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

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

Filed: 3/23/16

Question No.: AECC 2-7 Part No.: Addendum:

Question:

With reference to the attachment provided in Entergy's response to AECC 1-12, the line item labeled as "Balance Sheet Default", please:

a. Provide a detailed description of the nature of this line item which was booked to Account 923 during 2013 and 2014.

b. Explain the significant variance in the accruals for this line item during 2014 [$3,326,330] compared to 2013 [-$11,407,293].

Response:

a. The nature of line item "Balance Sheet Default" booked to account 923 during 2013 and 2014 is driven by the variance explained in part b below. Account 923 includes the deferral of costs expected to be recovered in future periods, as well as the amortization of the deferred costs.

b. The variance is primarily due to the deferral in 2013 of Human Capital Management (HCM) costs and MISO implementation costs. In 2014, EAI began amortizing the deferred HCM and MISO implementation costs consistent with APSC approval of recovery in rates and FERC approval of MISO implementation costs recovery in MISO Schedule 47.