ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
2015 Attachment O Annual Rate Update

Response of: Entergy Services, Inc.
to the Third Set of Data Requests
of Requesting Party: Arkansas Electric
Cooperative Corporation

Filed: 5/20/16

Question No.: AECC 3-12 Part No.: Addendum:

Question:

With reference to the attachment provided in Entergy's response to AECC 2-11, column E labeled as "Project Desc", please provide a detailed description of the nature of the following categories of expenses which were booked to Account 930.2 during 2014 (descriptions below are as shown in column E of the attachment). In addition, to the extent the following expenses are not directly or indirectly related to transmission service, please provide the justification for not excluding these costs in the formula rate as stipulated in Note X of the formula.

a. Climate Consulting Services

b. ESI Nuclear - Unit Split

c. ESI NUCLEAR EMPLOYEES – ANO

d. ESI Nuclear - Site Split

e. ESI NUCLEAR EMPLOYEES

Response:

a. The primary activities associated with this project code include 1) Devising and executing a strategy relating to federal climate change legislation, and 2) Reviewing and communicating progress and opportunities for development and deployment of clean energy technologies.

This project is applicable to the utility as a whole and is appropriately recorded in account 930.2, which includes the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

b.-e. The costs in question should not be excluded from Account 930.2 under Note X because they support the overall operation of Arkansas Nuclear One including the plant's step-up transformers reflected in transmission plant. The proper treatment of these costs will occur through the normal operation of the Attachment O rate calculation. These A&G costs will be allocated with the wage & salary allocation factor and included in the gross revenue requirement. The gross revenue requirement is subsequently adjusted by application of the inclusion factor. The inclusion factor will remove the impact of step up transformer investment from the Attachment O revenue requirement.