

February 25, 2010

The Honorable 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  
The ICT's Annual Performance Report

Dear Secretary Bose:

The Southwest Power Pool, Inc. ("SPP"), as the Independent Coordinator of Transmission ("ICT") for the Entergy Services, Inc. ("Entergy") system, hereby submits the ICT's Third Annual Performance Report, in accordance with the Federal Energy Regulatory Commission's orders approving the establishment of the ICT and section 7 of Attachment S in Entergy's Open Access Transmission Tariff ("OATT").<sup>1</sup>

The ICT will serve a copy of this report to all Interested Government Agencies and will make the report publicly available by posting it electronically on SPP's website and Entergy's OASIS.

If there are any questions related to this matter, please contact the undersigned at the number listed above.

Respectfully submitted,

/s/ David S. Shaffer  
David S. Shaffer

Counsel for the ICT

Attachments

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<sup>1</sup> See Entergy Services, Inc., 115 FERC ¶ 61,095, order on reh'g, 116 FERC ¶ 61,275, order on compliance, 117 FERC ¶ 61,055 (2006), order on reh'g, 119 FERC ¶ 61,187 (2007).



**Independent Coordinator of  
Transmission (ICT) for Entergy -  
Annual Performance Report**

**November 17, 2008 to November 17, 2009**

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## I. INTRODUCTION AND OVERVIEW

Southwest Power Pool, Inc. (“SPP”), as the Independent Coordinator of Transmission (“ICT”)<sup>1</sup> for the Entergy Services, Inc.’s (“Entergy”) transmission system, submits this annual report covering system operations for the twelve-month period ending November 17, 2009. This report complies with the requirements of the Commission’s April 24, 2006 Order, including the specific requirement of an annual assessment addressing the effectiveness of the ICT, and the compilation of performance metrics measuring the success of the ICT and the Weekly Procurement Process (“WPP”) as well as the reporting requirement of section 7 of Attachment S to Entergy’s Open Access Transmission Tariff (“OATT” or “Tariff”).<sup>2</sup>

The past year marks the third year of the ICT arrangement.<sup>3</sup> During this year, several important milestones were achieved, including the formation of an Entergy Regional State Committee (“E-RSC”) and the initiation of cost-benefit studies to consider the advantages of integrating certain or all of Entergy’s Operating Companies (“EOC”) into the SPP Regional Transmission Organization (“RTO”). In addition, in March 2009, Entergy’s Weekly Procurement Program (“WPP”) was launched, providing opportunities for third-party suppliers to compete with Entergy-owned resources in providing service to Entergy’s native load customers. While the results of the WPP have been uneven, recent refinements have been made to improve the reliability of the WPP model, with the expectation that the level of accepted offers and production cost savings will continue to improve.

Under SPP’s watch, other system improvements were implemented in 2009, including the development of new software to operate Entergy’s OASIS, calculate Available Flowgate Capability (“AFC”), and evaluate transmission service availability in Entergy’s Operating, Planning and Study Horizons. This new Open Access Technology, Inc. (“OATi”) software is expected to provide a more

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<sup>1</sup> The ICT operates as a functional division of SPP. Accordingly, unless otherwise noted, references to “ICT” and “SPP” are used interchangeably in this report.

<sup>2</sup> See *Entergy Servs., Inc.*, 115 FERC ¶ 61,095, at PP 299, 304-05 (“ICT Approval Order”), *order on reh’g*, 116 FERC ¶ 61,275 (2006).

<sup>3</sup> SPP discharges its responsibilities as the ICT in accordance with the terms of a November 17, 2006 agreement with Entergy, as amended, that was approved by the Commission in the ICT Approval Order. The initial term of this agreement is set to expire on November 17, 2010. Pursuant to Commission direction, Entergy submitted a compliance filing in November, 2009 indicating Entergy’s intentions to pursue either a modified and enhanced ICT arrangement or membership in the SPP-RTO. SPP has engaged with Entergy in the evaluation of these alternatives.

dependable platform for processing transmission service requests (“TSR”) on the Entergy system.

In addition, on both state and federal levels, SPP has participated in various forums to address stakeholder and regulator concerns in areas such as transmission planning and tariff administration. Issues identified during the Entergy/ICT conference held in South Carolina on June 24 continue to be monitored, and SPP remains pro-active in seeking solutions to these complex issues. SPP also appeared before the Arkansas Public Service Commission (“APSC”) in the APSC’s Docket No. 08-136-U proceeding and offered specific suggestions with respect to various transmission planning, funding, and seams issues identified by the APSC.

The past year has also seen significant progress in efforts overseen by the ICT to ensure Entergy’s compliance with Order Nos. 890, *et seq.* and Order No. 693. A series of compliance tariff filings were made by Entergy in 2009 and remain pending before the Commission. The ICT also continues to administer Entergy’s stakeholder process, including the regular scheduling of stakeholder meetings and the processing of formal motions and requests presented by the Stakeholder Policy Committee (“SPC”).

SPP can also report that initiatives detailed in prior reports are progressing at pace, including a joint construction project to upgrade a number of substations, transmission lines and capacitor banks to mitigate constraints in the Acadiana Load Pocket (“ALP”).<sup>4</sup> All upgrades are expected to be completed between 2010 and 2012. Meanwhile, SPP continues to examine transmission planning/expansion priorities through the ICT Strategic Transmission Expansion Plan (“ISTEP”) and Entergy’s Attachment K processes, which provide a forum for focused consideration of both reliability and economic expansion projects within the Entergy footprint. Similarly, SPP remained vigilant in its tariff administration functions and was responsible for identifying and rectifying several instances of data handling errors associated with AFC calculations and/or the processing of TSRs.

As in prior years, the final year of the ICT’s initial term will present numerous challenges. However, SPP’s priorities will remain unchanged. SPP will continue to focus on improving transmission access, the quality of transmission service, and system reliability. The WPP model will be monitored continuously, and enhancements will be proposed, to ensure the broadest possible participation of third-party suppliers, consistent with the goal of reducing overall production costs. Finally, with the initial term of the ICT arrangement set to expire in November, 2010, SPP will work closely with Entergy, state regulators, this Commission, and affected stakeholders to coordinate a going-forward strategy that will provide an effective platform for future system and service improvements.

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<sup>4</sup> This joint undertaking involves the participation by Cleco Power, L.L.C. (“CLEC”), Lafayette Utilities System (“LUS”), SPP, and Entergy.

## II. ASSESSMENT AND SELF-EVALUATION OF ICT'S FUNCTIONS

In accordance with section 7(a)(2) of Attachment S to Entergy's OATT, the ICT provides the following assessment and self-evaluation of the ICT's third full year of operations. The ICT will report on each of the ICT's functional areas of responsibility under the Entergy OATT and discuss the problems identified by transmission customers and stakeholders, achievements by the ICT, and areas for improvement as the ICT continues to work with Entergy and stakeholders to improve transmission service access on Entergy's system.

### **Reliability Coordination ("RC")**

Regardless of various weather-related events and operational issues that impacted Entergy's transmission system during 2009, the ICT RC Group maintained, at all times, a high level of system-wide reliability and compliance with the North American Electric Reliability Council ("NERC") regulations/guidelines and Good Utility Practice.

This year, as in previous years, the ICT RC Group has faced criticism from stakeholders on the number of transmission loading relief ("TLR") events invoked by the ICT RC Group, especially level 5 TLR events, as well as the associated curtailment of firm transmission service on Entergy's system. The ICT reports that while the total megawatt hours ("MWhs") of firm service curtailed did increase from the prior twelve-month period, the total number of TLR Level, 3, 4, and 5 events and the total MWhs of Non-Firm service curtailed actually decreased. Moreover, most of these TLR events and curtailments were caused by circumstances that were not within the preventable control of the ICT. For example, as the ICT has explained in its quarterly reports and at stakeholder meetings, the lack of generation in the WOTAB area, unplanned outages of generating units during an ice storm that hit the Entergy region, and unplanned outages with unseasonably warm temperatures in the ALP contributed to the majority of the TLR events and curtailments that occurred during the first, second, and third quarters of the year.

The ICT RC Group has been pro-active in finding solutions to minimize the number and severity of the TLR events on Entergy's transmission system. For example, as reported last year, the ICT developed and implemented a Reliability Improvement Plan ("RIP"). Under the RIP, the ICT RC Group evaluates a combination of Generation Redispatch, Operational, and Planning Solutions to improve overall system reliability and to limit TLR events. The RIP also contains new congestion management options to enhance the ability of the ICT RC Group to address the significant congestion experienced on Entergy's system. This year, the ICT RC Group implemented several Operational Solutions. First, the ICT RC Group introduced a Dynamic Line Rating ("DLR") process on certain traditionally congested transmission lines to aid in the management of congestion on the

transmission system. Next, the ICT RC Group completed upgrades to the cooling fans for the McAdams flowgate. This upgrade increased the flowgate's equipment rating from 588 MVA to 614 MVA and improved the reliability of that flowgate by allowing a more accurate analysis of congestion on the flowgate. Upgrades were also completed for the following transmission lines: Conway West – Hamlet 161 kV and the Pelahatchie – Morton 115 kV. An upgrade to the breaker at Hamlet is scheduled to be completed in November 2010. Finally, the ICT RC Group worked with Entergy to implement a process for developing Temperature Adjusted Line Ratings.

The ICT RC Group has also developed the ALP Local Area Procedure to reduce the severity of TLR events and provide operating and reliability benefits in the Acadiana area of Entergy's system. Under the ALP Local Area Procedure, CLEC and LUS have voluntarily agreed to increase the energy output of specific generating units on their systems when necessary to create a positive Generation Shift Factor on a flowgate located on the Entergy transmission system. By doing so, the ICT RC can reduce or even eliminate the need to declare a Level 5a or 5b TLR event that would otherwise be necessary for the local area.

The ICT RC Group invoked the ALP Local Area Procedure on multiple occasions during this reporting period, thereby, reducing the number of TLR Level 5 events called in that area. The ICT will continue to utilize the ALP Local Area Procedure and other tools under the RIP to help minimize or even eliminate the need for TLR events on Entergy's system going forward.

Further, the ICT RC Group continues to take a leadership role in the Designated Network Resources ("DNR") technical team that examines the impact of DNRs on Native Network Load ("NNL") calculations for TLR Level 5s. As previously reported, the technical team implemented a method to make the calculation of NNL responsibility more accurate by capturing network resources and correctly identifying DNRs in the Interchange Distribution Calculator ("IDC") model. Thus, the application of the new NNL calculation process helps to reasonably allocate NNL responsibility among transmission customers during a TLR event.

The ICT RC Group has also worked with Entergy this year to develop a process that would identify Internal Non-Firm Schedules ("NN-6") that affect a specific constraint on Entergy's system and are not recognized in the IDC model. This process would then be used in conjunction with the TLR process to ensure that these NN-6 schedules are curtailed during a TLR Level 5 event. Entergy and the ICT have agreed on the changes to the Entergy OATT necessary to implement this new procedure and a tariff filing to implement these changes is expected in the first quarter of 2010.

## **Tariff Administration (“TA”)**

The ICT TA Group made significant progress on multiple initiatives during this reporting period. The ICT TA group oversaw the installation of new OASIS software for Entergy, facilitated the stakeholder review and filing of Entergy’s Criteria Manuals as attachments to Entergy’s Tariff, and instituted multiple improvements in short-term AFC modeling including participation in several new stakeholder task forces. However, several challenges in the TA area remain for 2010, including finalization and posting of Entergy’s business practices associated with the Criteria Manual Attachments and the full evaluation of the Study Horizon process.

### **OASIS Project**

On September 28, 2009, Entergy replaced its current OASIS and OASIS Automation (“OA”) tools with new software by OATi including OATi’s webOASIS and webTrans products. This completed nearly a year of work by Entergy and the ICT in designing and testing the OATi tools. The ICT facilitated multiple training sessions to prepare stakeholders for the transition, and the date of the implementation was delayed in order to accommodate additional training sessions requested by the stakeholders. After a successful implementation, Entergy and the ICT addressed and resolved specific issues arising from the conversion without incident and without significant impacts on operations or transmission service.

### **Criteria Manual Attachments**

As discussed in previous reports, the ICT TA Group worked closely with Entergy to finalize Entergy’s AFC Criteria Manuals that were converted to attachments to the Entergy Tariff. As part of this process, the ICT expressed its concerns about multiple issues in the current AFC process including, among other things, modeling practices for new transmission upgrades, zonal import limits, and Qualified Generators (“QF”) “puts” in the AFC models. Entergy and the ICT agreed to generally describe these issues in the Criteria Manual Attachments and include the details of these processes in business practices to allow the ICT, Entergy, and stakeholders the flexibility to continue to discuss and make technical improvements and adjustments to the processes. .

On February 18, 2009, Entergy provided the final drafts for the Criteria Manuals to the Entergy stakeholders and subsequently held a conference call to address the detailed changes to the current Criteria Manual Attachments. On April 3, 2009, Entergy filed the Criteria Manuals (now Attachments C, D, and E to the Entergy OATT) with the Commission. Consistent with the agreement reached with the ICT, Entergy proposed to post business practices on certain of the more detailed and technical processes associated with the Criteria Manual Attachments. As a result, Entergy circulated a draft of its proposed business practices to stakeholders in July

2009. Subsequently, the ICT presented the draft business practices to the Near-Term Transmission Issues Working Group (“NTTIWG”) for comments. The ICT intends to work with Entergy to address any concerns raised in stakeholder comments and make a final proposal to the NTTIWG in the first quarter of 2010.

### **Modeling Improvements**

- **AFC Modeling Improvements Task Force (“AMITF”)**

Due to the numerous technical issues in the short-term modeling process that arose during the discussion of the Criteria Manual Attachments and the associated business practices, the SPC formed the AMITF to examine the multiple issues and variables within the Entergy OATT and develop recommendations to improve Entergy’s short-term modeling practices.

In 2009, the AMITF examined the business practices for enforcing zonal import limits in the AFC models and determined that the zonal import limit adjustment in the AFC models was no longer needed. This recommendation was adopted by the NTTIWG. As a result, Entergy agreed to discontinue the use of the automated zonal import limit adjustments and to reflect this change in Entergy’s business practices. The ICT and Entergy will continue to monitor the AFC process to ensure that any concerns regarding the zonal import limits are adequately addressed.

Next, the AMITF examined the current AFC modeling assumptions related to first-tier external control area dispatch and net interchange. Based on this review, the AMITF recommended that Entergy use coordinated TSR and unit dispatch from the external control areas to calculate net interchange and set the dispatch for those areas. This recommendation was adopted by the NTTIWG and Entergy. Accordingly, the ICT and Entergy have begun coordinating with the external control areas to include this information in the AFC models, and have implemented this approach with two external control areas to date. The ICT will continue to work with Entergy to coordinate the receipt and incorporation of additional information from other external control areas.

- **Base Case Overload Task Force (“BCOTF”)**

The BCOTF was formed in 2007 to respond to the issue of overloads in the Base Case models. In response to the recommendations of the BCOTF, the ICT determined that the modeling of two (2) Automatic Operating Guides in the AFC horizons might be feasible. However, the ICT reported during the reporting period that other higher priority issues relating to the AFC process would postpone further examination of the use of Automatic Operating Guides at this time. Nonetheless, the ICT has expressed its commitment to explore the use of Automatic Operating Guides in the AFC modeling process at some point in the future.

- **Reservation Stack for Load-Only Balancing Authorities**

During this reporting period, Entergy presented a proposal to the stakeholders and the ICT to automate the modeling process to allow load serving entity (“LSE”) customers to provide a stack of reservations for the modeling of network service to meet their load. Entergy stated it would work with the software vendor to implement the necessary software patch for this automated process. Subsequently, Entergy informed the ICT that the vendor’s work on the software patch had been delayed due to higher priority issues and would not be addressed during 2009. However, the implementation of the new OATi software in September 2009 required Entergy to make certain changes to the Study Horizon process that could affect the process for submitting LSE information for inclusion in the AFC models. Thus, Entergy and the ICT are evaluating the current process to determine whether, and to what extent, the new OATi software addresses the need for the automation of the reservation stack process.

- **WOTAB Load Pocket**

In 2008, the ICT and Entergy discovered inaccuracies in a specific modeling practice for the enforcement of WOTAB import limits in the AFC models. As a result of the incorrect modeling practice, the AFC models dispatched units within the WOTAB load pocket higher than necessary and above the expected dispatch level provided by the Network Customer. As a result, Entergy and the ICT held a technical meeting in November 2008 to discuss this issue and possible solutions. Entergy and the ICT agreed to include discussion in the Attachment C filing regarding the enforcement of zonal import limits in the AFC models and specifically the issues in the WOTAB Load Pocket. However, due to the recommendations of the AMITF, automated zonal import limits for the WOTAB Load Pocket are no longer in use in the AFC models. Nonetheless, the ICT and Entergy will continue to monitor the AFC process to ensure that any concerns regarding the zonal import limits are adequately addressed.

## **Planning and Tariff Studies**

In 2009, the ICT enacted several planning initiatives and provided guidance to Entergy and stakeholders on various matters related to the planning of the Entergy transmission system that required economic and reliability analyses. The year's activities for the ICT Planning and Tariff Studies included hosting the Transmission Planning Summit; creating the ICT Base Plan including the production of a Differences Report between the ICT Base Plan and Entergy's Construction Plan; review of Attachment K policies and economic study projects; adopting a regional planning methodology; identifying long-term transmission projects; representing the ICT in several regional working groups; and performing numerous transmission studies for transmission and generation customers.

### **2009 ICT Base Plan**

On December 4, 2008, the ICT posted its Draft Base Plan for 2009 on Entergy's OASIS. The ICT Base Plan represents the set of transmission upgrades that the ICT believes are required in order to meet Entergy's Planning Criteria and the ICT's planning criteria enhancements within a ten-year span. The 2009 ICT Base Plan included several new reliability projects when compared to the 2008 ICT Base Plan. The ICT reviewed the Draft Base Plan with stakeholders and solicited their input on the proposed projects. During the time between the posted draft on December 4 and the final posting on March 13, the ICT worked with the stakeholders and Entergy to address several requests and revisions to the Base Plan including stakeholder requests for specific identification in the Base Plan of the transmission projects that required new equipment as opposed to upgrades of existing equipment.

In addition to its work on the 2009 ICT Base Plan, the ICT adjusted the final 2008 Base Plan in January of 2009 to reflect new information from Entergy regarding load forecasts that were used to develop the 2008 ICT Base Plan. Entergy advised ICT that its load forecasts were being revised downward to reflect reduced demand resulting from the global economic downturn. The 2008 ICT Base Plan was thus modified to reflect both changed in-service dates for certain projects and new/changed projects based on these revised forecasts.

After revising the 2008 ICT Base Plan and finalizing the 2009 ICT Base Plan, the ICT provided a Differences Report to both Entergy stakeholders and interested government agencies, outlining the differences between the final Entergy 2009-2011 Construction Plan and the final 2009 ICT Base Plan. This was filed with the Commission and the state entities on May 8, 2009. The development of the Differences Report provided the ICT with additional information that was used to modify its 2009 Base Plan and allowed greater transparency in the development of both the ICT Base Plan and the Entergy Construction Plan. Based on the differences contained in this report, subsequent discussions at stakeholder meetings, and the

anticipated changes in NERC's planning standards, the ICT Base Plan was revised to greatly expand the number of proposed construction projects, including twenty-five (25) additional projects, and to accelerate the in-service dates of eleven (11) others.

Overall, the 2009 "Differences Report" identified twenty (20) projects that were contained in the ICT's 2009 Base Plan that were not included in Entergy's 2009-2011 Construction Plan. Of those twenty (20), twelve (12) have now been included in the draft 2010-2012 Construction Plan. Entergy also added alternative projects intended to displace another seven (7) of the ICT's Base Plan projects. After these revisions to the Entergy Construction Plans, the ICT posted its reliability assessment report on August 6, 2009, which is the beginning of the yearly planning process under Entergy's Tariff that will conclude with the finalization of the 2010 Base Plan and production of a Differences Report.

### **Attachment K Economic Studies**

Attachment K to the Entergy OATT provides, among other things, that the ICT must perform up to five (5) customer-requested economic studies for no charge in addition to any reliability studies performed during each calendar year. During this reporting period, the ICT worked with the Long-Term Transmission Issues Working Group ("LTTIWG") to identify ten (10) candidate projects based primarily on economic considerations for analysis as the mandatory economic studies under Attachment K. After further analysis, the following five (5) projects were determined to have the greatest potential for improvement of the transmission system and thus were considered the highest priority for inclusion in the economic study process:

1. South Central Arkansas / Northeast Louisiana Constraint project to address North to South flows.
2. Central Arkansas Constraint project to address South to North flows.
3. Lake Charles 230kV Loop project to relieve 138kV Flowgate issues.
4. Baton Rouge / South Mississippi Constraint project to address Central to South flows.
5. Jackson Area Constraint project to improve load-serving capability in the Jackson Area.

In addition to the above identified economic studies, the ICT addressed concerns by stakeholders regarding specific issues with load pockets in the Entergy transmission system and other upgrades needed to relieve congestion in these areas through the completion of an addendum to the ISTEP to analyze the economic impact of a solution to the Webre – Wells contingency constraint. The report on this economic analysis was posted on May 18, 2009 and identified additional upgrades including a new Wilbert – Moril 230 kV transmission line that may provide a beneficial solution to the Webre – Wells contingency constraint. The ICT recommended that this solution be considered for further detailed analysis and study

by Entergy and its stakeholders. The economic evaluation also included the following upgrades:

- Webre-Richard 500 kV Transmission Line along with the upgrade of Wilbert-Champagne 138 kV and Terrebone-Gibson 138 kV transmission lines;
- Webre-Richard 500 kV Transmission Line; and
- Wilbert-Champagne – Wells 230 kV transmission line along with the proposed Acadiana upgrades associated with the Acadiana Load Pocket.
- WOTAB and Amite South Recommendation

Finally, at successive stakeholder meetings, the Entergy stakeholders discussed and eventually recommended that the ICT perform an economic transmission study to determine the set of transmission upgrades needed to significantly reduce or stop the use of high cost reliability must run (“RMR”) units in the transmission system and therefore provide net savings to Entergy customers. At the October ICT SPC meeting, stakeholders adopted a statement of intent that the study be performed and funded as part of the free economic analysis performed by the ICT in 2010 under Entergy’s Attachment K if the ICT chose not to perform this study on its own outside of the free economic study process. The ICT has determined it will perform the study in 2010 as recommended by the stakeholders.

### **Entergy/SPP-RTO Regional Planning Process**

During the last 12 month reporting period, the ICT has been actively involved in inter-regional coordination between Entergy and the SPP-RTO. The ICT continues to participate with SPP-RTO staff in regular regional assessments of transmission capability, such as the Eastern Interconnect Reliability Assessment Group, and plans to expand its participation with SPP-RTO members through involvement in various transmission working groups. Additionally, the ICT has participated in multiple third party system impact studies by SPP-RTO that affect the Entergy transmission system.

On December 17, 2008, Entergy submitted revisions to Attachment K in compliance with the directives of the Commission’s September 18, 2008 order regarding the inter-regional planning process. Specifically, Entergy was asked by the Commission to supply further details on the process Entergy will use to coordinate certain aspects of transmission planning with the transmission owning members of the SPP-RTO. Entergy submitted a revised Attachment K on February 6. In that filing, Entergy provided further details on its regional transmission planning with SPP-RTO transmission owning members, including the process to (i) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data; and (ii) identify system enhancements that could relieve congestion or integrate new resources. As part of this process, Entergy and the SPP-RTO executed a Letter Agreement to adopt a regional planning methodology in compliance with the coordination requirements of Order No. 890. Under the Letter Agreement, SPP-RTO and Entergy will form a Joint Planning Committee to oversee

the transmission planning activities. The Letter Agreement also provides for: (i) the sharing of data necessary to engage in coordinated transmission system planning; (ii) cost allocation for the cost of studies performed and identified upgrades; and (iii) stakeholder involvement in the regional planning process.

Pursuant to the Entergy and SPP OATT requirements, Entergy and SPP initiated a new joint planning process called the Entergy/SPP Regional Planning Process (“ESRPP”). Two meetings of the ESRPP were held in 2009. An overview and proposed timeline for the ESRPP was presented to and discussed with stakeholders. Generally, the ESRPP will assess the simultaneous feasibility of both Entergy’s Construction Plan and SPP-RTO’s Transmission Expansion Plan (“STEP”) as well as provide for stakeholder-identified regional economic studies. The ICT, SPP-RTO, Entergy, and stakeholders also discussed several candidate projects and identified a slate of eleven (11) projects to put forward for consideration as regional economic studies.

Stakeholders narrowed their list of regional economic studies for consideration under the ESRPP to the following five (5) projects:

1. Turk-McNeil 345 kV Line
2. Spadra-Russellville 161 kV Line
3. Turk-Fulton-El Dorado 345 kV Line
4. Messick 500/230 kV Auto
5. Flint Creek-Chamber Springs-Fort Smith-ANO 345 kV Line

During the second meeting of the ESRPP, the ICT presented an overview of the initial results of the stakeholders’ regional economic studies and stakeholders were invited to comment on these results and the study process generally. The ICT will complete the final draft of the study and report after consideration of stakeholder comments and other developments on the Entergy and SPP transmission systems in the first quarter 2010.

## **RPSG**

The ICT is actively involved in the Southeast Regional Planning Stakeholder Group (“RPSG”). During the reporting period, the final results of the five (5) sensitivity studies selected by the RPSG in 2008 for study were presented at the Southeast Transmission Summit, and two of the studies involved Entergy as a source system. The ICT has reviewed the results of these studies and will take them into consideration as the ICT develops expansion projects which would impact the Southeast region.

Further, at this meeting the RPSG stakeholders selected five (5) sensitivities for study during the upcoming year. These sensitivity studies are intended to address economic constraints to regional transfers within the southeast region, to which

Entergy is adjacent. Unlike 2008, none of the selected studies directly involve Entergy as a source or sink region. Therefore, the study process will be monitored to understand only any incidental impacts on Entergy resulting from these sensitivity studies. Final results are expected to be presented at the annual Southeastern Regional Transmission Planning Summit early in 2010.

### **SIRPP**

The ICT also participates in the Southeast Inter-Regional Participation Process, which addresses inter-regional planning for the Southeastern Electric Reliability Council (“SERC”) region as required under Order No. 890. The ICT staff is directly involved in the Study Team and Process Team, which evaluate studies across the Southeast region. These sensitivity studies are intended to address economic constraints to inter-regional transfers across the southeast region and adjacent systems, including Entergy. The five (5) studies completed this year were:

1. Entergy to Georgia ITS = 2000 MW
2. PJM West and MISO to Southern = 2000 MW
3. Southern to PJM classic (Non AEP/ComEd part of PJM) = 3000 MW
4. PJM classic to Southern = 3000 MW
5. SPP to Southern = 5000 MW

During the final meeting of the year, stakeholders selected the following five (5) new sensitivity studies to be performed by the Study Team during 2010:

1. Entergy to Georgia ITS = 2000 MW (Step 2)
2. MISO to TVA = 2000 MW (Step 1)
3. Northern Kentucky to Georgia ITS = 1000 MW (Step 1)
4. MISO & PJM West (SMART) to SIRPP = 3000 MW (Step 1)
5. SPP to SIRPP = 3000 MW via HVDC (Step 1)

## WPP

After a lengthy developmental process, the ICT completed its testing of the WPP models and processes and certified its final endorsement of the WPP on February 27, 2009. The ICT's endorsement was conditioned, in part, on Commission approval of certain amendments to Attachment V and the removal of WPP point-to-point transmission service and the limitation on third-party supplier offers to on-peak periods in the WPP. The ICT recommended and supported these changes in order to reduce the complexity in the WPP structure, which was contributing to inconsistent results in the WPP model, and to help achieve start-up of the WPP.

The Commission conditionally approved the amendments to Attachment V and the modified WPP structure and the WPP was successfully implemented starting the Operating Week of March 23, 2009. In accordance with Commission directives, the ICT has submitted reports providing metrics and other data on the operations and estimated costs savings from the WPP along with the ICT's assessment and self-evaluation of the WPP on a quarterly basis since its implementation.<sup>5</sup> Therefore, consistent with the ICT's specific annual reporting requirements, the ICT herein summarizes those reports relevant to the WPP's operations during this annual reporting period.

Since the start-up of the WPP, the ICT has continued to oversee the operation of the WPP and independently review the WPP's results. An objective reading of the metrics and other data on the operation of the WPP for the past eight (8) months of this reporting period demonstrates that the WPP has delivered meaningful benefits by affording third-party suppliers an opportunity to compete to serve Entergy's network load and displace Entergy's higher-cost resources. In particular, the number of participating generators and the number of third-party supplier offers submitted and accepted through the WPP shows that the WPP has facilitated the integration of merchant generation into the mix of Entergy's network resources and has expanded and improved access to the Entergy transmission system.

The ICT further reports that the integration of these third-party resources through the WPP has reduced Entergy's forecasted production costs and produced a reasonable level of savings. Specifically, the ICT has calculated that the WPP has generated approximately \$10.5 million in estimated cost savings to Entergy's customers over the last eight (8) months of this reporting period. While this amount of estimated cost savings is encouraging, the ICT has recognized that there are several factors that can influence the WPP's results, and ultimately, the estimated savings obtained through the WPP.

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<sup>5</sup> See ICT WPP Quarterly Report, Docket No. ER09-555, filed June 15, 2009; ICT WPP Quarterly Report, Docket No. ER09-555, filed Sept. 15, 2009; ICT WPP Quarterly Report, Docket No. ER09-555, filed Dec. 15, 2009.

For example, WPP activity was more robust during the summer peak season when more third-party supplier offers were submitted and accepted due to the increased load requirements. Correspondingly, greater cost savings were realized because there were more opportunities for third-party supplier offers to compete with and displace Entergy's more expensive generating units. In contrast, fewer third-party supplier offers were submitted and accepted in the low-load spring and fall months resulting in lower WPP cost savings. In addition, the low natural gas prices during this period lowered the differential between the costs of third-party supplier offers and Entergy's existing resources. As a result, the ICT noticed that these factors lead to a reduction in the value of third-party supplier offers being submitted and lessened the opportunity for those offers to be accepted. Moreover, these factors contributed to an increased level of hold harmless violations and flexibility violations that resulted in the cancellation of the WPP during certain Operating Weeks.

The ICT also reiterates that the WPP represents a new and unique procurement process. In fact, when endorsing the start-up of the WPP, the ICT cautioned that with any computer-based process there were no assurances that, once implemented, the WPP would operate flawlessly. Moreover, the ICT recognized that as operational experience was gained it would be necessary for the ICT to continue to evaluate and implement adjustments and improvements to the WPP. In fact, during this period, the ICT reported that it identified a potential weakness in the WPP logic. As a result, an "interim" process was implemented to ensure that the WPP logic issue did not adversely impact the WPP's resource selection while Entergy and the ICT investigated the need for a software fix. Subsequently, a software fix was developed, tested, and deployed and the "interim" process was discontinued. The ICT also reported that Entergy's Energy Management Organization ("EMO") had discovered that it had miscalculated its hourly flexibility requirement for a certain period of time and submitted a higher amount into the WPP than EMO had intended. In each of these instances, once the problem was identified, a solution was implemented in a timely manner and the subsequent correction to the WPP model and input data produced WPP results consistent with the ICT's technical expectations.

Overall, the ICT has been satisfied with the operational data and estimated cost savings for the WPP for this reporting period, but views these results as preliminary. The ICT believes that with more operational experience, additional process refinements will be identified to improve WPP results, expand Entergy's procurement options, and produce more efficient and economical dispatch within Entergy's service area. In addition, the ICT believes that greater benefits and cost savings can be realized with increased participation in the WPP by third-party suppliers and other Participating Network Customers. Therefore, the ICT considers it premature to draw any definitive conclusions from these initial results and that a more complete and reliable assessment of the WPP's effectiveness and benefits should be reserved until at least a full year of operational experience has been obtained. Moreover, the ICT notes that care should be taken when undertaking any such assessment because the WPP's procurement results are dependent upon complex

computer models that, as demonstrated above, are subject to various influences beyond the ICT's control.

The ICT continues to hold monthly WPP Issues Working Group ("WPPIWG") meetings. With the start-up of the WPP, the focus of the WPPIWG meetings has now shifted to providing the stakeholders with information on operational and procedural details related to the WPP. This information has, among other things, included: a weekly summary of the WPP results; a discussion of the PMax Flowgate and Tie Cap Validation Process; a discussion on the operation of the Hold Harmless provision in the WPP; development of the WPP Manual; and review of the WPP Quarterly Reports. In addition, potential enhancements to the WPP have been presented for consideration, including: granting Automatic Generator Control/Operating Reserves transmission service solely through the WPP rather than through the AFC process; expanding the period for on-peak offers in the WPP; and increasing transparency in the WPP's results. As reflected in the WPPIWG meeting minutes, the stakeholders have used this forum to ask questions and recommend improvements to the WPP, some of which have been accepted and implemented.

The ICT will continue to keep stakeholders and the Interested Government Agencies informed of the operation and cost savings under the WPP through the WPPIWG and both the ICT and WPP Quarterly Reports.

## **Stakeholder Process**

### A. Overview and Summary of 2009 Activity

In accordance with its duties under the Entergy OATT and the ICT Agreement, the ICT has developed a stakeholder process that includes a defined stakeholder committee and working group structure. The SPC is the highest level of the stakeholder group structure with four working groups and various ad hoc task forces that focus on specific areas. This organizational structure allows all interested stakeholders the opportunity to participate in the process. Each committee and working group holds regular meetings in order to exchange information, voice concerns, and share ideas for improving the Entergy transmission system. Further, the stakeholders are able to make formal recommendations on key issues through a voting process identified in the stakeholder-approved SPC charter. Through its use of email exploders, a dedicated ICT web site that contains ICT related documents, calendar of events, meeting materials and information, and the regular stakeholder meetings, the ICT maintains consistent communication with the Entergy stakeholders.

Over the past year, the ICT has convened seven (7) SPC meetings<sup>6</sup> and participated in fifty-five (55) working group and task force meetings.<sup>7</sup> The ICT has also participated in various public conferences, on both state and federal levels, to address issues relating to transmission planning and transmission access to the Entergy system and assessing the success and benefits of the ICT arrangement. In addition, the ICT acted on three (3) formal recommendations of the SPC, covering a range of issues and discussions, during this period.

The ICT has also developed communication protocols that require the ICT to record and summarize all formal stakeholder communications to the ICT in its quarterly performance reports. During this period, three (3) formal communications were received by the ICT. In addition to reporting such communications, the ICT provides a written response to any stakeholder submitting a formal communication.

Under the communication protocols, informal stakeholder communications with the ICT are not recorded and documented in regulatory reports. However, in response to stakeholder requests for a formal process to ensure that all informal communications are also accounted for and responded to by the ICT, the ICT has

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<sup>6</sup> The SPC convened four (4) quarterly meetings and convened three (3) additional SPC meetings at the request of stakeholders to address discrete issues and/or to vote on pending SPC recommendations.

<sup>7</sup> For details on the activities of the working groups and their task forces during this reporting period, please refer the reports on each of the ICT's functional areas of responsibility. A report on the activities of the task forces under the SPC are included herein.

chosen an on-line tool called IssueTrak to assist in the management of communications and issue resolution. IssueTrak provides a vehicle for stakeholders to email the ICT with issues, questions, or concerns and allows the ICT Management to prioritize and track these emails and provide a quick response (in many cases, less than 24 hours). The ICT believes this tool has greatly improved the management of stakeholder communications. The IssueTrak solution can be viewed at: <http://spp.issuetrak.com>. The ICT reports that by the end of this reporting period IssueTrak had one-hundred and thirty-one (131) registered users and twenty-six (26) organizations, other than SPP, set up in IssueTrak. Additional statistics on the use of IssueTrak during this reporting period are included below:

Period	# Issues Opened	# Issues Closed	Timeframes for Closing (Days)	Issue Priority
Dec. 2008 – Feb. 2009	21	19	Avg. - 2.99	Critical (3) High (11) Medium (7)
Mar. – May 2009	48	42	Avg. - 7.62	Critical (9) High (27) Medium (12)
June – Aug. 2009	25	19	Avg. – 9.32	Critical (8) High (16) Medium (1)
Sept. – Nov. 2009	16	11	Avg. – 8.77	Critical (1) High (11) Medium (4)

## B. State and Federal Public Conferences

### 1. Transmission Planning Summit (“Summit”)

As part of the transmission planning cycle, the ICT hosted the annual Summit in August. At the Summit, presentations were given on Entergy’s draft 2010-2012 Construction Plan, which included several additional projects and accelerated the in-service dates for several other projects in order to address the significant variations reflected in the 2009 Differences Report between Entergy’s 2009-2011 Construction Plan and the ICT’s 2009 Base Plan. The ICT also presented its reliability assessment which evaluated the effectiveness of Entergy’s Construction Plan and identified areas that still needed to be addressed by Entergy. In addition to formal presentations, breakout sessions were held for each local area within Entergy’s transmission system to facilitate the discussion of transmission issues with stakeholders, Entergy, and the ICT planning staffs. The comments solicited from the Summit were reviewed and considered in the development of both the ICT’s 2010 Base Plan and Entergy’s 2010-2012 Construction Plan.

2. The Louisiana Public Service Commission (“LPSC”) Technical Conference

In May 2009, the LPSC held a technical conference to discuss the regulatory framework and obstacles governing merchant transmission investment in Louisiana. During this conference both the ICT and Entergy gave presentations on the planned South Louisiana Bulk upgrades and the reported differences between Entergy’s 2009-2011 Construction Plan and the ICT’s 2009 Base Plan. As a result of these discussions, the LPSC created a commission-led task force to engage in a collaborative effort to consider the following issues: (i) the potential benefits to Entergy ratepayers of transmission upgrade alternatives; (ii) the effect of transmission upgrades on Entergy Gulf States Louisiana and Entergy Louisiana, LLC reliability-must-run units; (iii) a congestion cost/benefit analysis; (iv) methods to potentially reduce high-level TLRs (both economic and reliability); (v) the cost of requiring Transmission Customers to re-dispatch; (vi) benefits or costs of transmission upgrades to Transmission Owners other than Entergy; and (vii) an SPP update on the South Louisiana Reliability Loop.

The task force held several meetings over the remaining months of this reporting period in order to clarify and to develop consensus on potential solutions to the assigned issues. The ICT has assumed a supporting role in the task force to facilitate discussion and will continue to work with the LPSC to address the requests of the task force and any requirements resulting from this proceeding.

3. The APSC Public Conference

During this reporting period, the APSC opened a docket to examine various issues discussed in the ICT’s Second Annual Performance Report. In April, the ICT and other interested parties participated in a public hearing held by the APSC to solicit comments on transmission issues within SPP and Entergy that affect electric service within Arkansas. Subsequently, the APSC issued an order of its general findings. Among other things, the APSC directed the ICT to provide the APSC with periodic reports on the implementation and operation of the WPP and ordered SPP and Entergy to increase its efforts to negotiate and finalize a comprehensive seams agreement between the two transmission systems. The APSC also ordered SPP to engage an independent third-party consultant to perform a comprehensive cost/benefit analysis to determine the benefits of the entire Entergy System, or Entergy Arkansas as a stand-alone entity, joining the SPP-RTO. The APSC ordered that both the cost/benefit study and the seams agreement should be completed by December 31, 2009.

In compliance with the APSC’s directives, the ICT has filed its WPP Quarterly Reports with the APSC. SPP and Entergy have also filed monthly reports informing the APSC on the progress being made toward completion of a seams

agreement. SPP also filed a proposed work plan for the SPP-RTO cost/benefit study. However, with the actions to form the E-RSC, it was determined that the newly formed E-RSC should be the entity to assume responsibility for administering the cost/benefit study, after finalization of all E-RSC governing documentation. *See infra* E-RSC discussion.

#### 4. State and Federal Public Conference on Transmission in the Entergy Region and the ICT Arrangement

In response to repeated requests by stakeholders, the Commission, in conjunction with Entergy's retail regulators, hosted a public conference during this reporting period to undertake a comprehensive assessment of transmission access issues on Entergy's system and the success of the ICT arrangement. Topics addressed at the conference included Entergy's long-term transmission planning and the differences between Entergy's Construction Plan and the ICT's Base Plan; concerns with transmission investment on the Entergy system and the use of participant funding for transmission upgrades; the creation of a regional state committee to facilitate resolution of generation and transmission issues between regions; congestion and the high number of TLR events on the Entergy system; establishment of a comprehensive seams agreement between the Entergy and SPP regions; an increase in the ICT's authority in the AFC process and transmission planning; improvements to the ICT should the arrangement be extended; and exploration of the costs and benefits of Entergy joining SPP-RTO versus renewing the ICT arrangement.

The ICT notes that the issues related to a SPP/Entergy seams agreement, a SPP-RTO cost/benefit study, and formation of a regional state committee are being addressed in other forums discussed in other sections of this report. In addition, the ICT confirms that it will continue to monitor the other issues identified during the public conference and will actively work with the Commission, retail regulators, stakeholders, and Entergy to explore reasonable solutions to these identified issues.

#### 5. Entergy-Regional State Committee

The public conference discussion concerning the creation of a regional state committee spurred Entergy's state retail regulators to begin the formation of the E-RSC to collectively address transmission issues on the Entergy System. During this reporting period, the E-RSC held public meetings to discuss draft By-laws, E-RSC authority and responsibility, and the E-RSC budget. The finalization of these governing documents, however, was not completed before the end of this reporting period.

As previously mentioned, the E-RSC will be the administrator of the SPP-RTO cost/benefit study ordered by the APSC. Consequently, a working group of the E-RSC has worked with Entergy and SPP in drafting the cost/benefit study scope and

assumptions that will be used for the study. The E-RSC has also published a Request for Proposals for interested vendors to bid on conducting the cost/benefit study and expects to select a vendor early in 2010. The E-RSC has estimated that the final SPP-RTO cost/benefit study will be completed in July 2010. In addition, the E-RSC is considering certain enhancements to the ICT if it continues beyond the end of its initial term (i.e., November 17, 2010). The E-RSC has solicited comments from stakeholders, Entergy, and the ICT and will make its recommendation on any going forward improvements to the ICT in the spring 2010.

Also, during this period, the Commission and the APSC provided clarification on the critical issue of funding for the cost/benefit study. FERC Chairman Jon Wellinghoff confirmed the Commission's willingness to fund that portion of the study analyzing the cost and benefits of Entergy Operating Companies joining SPP-RTO. Chairman Wellinghoff, however, made clear that such funding would not extend to the study of state-related cost/benefits associated with possible RTO membership of the individual Entergy operating companies. Accordingly, the APSC has directed Entergy Arkansas to fund the portion of the study on the costs and benefits associated with Entergy Arkansas becoming a stand-alone member of SPP-RTO.

The E-RSC's work on the SPP-RTO cost/benefit study will have a direct impact on the continuation of the ICT arrangement. In November, Entergy made a compliance filing informing the Commission about Entergy's plans for the ICT after the ICT's initial term is set to expire on November 17, 2010.<sup>8</sup> In the filing, Entergy explained that, at this time, it was considering only two alternatives: (i) modifying the ICT arrangement; or (2) joining the SPP-RTO. However, Entergy also explained that its evaluation of both alternatives was dependent on the E-RSC's cost/benefit study that will analyze the impact of Entergy membership in the SPP-RTO (due to be completed in July 2010) and the E-RSC's consideration of potential modifications to the ICT arrangement (due in early 2010). Therefore, Entergy told the Commission that it would be difficult to make a decision on extending, modifying, or terminating the ICT arrangement until Entergy has had an opportunity to fully evaluate the E-RSC's final determination on SPP-RTO membership. As a result, Entergy stated that an extension of the current ICT arrangement for an interim period would likely be required in order for Entergy to adequately consider any recommendations from the E-RSC. Moreover, Entergy stated that an extension of the current ICT arrangement may be necessary to provide a bridge during any transition to the implementation of either alternative. The ICT will work closely with Entergy to negotiate any renewal of the ICT contract and will utilize the ICT quarterly performance reports and working group meetings to update stakeholders and Interested Government Agencies on any developments on these negotiations or any changes to the ICT arrangement in 2010.

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<sup>8</sup> See *Entergy Services, Inc.*, Compliance Filing, Docket No. ER09-555-000, filed Nov. 17, 2009.

C. Task Force Activities

1. Operational Efficiency Task Force (“OETF”)

This year, the SPC decided to re-engage the OETF to look specifically at the issue of developing a proposal for a “One-Stop Shop” process (i.e., utilizing one OASIS site and a single TSR to reserve transmission) across the Entergy and SPP transmission systems. The OETF agreed on a two-phase approach: phase one would involve a higher level of coordination between SPP and Entergy without significant software or technical requirements, while phase two would involve full consideration of the requirements to implement a joint OASIS and TSR process.

The OETF completed its recommendation for phase one during this reporting period. In doing so, the OETF developed initiatives intended to improve coordination of monthly and yearly transmission service between SPP and Entergy and provide customers with additional information on each entity’s processes. The OETF drafted a proposal for a new Transmission Request Advocacy Assistance and Coordination (“TRAAC”) function to assist customers in the coordination of monthly and yearly TSRs between the Entergy and SPP regions. The TRAAC proposal was voted out by the SPC and submitted to the SPP Market and Operations Committee (“MOPC”) for its consideration. In October 2009, the SPP MOPC gave its approval for the OETF to continue to work on the TRAAC proposal and established a subcommittee to provide guidance to SPP staff. No further action was taken on the TRAAC proposal before the end of this reporting period.

In phase two, the OETF plans to focus on long-term operational and planning issues. This will include reviewing existing seams agreements and shared processes between Entergy and SPP to increase any synergies of operational efficiency. The OETF will also evaluate One-Stop Shop software solutions that may include changes to existing OATTs and OASIS software. The ICT will continue to monitor the activities of the OETF and provide updates on the progress of each phase in the ICT quarterly performance reports and working group meetings.

2. Rate Pancaking Task Force (“RPTF”)

This year, an independent third-party consultant completed its final study on rate pancaking between the Entergy and SPP systems and the study was posted on SPP’s website. The final study showed that the removal of pancaked rates between the Entergy and SPP systems would have long-term value. Based on the study’s assumptions, Entergy would receive most of these benefits.

At the request of stakeholders, the RPTF agreed to consider an additional study to better determine what the long-term value would be from eliminating pancaked rates.

However, an agreement on the funding for this additional study could not be reached and no further action is expected until the SPP MOPC assigns the RPTF further tasks.

## **Users Group**

The ICT Approval Order (at P 109) provided for the formation of a stakeholder group comprised of users of Entergy's transmission and data systems "to assess how the Entergy transmission and data (IT) systems are performing." Consequently, the Users Group was established under the SPC to address specific IT and data system issues and conduct assessments of Entergy's data system with respect to data access, data quality, and data retention. In addition, the Users Group conducts an evaluation of Entergy's IT systems and IT resource allocations to measure their efficiency.

Over the past year, the ICT conducted a quarterly assessment of Entergy's back-up and archiving processes for AFCs and the WPP. The ICT's audit generally confirmed that Entergy's AFC data files were being properly backed-up and stored and there were no notable exceptions with the AFC data-retention or WPP-AFC back-up processes. As part of these quarterly assessments, the ICT, with consultation from the Users Group, has provided detailed recommendations to Entergy regarding documentation and process-related improvements to Entergy's data back-up and archiving processes. During this reporting period, the ICT noted that certain recommendations from previous assessments had still not been completed. For example, the ICT had recommended Entergy install Network Operations Manager software to track media errors and alert support staff in real-time when an error occurs. The ICT also recommended that Entergy add more disk space to the restoration test environment to prevent any OASIS posting failures caused by insufficient disk space. Finally, the ICT recommended Entergy add more resources to the team responsible for maintaining critical data. The ICT will continue to monitor and report on Entergy's progress on implementing these and other recommendations at each Users Group and SPC meeting as well as in the quarterly reports filed in Docket No. ER05-1065.

The ICT and the Users Group are also responsible for tracking certain metrics included in this annual report related to the occurrences by Entergy of software or data management errors that have resulted in lost, inaccurate, or mismanaged data. *See infra* Section III, Attachment S Metrics. During this reporting period, the ICT provided the Users Group with detailed presentations on the error reports filed by Entergy in Docket No. ER05-1065 and has kept the Users Group apprised of any IT or data-related solutions used to address these errors. As discussed above, the ICT, in conjunction with the Users Group and stakeholders, has been instrumental in discovering and reporting errors in the AFC's software or modeling, and has worked with Entergy's IT staff to devise solutions to minimize the occurrence of these errors.

## **ICT Stakeholder Survey**

In the ICT Approval Order (at P 300), the Commission directed the ICT to perform a survey of Entergy's transmission customers prior to submitting the ICT's Annual Report. While the Commission did not dictate how the survey should be conducted, the Commission did state that the survey should be sufficiently comprehensive to allow for a meaningful evaluation of the ICT's performance.

In accordance with the Commission's directive, the ICT sent a Stakeholder Survey to 153 recipients who had participated in stakeholder activities. The survey requested stakeholders to share their experiences and opinions of the ICT's performance in areas including Reliability Coordination, Tariff Administration, Transmission Planning, WPP, and Stakeholder Processes. By the conclusion of the survey period, the ICT received 17 stakeholder responses.

Although the ICT Approval Order did not explicitly require the ICT to include the results of the Stakeholder Survey with the Annual Report, the ICT believes the Commission intended the survey results to be publicly available in order to monitor stakeholder impressions of the ICT's performance. Therefore, the ICT has compiled the stakeholder responses to the survey and provides the results herein. *See* Attachment 1.

The low number of returned responses does not permit definitive conclusions to be drawn. Nonetheless, based on the responses to this year's survey, general improvement in stakeholder satisfaction is indicated, particularly with respect to WPP performance. In fact, all surveyed areas of ICT Customer Service received higher ratings, as did four of five categories of Customer Satisfaction. Despite these gains, the feedback provided in the survey responses continues to fall short of the ICT's goals and expectations.

A limited number of written comments were included with the survey responses. These comments indicate that SPP has not demonstrated, to stakeholders' satisfaction, sufficient independence from Entergy in discharging ICT functions. While improvements were noted in specific areas (e.g., RC's role in enhancing Entergy's planning process; responsiveness of tariff administration staff; assistance provided during system impact study process), there was a perceived need for greater accountability, more focused leadership, and a clearer understanding – and more assertive application – of the ICT's authority.

It is perhaps inevitable that an entity charged with independently administering the tariff of a third-party, on behalf of numerous affected stakeholders, will never achieve consensus support from all sides. This is not to minimize the content of the stakeholders' comments or to suggest that current processes cannot be improved. To the contrary, SPP takes seriously the concerns expressed in the survey

responses and understands that there are inherent inefficiencies in the current ICT structure that contribute to stakeholder frustration. SPP remains committed to working with stakeholders and regulators to explore process improvements to address these concerns.

### III. ATTACHMENT S METRICS

In the ICT Approval Order (at P 304), the Commission required that the ICT report certain metrics in its periodic reports to measure the ICT's effectiveness during the initial term. Entergy memorialized these metrics as part of Attachment S to the Entergy OATT in its January 16, 2007 compliance filing. In accordance with the ICT's reporting responsibilities under § 7(a)(2) of Attachment S to the Entergy Tariff and the ICT Approval Order, the ICT presents the following metrics:

**1. The accuracy rate of posted AFC data compared to that experienced before the ICT was installed.<sup>9</sup>**

The ICT reports that it is aware of thirteen (13) instances of inaccurate AFC data that was used to calculate an undeterminable number of AFC data postings for the Annual Reporting period from November 17, 2008 to November 17, 2009.<sup>10</sup>

**2. The number of times, if any, Entergy or the ICT lost data during the initial term of the ICT.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT is not aware of any instances of lost data.<sup>11</sup>

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<sup>9</sup> As reported last year, the ICT is unable to calculate an accuracy rate for posted AFC data because Entergy has no tracking mechanism for AFC related errors prior to the ICT's operations. Moreover, even if such data were available, the ICT would not be able to calculate an accuracy rate because the ICT cannot determine how many individual AFC postings were inaccurate, even for known instances of inaccurate modeling and posting problems. *See infra* note 2.

<sup>10</sup> This metric was developed by reviewing the Quarterly Performance Reports and recording the known instances of inaccurate modeling and posting problems. *See infra* Metrics 3 and 4. The ICT, however, does not know how many AFC postings were inaccurate because of these known instances. As a result, the ICT is unable to provide an accuracy rate for this metric.

<sup>11</sup> *See* ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.3 at 48, filed Mar. 31, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.3 at 48, filed June 30, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.3 at 50, filed Sept. 30, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3 at 46, filed Dec. 31, 2009.

**3. The number of times, if any, users were given inaccurate or incomplete data.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT was not aware of any instances in which users were given inaccurate or incomplete data.<sup>12</sup>

**4. The number of times, if ever, Entergy used inaccurate modeling assumptions.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, Entergy used inaccurate modeling assumptions thirteen (13) times. All instances where the ICT became aware of inaccurate modeling assumptions were reported to the Commission by Entergy in AFC Error Reports filed in Docket No. ER05-1065 and by the ICT in its Quarterly Performance Reports.<sup>13</sup>

**5. How frequently, if ever, Entergy failed to timely post or provide required data or posted inaccurate data.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT is not aware of any instances (other than those instances already reflected in Metrics 3, 4, and 7) where Entergy failed to timely post or provide required data or posted inaccurate data.<sup>14</sup>

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<sup>12</sup> This metric was developed by reviewing the ICT's Quarterly Performance Reports and recording the data issues that addressed posting problems and/or malfunctions of posting software.

<sup>13</sup> This metric was developed by reviewing the ICT's Quarterly Performance Reports and recording the data issues that addressed data postings that contained inaccurate modeling assumptions. *See* ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3.2.1 through 8.3.2.4, filed Mar. 31, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3.2.1 through 8.3.2.2, filed June 30, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3.2.1 through 8.3.2.4, filed Sept. 30, 2009; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3.2.1 through 8.3.2.2, filed Dec. 31, 2009.

<sup>14</sup> To avoid potential confusion and the duplication of other metrics, the ICT chose not to include instances of posting errors captured in Metrics 3, 4, and 7.

**6. The number of times transmission users complained that AFC is not available.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT received four (4) complaints from transmission users that AFC was not available.<sup>15</sup>

**7. The number of times, if any, available AFC when needed was different from posted AFC on OASIS.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT is not aware of any instances in which the Scenario Analyzer, which is the tool used for posting of AFC, was malfunctioning or off-line.<sup>16</sup>

**8. The length of time it took to perform interconnection or transmission service studies.**

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT completed five (5) Feasibility Studies, eight (8) System Impact Studies, and eleven (11) Facility Studies related to generation interconnection requests. The ICT, on average, took approximately fifty-six (56) days to process the requested Feasibility Studies for generator interconnection requests and approximately one hundred nineteen (119) days to process the System Impact Studies for the generator interconnection requests, and approximately one hundred fourteen (114) days to process Facility Studies during this reporting period. The lengthy study processing times were influenced by study queue congestion which resulted in some delays in study completion during the reporting period.

During the Annual Reporting period from November 17, 2008 to November 17, 2009, the ICT performed approximately one hundred thirty-four (134) System

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<sup>15</sup> This metric was developed by reviewing both “formal” and “informal” complaints received by the ICT. During this reporting period, three (3) transmission customers’ “informal” complaints about the availability of AFCs were logged into the IssueTrak process. The ICT received one “formal” complaint from a stakeholder about the availability of AFCs during this reporting period. See ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 7.1.1, at 46, filed June 30, 2009.

<sup>16</sup> The measurement for this metric was developed in order to report the instances of inadequate posting of AFC values. The ICT has not included in its report any instances where Scenario Analyzer was not in service due to routine maintenance and adequate notice of the outage had been given to transmission customers.

Impact Studies related to TSRs in an average of 56.5 days and approximately twenty-two (22) Facility Studies related to TSRs in an average of 58.8 days.

#### **IV. CONCLUSION**

In its third full year of operations, the ICT model continued to provide increased transparency and significant improvements across all functional areas, including Tariff Administration, System Planning, Reliability Coordination, and the WPP. While these improvements have significantly advanced the goal of ensuring open, non-discriminatory access to Entergy's transmission system, there is no disagreement that additional work remains to be done. For the remaining initial term under the ICT Agreement, and in the event of any extension to the ICT arrangement, SPP will continue to focus on structural and operational impediments that have reduced efficiencies and negatively affected the quality of service on the Entergy system.

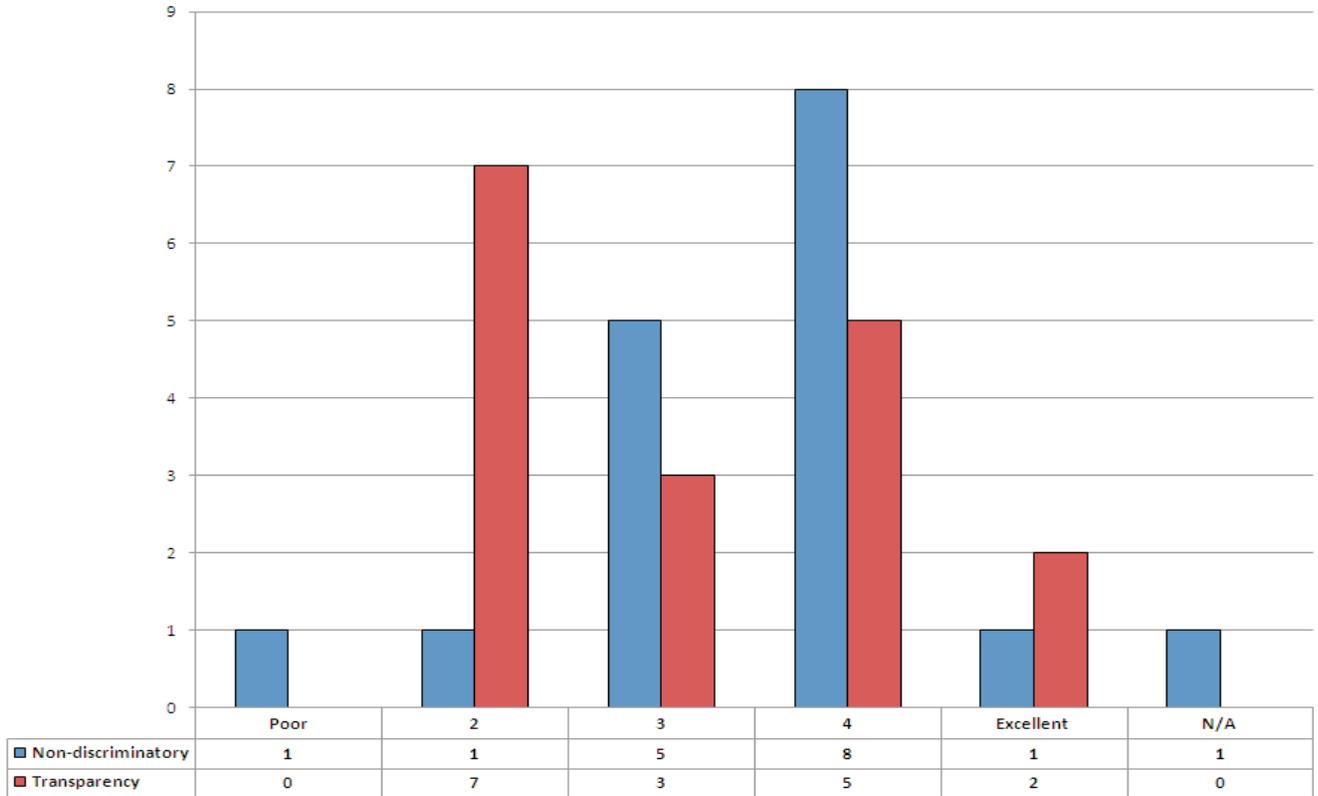


2009 ICT Stakeholder Satisfaction  
Survey

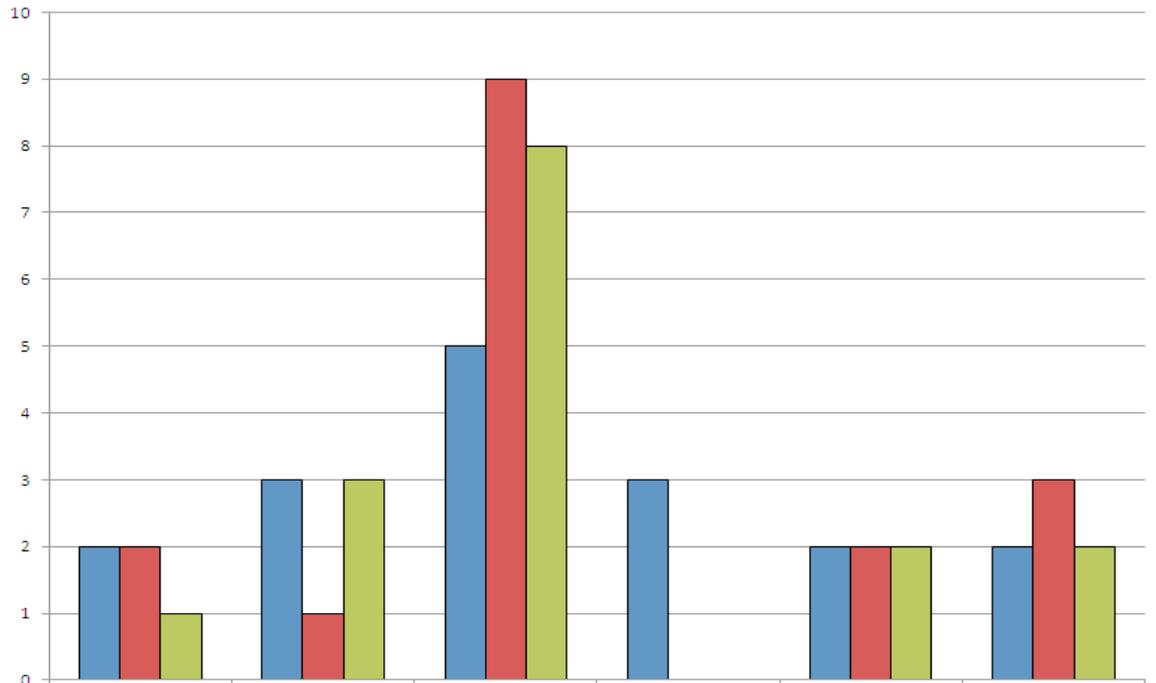
## Survey Facts:

- Submitted to a total of 153 stakeholders
- Survey launched on Monday, November 30, 2009
- Survey ended on Tuesday, December 15, 2009
- A total of 17 stakeholders responded to the survey

Please rate the ICT's overall performance in the following areas:

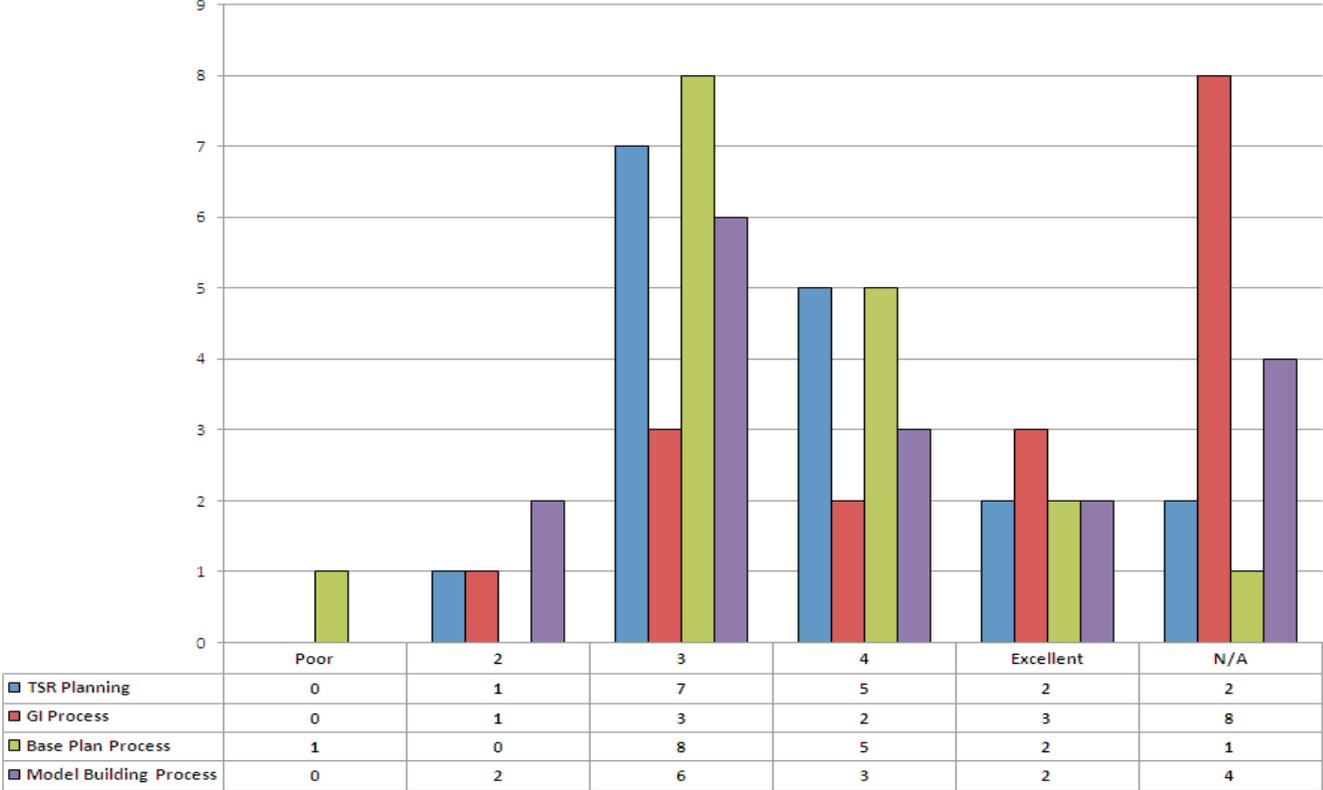


Please rate the ICT's provision of the following Reliability Services:

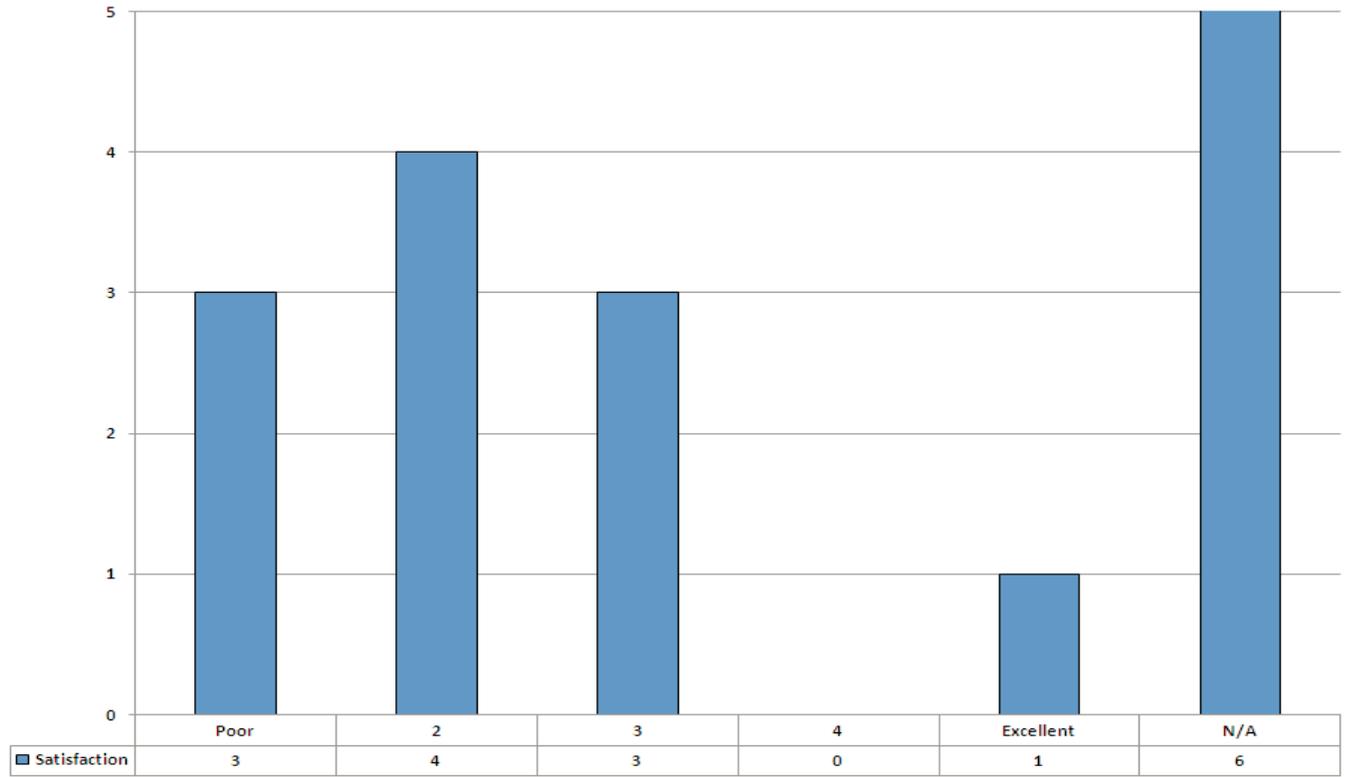


■ Congestion Management	2	3	5	3	2	2
■ Short-Term Planning	2	1	9	0	2	3
■ Communication	1	3	8	0	2	2

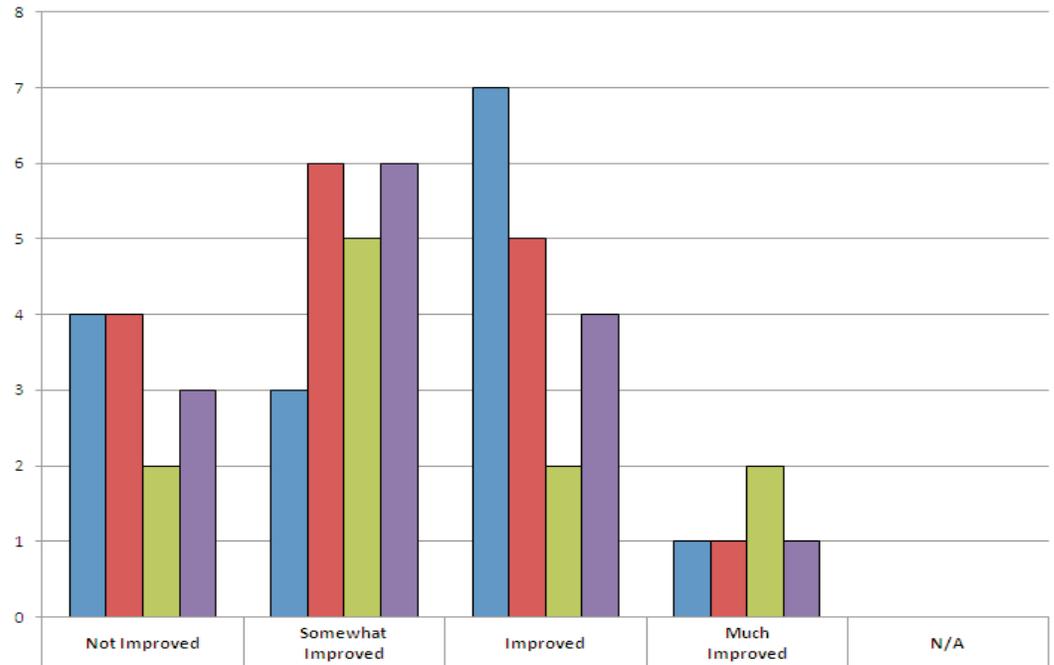
Please rate the ICT's provision of the following TP & S Services:



### Satisfaction with the ICT WPP Implementation and Operation:

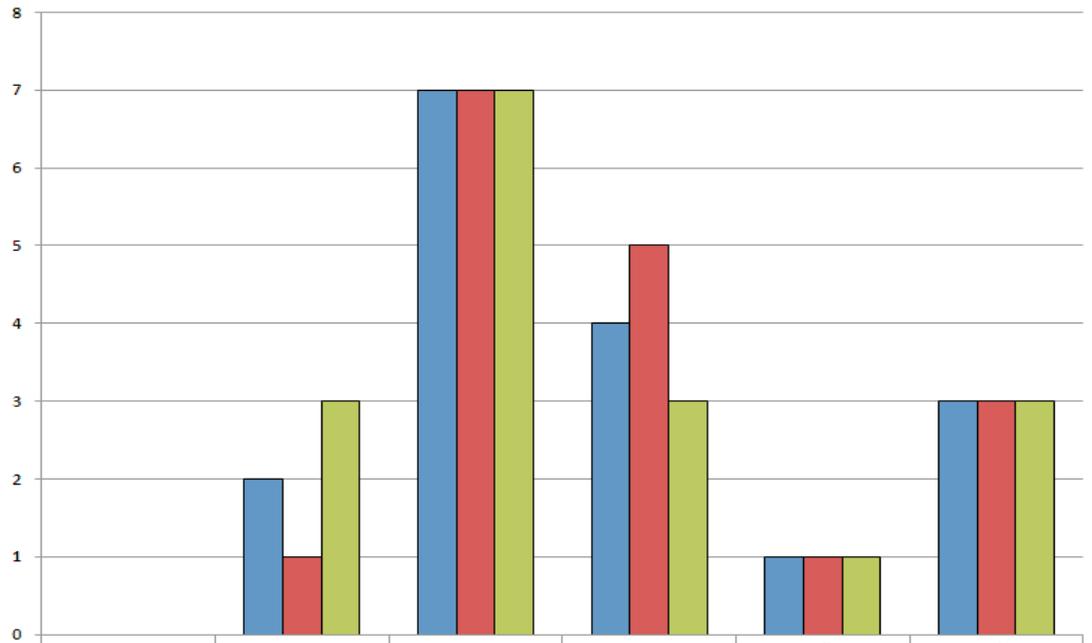


### Improvement in customer service over the past year:



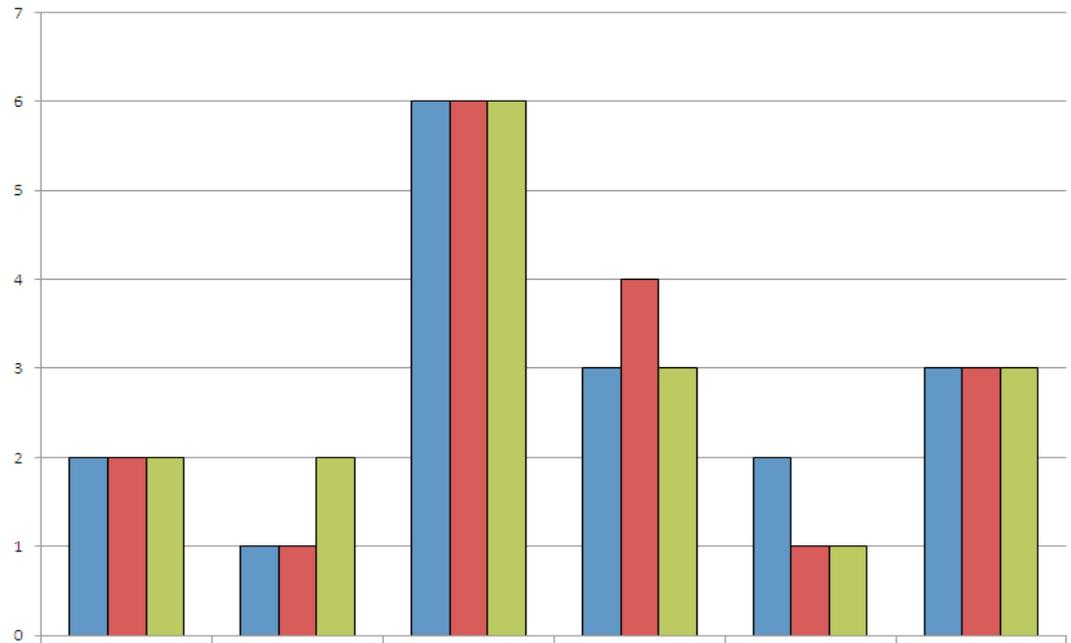
■ Tariff Administration	4	3	7	1	
■ Reliability Coordination	4	6	5	1	
■ WPP	2	5	2	2	
■ Transmission Planning & Studies	3	6	4	1	

Please rate the ICT Tariff Administration staff's customer service performance:



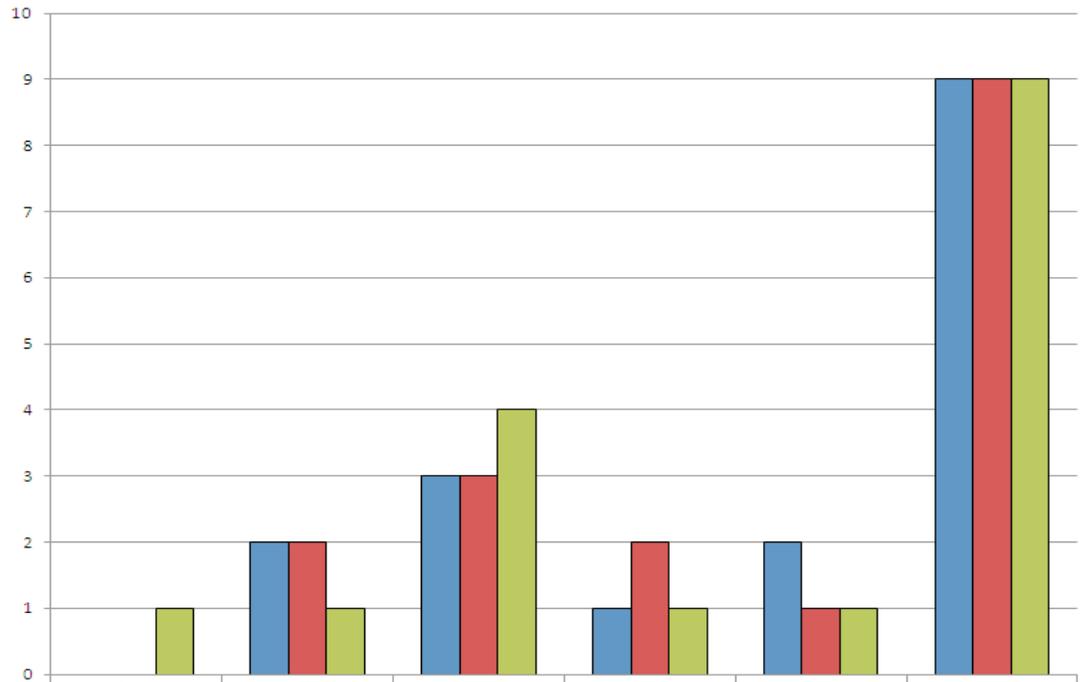
	Poor	2	3	4	Excellent	N/A
Responsive to my needs	0	2	7	4	1	3
Provide accurate information	0	1	7	5	1	3
Resolve to satisfaction	0	3	7	3	1	3

Please rate the the ICT Reliability Coordination staff's customer service performance:



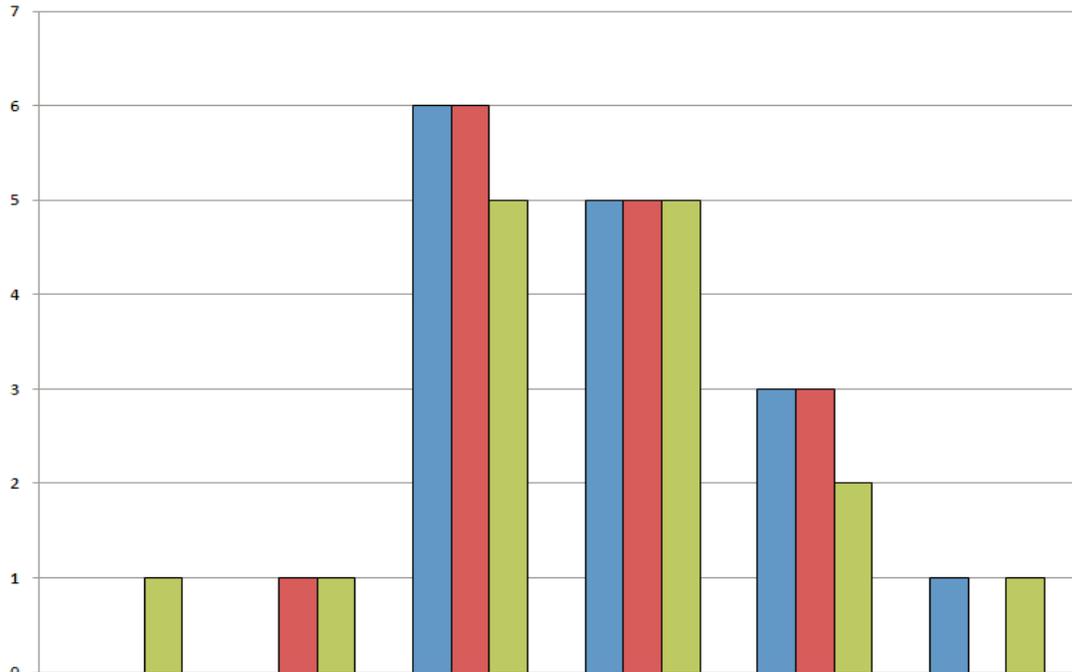
■ Responsive to my needs	2	1	6	3	2	3
■ Provides accurate information	2	1	6	4	1	3
■ Resolve to satisfaction	2	2	6	3	1	3

**Please rate the ICT WPP staff's customer service performance:**



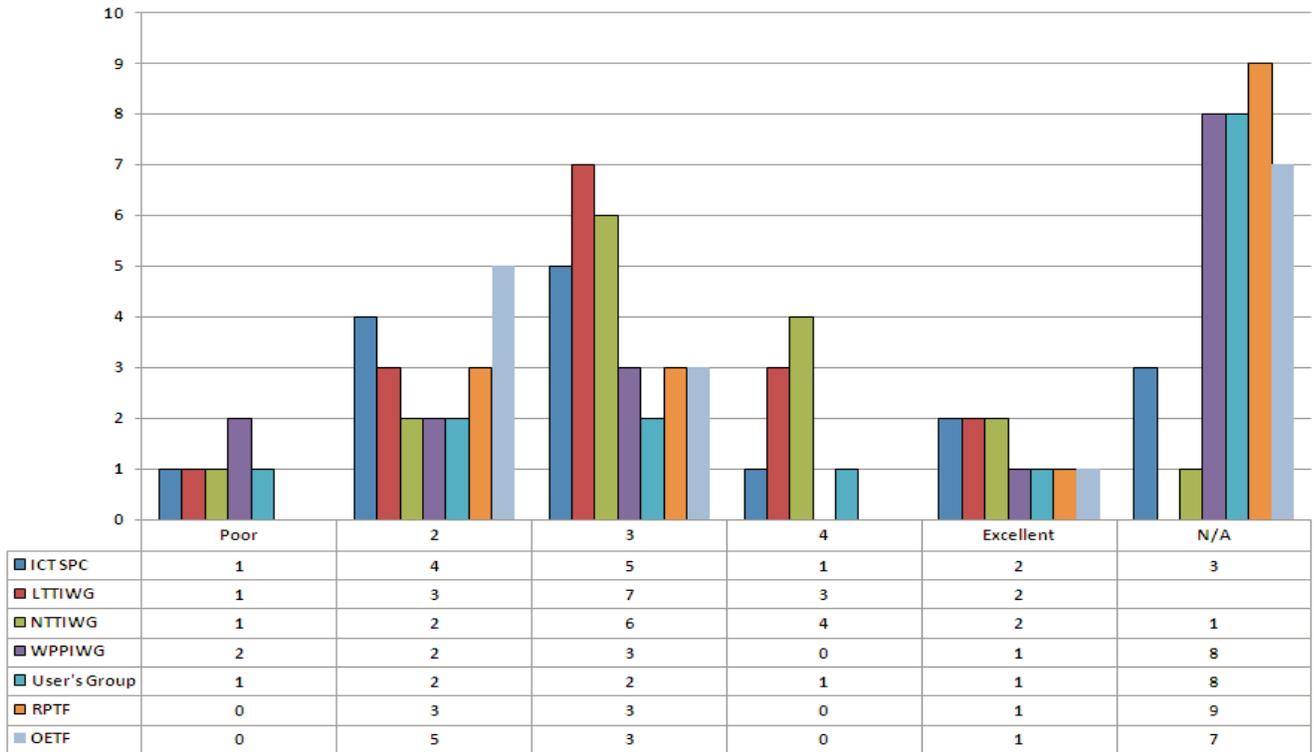
■ Responsive to my needs	0	2	3	1	2	9
■ Provides accurate information	0	2	3	2	1	9
■ Resolves to satisfaction	1	1	4	1	1	9

**Please rate ICT TP&S staff's customer service performance:**

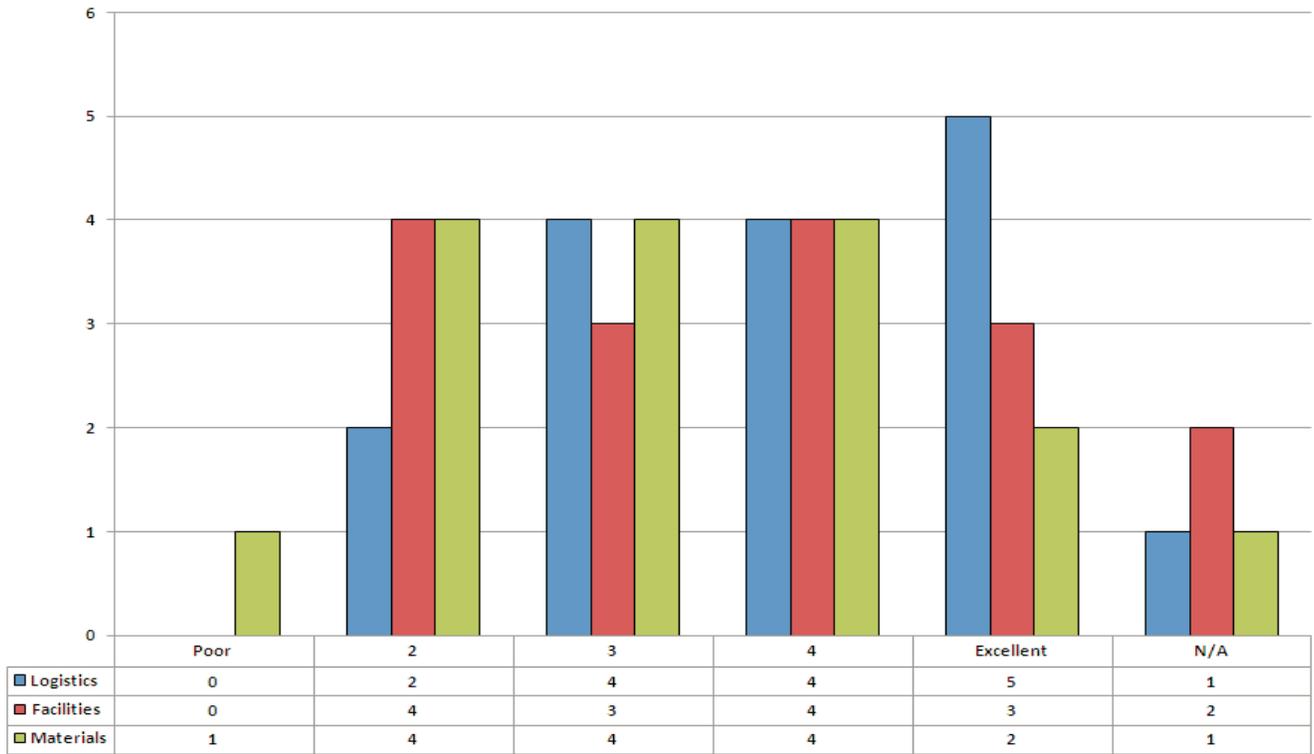


	Poor	2	3	4	Excellent	N/A
Responsive to my needs	0	0	6	5	3	1
Provide accurate information	0	1	6	5	3	0
Resolve to satisfaction	1	1	5	5	2	1

Please rate the overall effectiveness of the following ICT stakeholder groups:



Please rate the ICT's service and support of committees and working groups:



Item # 1

**Please share any other thoughts about your satisfaction with the ICT Tariff Administration staff: (5 responses)**

The tariff administration staff on the desk (the shift workers) are very cooperative. The ICT ops engineers who support administration of the OATT have become less cooperative and responsive since the last customer survey. I understand the staff has been moved around a bit but the level of customer service and response is less than adequate at the current level.

Tariff Adm manager was helpful in resolving dispute between transmission customer and power supplier

This past year, it seems that the ICT has provided even less information than before making any resolution of issues that much more difficult. For example, when the process of improving external control area information exchange was started, the ICT was open about their discussions with the external control areas and any progress. During the past 6 months, the ICT has invoked confidentiality for those external control areas and declined to provide any details on where the process is and the level of cooperation the external control areas are providing. This approach essentially chokes off any meaningful interaction with the ICT.

Too passive asserting authority

See response to Item 6.

Item # 2

**Please share other thoughts about your satisfaction with the ICT Reliability Coordination staff: (3 responses)**

RC Manager is helpful in having Entergy construct needed improvements in our area.

While the RC Staff has accommodated numerous conference calls with us to discuss congestion and constraints, not much was actually ultimately accomplished. The RC Staff was able to provide information on our congestion situation, but there was no solution or action that alleviated our situation.

See response to Item 6.

Item # 3

**Please share other thoughts about your satisfaction with the WPP staff: (1 response)**

With the implementation of the WPP, it is at least an improvement from a year ago when progress looked dismal. However, participating in the WPP without knowing why your proposal was not selected or was selected leaves much to be desired. Also, the lack of information when a model violation occurred or even the current SCUC logic problem again chokes off any meaningful interaction with stakeholders.

Item # 4

**Please share other thoughts about your satisfaction with the ICT Transmission Planning and Studies staff: (4 responses)**

I believe there's an issue of independence (or lack thereof) where the ICT responds to inquiries or attempts to get involved in matters that they should not. Independence should not only reflect a separation from Entergy but also from other customers. Administration of the OATT does not (or should not) involve taking actions that protect any single entity.

Highlighting deficiencies in Entergy's construction plan and Entergy's aggressive use of Note B very helpful in Entergy's decision to be more responsive in its construction plan.

When we submitted for the current system impact studies, being able to talk with the ICT about our request has been helpful. So far, the interaction has been open and clear.

See response to Item 6.

Item # 5

**Please share other thoughts about your satisfaction with the effectiveness of the ICT stakeholder committees and working groups: (4 responses)**

Meeting materials are often distributed just before or even after a meeting has been conducted. This does not afford adequate time for review.

Very often materials provided by Entergy are not delivered timely, many times the first time they are seen is at the meeting. ICT personnel do much better job of providing materials in advance.

Overall, very little has changed over the past year and probably has declined. The amount of information shared is less than before. Initiatives and process changes that the ICT is willing to undertake to improve transmission access are fewer. Setting up task forces and working groups is not an accomplishment.

See response to Item 6.

Item # 6

**Please share any remaining thoughts about your satisfaction or dissatisfaction with the SPP ICT: (2 responses)**

Customer service has declined. Independence is suspect.

ICT staff performance appears hampered by lack of leadership, lack of accountability, insufficient resources, staff turnover and rotation, the exalting of “process” over “progress,” and an unclear mission. These problems have become even more evident during the past several months, as the end of the ICT’s initial contract term has approached. In more detail: (1) Lack of Leadership: There is no single SPP senior manager focused exclusively on managing the ICT’s activities. Earlier this year, the SPP manager who ostensibly was in charge of the ICT operation also was put in charge of a very time-consuming, high-priority project at the SPP RTO, and that person’s leadership of the ICT has suffered as a result. The lack of clear ICT leadership has created an atmosphere of “drift” in which ICT staff avoids making hard decisions and steers clear of undertaking new initiatives. (2) Lack of Accountability: The ICT organization functions in a framework in which there is no meaningful accountability to stakeholders or regulators. As an example, earlier in the ICT’s tenure several stakeholders filed comments on each ICT Quarterly Performance Report. Often, those comments raised serious issues about some aspect of the ICT’s performance. With very few exceptions, the ICT chose not to respond to those comments, nor did FERC address them in any formal way. Likewise, AFC error reports have continued to be submitted to FERC on a regular basis, with no apparent reaction or effect. The overall sense is that, in practice, the ICT is accountable to no one but itself; and with no ICT leadership, even internal accountability appears missing. In the absence of some sort of meaningful accountability, ICT staff has little incentive to perform in an exemplary or timely manner. The fact that some activities (e.g., implementing a method for curtailing internal non-firm service during TLRs) have dragged on for months and more without a tariff change being filed is a sign to stakeholders that the lack of ICT accountability has produced mediocre ICT performance. (3) Insufficient Resources and Staff Turnover: Stakeholders perceive that the ICT continues to lack the resources needed to discharge its assigned duties in an effective manner. The problem is exacerbated by the fact that, in many instances, ICT staff members have been rotated back to the SPP RTO after they had built up some familiarity with the Entergy system. The consequence is that ICT staff continue to rely on Entergy personnel for technical knowledge and expertise in areas that are critical to the provision of non-discriminatory open access transmission service. The problem has grown worse in recent months, as many ICT staffers have rotated back to the SPP RTO and have been replaced by inexperienced personnel who have little choice but to rely on Entergy personnel for information and expertise. The ICT staff’s continuing reliance on Entergy is apparent to stakeholders, and it has caused the stakeholders to grow deeply skeptical of the ICT’s independence. (4) “Process over Progress:” As frequently happens with organizations that lack dynamic leadership and a structure for accountability, the ICT organization appears to place a higher priority on “process” than “progress.” This can be seen in the proliferation of issue-specific work groups and task forces that, while serving useful process needs (e.g., facilitating stakeholder involvement), too often wind up as cubbyholes where issues are “stored” until stakeholders eventually lose interest. Overcoming the inertia that often accompanies the use of issue-specific work groups requires leadership and accountability – that is, clear direction and timelines, with consequences for failure to satisfy either. Where leadership and accountability

are lacking, issues can linger interminably within a work group or task force, with no tangible progress being made toward any sort of concrete resolution. Some stakeholders have concluded that the ICT organization suffers from the problem of putting “process over progress.” (5) Unclear Mission: Almost from the outset, the ICT staff has labored under conflicting goals. On the one hand, effective performance requires ICT staff to occasionally stake out and defend positions that are contrary to Entergy’s views. On the other hand, SPP senior management makes no secret of their wish to entice Entergy to join the SPP RTO as a full member. Stakeholders have concluded that this conflict in missions prevents ICT staff from acting assertively in its dealings with Entergy. Whether this conclusion is justified is almost beside the point: the very existence of such obviously conflicting missions has caused many stakeholders to lose faith in the ICT’s independence. An overall result of the foregoing is that many stakeholders have simply lost whatever faith they may have had that the ICT arrangement can ever be a useful avenue for resolving long-standing transmission problems. Having worked within the ICT framework for three years with little to show for it, stakeholders see no reason to expect better results in the future. For that reason, the idea that the current arrangement might be followed by an “enhanced ICT” of indefinite duration is deeply troubling to some stakeholders.