARE TO BE ADJUSTED FOR LOSSES TO THE TRANSMISSION SYSTEM INPUT LEVEL UTILIZING THE APPLICABLE LOSS FACTORS SET OUT IN PARAGRAPH 2 OF APPENDIX A.
- 6) THE VARIABLE "TOM" SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF TRANSMISSION ANNUAL COSTS, WHICH SHALL BE RECOVERED VIA SCHEDULE 10.

NETWORK TRANSMISSION SERVICE REVENUE REQUIREMENT FORMULA

NETWORK TRANSMISSION REVENUE REQUIREMENT (Cont'd)

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

MREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID, PLUS, FOR TEST YEARS 2003 AND 2004 ONLY, REVENUES COLLECTED PURSUANT TO THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002.

TXP = TOTAL TRANSMISSION EXPENSE

TXP = TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA

WHERE:

TOM = TRANSMISSION O&M EXPENSE (1)(2)(5)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE
MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (3)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (4)

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

NOTE:

- 1) VARIABLE "TOM" SHALL BE ADJUSTED FOR THE 1993, 1994 AND 1995 TEST YEARS TO INCLUDE 85% OF THE ENTERGY SYSTEM OPERATIONS CENTER CHARGES UNDER SCHEDULE MSS-6 OF THE ENTERGY SYSTEM OPERATING AGREEMENT.
- 2) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY'S TRANSMISSION SYSTEM.
- 3) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY TABLE C AMOUNTS - REDUCTIONS FOR ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYMENTS.
- 4) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF

- INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID
INTEREST.
- 5) THE VARIABLE "TOM" SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF
TRANSMISSION COSTS, WHICH SHALL BE RECOVERED VIA SCHEDULE 10.

LONG-TERM FIRM TRANSMISSION SERVICE RATES (Cont'd)

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

MREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID, PLUS, FOR TEST YEARS 2003 AND 2004 ONLY, REVENUES COLLECTED PURSUANT TO THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002.

TXP = TOTAL TRANSMISSION EXPENSE

$TXP = TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA$

WHERE:

TOM = TRANSMISSION O&M EXPENSE EXCLUSIVE OF SYSTEM CONTROL AND DISPATCHING EXPENSE IN FERC ACCOUNT 561 (1) (6)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (2)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (3)

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

TKW = THE ENTERGY SYSTEM NET AREA PEAK DEMAND (kW) FOR THE TEST YEAR ("ENTERGY PEAK"), WHICH SHALL INCLUDE THE LOAD PLACED ON THE ENTERGY TRANSMISSION SYSTEM AT THE TIME OF THE ENTERGY PEAK BY ENTERGY'S INTERRUPTIBLE RETAIL CUSTOMERS, AS INCREASED BY FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS WITH TERMS EXCEEDING 12 MONTHS, WHICH ARE NOT INCLUDED IN THE ENTERGY PEAK AND EXCLUDING, FOR TEST YEARS 2003 AND 2004 ONLY, FIRM TRANSMISSION SERVICE ASSOCIATED WITH THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002. (4)(5)

NOTE:

- 1) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY'S TRANSMISSION SYSTEM.
- 2) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY TABLE C AMOUNTS - ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYMENTS.
- 3) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID INTEREST.
- 4) FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS NOT INCLUDED IN THE ENTERGY PEAK SHALL UTILIZE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT, WHERE APPLICABLE- INCLUDING FOR FIRM OFF-SYSTEM SALES THAT PORTION OF THE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT NOT OTHERWISE INCLUDED IN THE ENTERGY PEAK - AND METERED OR SCHEDULED LOADS AT THE TIME OF THE ENTERGY PEAK OTHERWISE.

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- 5) FIRM DELIVERIES ARE TO BE ADJUSTED FOR LOSSES TO THE TRANSMISSION SYSTEM INPUT LEVEL UTILIZING THE APPLICABLE LOSS FACTORS SET OUT IN PARAGRAPH 2 OF APPENDIX A.
- 6) THE VARIABLE "TOM" SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF TRANSMISSION ANNUAL COSTS, WHICH SHALL BE RECOVERED VIA SCHEDULE 10.

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NETWORK TRANSMISSION SERVICE REVENUE REQUIREMENT FORMULA

NETWORK TRANSMISSION REVENUE REQUIREMENT (Cont'd)

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

MREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID, PLUS, FOR TEST YEARS 2003 AND 2004 ONLY, REVENUES COLLECTED PURSUANT TO THE LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE AGREEMENT BETWEEN ENTERGY SERVICES, INC. AND THE CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS AS IT EXISTED ON NOVEMBER 15, 2002.

TXP = TOTAL TRANSMISSION EXPENSE

$$TXP = TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA$$

WHERE:

TOM = TRANSMISSION O&M EXPENSE (1)(2)(~~5~~)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE
MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (3)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (4)

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

NOTE:

- 1) VARIABLE "TOM" SHALL BE ADJUSTED FOR THE 1993, 1994 AND 1995 TEST YEARS TO INCLUDE 85% OF THE ENTERGY SYSTEM OPERATIONS CENTER CHARGES UNDER SCHEDULE MSS-6 OF THE ENTERGY SYSTEM OPERATING AGREEMENT.
- 2) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY'S TRANSMISSION SYSTEM.
- 3) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY TABLE C AMOUNTS - REDUCTIONS FOR ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYMENTS.
- 4) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF

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Vice President, Transmission

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INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID INTEREST.

5) THE VARIABLE "TOM" SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF TRANSMISSION COSTS, WHICH SHALL BE RECOVERED VIA SCHEDULE 10.

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ATTACHMENT D
COST SUPPORT FOR THE SCHEDULE 9 RATE

Entergy Start- Up and Implementation Costs
(Thru September 2006)

	2000	2001	2002	2003	2004	2005	2006	Total
Regulatory Filing Costs Including Tariff & Protocol Development	2,369,730	3,009,405	2,197,564	2,877,304	930,131	618,706	513,197	12,516,037
LLC Creation for ITC	621	165,667	177,436	(2,333)				341,391
Transmission Surveying & Property Identification	907,852	373,433	323,090	30,338				1,634,713
Accounting/Finance Support & Business Systems	226,864	810,257	196,807	119,960	99,968	123,146	104,433	1,681,435
Independent Advisory Board		489,061	776,782	24,140	(1,020)			1,288,963
New Market Structure & Systems Design	2,375,769	4,064,937	1,768,164	1,390,612	1,023,013	755,447	13,312	11,391,254
Entergy Project Management & Oversight	181,796	881,719	370,154	717,602	332,595	35,655	17,545	2,537,066
SPP ICT Cost		15,025				87,838	539,390	642,253
SeTrans Development			362,249	3,352,824	123,658			3,838,731
Other					(2,412)	4,205		1,793
ICT Implementation Team						380,954	597,885	978,839
Subtotal	6,062,632	9,809,504	6,172,246	8,510,447	2,505,933	2,005,951	1,785,762	36,852,475
OVERHEADS/LOADERS								
AFUDC*	116,325	935,167	2,941,091	2,300,859	3,820,051	4,402,217	3,678,360	18,194,070
Capital Overhead Clearing**		1,269,706	971,590	1,535,383	43,803	51,566	4,305	3,876,353
Employee Benefits Allocations***	13,442	160,629	113,447	117,927	143,998	251,188		800,631
ESI Labor Loadings***	68,727	737,723	499,286	293,616	244,115			1,843,467
Payroll Loaders & Allocations***			149,811	195,026	80,374	38,092		463,303
Transportation Clearing			6,037	636				8,845
Other	451	1,721				1,035		(32,430)
Depreciation		(213,380)				37,156		46,143
Payroll Taxes Other Summary***					8,987	(2,377)		(2,377)
Subtotal	198,945	2,891,566	4,681,262	4,623,362	4,341,328	4,778,877	3,682,665	25,198,005
Total	6,261,577	12,701,070	10,853,508	13,133,809	6,847,261	6,784,828	5,468,427	62,050,480

*AFUDC allocation based on the balance in Construction Work in Progress

**Capital Overhead allocation based on the amount of charges to the project each month

***Payroll allocations based on the amount of internal labor charged to the project each month

	SPP ITC		SeTrans		
	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Actual	Actual
Regulatory Filing Costs Including Tariff & Protocol Development	2,369,729	3,009,407	2,197,563	2,877,304	
Mgmt REGIONAL TRANS ORG (RTO) TRANSITION	2,369,729	3,009,407	2,197,563	2,877,304	
LLC Creation for ITC	621	165,665	177,437	(2,333)	
Mgmt of LLC Creation	621	165,351	169,514	-	
Mgmt of Partner Relations		314	7,923	(2,333)	
LLC Financing Options					
Transmission Surveying & Property Identification	907,852	373,433	323,090	30,338	
FERC RTO 2000 Asset Transfer	907,852	373,433	323,090	30,338	
Accounting/Finance Support & Business Systems	226,864	810,257	196,807	119,960	
Company naming process		-	-	-	
Insurance		-	-	-	
Finance Activities	95,433	79,183	1,751	-	
Accounting Activities	118,276	452,820	161,244	136,660	
Transition Staffing and Administration	4,749	20,143	6,600		
Administration and Support Services	1,120	31,931	3,378		
Benefits and pension		24,814			
Facilities		3,505	7,134		
IT Business Systems	7,286	182,271	16,701	(16,701)	
Website		15,590	-	-	
Asset Engineering & Project Mgmt		-	-	-	
Independent Advisory Board		489,061	776,781	24,140	
Board of Directors Selection		489,061	10,180	-	
Board of Directors Fees & Expenses			766,602	24,140	
New Market Structure & Systems Design	2,375,769	4,064,936	1,768,164	1,390,612	
Market Structure Design	1,988,195	686,862	1,904,813	1,261,319	
Market System Implementation	197,344	2,106,965	(7)	2	
Initial Staff Training	-	-	(2)	(619)	
On-going Staff Training	4,731	-	(619)	619	
Customer Relationship Mgmt	4,287	29,462	-	-	
Mkt Participant Consensus Project		16,992	109		
State Estimator Metering	5,700	13,314	(13,314)		
System Operations	175,513	301,484	(122,815)	129,291	
System Planning		909,857	-		
Entergy Project Management & Oversight	181,796	881,720	370,154	717,602	
Implementation, senior mgmt	170,380	634,586	370,154	717,602	
Employee, internal & external Business communication	2,524	32,832			
Implementation Proj Mgmt Consultants	8,892	214,302	-	-	
Finance Activities					-
Accounting Activities					
SPP ITC Costs	-	15,025	-	-	-
SPP ITC Termination Costs		15,025			
SeTrans Development	-		362,249	3,352,824	123,658
SeTrans development costs billed to Entergy			362,249	3,352,824	123,658
Other					
ICT Implementation Team					
Total	6,062,631	9,809,504	6,172,245	8,510,448	123,658
AFUDC*	116,325	935,167	2,941,091	2,300,859	
Capital Overhead Clearing**		1,269,706	971,590	1,535,383	
Employee Benefits Allocations***	13,442	160,629	113,447	117,927	
ESI Labor Loadings***	68,727	737,723	499,286	293,616	
Payroll Loaders & Allocations***			149,811	195,026	
Transportation Clearing	451	1,721	6,037	636	
Other		(213,380)		179,915	
Depreciation					
Payroll Taxes Other Summary***					
Total	6,261,576	12,701,070	10,853,507	13,133,810	123,658

*AFUDC allocation based on the balance in Construction Work in Progress

**Capital Overhead allocation based on the amount of charges to the project each month

***Payroll allocations based on the amount of internal labor charged to the project each month

ICT				Total
	2004	2005	2006	
	Actual	Actual	Actual	Actuals
Regulatory Filing Costs Including Tariff & Protocol Development	930,131	618,706	513,197	12,516,037
Mgmt REGIONAL TRANS ORG (RTO) TRANSITION	930,131	618,706	513,197	12,516,037
LLC Creation for ITC				341,390
Mgmt of LLC Creation	-	-	-	335,486
Mgmt of Partner Relations	-	-	-	314
LLC Financing Options	-	-	-	5,590
Transmission Surveying & Property Identification	0	0	0	1,634,713
FERC RTO 2000 Asset Transfer	0	0	0	1,634,713
Accounting/Finance Support & Business Systems	99,968	123,146	104,433	1,681,435
Company naming process	-	-	-	-
Insurance	-	-	-	-
Finance Activities				176,367
Accounting Activities	99,968	123,146	104,433	1,196,547
Transition Staffing and Administration				31,492
Administration and Support Services				36,429
Benefits and pension				24,814
Facilities				10,639
IT Business Systems				189,557
Website	-	-	-	15,590
Asset Engineering & Project Mgmt	-	-	-	-
Independent Advisory Board	(1,020)	-	-	1,288,963
Board of Directors Selection	-	-	-	499,241
Board of Directors Fees & Expenses	(1,020)	-	-	789,722
New Market Structure & Systems Design	1,023,013	755,447	13,312	11,391,254
Market Structure Design	1,023,010	755,447	13,312	7,632,957
Market System Implementation	4	-	-	2,304,307
Initial Staff Training				(621)
On-going Staff Training				4,731
Customer Relationship Mgmt	-	-	-	33,749
Mkt Participant Consensus Project				17,101
State Estimator Metering				-
System Operations				313,660
System Planning				1,085,370
Entergy Project Management & Oversight	332,595	35,655	17,545	2,537,066
Implementation, senior mgmt	332,595	35,655	17,545	2,278,517
Employee, internal & external Business communication				35,355
Implementation Proj Mgmt Consultants	-	-	-	223,194
Finance Activities				
Accounting Activities				
SPP ICT Costs	-	87,838	539,390	642,253
SPP Contract		87,838	539,390	642,253
SeTrans Development		-	-	3,838,731
SeTrans development costs billed to Entergy		-	-	3,838,731
Other	(2,412)	4,205	-	1,793
	(2,412)	4,205	-	1,793
ICT Implementation Team		380,954	597,885	978,839
		380,954	597,885	978,839
Total	2,382,274	2,005,951	1,785,762	36,852,473
AFUDC*	3,820,051	4,402,217	3,678,360	18,194,070
Capital Overhead Clearing**	43,803	51,566	4,305	3,876,353
Employee Benefits Allocations***	143,998	251,188		800,631
ESI Labor Loadings***	244,115			1,843,467
Payroll Loaders & Allocations***	80,374	38,092		463,303
Transportation Clearing				8,845
Other		1,035		(32,430)
Depreciation	8,987	37,156		46,143
Payroll Taxes Other Summary***		(2,377)		(2,377)
Total	6,723,602	6,784,828	5,468,427	62,050,478

*AFUDC allocation based on the balance in Construction Work in Progress

**Capital Overhead allocation based on the amount of charges to the project each month

***Payroll allocations based on the amount of internal labor charged to the project each month

ATTACHMENT E
CALCULATION OF THE SCHEDULE 9 RATE

ENTERGY SERVICES, INC.
SCHEDULE 9
RECOVERY OF REGIONAL TRANSMISSION OPERATOR AND
INDEPENDENT COORDINATOR OF TRANSMISSION
DEVELOPMENT AND START-UP COSTS

RATE SUMMARY

<u>DESCRIPTION</u>	
TRANSMISSION SERVICE RATE	\$0.1235 /MWH

ENTERGY SERVICE, INC.
SCHEDULE 9
RATE DEVELOPMENT

PCRR = PRE-OP COST REVENUE REQUIREMENT (1)

PCRR = AMORT + PABB * CC + AFUDCTG

AMORT = MONTHLY AMORTIZATION EXPENSE = 1,105,576

PABB = MONTHLY BALANCE OF UNAMORTIZED PER-OP COSTS = 43,204,108

CC = BEFORE TAX COST OF CAPITAL (2) = 11.80%

AFUDCTG = MONTHLY AMORTIZATION EXPENSE OF INCOME TAX GROSS-
UP FOR EQUITY AFUDC VALUE = 143,747

PCRR = = 1,674,164

PCTSR = 12 * PCRR / 2005 MWH (3)

MWH = ACTUAL 2005 MWH TRANSMITTED BY THE ENTERGY
TRANSMISSION SYSTEM, ADJUSTED FOR LOSSES TO THE
INPUT LEVEL = 162,643,857

PCTSR = = 0.1235

NOTES:

- (1) CALCULATED AS A MONTHLY LEVELIZED RECOVERY AMOUNT OVER THE 48-MONTH
PROJECTED RECOVERY PERIOD (1ST MONTH USED FOR CALCULATION)
- (2) BEFORE TAX COST OF CAPITAL AS DETERMINED IN SCHEDULE 7 AND ATTACHMENT H
- (3) FOR THE INITIAL RATE DETERMINATION, ACTUAL 2005 MWH TRANSMITTED BY THE
ENTERGY TRANSMISSION SYSTEM, INCLUDING LOSSES TO THE INPUT LEVEL

ENTERGY SERVICE, INC.
SCHEDULE 9
AMORTIZATION

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
MNTH	MONTHLY				PRE-OP	BALANCE	ADJUSTED
<u>NO.</u>	<u>RTN</u>	<u>AMORT</u>	<u>AFUDCTG</u>	<u>TOTAL</u>	<u>RATE BASE</u>	<u>ADIT (1)</u>	<u>PRE-OP</u> <u>RATE BASE</u>
					62,500,000	19,295,892	43,204,108
1	424,840	1,105,576	143,747	1,674,164	61,394,424	18,954,563	42,439,861
2	417,325	1,113,091	143,747	1,674,164	60,281,333	18,610,914	41,670,419
3	409,759	1,120,657	143,747	1,674,164	59,160,676	18,264,929	40,895,747
4	402,142	1,128,274	143,747	1,674,164	58,032,402	17,916,592	40,115,810
5	394,472	1,135,944	143,747	1,674,164	56,896,458	17,565,887	39,330,571
6	386,751	1,143,665	143,747	1,674,164	55,752,793	17,212,798	38,539,995
7	378,977	1,151,439	143,747	1,674,164	54,601,354	16,857,309	37,744,045
8	371,150	1,159,266	143,747	1,674,164	53,442,088	16,499,404	36,942,684
9	363,270	1,167,146	143,747	1,674,164	52,274,942	16,139,066	36,135,876
10	355,336	1,175,080	143,747	1,674,164	51,099,862	15,776,279	35,323,583
11	347,349	1,183,067	143,747	1,674,164	49,916,795	15,411,026	34,505,769
12	339,307	1,191,109	143,747	1,674,164	48,725,686	15,043,290	33,682,396
13	331,210	1,199,206	143,747	1,674,164	47,526,480	14,673,054	32,853,426
14	323,059	1,207,357	143,747	1,674,164	46,319,123	14,300,301	32,018,822
15	314,852	1,215,564	143,747	1,674,164	45,103,559	13,925,015	31,178,544
16	306,589	1,223,827	143,747	1,674,164	43,879,732	13,547,178	30,332,554
17	298,270	1,232,146	143,747	1,674,164	42,647,586	13,166,772	29,480,814
18	289,895	1,240,521	143,747	1,674,164	41,407,065	12,783,781	28,623,284
19	281,462	1,248,954	143,747	1,674,164	40,158,111	12,398,186	27,759,925
20	272,973	1,257,443	143,747	1,674,164	38,900,667	12,009,970	26,890,697
21	264,425	1,265,991	143,747	1,674,164	37,634,676	11,619,115	26,015,561
22	255,820	1,274,596	143,747	1,674,164	36,360,080	11,225,604	25,134,476
23	247,156	1,283,260	143,747	1,674,164	35,076,820	10,829,418	24,247,402
24	238,433	1,291,983	143,747	1,674,164	33,784,837	10,430,539	23,354,298
25	229,651	1,300,765	143,747	1,674,164	32,484,072	10,028,948	22,455,124
26	220,809	1,309,607	143,747	1,674,164	31,174,465	9,624,627	21,549,838
27	211,907	1,318,509	143,747	1,674,164	29,855,956	9,217,558	20,638,398
28	202,944	1,327,472	143,747	1,674,164	28,528,484	8,807,722	19,720,762
29	193,921	1,336,495	143,747	1,674,164	27,191,989	8,395,100	18,796,889
30	184,836	1,345,580	143,747	1,674,164	25,846,409	7,979,673	17,866,736
31	175,690	1,354,726	143,747	1,674,164	24,491,683	7,561,423	16,930,260
32	166,481	1,363,935	143,747	1,674,164	23,127,748	7,140,329	15,987,419
33	157,210	1,373,206	143,747	1,674,164	21,754,542	6,716,373	15,038,169
34	147,875	1,382,541	143,747	1,674,164	20,372,001	6,289,535	14,082,466
35	138,478	1,391,938	143,747	1,674,164	18,980,063	5,859,796	13,120,267
36	129,016	1,401,400	143,747	1,674,164	17,578,663	5,427,136	12,151,527
37	119,490	1,410,926	143,747	1,674,164	16,167,737	4,991,535	11,176,202
38	109,899	1,420,517	143,747	1,674,164	14,747,220	4,552,973	10,194,247
39	100,243	1,430,173	143,747	1,674,164	13,317,047	4,111,429	9,205,618
40	90,522	1,439,894	143,747	1,674,164	11,877,153	3,666,884	8,210,269
41	80,734	1,449,682	143,747	1,674,164	10,427,471	3,219,317	7,208,154
42	70,880	1,459,536	143,747	1,674,164	8,967,935	2,768,708	6,199,227
43	60,959	1,469,457	143,747	1,674,164	7,498,478	2,315,036	5,183,442

ENTERGY SERVICE, INC.
SCHEDULE 9
AMORTIZATION

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
MNTH	MONTHLY				PRE-OP	BALANCE	ADJUSTED
<u>NO.</u>	<u>RTN</u>	<u>AMORT</u>	<u>AFUDCTG</u>	<u>TOTAL</u>	<u>RATE BASE</u>	<u>ADIT (1)</u>	<u>PRE-OP</u> <u>RATE BASE</u>
44	50,971	1,479,445	143,747	1,674,164	6,019,033	1,858,281	4,160,752
45	40,914	1,489,502	143,747	1,674,164	4,529,531	1,398,421	3,131,110
46	30,789	1,499,627	143,747	1,674,164	3,029,904	935,435	2,094,469
47	20,596	1,509,820	143,747	1,674,164	1,520,084	469,302	1,050,782
48	10,333	1,520,083	143,747	1,674,164	-	-	-
Total	10,959,970	62,499,999	6,899,879	80,359,849			

ENTERGY SERVICES, INC.
SCHEDULE 9
Equity AFUDC
Actual Costs Through September 2006

	Recoverable Transition Costs							
	EAI	EGS I L	EGS I T	ELL	EMI	ENO	ESI	Total
Total Recoverable Capital Costs	14,967,046	10,610,487	8,681,307	16,039,481	8,338,748	3,411,798	1,613	62,050,480
AFUDC Ratio	40.03%	40.03%	40.03%	40.03%	40.03%	40.03%		
AFUDC Basis	10,688,388	7,577,246	6,199,565	11,454,243	5,954,934	2,436,461	1,613	
Tax Rate	39.23%	38.48%	35.00%	38.48%	38.25%	38.48%	38.14%	
Accum. Deferred Income Tax	(4,193,055)	(2,915,724)	(2,169,848)	(4,407,593)	(2,277,762)	(937,550)	(615)	(16,902,147)
AFUDC	4,278,658	3,033,241	2,481,742	4,585,238	2,383,814	975,337		17,738,030
AFUDC Debt Ratio	30.15%	35.20%	35.20%	42.56%	40.06%	43.78%		
Borrowed AFUDC	1,289,939	1,067,847	873,693	1,951,668	954,979	426,997		6,565,123
Tax Rate	39.23%	38.48%	35.00%	38.48%	38.25%	38.48%	38.14%	
Accum. Deferred Income Tax	(506,043)	(410,908)	(305,793)	(751,002)	(365,279)	(164,308)	-	(2,503,333)
Total ADIT	(4,699,098)	(3,326,632)	(2,475,641)	(5,158,595)	(2,643,041)	(1,101,858)	(615)	(19,405,480)
Equity AFUDC	2,988,719	1,965,394	1,608,049	2,633,570	1,428,835	548,340		11,172,907
Divided by (1-Tax Rate)	60.77%	61.52%	65.00%	61.52%	61.75%	61.52%	61.86%	
Total Equity AFUDC Rev Reqmnt.	4,918,083	3,194,723	2,473,922	4,280,836	2,313,903	891,320	-	18,072,786
Equity AFUDC	2,988,719	1,965,394	1,608,049	2,633,570	1,428,835	548,340	-	11,172,907
Total								
Tax Gross-up for Equity AFUDC	1,929,364	1,229,329	865,873	1,647,266	885,068	342,980	-	6,899,879
48 Month Amortization of Tax Gross-Up for Equity AFUDC								143,747

ENTERGY SERVICES, INC.
START-UP AND IMPLEMENTATION COSTS
ADIT & AFUDC AS OF SEPTEMBER 30, 2006

Total	62,050,480
AFUDC	18,194,070
ESI	1,613
AFUDC BASIS	43,854,797
AFUDC RATIO	41.49%

	Total CWIP	AFUDC BASIS	Tax Rate	ADIT	AFUDC ADIT	Total ADIT
EAI	14,967,046	10,578,384	39.23%	4,149,900	519,053	4,668,954
EGSI L	10,610,487	7,499,262	38.48%	2,885,716	421,472	3,307,188
EGSI T	8,681,307	6,135,760	35.00%	2,147,516	313,654	2,461,170
ELL	16,039,481	11,336,358	38.48%	4,362,231	770,310	5,132,541
EMI	8,338,748	5,893,647	38.25%	2,254,320	374,671	2,628,991
ENO	3,411,798	2,411,385	38.48%	927,901	168,533	1,096,434
ESI	1,613	1,613	38.14%	615	-	615
Total	62,050,480	43,856,410	37.80%	16,728,199	2,567,693	19,295,892

	AFUDC Rate	Borrowed	Debt Ratio
Entergy Arkansas, Inc.	8.91%	2.69%	30.15%
Entergy Gulf States, Inc.	8.30%	2.92%	35.20%
Entergy Louisiana, Inc.	8.53%	3.63%	42.56%
Entergy Mississippi, Inc.	7.87%	3.15%	40.06%
Entergy New Orleans, Inc.	7.87%	3.45%	43.78%

	Total AFUDC	Borrowed	Equity
EAI	4,388,662	1,323,103	3,065,559
EGSI L	3,111,224	1,095,301	2,015,923
EGSI T	2,545,547	896,155	1,649,392
ELL	4,703,123	2,001,845	2,701,278
EMI	2,445,101	979,531	1,465,570
ENO	1,000,413	437,975	562,438
ESI	-	-	-
Total	18,194,070	6,733,910	11,460,160

ENTERGY SERVICES, INC.
MWH TRANSMITTED
FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2005

<u>COMPONENT</u>	<u>MWH</u>
TIE RECEIVED	44,748,840
TIE DELIVERED	34,558,443
GENERATION NET	96,086,967
COGEN NET	21,808,050
 TOTAL DELIVERED	 162,643,857
TOTAL RECEIVED	34,558,443

ATTACHMENT F
CALCULATION OF THE SCHEDULE 10 RATE

ENTERGY SERVICES, INC.
SCHEDULE 10
RECOVERY OF REGIONAL TRANSMISSION OPERATOR AND
INDEPENDENT COORDINATOR OF TRANSMISSION
OPERATION COSTS

RATE SUMMARY

<u>DESCRIPTION</u>	
TRANSMISSION SERVICE RATE	\$0.0707

ENTERGY SERVICES, INC.
SCHEDULE 10
RECOVERY OF REGIONAL TRANSMISSION OPERATOR AND
INDEPENDENT COORDINATOR OF TRANSMISSION
OPERATION COSTS

RATE DEVELOPMENT

LINE NO.	<u>DESCRIPTION</u>		
1	ICTTSR = ICT OP COSTS SERVICE RATE (\$/MWH)		
2	ICTTSR = $\frac{\text{OPCOS}}{\text{MWH}}$		
3	WHERE:		
4	OPCOS = ICT OP COSTS		
5	OPCOS = ACOS + ADJ + TUA		
6	ACOS = PRIOR YEAR ANNUAL ICT OP COST (1)	=	11,500,000
7	ADJ = ADJUSTMENT (2)	=	-
8	TUA = TRUE-UP AMOUNT (3)	=	-
9	OPCOS =	=	11,500,000
10	MWH = TOTAL MWH TRANSMITTED BY THE ENTERGY	=	162,643,857
11	TRANSMISSION SYSTEM FOR THE PREVIOUS CALENDAR		
12	YEAR INCLUDING ADJUSTMENT FOR LOSSES TO THE		
13	ENTERGY TRANSMISSION SYSTEM INPUT LEVEL (4)		
14	ICTTSR =	=	0.0707

NOTES:

- (1) THE 2007 CALENDAR YEAR PROJECTED ANNUALIZED ICT OP COSTS WILL BE USED FOR THE INITIAL RATE CALCULATION
- (2) ADJUSTMENT FOR KNOWN OR PROJECTED CHANGES IN ICT OP COSTS
- (3) THE ACTUAL ICT OP COSTS LESS THE SUM OF THE ACTUAL AND IMPUTED COLLECTIONS
- (4) 2005 MWH WILL BE USED FOR THE INITIAL RATE CALCULATION

ENTERGY SERVICES, INC.
MWH TRANSMITTED
YEAR ENDING DECEMBER 31, 2005

<u>LINE NO.</u>	<u>COMPONENT</u>	<u>MWH</u>
1	TIE RECEIVED	44,748,840
2	TIE DELIVERED	34,558,443
3	GENERATION NET	96,086,967
4	COGEN NET	21,808,050
5	TOTAL DELIVERED	162,643,857
6	TOTAL RECEIVED	34,558,443