MEMORANDUM

VIA EMAIL

TO: JAY CASPARY

FROM: ZACHARY DAVID WILSON

DATE: SEPTEMBER 24, 2009

RE: ARKANSAS CITIES' COMMENTS REGARDING THE PROPOSED ENTERGY/SPP COST BENEFIT ANALYSIS AND STUDY WORK PLAN

*****************************************************************************************************************************************

These are the Comments of Arkansas Cities' of the Entergy/SPP Cost Benefit Study and Study Work Plan. Arkansas Cities are: The Conway Corporation, the City of West Memphis Utilities Commission, the City of Osceola, the City of Benton, the City of Prescott, Arkansas and the Hope Water and Light Commission. Arkansas Cities appreciate the opportunity to comment on the study and look forward to working on its development.

1. Although it has flaws, there are positive attributes of the Entergy TSR/System Impact Study and Facilities Study process that should be taken into consideration if Entergy joins the SPP RTO and utilizes the SPP OATT for their transmission facilities and TSR process. These processes are set forth in Attachments C, D, and E of the Entergy OATT. See Assumption 1, j.

The SPP process (SPP OATT Attachments C, D, and E) for conducting System Impact and Facilities Studies is a slower process than the Entergy OATT methodology. The Entergy methodology is more prompt than the SPP procedure, however, there are also flaws in the underlying process with Entergy that should be eliminated. Flawed assumptions are with regard to status of previous requests whether granted, denied, or pending in a discrete study.

Will there be some consideration given to utilizing the positive attributes of Entergy's process and incorporating those positive attributes into a new Entergy/SPP RTO, while at the same time attempting to utilize the positive attributes of SPP processes
and eliminating the less than positive attributes of the SPP process, such as slow decision-making periods?

It may not benefit the region if Entergy joining the SPP RTO would cause TSR's to be granted or denied less efficiently than is currently the case. A careful balance in taking positive attributes from both entities' processes while eliminating the negative attributes in both is necessary.

2. The Operational Efficiencies Task Force (OETF) of the Entergy ICT has been studying a One-Stop Shopping system for customers that have to utilize both the SPP system and Entergy system, to initiate service through a single process. The OETF could be an important interim measure to accomplish issues needed to transition Entergy into the SPP RTO.

The OETF is developing the Transmission Request Advocacy Assistance and Coordination (TRAAC) Function. TRAAC will assist transmission customers in their completion of TSRs to reserve transmission concurrently on both the Entergy and SPP systems. TRAAC will include the ability to query both Entergy and SPP OASIS for complimentary requests so as to improve the success of both TSRs. Finally, TRAAC will develop recommendations for the coordination of transmission service processes between Entergy and SPP, and coordinate the timelines and deadlines under both the Entergy and SPP processes. TRAAC could be an important and useful tool for the CBA study.

3. The CBA study proposed work plan states that the impacts on wholesale customers (e.g. municipals) will be taken into consideration in the study. In Phase V, AC believes that it should be clearer that the costs and benefits to wholesale customers will be studied, as well as in any other phases that may be necessary. Phase V currently does not have a specific requirement related to wholesale. AC suggest the following be added at the end of Phase V:

including the impacts on wholesale customers of the Entergy Operating Companies (e.g., municipals), the Entergy System network transmission customers (LA Gen), and other transmission dependent entities.

4. How will the problem of multiple and continuing base case overloads on the Entergy system be taken into consideration? Will some solution be proposed or will Entergy joining the SPP RTO cause overload issue resolution to be deferred? This problem stems from existing base case overloads on the Entergy system that cause many TSRs to be denied altogether or granted only contingent upon building upgrades before service can commence. There are material differences of opinion on base case overloads between regulators, the ICT, stakeholders, and Entergy. If Entergy's system is placed under the SPP OATT, with SPP processes utilized, would these issues be resolved?

cc: Entergy Regional State Committee
Clients