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February 8, 2011

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 Fourth 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").[1]

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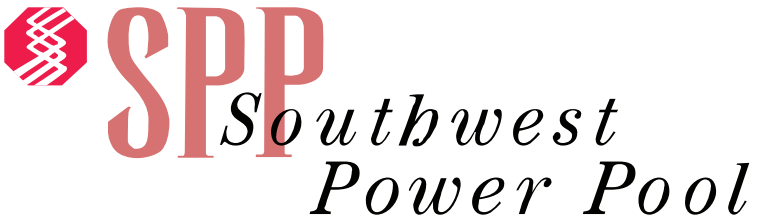
[1] See Entergy Services, Inc., 115 FERC ¶ 61,095, order on reh'g, 116 FERC ¶ 61,275, order on compliance, 117 FERC ¶ 61,055 (2006), order on reh'g, 119 FERC ¶ 61,187 (2007).



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

November 17, 2009 to November 17, 2010

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I. INTRODUCTION AND OVERVIEW

Southwest Power Pool, Inc. ("SPP"), as the Independent Coordinator of Transmission ("ICT")[1] for the Entergy Services, Inc.'s ("Entergy") transmission system, submits this annual report covering system operations for the twelve-month period ending November 17, 2010. This report complies with the requirements of the Federal Energy Regulatory Commission's ("Commission" or "FERC") April 24, 2006 Order, including the specific requirements imposed on the ICT to: assess the effectiveness of the ICT, compile performance metrics measuring the success of the ICT and the Weekly Procurement Process ("WPP"); and publish information prescribed by section 7 of Attachment S to Entergy's Open Access Transmission Tariff ("OATT" or "Tariff").[2]

The end of the period covered by this report marked the end of the initial four-year term of the ICT arrangement.[3] However, pursuant to an amended agreement filed with and approved by the Commission this past year, Entergy and SPP agreed to extend the ICT arrangement for an additional two (2) year term.[4] The extended term allowed additional time for the completion of Charles River Associates' ("CRA") cost/benefit study,[5] thereby permitting Entergy, in conjunction with the Entergy Regional State Committee ("E-RSC"), to complete its analyses concerning possible RTO membership or, alternatively, an enhanced ICT arrangement.

Organizational changes affecting the Stakeholder Policy Committee ("SPC") were also put in place over the past twelve months. Specifically, the SPC adopted a new stakeholder process structure in which the permanent working groups were

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1 The ICT operates as a functional division of SPP. Accordingly, unless otherwise noted, references to "ICT" and "SPP" are used interchangeably in this report.

2 *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).

3 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 expired on November 17, 2010.

4 On November 16, 2010, the Commission accepted the revised ICT Agreement and the extended term of the ICT. *See Entergy Servs., Inc.*, 133 FERC ¶ 61,136 (2010).

5 The CRA study examined the costs and benefits of integrating certain or all of Entergy's Operating Companies ("EOC") into the SPP Regional Transmission Organization ("RTO") and concluded that significant ratepayer benefits would result from Entergy's membership in the RTO.

replaced with task forces corresponding to the ICT's functional responsibilities. Under this new structure, the task forces are stakeholder-led, with the objective of achieving greater transparency and more focused attention on issues of interest to the SPC.

SPP also implemented certain system improvements in 2010, including a high-priority stakeholder issue addressing the treatment of Non-Firm service during transmission loading relief ("TLR") events. Entergy and SPP also developed, and the Commission ultimately approved, a supplemental curtailment procedure to ensure that certain internal Non-Firm schedules are curtailed in accordance with NERC standards and Entergy's Tariff. In addition, Entergy and SPP implemented revisions to Entergy's Local Area Procedures ("LAP") for congestion relief to provide stakeholders with greater transparency and understanding of the process. A new Customer Assistance Process was also put in place to assist customers with a One Call – One Contact approach for coordinating transmission service requests ("TSR") between the Entergy and SPP RTO regions. A process was also implemented to verify that transmission upgrades that are meant to be in the available flowgate capability ("AFC") models actually make it into the models.

Further, SPP continued to participate in various state forums to address stakeholder and regulator concerns in areas such as transmission planning and tariff administration. SPP has appeared before the Arkansas Public Service Commission ("APSC") and reported on matters concerning Entergy's service within Arkansas, including a comprehensive seams agreement between Entergy and SPP RTO and viable options for certain EOCs that are scheduled to exit from the Entergy System Agreement within the next few years. Similarly, SPP has maintained an active role in a Louisiana Public Service Commission-led ("LPSC") task force looking at transmission-related issues in Louisiana.

Progress was also made on certain initiatives that were detailed in prior reports, including the installation of upgrades as part of the first phase of the Acadiana Load Pocket Upgrade project. Additional upgrades will be constructed as part of the next phase in 2011 and such construction will be aided by increased coordination under a new Acadiana Operation Plan developed this year. Entergy and SPP also worked together to circulate to stakeholders for comment the remaining TSR business practices associated with the Criteria Manuals under the Tariff. SPP worked with a third-party consultant to perform an economic study aimed at minimizing bulk power costs on Entergy's transmission system with a final report expected in the summer of 2011. Finally, the E-RSC has also taken on a more active role and provided another forum for stakeholders to raise concerns and get information about the operations of both Entergy's system and the ICT's functions.

For the extended term of the ICT arrangement, 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. 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.

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

In accordance with section 7(a)(2) of Attachment S to Entergy's OATT, SPP provides the following assessment and self-evaluation of the ICT's fourth full year of operations. SPP will report on each of the ICT's functional areas of responsibility under the Entergy OATT and discuss issues 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")

As the primary party responsible for system-wide reliability on the Entergy transmission grid, the ICT RC group actively ensures that Entergy's transmission system and operations achieve high level compliance with the North American Electric Reliability Council ("NERC") regulations and Good Utility Practice. Over the past twelve month period, the ICT RC group continued these efforts and implemented various reporting and communication refinements designed to improve the reliability and transparency of decisions made by the ICT. The specific actions undertaken by the ICT RC group during 2010 in coordination with Entergy and its stakeholders are detailed below.

Supplemental Curtailment Procedures and Local Area Procedures

As reported in the 2009 Annual Performance Report, Entergy and the ICT RC group worked together to develop a Supplemental Curtailment Procedure ("SCP") that identified certain internal Non-Firm schedules ("NN-6") that were not being captured by the Interchange Distribution Calculator ("IDC") model during a TLR event. The new procedure sought to address this issue to ensure that these schedules would be curtailed consistent with the priority scheme dictated by NERC and the Entergy OATT.

In order to implement the changed procedure, Entergy developed specific tariff revisions as part of a broader tariff filing made on February 23, 2010, to incorporate Entergy's LAP into the OATT. The LAP are used to relieve congestion in areas where only Entergy can provide adequate relief through redispatch of its generation. On April 23, 2010, the Commission accepted the SCP, but rejected Entergy's proposed inclusion of its LAP in the OATT. The Commission found that the proposed LAP provisions of the OATT were not consistent with or superior to the *pro forma* OATT due to a perceived disparity in the way that comparable transmission transactions would be curtailed.

Since that time, Entergy and the ICT RC group have worked together to refine the LAP to comply with the Commission's directives. The revisions to the LAP now

include additional notifications from Entergy to the ICT RC group regarding Entergy's progression through the multiple levels of the LAP, which is then posted to Entergy's OASIS site. In addition to providing greater transparency of the decisional process, these posting will help inform stakeholders of the specific circumstances and considerations involved in implementing the LAP.

Sales of Non-Firm Service During TLRs

During the end of 2009 and the first half of 2010, the ICT Tariff Administration ("TA") and RC groups, in conjunction with stakeholders, developed and implemented a process to address stakeholder concerns regarding the sale of Non-Firm transmission service during a TLR. Stakeholders had identified the sale of Non-Firm service as a high-priority issue for the ICT RC group.

During the transition to the OATi OASIS software in the spring of 2010, the ICT TA and RC groups together with Entergy worked to develop process changes to ensure that sales of all Non-Firm service with comparable terms were suspended during a TLR. The new process was implemented on May 28, 2010.

The chart below shows the number of TLRs issued since the process was introduced and the number of TLRs issued that limited the Non-Firm AFCs to 0 during the time of the TLR. Accordingly, seventy nine (79) percent of the TLRs issued since the process began have limited the Non-Firm AFCs to 0.

	Number of TLR Issued	Number of TLR issued with AFC limited to 0
June	49	35
July	71	60
August	65	51
September	25	22
October	7	6
November	3	2
December	12	8
Total	232	184

Acadiana Load Pocket

Though initially developed and reported during 2009, the ICT RC continued to dedicate considerable time and resources in 2010 to overseeing the Acadiana Load Pocket Upgrade project. The first phase of the project was completed on May 15, 2010, with 19 outages required to install the necessary upgrades. The second phase of the project began in September 2010 with 17 separate outages needed to accomplish the needed transmission construction.

Even beyond the specific transmission improvements in the Acadiana area, the overall condition and topology of the Acadiana area demanded a coordinated operational plan that was developed and implemented by all parties. Thus, in early 2010, the various affected parties worked under the facilitation of the ICT RC group to develop the Acadiana Operational Plan, which was first used during the spring of 2010. The group continued to update and refine the plan during the summer and fall of 2010. As a testament to the group's dedication and efforts at coordination, no TLR Level 5 events or Energy Emergency Alerts ("EEAs") were issued for the Acadiana Load Pocket by the ICT or load-serving entities ("LSE") during the summer of 2010.

TLR Reporting

In August 2010, the SPC formed a Reliability Task Force that was charged with the following functions: (1) understand and explore the complexity of reliability issues; (2) facilitate open discussion amongst group members; (3) seek consensus within the group on efficient and fair alternatives to correct gaps in reliability processes; and (4) assist the ICT to make a reasonable decision based upon the information gleaned from the group's discussions. As part of the work of this task force, the ICT RC Group was charged with reviewing its current reporting processes to ascertain whether improvements could be made to the information that is publicly-available after a TLR Level 5 event and the ensuing investigation into the cause of that event. The ICT RC group concluded that a report that provided a detailed analysis of the causes of each TLR 5 was feasible and could be beneficial to the ICT, Entergy, and the Entergy stakeholders. Though the report underwent multiple modifications as the ICT RC group attempted to balance a desire for transparency with the need to protect information deemed as confidential, the ICT RC group eventually published a draft report to the Reliability Task Force and requested that Entergy stakeholders provide comments and suggestions to improve the report. While the discussion and development of this report extended beyond the reporting period of this report, the ICT RC group expects that the detailed analysis of TLR 5 events will lead to improvements to the current Reliability Coordinator processes as well as broader changes to the overall Entergy transmission system.

Tariff Administration ("TA")

During 2010, the ICT TA group continued its collaboration with stakeholders and Entergy to improve the AFC modeling process and more efficiently manage short-term transmission processing. In this effort, the ICT TA group provided oversight of short-term transmission service processes, facilitated the finalization of the business practices based on Entergy's Criteria Manuals, and continued to pursue multiple improvements in short-term AFC models. In addition, the ICT TA group responded to and addressed stakeholder questions and concerns dealing with AFC models, processes, business practices, transmission constraints, and other issues identified through the TSR process.

Criteria Manual Business Practices

Entergy's Criteria Manuals (Attachments C, D, and E to the Entergy OATT) were filed with the Commission on April 3, 2009. These manuals set forth the general processes used by Entergy and/or the ICT to comply with Order No. 890, and reserve for business practices the specific mechanisms for implementing these processes. In this way, Entergy, the ICT TA group, and stakeholders retain some measure of flexibility to improve and adjust these processes without further tariff filings.

Entergy circulated a portion of the draft TSR business practices to stakeholders on July 17, 2009. Throughout 2010, Entergy, the ICT TA group, and the ICT Planning group continued to develop and review the balance of the business practices. The final draft version of the entire TSR business practices package were circulated to Entergy stakeholders on September 24, 2010. Entergy received written comments from a group of stakeholders on October 22, 2010. Entergy is expected to respond to these comments and then finalize the business practices and make an informational filing with FERC at the beginning of 2011.

Modeling Improvements

- **Suspension of Non-Firm Sales**

As fully described in the RC section above, the ICT TA group had significant involvement and input into the process used to suspend new Non-Firm transactions during a TLR. Additionally, the ICT TA and RC groups continue to collect and monitor data on the new process to determine if the process is working as intended and whether any further refinements could improve the process.

- **Software Improvements**

As reported last year, the new OATi OASIS software was successfully implemented at the end of 2009. Even so, the ICT TA group has continued to monitor the software for issues. The ICT TA group also met with Entergy on a weekly basis to discuss software issues and improvements. As a result of these efforts, there have been multiple successful webOASIS version releases as well as a number of identified issues being resolved. Additional software capabilities that were added in 2010 have allowed for further improvements to some of the ICT TA group's TSR processing procedures.

- **AFC Modeling Improvements Task Force**

The AFC Modeling Improvements Task Force was previously formed in 2009 to address three specific AFC modeling issues: (i) the timing for inclusion of transmission upgrades in the short-term AFC models; (ii) improving the modeling in the WOTAB Load Pocket; and (iii) modifying the current AFC modeling assumptions related to first-tier external control area dispatch and net interchange. The work done by the Task Force this year on each of these areas is addressed below.

Modeling of Transmission Upgrades

Starting in October 2008 prior to the formation of the AFC Modeling Improvements Task Force, the ICT TA group expressed its concerns about Entergy's current practice of excluding all transmission upgrades in the short-term AFC models until the time the upgrades are actually placed in-service, while allowing the long-term transmission service granted in reliance on those upgrades to be reflected in the AFC models. The ICT TA group's position is that both the upgrades and the transmission service granted based on that upgrade should be included in the models as of the date those upgrades are projected to go into service. As part of the discussions over the Criteria Manuals, the ICT TA group recommended that Entergy omit from Attachment C any language concerning its current practice of excluding upgrades not yet in-service from the AFC models in favor of including this practice in the AFC business practice document. Excluding the short-term modeling process from the OATT would allow Entergy, the ICT TA group, and stakeholders to explore alternative solutions to improve Entergy's current modeling practice and modify the practice without further delays. Entergy agreed to this recommendation. In January 2010, Entergy distributed the final draft of the proposed TSR business practices to stakeholders for their review, but the ICT TA group, Entergy, and stakeholders have continued to discuss and develop alternative processes for transmission upgrade modeling. For example, during this reporting period, the ICT TA group and Entergy agreed to implement a process to verify upgrades that were supposed to be in the AFC models were actually in the models.

Modeling Issues Identified for the WOTAB Load Pocket

In the last quarter of 2009, Entergy and the ICT agreed to disable the enforcement of the zonal import limits by RFCALC to address modeling issues for the WOTAB Load Pocket. At the request of the AFC Task Force, Entergy reviewed data from the 2010 summer peak time frame to determine whether disabling zonal import limits had an adverse effect on the WOTAB Load Pocket. Entergy's analysis of this data indicated that the output levels of the generators in the Amite South and WOTAB load pockets in the powerflow models for the peak periods were always greater than the minimum must run levels. Thus, this analysis confirmed that the zonal import limit logic in the AFC process is not needed. Entergy has subsequently agreed to perform an annual review of the load pocket data and provide the results to the AFC Task Force.

Net Interchange and External Control Area Dispatch Modeling

Entergy and the ICT TA group agreed during 2009 on the need to modify the current AFC modeling assumptions related to first-tier external control area dispatch and net interchange because they rely on real-time adjustments from Entergy's state estimator model rather than information provided by the control areas. As a result, starting in 2010, Entergy began using coordinated TSR and unit dispatch from two external control areas in the AFC models to calculate net interchange and control the dispatch for those areas. Consequently, the ICT TA group and Entergy continue to coordinate the receipt and incorporation of additional information from other external control areas.

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

As detailed in the 2009 Annual Performance Report, stakeholders requested through the various stakeholder forums that Entergy automate the modeling process to allow LSE customers to provide a stack of reservations for the modeling of network service to meet their load. While Entergy committed to work with its software vendor to implement an automated process for LSE dispatch, the implementation of the new OATi software in September 2009 required Entergy to make certain changes to the Study Horizon process that affected the process for submitting LSE information for inclusion in the AFC models. While some automation is now possible through the new OASIS software, Entergy and SPP continue to evaluate the current process for submittal of a reservation stack to determine how best to move forward with additional automation as requested by stakeholders.

Due to the recent changes in the SPC structure, each of these modeling improvement items has been transferred to the AFC Task Force. The AFC Task Force has prioritized these items, along with other issues brought forth by the

stakeholders, and has produced a list of issues for the AFC Task Force to address. These issues will be addressed as they are assigned by the stakeholders.

AFC Task Force Formed Under the SPC

In August 2010, the SPC revised its working group structure and formed a stakeholder-led AFC Task Force to specifically address all AFC-related issues on Entergy's system. During the last quarter of 2010, the members of this task force developed a prioritized issue list for the Task Force to focus their efforts on first, which includes (i) improved coordination between the ICT TA and RC groups; (ii) improved stakeholder notification of upgrades reflected in the AFC models; and (iii) further defining the scope of modeling-related issues that should be examined by the task force.

Operational Efficiency Task Force ("OETF")

Last year, 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 transmission service requests between the Entergy and SPP regions. This year, the OETF held meetings to examine the details of implementing the TRAAC functionality and the potential impact of the proposal on Entergy and SPP. In the end, the OETF concluded that the TRAAC proposal constituted only an interim, or Phase 1, solution.

As an alternative to the TRAAC proposal, the SPC endorsed the formation of a new Customer Assistance Process ("CAP") as a Phase 1 solution to provide customers with a One Call – One Contact approach with some of the same services and data requested as part of the TRAAC proposal. Under the CAP, the SPP Customer Relations ("CR") department provides a single point of contact for TSRs involving both Entergy and SPP RTO OASIS nodes. As such, the SPP CR department acts as a liaison between the Transmission Customer and both the SPP RTO Tariff Studies and ICT Planning groups in an effort to eliminate the significant delays in processing long-term requests through two separate tariffs and study processes.

A more permanent Phase 2 solution is still being considered. A Phase 2 solution would involve: (i) a comprehensive Entergy/SPP seams agreement that incorporates formal One Stop Shop functionality; (ii) Entergy membership in the SPP RTO as a transmission owner; and/or (iii) Entergy and SPP agree that the CAP function is no longer necessary.

The OETF was disbanded due to the changes to the SPC structure. Therefore, the SPC will consider whether any work or issues related to this task force should be addressed by one of the new task forces or whether a different task force needs to be created.

Planning and Tariff Studies

During 2010, SPP built on the planning initiatives enacted in 2009 to improve the reliability of, and access to, the Entergy transmission system. As part of its Planning and Tariff Studies function, the ICT hosted the Transmission Planning Summit; created the ICT Base Plan; reviewed Entergy's Construction Plan; performed multiple economic study projects; participated in numerous regional planning working groups; and developed transmission studies for both transmission and generation customers.

2010 ICT Base Plan

On December 8, 2009, SPP presented the draft 2010 ICT Base Plan to stakeholders and solicited their input on the proposed projects. The final ICT 2010 Base Plan was posted on Entergy's OASIS on January 12, 2010. The ICT Base Plan as described in Attachment K to the Entergy OATT is the culmination of nearly a year of work by the ICT to develop a set of transmission upgrades that are required on the Entergy transmission system in order to meet both Entergy's Planning Criteria and the ICT's planning criteria enhancements over a ten-year time period. After posting the final Base Plan, the ICT continued to work with stakeholders and Entergy to update and revise the Base Plan to reflect new information regarding specific upgrades or to address changes in Entergy's 2010-2012 Construction Plan. The final update to the ICT 2010 Base Plan, Update 6, was posted on November 10, 2010.

After posting the final 2010 ICT Base Plan, SPP provided a Differences Report to both Entergy stakeholders and interested government agencies, outlining the differences between the final Entergy 2010-2012 Construction Plan and the final 2010 ICT Base Plan. This report was filed with FERC and various state commissions on February 17, 2010. Compared to the 2009 Differences Report, which contained 17 differences between the Base Plan and Construction Plan, the 2010 Differences Report indentified only two projects that were in the ICT's Base Plan but not in Entergy's Construction Plan. Subsequently, Entergy agreed to add the two projects to its 2010-2012 Construction Plan.

2011 ICT Base Plan

The next yearly planning cycle began with the posting of the first draft of the 2011-2013 Entergy Construction Plan in May 2010. SPP posted the ICT's 2011 Reliability Assessment in August 2010. Both Entergy's Construction Plan and the ICT's Base Plan were discussed at the annual Transmission Planning Summit. Subsequently, updates were posted for both plans. The final 2011-2013 Entergy Construction Plan is expected in December 2010 and the final 2011 ICT Base Plan will be posted shortly thereafter.

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 2009, the ICT and Entergy stakeholders determined that the following projects were the highest priority for the 2009 Economic Study process:

- South Central Arkansas/Northeast Louisiana Constraint project to address north to south flows.
- Central Arkansas Constraint project to address south to north flows.
- Lake Charles 230kV Loop project to relieve 138kV Flowgate issues.
- Baton Rouge / South Mississippi Constraint project to address central to south flows.
- Jackson Area Constraint project to improve load-serving capability in the Jackson Area.

The ICT posted the results of the 2009 Economic Study for these projects on February 17, 2010. This study showed that the Jackson Area project produced the greatest reduction in congestion cost. The remaining projects produced minimal to no congestion cost savings. As a result, the Jackson Area project was subsequently included in the 2010-2012 Entergy Construction Plan. The South Central Arkansas/Northeast Louisiana project was included in the 2011-2013 Entergy Construction Plan. In addition, Entergy included the South Central Arkansas/Northeast Louisiana project in Entergy's new "Alternate Economic Study Process" or "AESP" which evaluates projects with smaller project costs and minimal congestion cost savings.

During this reporting period, SPP began the process of identifying the list of candidate projects for the 2010 Economic Study. After considering 21 separate projects, the Entergy stakeholders voted to include the following five projects in the 2010 Economic Study process:

- Conway Area
- North East Arkansas
- Mt. Olive – Hartburg voltage stability constraint
- Hartburg – Cypress 500 kV contingency
- ANO- Pleasant Hills for the loss of ANO-Mabelvale flowgates

After further review of the Conway project, it was determined that the Holland Bottoms and associated projects included in Entergy's 2010-2012 Construction Plan alleviated the issues seen around the Conway Area. Accordingly, the Conway project was removed and replaced with a project in the Western Region. SPP completed the power flow analysis and GridView economic analysis for these

projects during this reporting period. SPP expects to have the final results of the 2010 Economic Study by late 2010 and a final report posted by the first quarter of 2011.

In addition to these economic studies, the SPC, in 2009, approved a recommendation for SPP to perform an economic/transmission study to determine the set of transmission upgrades needed to significantly reduce or eliminate the use of reliability must run ("RMR") units located in load pockets, while providing net savings to customers. As previously reported, the study was to be funded as one of the Attachment K economic studies, but SPP determined that it would perform the study outside of the Attachment K process.

This year, the E-RSC, at the request of stakeholders, determined that an independent third-party consultant should perform a comprehensive study on transmission alternatives that can reduce Entergy's production costs related to the operation of its RMR generating units. This is referred to as the Minimizing Bulk Power Costs ("MBPC") study. Subsequently, a third-party consultant (ABB) was selected and meetings were held for stakeholders to discuss the assumptions and analysis tools to be used in the MBPC study. The study is expected to be completed in the summer of 2011.

Entergy Inter-Regional Planning Process

During 2010, SPP maintained its active involvement in inter-regional coordination for the Entergy system.

SPP RTO

SPP participated in regular regional assessments of transmission capability through the Entergy/SPP Regional Planning Process ("ESRPP") as well as the Eastern Interconnect Reliability Assessment Group.

The ESRPP generally is tasked with performing an assessment of the simultaneous feasibility of both Entergy's Construction Plan and SPP RTO's Transmission Expansion Plan ("STEP") as well as providing for stakeholder-identified regional economic studies. During the first meeting in 2010, the ESRPP posted the final draft of the 2009 ESRPP study. The study identified several projects that exhibited increased transfer capability across the Entergy/SPP RTO and Entergy/Cleco seams with varying project costs. These projects will be considered in the development of the 2011 ICT Base Plan and the 2011-2013 Entergy Construction Plan and could also be considered by transmission customers as a supplemental upgrade.

The ESRPP also began its next planning cycle during this reporting period and posted the following set of stakeholder-selected projects/to be considered in the regional economic studies performed by the group for 2010:

- Messick 500/230 kV Transformer
- Turk-McNeil 345 kV Transmission Line
- Arkansas IPP's (Hot Springs, Magnet Cove, and PUPP) to SPP South (AEP and OG&E) for 3000 MW
- AEPW to Entergy Arkansas for 700 MW
- Entergy Arkansas to AEPW for 700 MW

ESRPP reported the initial results of its study on the 2010 projects this year and will post the final results of its study in the first quarter of 2011.

Southeast

SPP is actively involved in the Southeastern Regional Transmission Planning ("SERTP") group (formerly called the Southeast Regional Stakeholder Group ("RPSG")). During this reporting period, the SERTP presented the final results of its five (5) sensitivity studies selected for the 2010 planning cycle and the 2010 Final 10-year Expansion Plan. While none of these studies directly involved Entergy as a source or sink region, they did address economic constraints to regional transfers within the southeast region and were monitored for any incidental impact on Entergy's system.

SPP also participated in the Southeastern Inter-Regional Participation Process ("SIRPP"), which addresses inter-regional planning for the Southeastern Electric Reliability Council ("SERC") region as required under Order No. 890. SPP staff is directly involved in the Study Team and Process Team, which evaluate studies across the Southeast region. During this reporting period, the SIRPP posted the results of the following five (5) sensitivity studies selected by stakeholders for the 2010-2011 planning cycle to address economic constraints to inter-regional transfers across the southeast region and adjacent systems. While none of these studies directly involved Entergy, they did address economic constraints to regional transfer within the southeast region and were monitored for any incidental impact on Entergy's system.

1. HVDC injection in Duke to VACAR = 3000 MW (2019, Step 1 Evaluation)
2. South Carolina Regional Transmission Planning (SCRTP) to TVA = 1000 MW (2016, Step 1 Evaluation)
3. SCRTP to PJM West = 1000 MW (2016, Step 1 Evaluation)
4. PJM West to VACAR = 1000 MW (2016, Step 1 Evaluation)
5. Progress Energy Carolinas to Southeast = 2000 MW (2020, Step 1 Evaluation)

SPP continues to monitor the SIRPP Study Team's work on the SIRPP 2010/2011 interchange/tie lines update and the SIRPP 2010/2011 Base Case Development for any incidental impact on Entergy's system.

WPP

A. Operational Report

With the end of the current annual reporting period, the WPP has been in operation for over a year and half. An objective review of the WPP quarterly reports submitted over this period, including the aggregated data and metrics as well as SPP's assessments and self-evaluations of the WPP contained in these reports, demonstrates that the WPP produced meaningful benefits in 2010.[6]

As originally conceived, the WPP has afforded third-party suppliers an opportunity to compete to serve Entergy's network load and displace Entergy's higher-cost resources. In fact, the number of participating generators and the number of third-party supplier offers submitted and accepted through the WPP confirm 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.

Moreover, by doing so, the WPP has reduced Entergy's forecasted production costs and produced estimated cost savings to Entergy's ratepayers. Specifically, SPP has calculated that the WPP has generated approximately $ 18.9 million in estimated cost savings over this reporting period and $ 29 million in estimated cost savings since the start-up of the WPP. SPP is encouraged by this amount of estimated cost savings, but recognizes that, as detailed below, there are several factors beyond SPP's control that can influence the WPP's results, and ultimately, the estimated cost savings obtained through the WPP.

In overseeing the operation of the WPP and independently reviewing the WPP's results, SPP makes the following general observations about the operation of the WPP over this reporting period. Due, in part, to a full year of operations, increases were experienced in each of the key components used to measure the WPP's performance, including: (i) the number of generators participating in the WPP; (ii) the total number of third-party supplier offers submitted into and accepted through the WPP; and (iii) the total amount of megawatts ("MW") offered into and awarded through the WPP. Collectively, the increases in each of these areas produced the estimated production costs savings reported for this period.

Based on SPP's assessment of the data, there were several factors that contributed to the reported increases in the WPP. For example, the WPP experienced greater success this year during some of the historically lower load months. This was

[6] *See* ICT WPP Quarterly Report, Docket No. ER09-555, filed March 15, 2010; ICT WPP Quarterly Report, Docket No. ER09-555, filed June 15, 2010; ICT WPP Quarterly Report, Docket No. ER09-555, filed September 15, 2010; ICT WPP Quarterly Report, Docket No. ER09-555, filed December 15, 2010.

due, in part, to the fact that there were outages on Entergy's system; the region experienced cooler than normal temperatures that created higher than normal load requirements; and the price of natural gas increased. Each of these conditions increased both the value and competitiveness of third-party suppliers' offers relative to Entergy's existing legacy units and the opportunity for these offers to be accepted through the WPP. In addition, SPP's continued operational experience as well as improvements to the overall process and the Security Constrained Unit Commitment ("SCUC") model helped the WPP and the SCUC model perform more efficiently and reliably and allowed for better evaluation and ultimate acceptance of third-party supplier offers in the WPP.

SPP also recognizes that there were certain factors that limited the WPP's results this year. As observed and previously reported by SPP, the WPP is generally more robust in the summer months because more third-party supplier offers are submitted to compete to serve the increased load requirements on Entergy's system. This, in turn, leads to more opportunities for third-party supplier offers to displace Entergy's more expensive generating units, and correspondingly produces greater estimated cost savings. However, SPP witnessed a drop in WPP participation during several weeks of the summer this year. Based on the analysis of publicly-available information, SPP concluded that some of the regular participants in the WPP entered into longer-term deals with Entergy that committed their capacity to meet the increased load requirements. By doing so, the number of third-party suppliers that regularly participate and submit offers in the WPP from week to week was reduced. In SPP's view, these longer-term transactions had a significant impact on the participation in, and the results of, the WPP during this period. SPP also notes that flexibility continued to be a significant limiting factor in the WPP model which likely reduced the number of offers accepted through the WPP.

SPP observed there were a number of weeks in which no third-party supplier offers were accepted due to hold harmless violations. Based on the testing of the SCUC model prior to implementation, SPP previously reported that hold harmless violations are more likely to occur during low load periods because the process is more selective and conditions for acceptable offers are more difficult to satisfy. SPP's analysis showed that: (i) low loads; (ii) system conditions (e.g., less than anticipated planned generator maintenance outages; system wide and resource location specific constraints in the SCUC model); and (iii) highly priced third-party supplier offers were the likely factors that resulted in a minimal cost differential between the third-party suppliers' offers and the participating network customer's resources and lead to the majority of the hold harmless violations that occurred this year.

As SPP gains operational experience with the WPP's computer-based procurement process, adjustments to the SCUC model and process have been necessary. For example, during this period, SPP reported an error in Energy Management Organization's ("EMO") calculation of the Hourly and Daily flexibility

requirement that are inputs into the SCUC model and are used in evaluating third-party supplier offers in the WPP. For the WPP Operating Weeks of August 8, 2009, and October 17, 2009, EMO used the wrong days in running its production cost model, and therefore, the data used to estimate EMO's flexibility requirement did not reflect the actual days of the WPP Operating Week. This error may have had an impact on the WPP results for the identified weeks. Subsequently, Entergy implemented a new process to prevent future similar errors.

SPP is generally encouraged by the operational data and estimated cost savings for the WPP for this reporting period. However, the WPP's procurement results are dependent upon complex computer models that are continuously under review and evaluation. The expectation is that future adjustments will be identified that will promote greater third-party participation, expand Entergy's procurement options, and produce more economical dispatch within Entergy's service area.

B. WPPIWG Meetings and Organizational Update

SPP held WPP Issues Working Group ("WPPIWG") meetings nearly every month during this reporting period at which stakeholders were provided with information on operational and procedural details related to the WPP. This information, among other things, included: a weekly summary of the WPP results; a discussion on the operation of the Hold Harmless provision in the WPP; and review of the WPP Quarterly Reports. In addition, as reflected in the WPPIWG meeting minutes, the stakeholders have used this forum to ask questions and recommend improvements to the WPP. Some of the potential enhancements to the WPP that have been presented for consideration this year, include: expanding the on-peak offer period in the WPP; increasing transparency in the WPP's results; and modeling qualifying facilities' ("QF") puts in the WPP. These proposals will continue to be examined in 2011. During this period, the WPPIWG also agreed to a new process for Automatic Generator Control ("AGC")/Operating Reserves and energy-only offers that are sourced from the same plant and exceed the capacity granted for network service in the AFC process. Under the new process, third-party suppliers' AGC/Operating Reserves offers will be converted to energy-only rather than being disqualified from the WPP.

Due to the recent revision to the SPC structure, the WPPIWG has been replaced with the WPP Task Force ("WPPTF"). In accordance with the WPPTF's guiding document, the WPPTF will be a stakeholder-led group and will address the technical aspects of policies related to the WPP being evaluated by the SPC. SPP will continue to participate in the WPPTF and provide information and operational details on issues of interest to the group. SPP will also keep stakeholders and the Interested Government Agencies informed of the operation and cost savings under the WPP through both the ICT and WPP Quarterly Reports.

Stakeholder Process

A. Overview and Summary of 2010 Activity

In accordance with its duties under the Entergy OATT and the ICT Agreement, SPP developed a stakeholder process that included a defined SPC with three working groups, the Users Group, and various ad hoc task forces with each focusing on the functional areas of the ICT. In August 2010, the SPC revised its structure to include stakeholders in the leadership of the group and to increase the coordination and communication with the E-RSC. Under the new organizational structure, the SPC remains the highest level of the stakeholder process structure. The three permanent working groups were disbanded and four specific task forces were created, namely the AFC Task Force, the Reliability Task Force, the System Impact Study Task Force, and the Weekly Procurement Process Task Force. The ad hoc task forces were also disbanded. Due to the mandate in the ICT Approval Order, the Users Group was retained and will continue to report directly to the SPC.

Each of the new task forces are stakeholder-led and continue to allow all interested stakeholders the opportunity to participate in the process. Each task force holds regular meetings at the direction of the SPC in order to understand and explore complex issues assigned to each group; exchange information; voice concerns; and share ideas for improving the Entergy transmission system. Further, stakeholders are still 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 SPP web site that contains ICT-related documents, calendar of events, meeting materials and information, and the regular stakeholder meetings, SPP maintains consistent communication with the Entergy stakeholders and interested regulators.

Over the past year, SPP has convened six (6) SPC meetings[7] and participated in thirty-one (31) working group and task force meetings.[8] SPP has also participated in various state-level public conferences and other stakeholder forums to address issues relating to transmission planning and transmission access to the Entergy system.

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[7] The SPC convened four (4) quarterly meetings and convened two (2) additional SPC meetings to address matters related to the revised SPC charter and the transition from the working group to task force structure.

[8] For details on the activities of the working groups and task forces during this reporting period, please refer to the reports on each of the ICT's functional areas of responsibility. A report on the activities of the other ad hoc task forces previously under the SPC is included herein.

SPP has also developed communication protocols that require SPP to record and summarize all formal stakeholder communications to SPP in its quarterly performance reports. During this period, four (4) formal communications were received by SPP. In addition to discussing such communications in its quarterly reports, SPP included a written response, when possible, to any stakeholder formal communication.

Under the communication protocols, informal stakeholder communications with SPP 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, SPP has 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 SPP with issues, questions, or concerns and allows SPP Management to prioritize and track these emails and provide a quick response (in many cases, less than 24 hours). SPP believes this tool has greatly improved the management of stakeholder communications. The IssueTrak solution can be viewed at: http://spp.issuetrak.com/Login.asp. SPP reports that by the end of this reporting period IssueTrak had one-hundred and fifteen (115) registered users and forty-six (46) 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 for Opened Issues
Dec. 2009 – Feb. 2010	18	19	Avg. - 15.08	
Mar. – May 2010	6	4	Avg. - 5.54	
June – Aug. 2010	8	6	Avg. – 3.6	
Sept. – Nov. 2009	5	5	Avg. – 16.3	
Totals	37			Critical (8) High (14) Medium (15)

B. State Public Conferences

1. The LPSC Technical Conference

In 2009, the LPSC established a commission-led task force to consider various transmission-related issues in Louisiana, including the transmission study Planning

Horizon; base case contingency overloads; financial flowgate rights; the use of undocumented operating guides; and a Joint Planning Study process. As part of this process, SPP completed and posted its analysis of the western portion of the Southern Louisiana Reliability Loop during this reporting period. Entergy also completed its 2009 Economic Study Process, including certain projects meant to address transmission issues in Louisiana. As of the end of this reporting period, however, the LPSC staff had not completed its final report on the task force. Therefore, SPP maintains a supporting role in the task force and will respond to any requirements resulting from this proceeding.

2. The APSC Public Conference

In 2009, the APSC initiated a proceeding to examine various transmission issues within SPP and Entergy that affect electric service within Arkansas. Specifically, the APSC encouraged SPP and Entergy to finalize and enter into a comprehensive seams agreement between the two transmission systems. The APSC also ordered that an independent third-party consultant perform a comprehensive cost/benefit analysis to determine the benefits of the entire Entergy System, or Entergy Arkansas, Inc. ("EAI") as a stand-alone entity, joining the SPP RTO. Finally, the APSC examined EAI's decision to leave the Entergy System Agreement in December 2013 and whether it would be prudent for EAI to enter into a successor Entergy System Agreement. This year, SPP has monitored the activities on these issues and their impact on the ICT.

In compliance with the APSC's directives, SPP and Entergy filed a comprehensive seams agreement with the FERC. The filing included a Letter Agreement that incorporated four (4) protocols governing: (i) coordination of enhanced regional planning activities, study coordination activities, and flowgate financial rights; (ii) coordination of AFC/Total Flowgate Capability values; (iii) allocation of costs of upgrades; and (iv) data exchange, confidential information, and critical energy infrastructure information. The Letter Agreement and protocols allow SPP and Entergy to share information and coordinate their processes so that both systems can operate more efficiently. The Commission conditionally accepted the as-filed seams agreement and directed SPP and Entergy to provide further clarification on certain coordination processes.[9] A final Commission order on the seams agreement was not issued during this reporting period. Therefore, Entergy and SPP continue to provide the APSC with status reports as the parties work towards implementation.

Last year, the APSC initiated a comprehensive study to determine the costs and benefits of Entergy and Cleco Power joining SPP RTO and a study on EAI, as a stand-alone entity, joining SPP RTO. However, due to federal procurement protocols, the Commission took over the responsibility for administering the study

[9] *See Sw. Power Pool, Inc.*, 131 FERC ¶ 61,236 (2010).

and selected CRA to perform it. CRA issued its study in September 2010. Overall, the study found that ratepayer benefits of Entergy and Cleco Power joining SPP RTO could be as high as $739 million in 2010 dollars for the 10-year period (i.e., 2013 to 2033) that was studied. As of the end of this reporting period, CRA had not completed the additional studies examining: (i) EAI joining SPP RTO as a stand-alone entity; (ii) Cleco Power joining SPP RTO as a stand-alone entity; and (iii) additional sensitivities to further assess the potential benefits of RTO membership by Entergy. SPP will continue to monitor and assess these additional studies in 2011.

The APSC also held several meetings this year to examine EAI's future options upon leaving the Entergy System Agreement. As part of this effort, Entergy presented a draft Entergy System Agreement successor arrangement. In addition, SPP and the Midwest ISO made presentations to educate the APSC and stakeholders on the integration of new members, cost allocation, and the types of markets in both RTOs. No further action was taken before the end of this reporting period.

C. Other Stakeholder Forums

1. Transmission Planning Summit ("Summit")

As part of the transmission planning cycle, SPP hosted the annual Summit in August. At the Summit, presentations were given on Entergy's draft 2011-2013 Construction Plan. SPP also presented its 2011 Reliability Assessment which evaluated the effectiveness of Entergy's draft 2011-2013 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 further development of both Entergy's 2011-2013 Construction Plan and the ICT's 2011 Base Plan.

2. E-RSC

The E-RSC was established as a forum for state retail regulators and stakeholders to address operations of and upgrades to the Entergy transmission system as well as the operations and functions of the ICT. The E-RSC's governing documents were finalized during this reporting period. An E-RSC Working Group ("E-RSC WG") was also established to serve the tactical role of examining issues and concerns raised before the E-RSC.

The E-RSC held regular meetings this year. At those meetings, the E-RSC discussed and considered issues related to: (i) Entergy's use of legacy generation units; (ii) cost allocation; (iii) the WPP operational results and potential improvements; (iv) congestion and TLR events; (v) QF puts; (vi) RMR units; (vii) transmission expansion; (viii) differences between the Entergy Construction Plan and

the ICT Base Plan; (ix) E-RSC's authority to direct filings; (x) seams agreements with surrounding transmission systems and RTOs; and (xi) Entergy's Alternative Economic Study Process. The E-RSC also directed SPP to post metrics each month showing information and results for congestion, transmission utilization, and transmission and interconnection studies on Entergy's system. These metrics can be accessed on SPP's website.

As previously discussed, Entergy filed an Amended and Restated ICT Agreement to extend the ICT arrangement for an additional term of two years. In 2011, the E-RSC will continue to examine the results of CRA's cost/benefit study, including the allocation of benefits between Entergy's Operating Companies based on Entergy's membership in an RTO. In addition, the E-RSC will work with Entergy, SPP, and stakeholders to examine potential enhancements to the ICT structure during the extended term.

Further, E-RSC discussions have resulted in Entergy's agreement to give the E-RSC expanded authority. Specifically, Entergy has proposed tariff changes to give the E-RSC the authority, upon unanimous vote of all E-RSC members, to direct Entergy Operating Companies to: (i) add specific projects to Entergy's Construction Plan; and (ii) make a section 205 filing to propose changes to the cost allocation methodology for future transmission upgrade costs. Entergy's filing was made at the end of 2010, and therefore, will continue to be monitored next year.

D. Other Task Force Activities

Rate Pancaking Task Force ("RPTF")
Base Case Overload Task Force ("BCOTF")
Base Case Contingency Overload Task Force ("BCCOTF")

There was no activity from these task forces this year. Under the new SPC structure, each of these task forces was disbanded. The SPC will consider whether any work or issues related to these task forces should be addressed by one of the new task forces or whether a different task force needs to be created.

Users Group

The Commission directed and the SPC established the Users Group to monitor Entergy's data ("IT") systems and to address specific IT system issues. In doing so, the Users Group conducts quarterly assessments of Entergy's data systems with respect to data access, data quality, and data retention and evaluates Entergy's IT systems and IT resource allocations to measure their efficiency and performance.

During 2010, SPP conducted quarterly assessments of Entergy's back-up and archiving processes for AFC and WPP data. SPP's audit generally confirmed that Entergy's 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. In addition, SPP examined Entergy's internal Information Vaulting System ("IVS") documentation and confirmed that all back-up tapes were properly sent offsite for storage. Therefore, SPP reported that all data retention processes were working properly to prevent data loss.

As part of these quarterly assessments, SPP, 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. In particular, SPP recommended Entergy create formal daily checklists related to the performance of backups to ensure critical process steps are not omitted. SPP also recommended Entergy update its AFC and WPP back-up process documentation to include new process improvements. SPP continues to monitor Entergy's efforts to remove certain AFC data from archive tapes with a longer retention schedule because the AFC data has reached its end-of-life and no longer needs to be retained.

This year, SPP also confirmed that, consistent with prior recommendations, Entergy: (i) installed the Veritas Version 6 software upgrade to alert support staff in real-time when an error in the back-up process occurs; (ii) added more disk space to the restoration test environment to prevent OASIS posting failures caused by insufficient disk space; and (iii) added more resources and implemented a gap plan to eliminate the back log of AFC and WPP archive and restoration back-ups such that Entergy is now current with all data back-up processes. SPP 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.

SPP 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. Therefore, during this reporting period, SPP 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 in the quarterly reports, SPP, in conjunction with the Users Group and stakeholders, has been instrumental in discovering and informing Entergy of 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 and other errors in the future.

ICT Stakeholder Survey

The Commission directed that a survey of Entergy's transmission customers be performed prior to submitting the ICT's Annual Performance 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.

This year, at the request of stakeholders, SPP contracted with a third-party vendor, MarketSearch, to perform the survey. The Stakeholder Survey was sent to 138 recipients who had previously 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. The survey also included responses on the new structure of the SPC and its task forces. By the conclusion of the survey period, the ICT received 17 stakeholder responses.

Although the Commission did not explicitly require the results of the Stakeholder Survey to be included with the Annual Report, SPP believes the Commission intended the survey results to be publicly-available in order to monitor stakeholder impressions of the ICT's performance. Therefore, SPP requested MarketSearch to compile the stakeholder responses to the survey and provides the results herein. *See* Attachment 1.

Again, the low number of returned responses makes it difficult to draw any definitive conclusions about the stakeholders' overall satisfaction (or dissatisfaction) with the ICT's performance. Nonetheless, in comparison to last year's stakeholder survey, the responses to this year's survey showed general improvement in stakeholder satisfaction with the job the ICT is doing with ratings trending upward from neutral and higher. For example, the ICT received higher marks in transparency (15 percent increase) and for operating in a non-discriminatory manner (3 percent increase). In addition, each of the ICT's functional groups generally received increased ratings for their responsiveness and overall customer service. Reliability Coordination saw improved responses in every category and the WPP received high marks for its improved efforts and customer service. The survey also revealed that stakeholders have a more favorable view of the SPC structure with the task forces than with the former working groups.

A limited number of written comments were received along with the survey responses and those comments are included as part of Attachment 1. Overall, these comments show that stakeholders are satisfied with the work and effort of the ICT employees, but believe progress is hindered by models and processes that are flawed. In addition, as seen in last year's survey, stakeholders' comments still show

dissatisfaction with the ICT's level of independence from Entergy and the need for greater transparency.

SPP has previously recognized the inherent difficulties in trying to achieve consensus from all sides. However, the survey results reveal some general agreement and satisfaction with the ICT's work over the past year. Even so, the survey also identifies areas where stakeholders' frustrations remain and the ICT's performance fell short of goals and expectations. Therefore, during its extended term, SPP will continue to strive to make improvements, when necessary, to address those areas of concern as well as the ICT's overall effectiveness.

III. ATTACHMENT S METRICS

In the ICT Approval Order (at P 304), the Commission required that SPP 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 SPP's reporting responsibilities under § 7(a)(2) of Attachment S to the Entergy Tariff and the ICT Approval Order, SPP presents the following metrics:

1. The accuracy rate of posted AFC data compared to that experienced before the ICT was installed.[10]

SPP reports that it is aware of twenty-nine (29) instances of inaccurate or incomplete AFC data that was used to calculate an undeterminable number of AFC data postings for the Annual Reporting period from November 17, 2009 to November 17, 2010.[11]

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, 2009 to November 17, 2010, SPP is not aware of any instances of lost data.[12]

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[10] As previously reported, SPP 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, SPP would not be able to calculate an accuracy rate because SPP cannot determine how many individual AFC postings were inaccurate, even for known instances of inaccurate modeling and posting problems. *See infra* note 11.

[11] 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. SPP, however, does not know how many AFC postings were inaccurate because of these known instances. As a result, SPP is unable to provide an accuracy rate for this metric.

[12] *See* ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.3 at 49, filed Mar. 31, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.3 at 45, filed June 30, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 9.3 at 45, filed Sept. 30, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-00, sections 9.3 at 50, filed Dec. 30, 2010.

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

During the Annual Reporting period from November 17, 2009 to November 17, 2010, SPP was not aware of any instances in which users were given inaccurate or incomplete data.[13]

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

During the Annual Reporting period from November 17, 2009 to November 17, 2010, Entergy used inaccurate modeling assumptions twenty-nine (29) times. All instances where SPP 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 SPP in its Quarterly Performance Reports.[14]

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, 2009 to November 17, 2010, SPP 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.[15]

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[13] This metric was developed by reviewing the Quarterly Performance Reports and recording the data issues that addressed posting problems and/or malfunctions of posting software.

[14] This metric was developed by reviewing the 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 8.3.2.5, filed Mar. 31, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.3.2.1 through 8.3.2.4, filed June 30, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.1 through 9.3.2.6, filed Sept. 30, 2010; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.1, filed Dec. 30, 2010.

[15] To avoid potential confusion and the duplication of other metrics, SPP 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, 2009 to November 17, 2010, SPP received seven (7) complaints from transmission users that AFC was not available.[16]

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, 2009 to November 17, 2010, SPP 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.[17]

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

During the Annual Reporting period from November 17, 2009 to November 17, 2010, SPP completed three (3) Feasibility Studies, five (5) System Impact Studies, and four (4) Facility Studies related to generation interconnection requests. SPP, on average, took approximately fifty (50) days to process the requested Feasibility Studies for generator interconnection requests; approximately one hundred and forty-seven (147) days to process the System Impact Studies, and approximately one hundred and seventy-six (176) 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, 2009 to November 17, 2010, SPP performed approximately seventy-five (75) System Impact Studies

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[16] This metric was developed by reviewing both "formal" and "informal" complaints received by SPP. During this reporting period, six (6) 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 44, filed Mar. 31, 2010.

[17] The measurement for this metric was developed in order to report the instances of inadequate posting of AFC values. SPP 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.

related to TSRs in an average of fifty-four (54) days and approximately fourteen (14) Facility Studies related to TSRs in an average of fifty-seven (57) days.

IV. CONCLUSION

After four years of operations, the ICT arrangement has provided measurable benefits through increased transparency and significant improvements across all functional areas, including Tariff Administration, System Planning, Reliability Coordination, and the WPP. These improvements have significantly advanced the goal of ensuring open, non-discriminatory access to Entergy's transmission system. With an extended term and a new SPC structure, SPP will continue to examine and make structural and operational changes, when necessary, to improve the quality of service on the Entergy system.

Attachment 1

SPP Southwest Power Pool

ICT Stakeholder Survey 2010

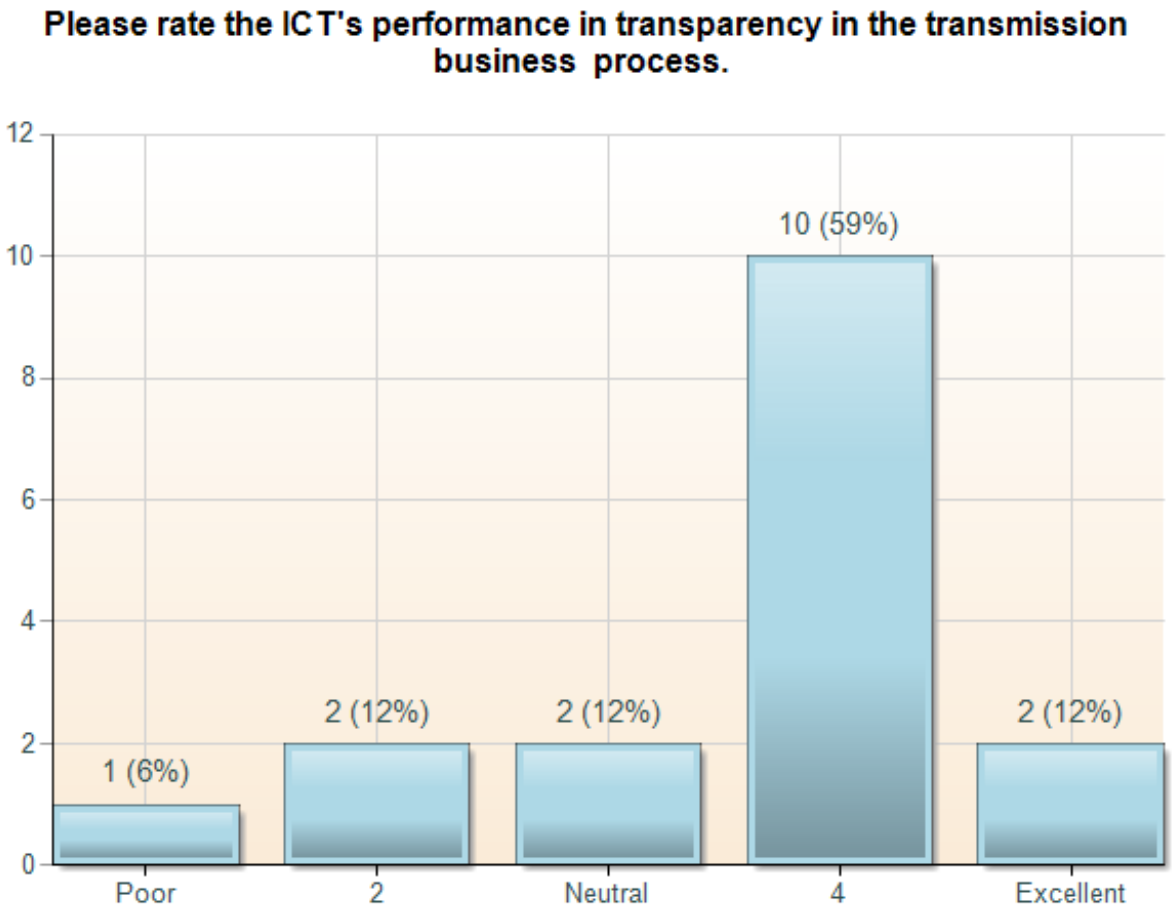
Summary Results

MARKETSEARCH

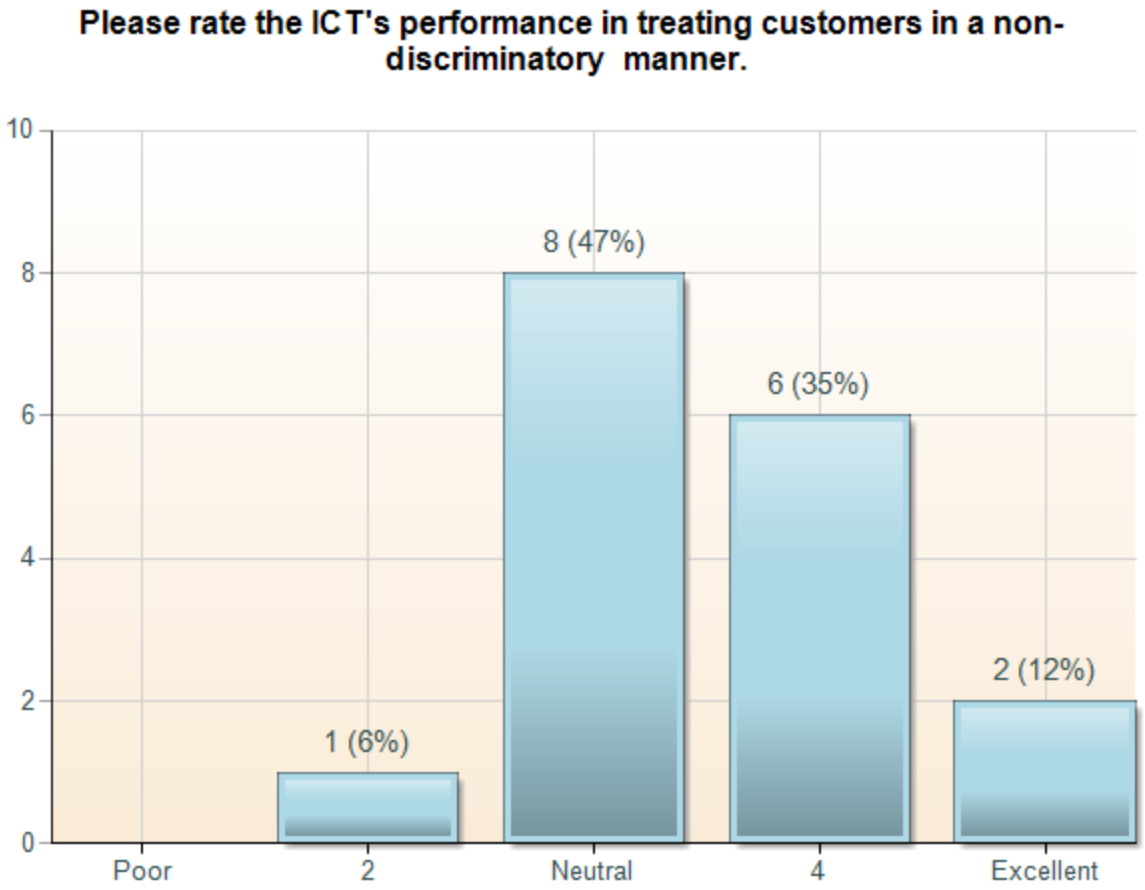
How the 2010 ICT Stakeholder Survey was Administered

- Questions were adapted from previous surveys to reflect operational changes
- Question review and survey administration via third-party research firm
- Survey administration completely online, with multiple communications:
  - Launched 12/16/2010
  - Began with 138 email addresses (28 of which were ultimately duplicates or inactive)
  - 5 email announcements/reminders
  - Closed 1/26/2011 with 17 completed surveys

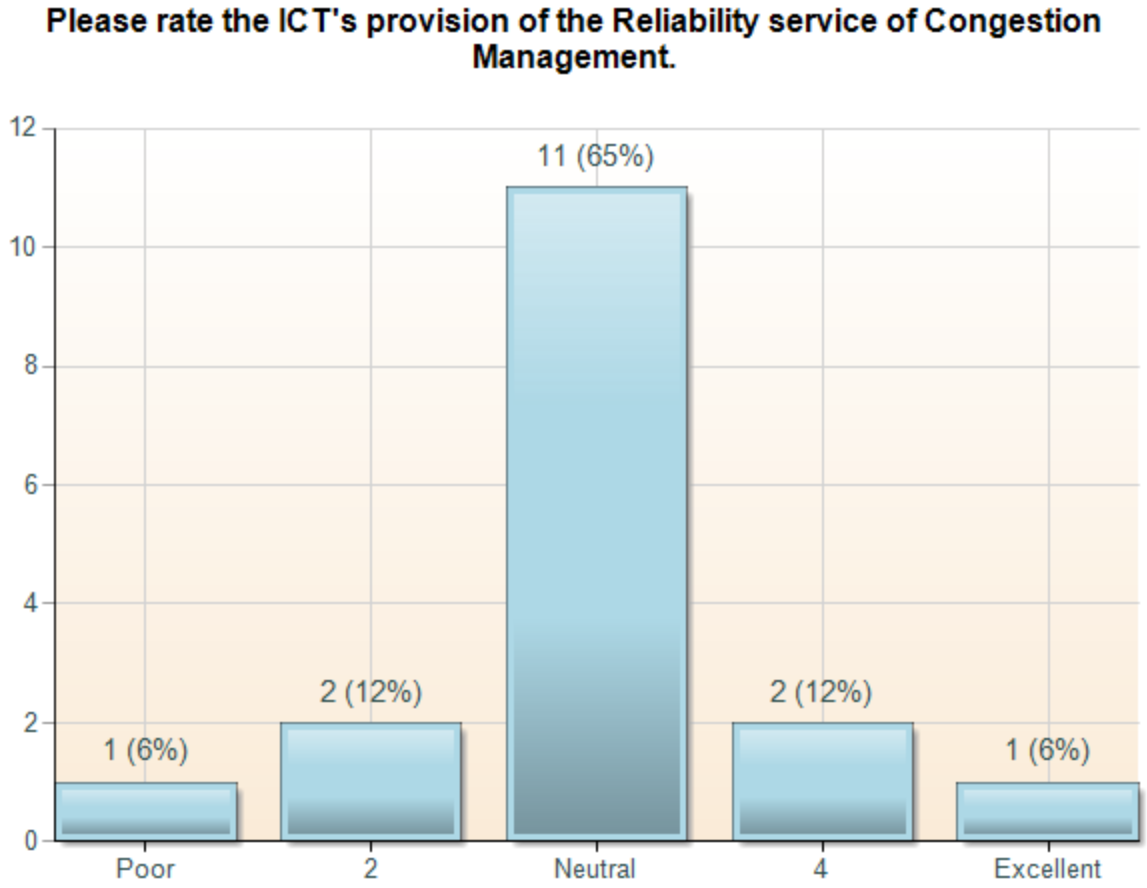
Transparency in Transmission Business Process



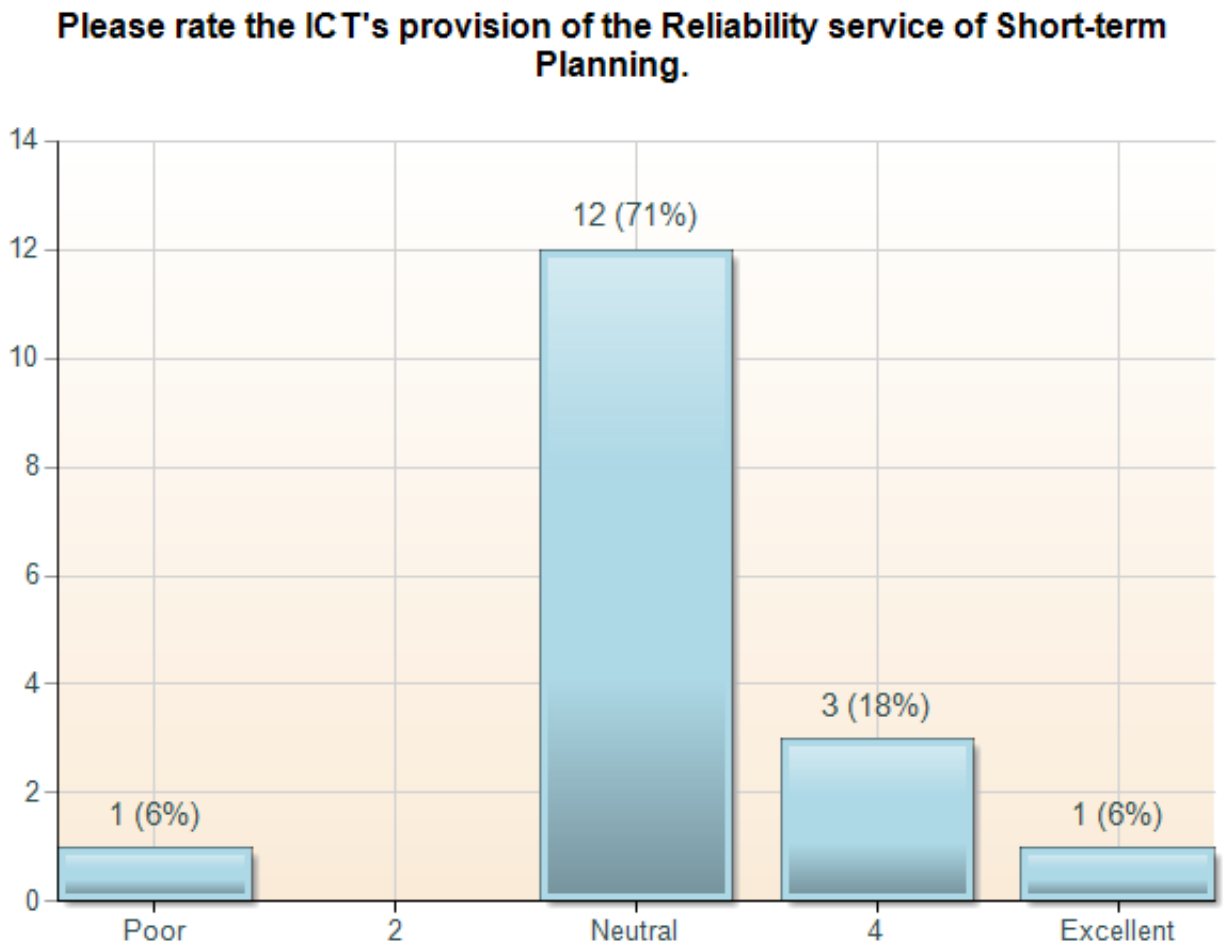
Non-Discriminatory Treatment of Customers



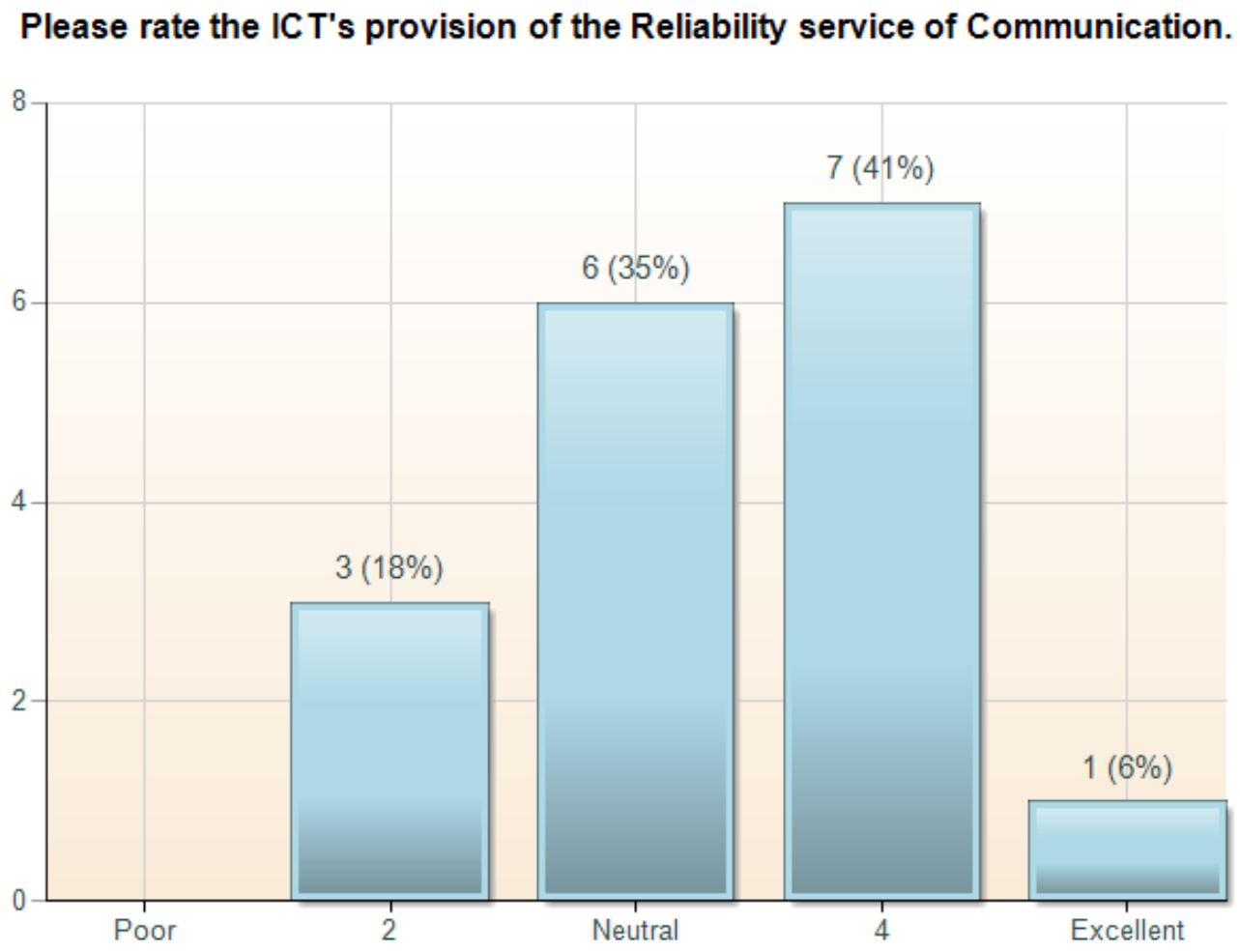
Congestion Management: Reliability



Short-term Planning: Reliability



Communication: Reliability



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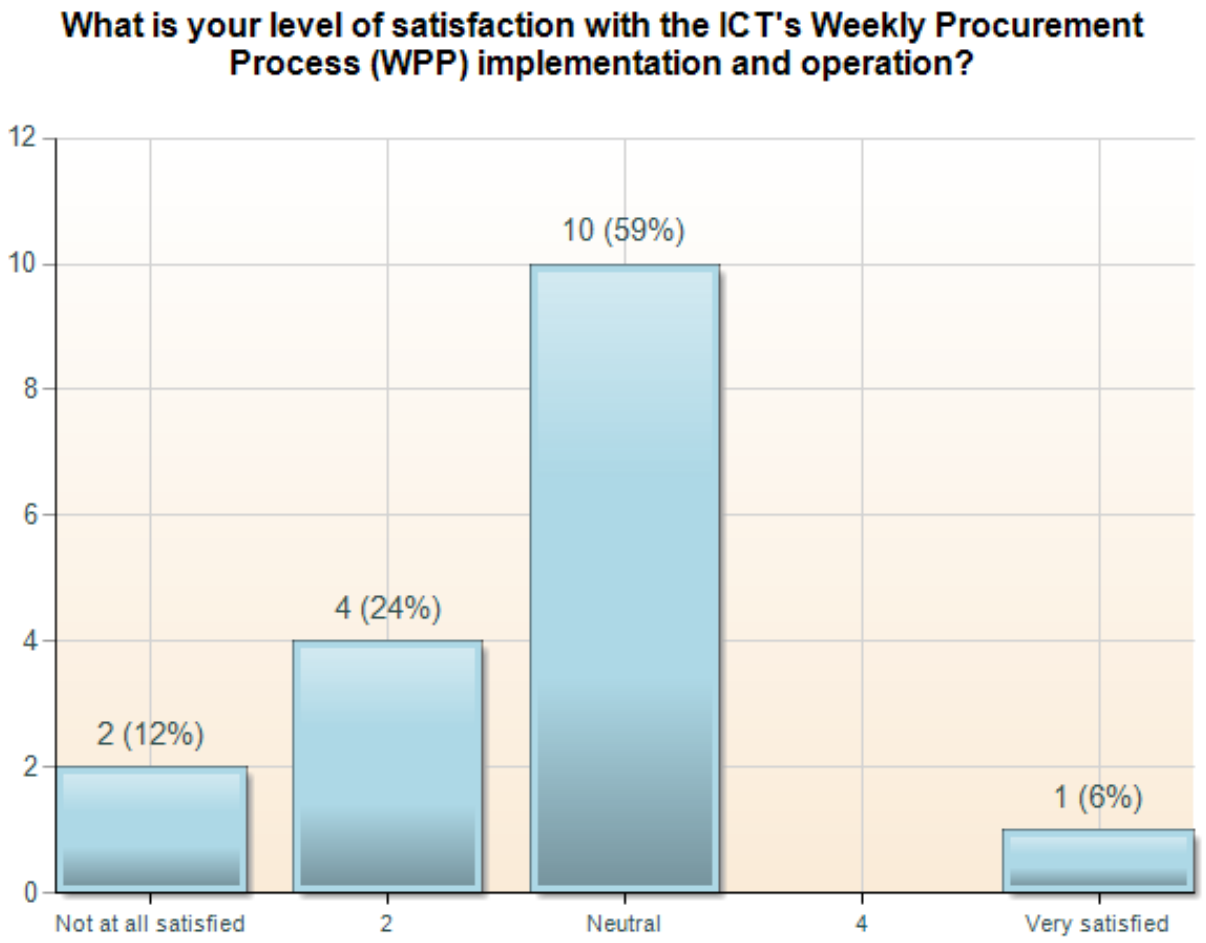
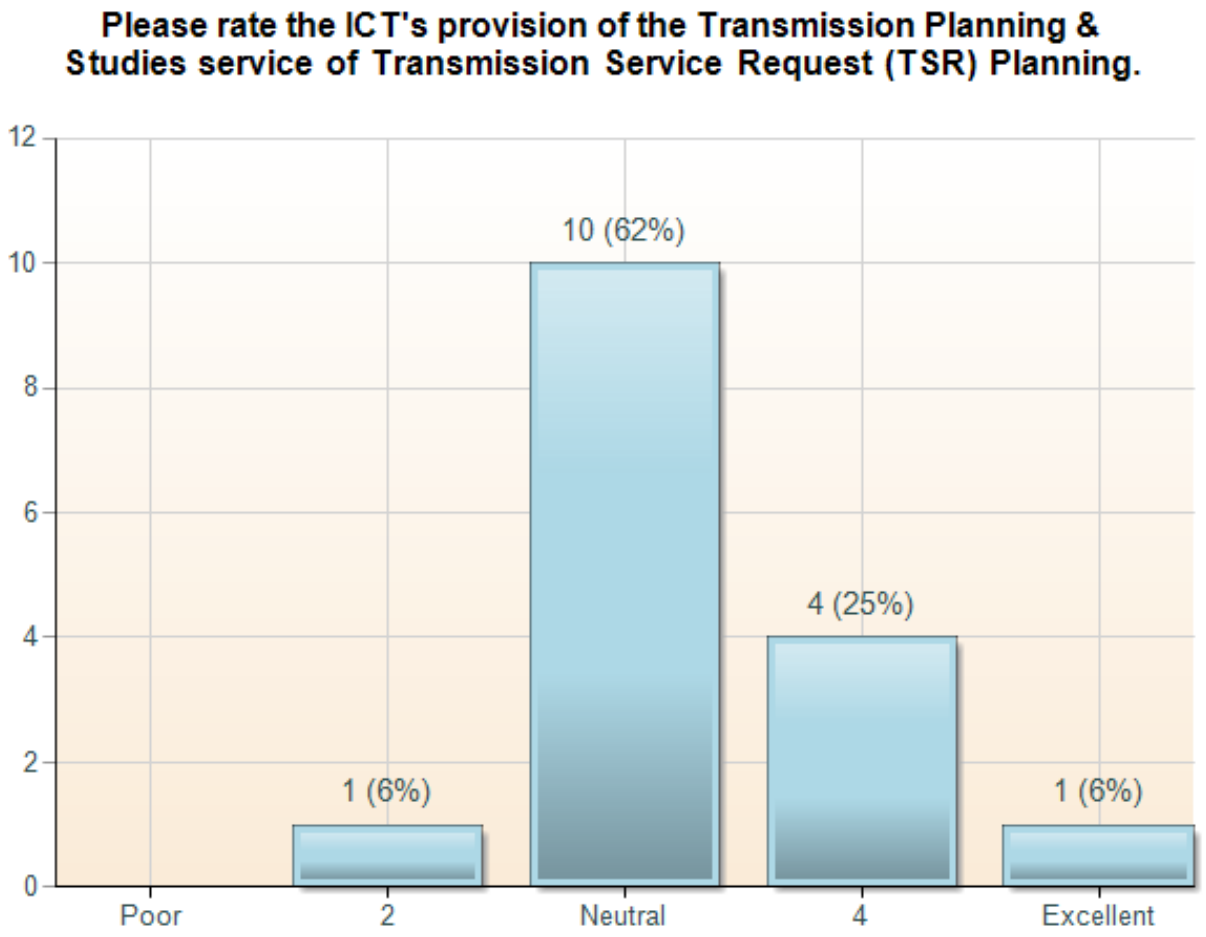
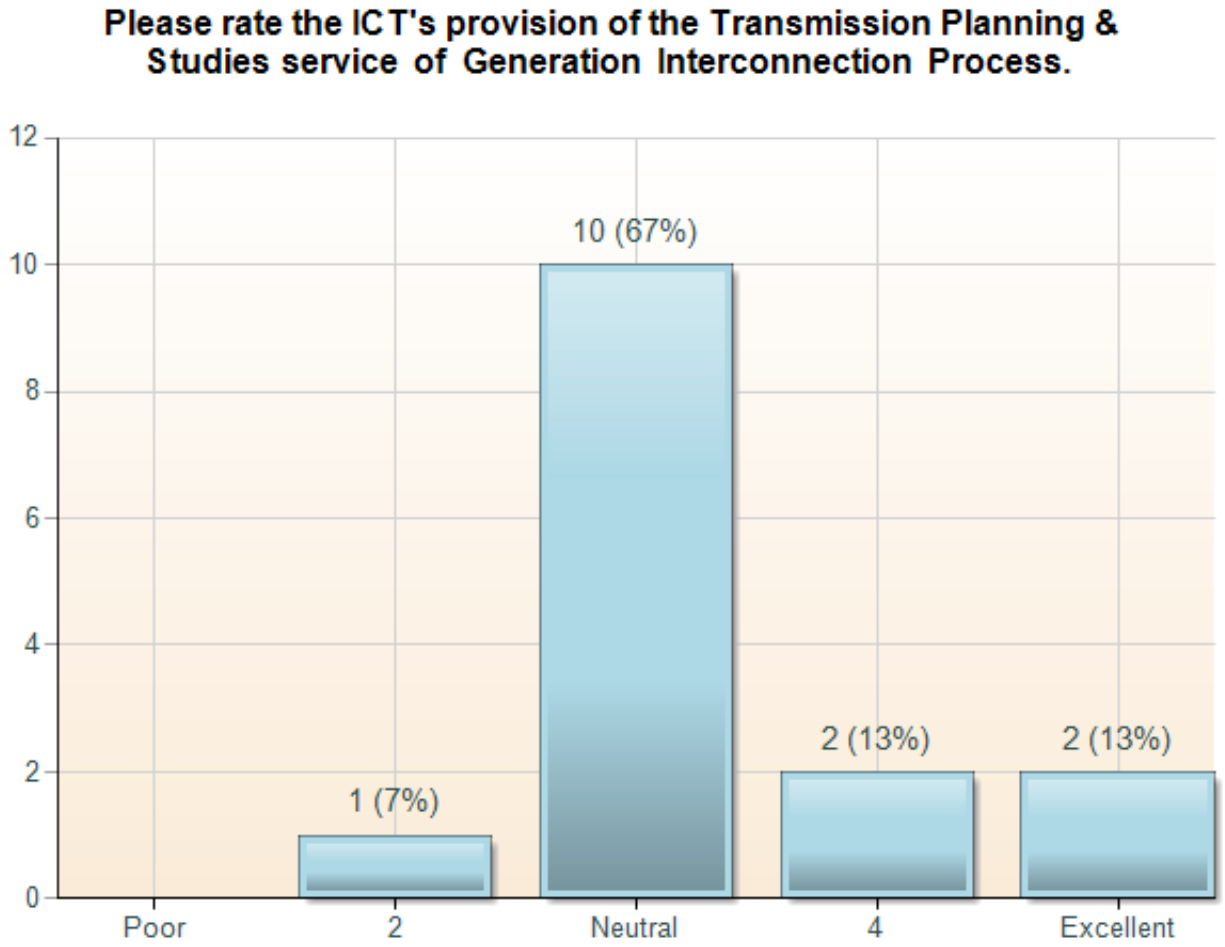
WPP Implementation and Operation



TSR Planning

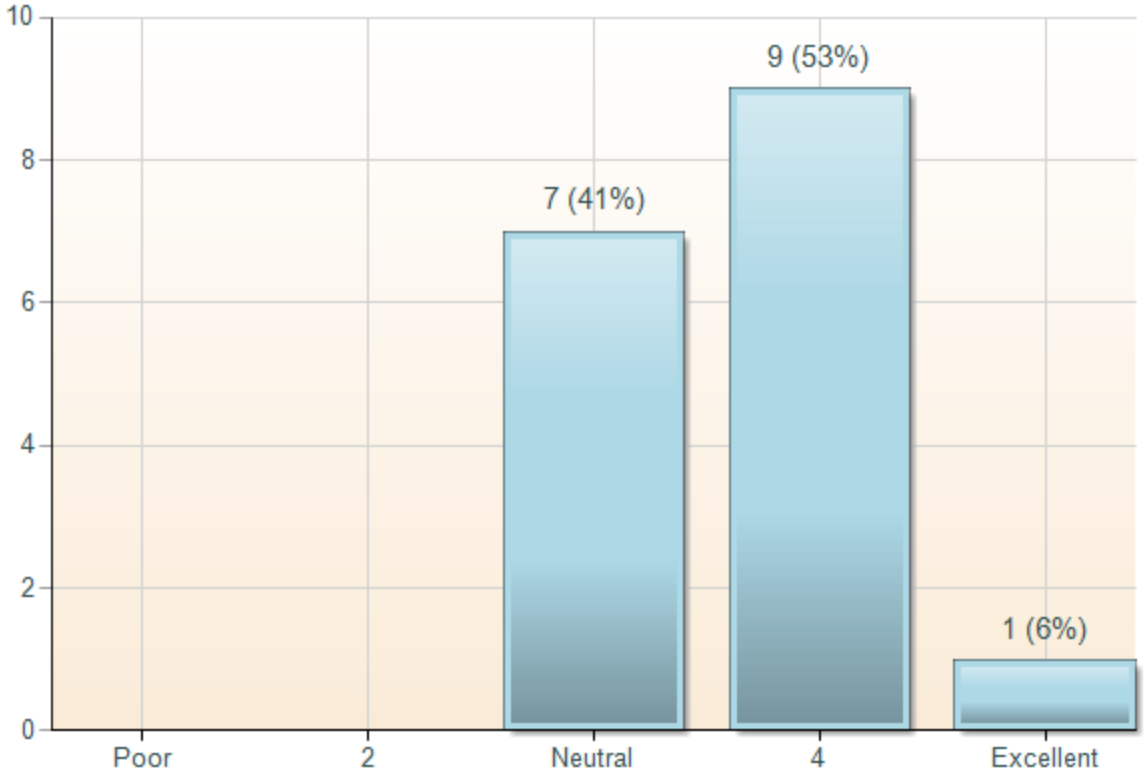


Generation Interconnection Process



Base Plan Process

Please rate the ICT's provision of the Transmission Planning & Studies service of Base Plan Process.



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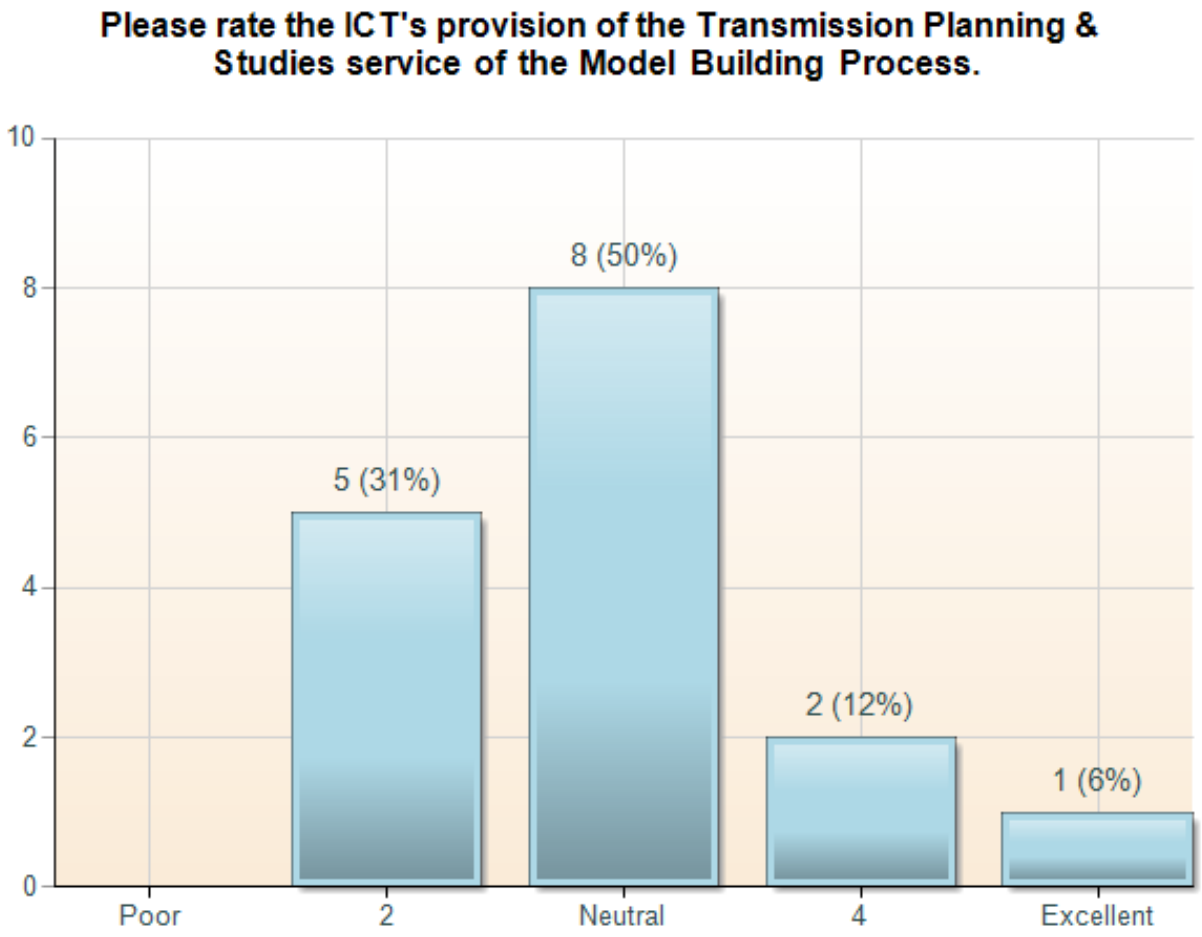
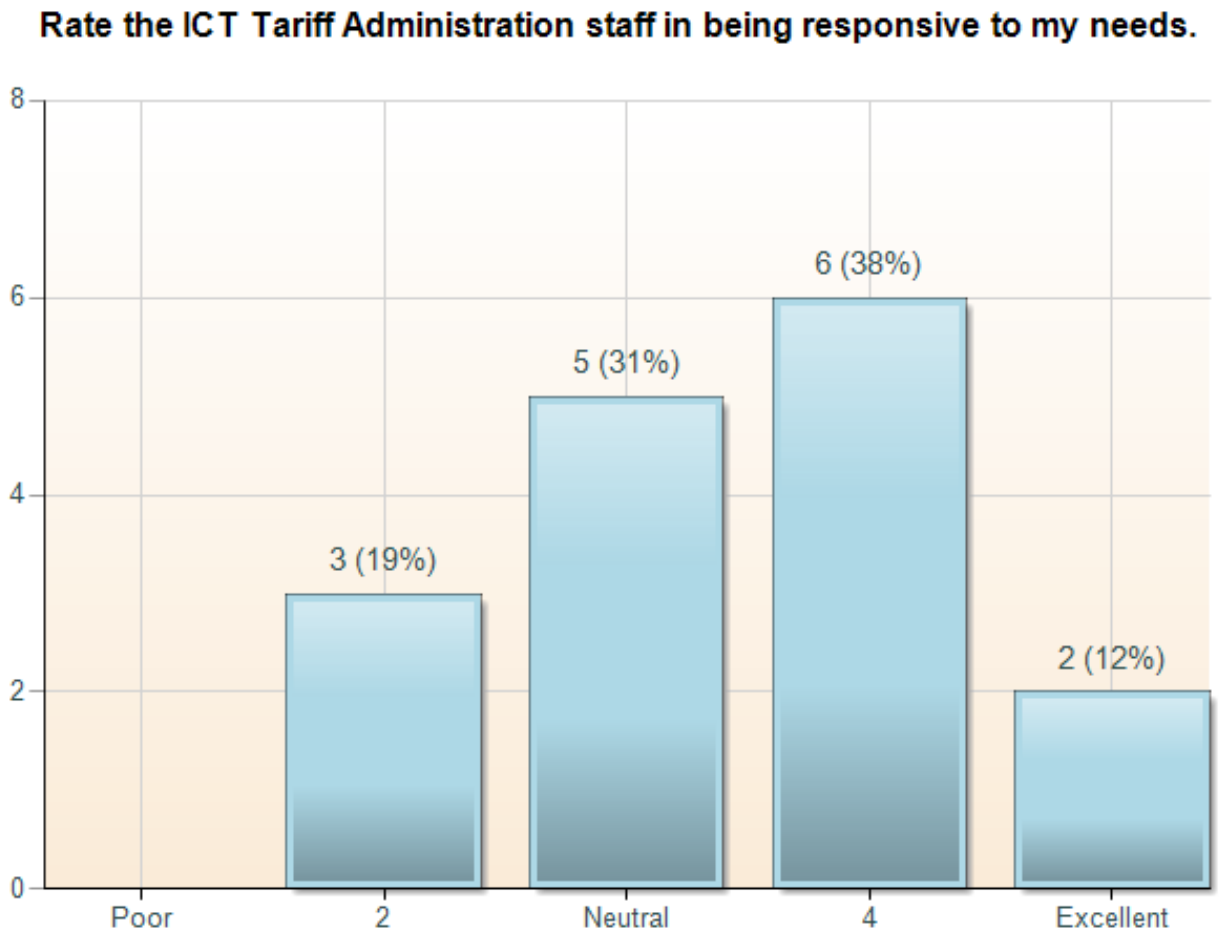
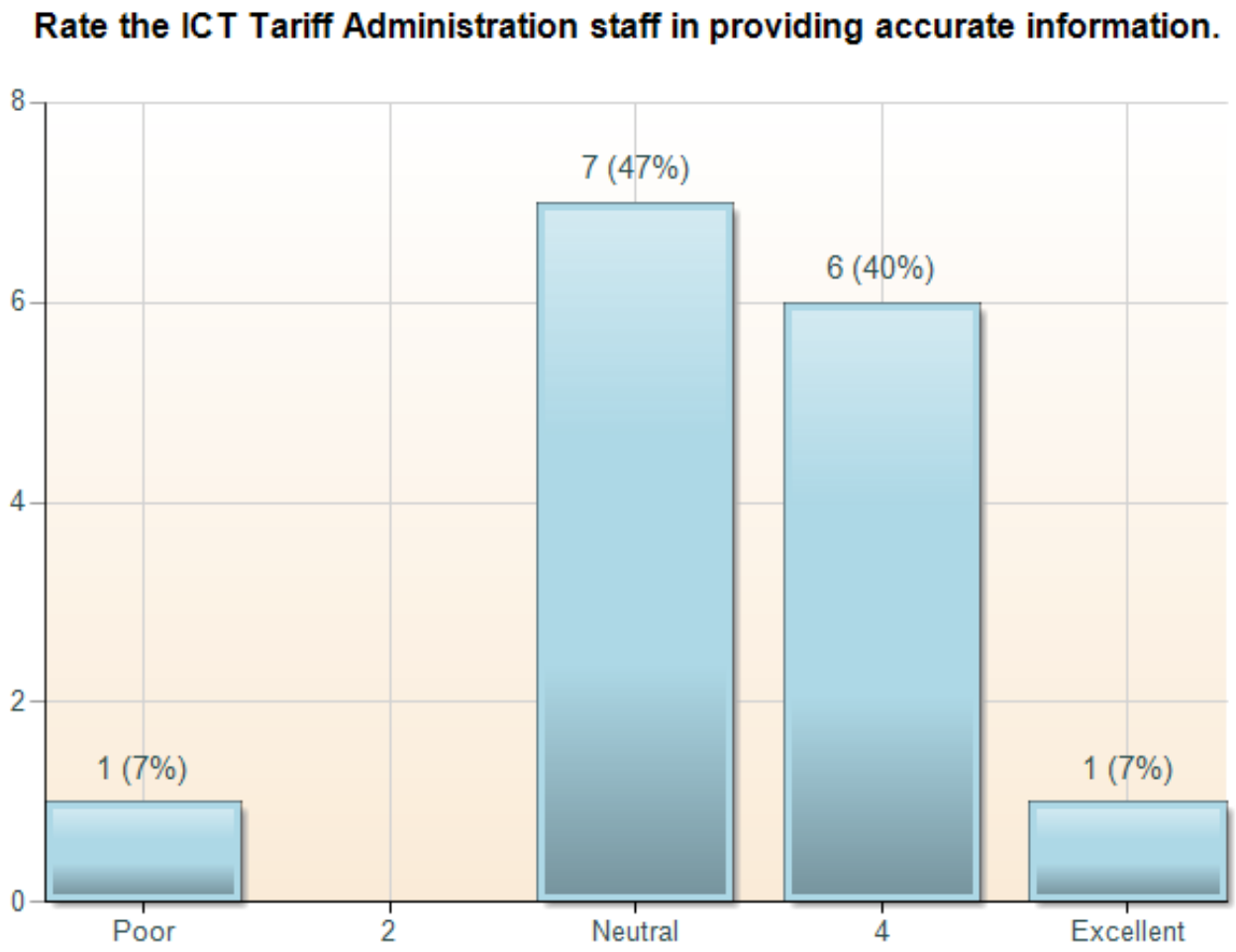
Model Building Process



Responsiveness: ICT Tariff Administration Staff



Accurate Information:
ICT Tariff Administration Staff



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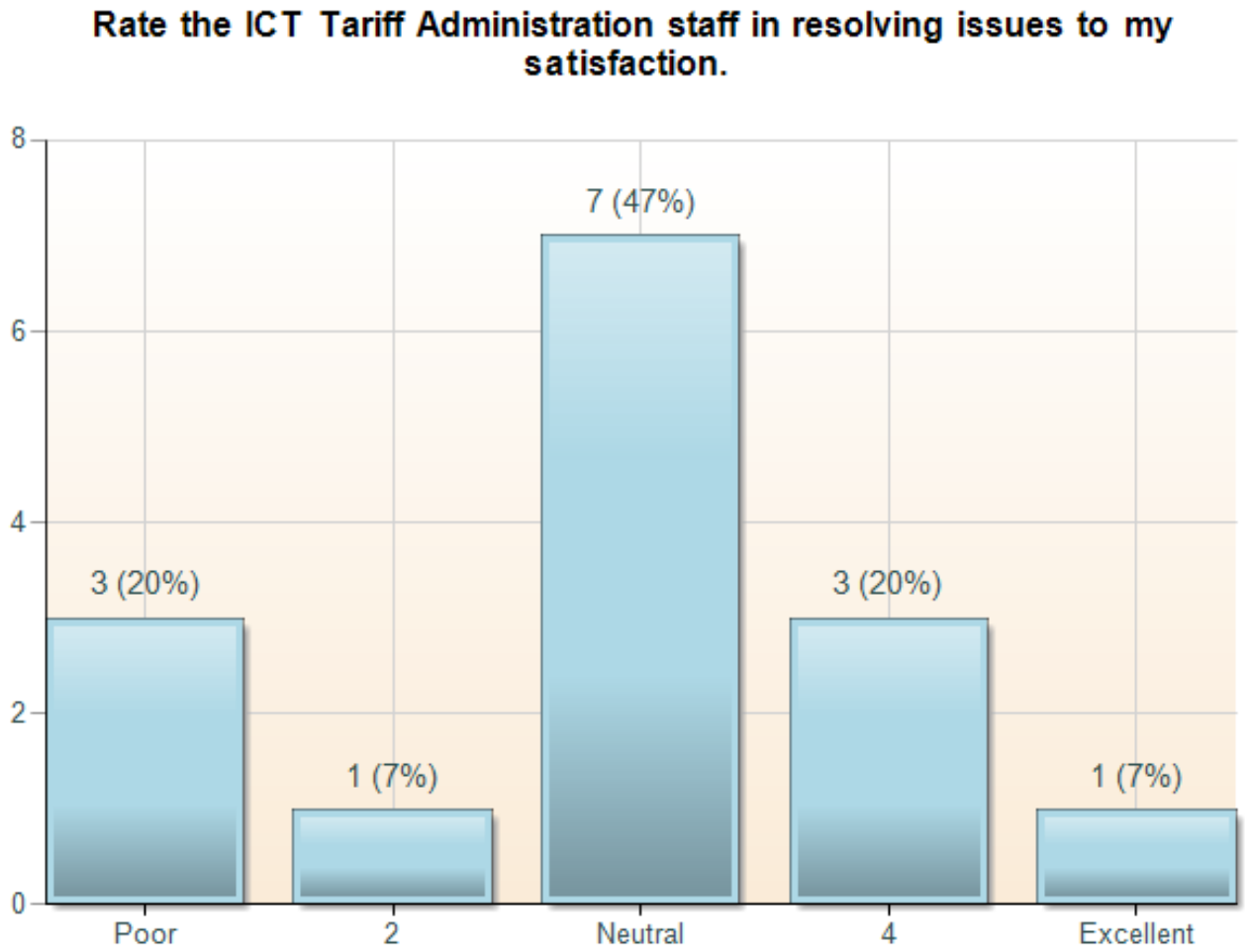
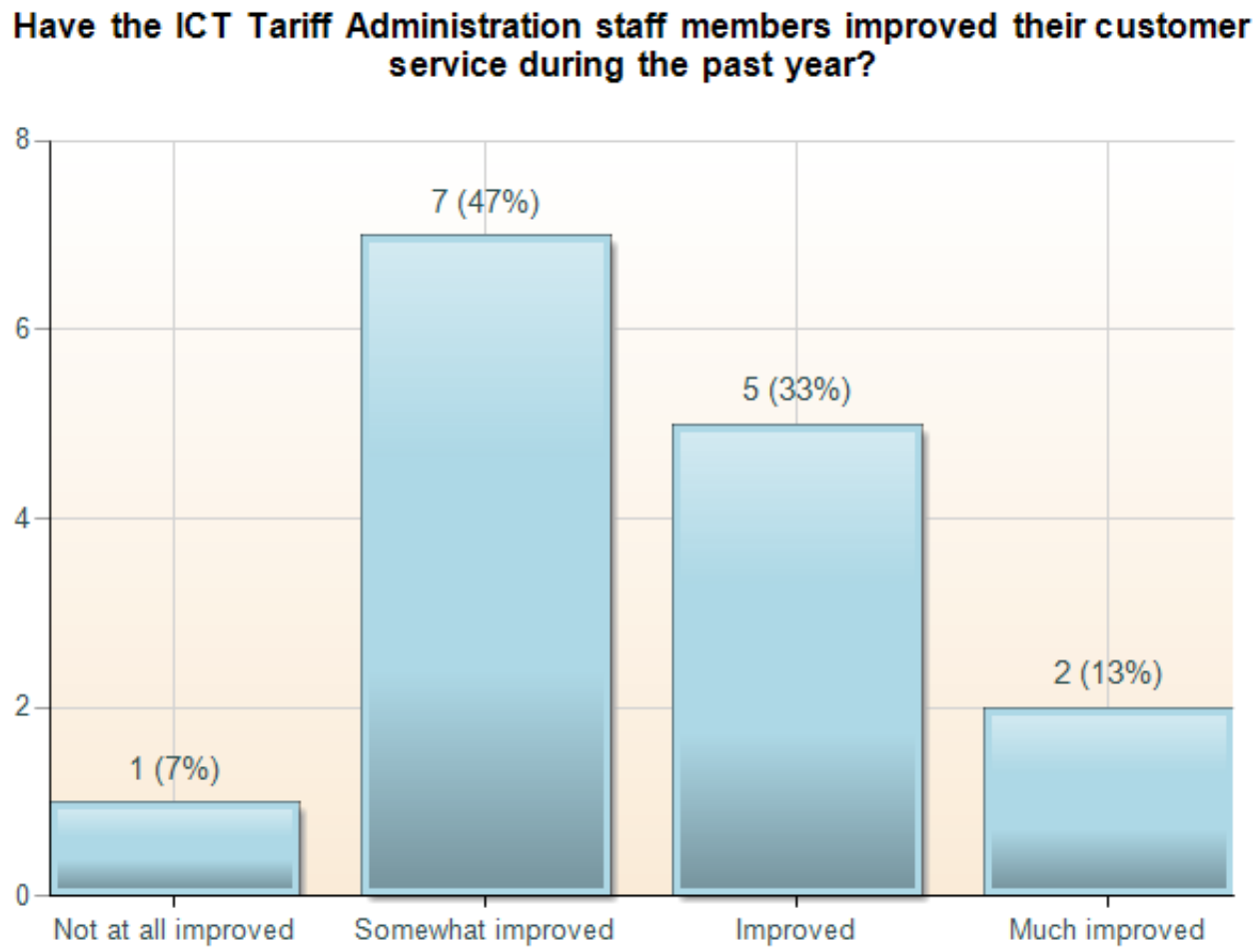
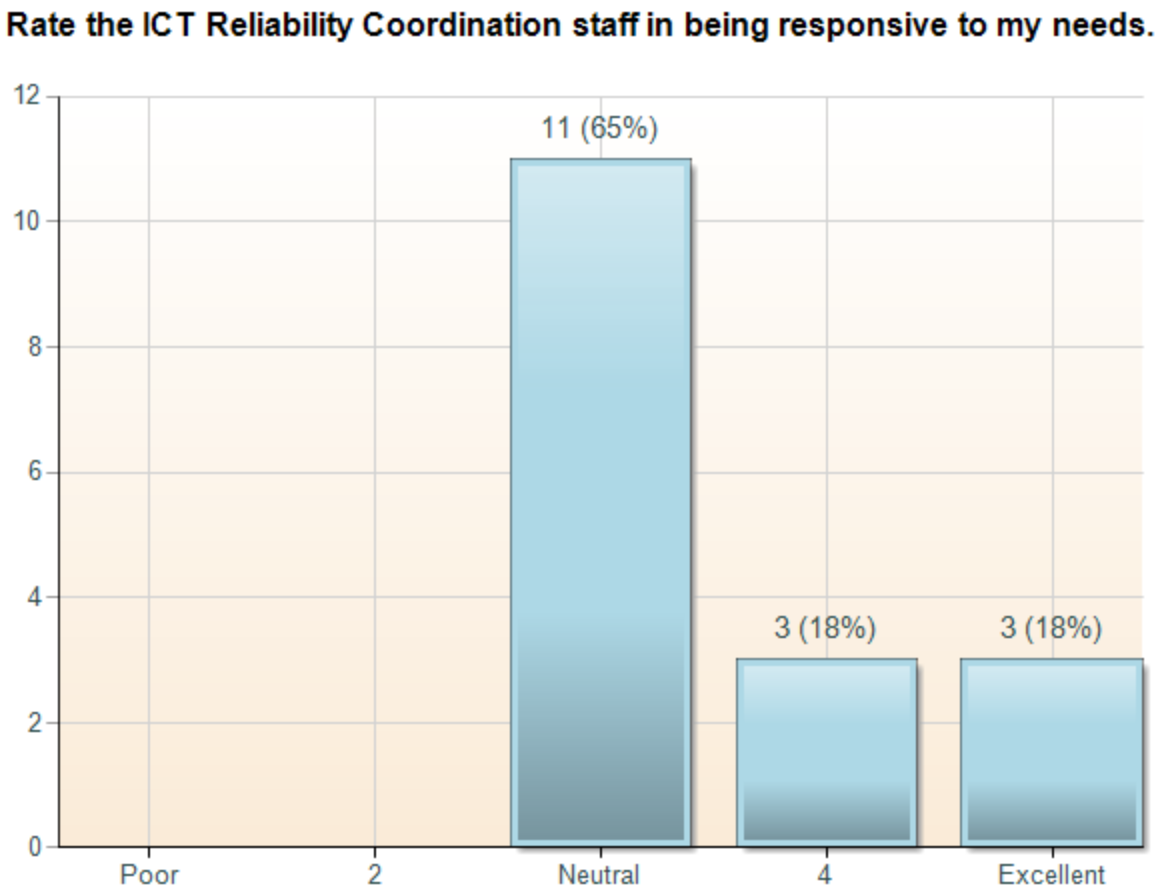
Resolving Issues:
ICT Tariff Administration Staff



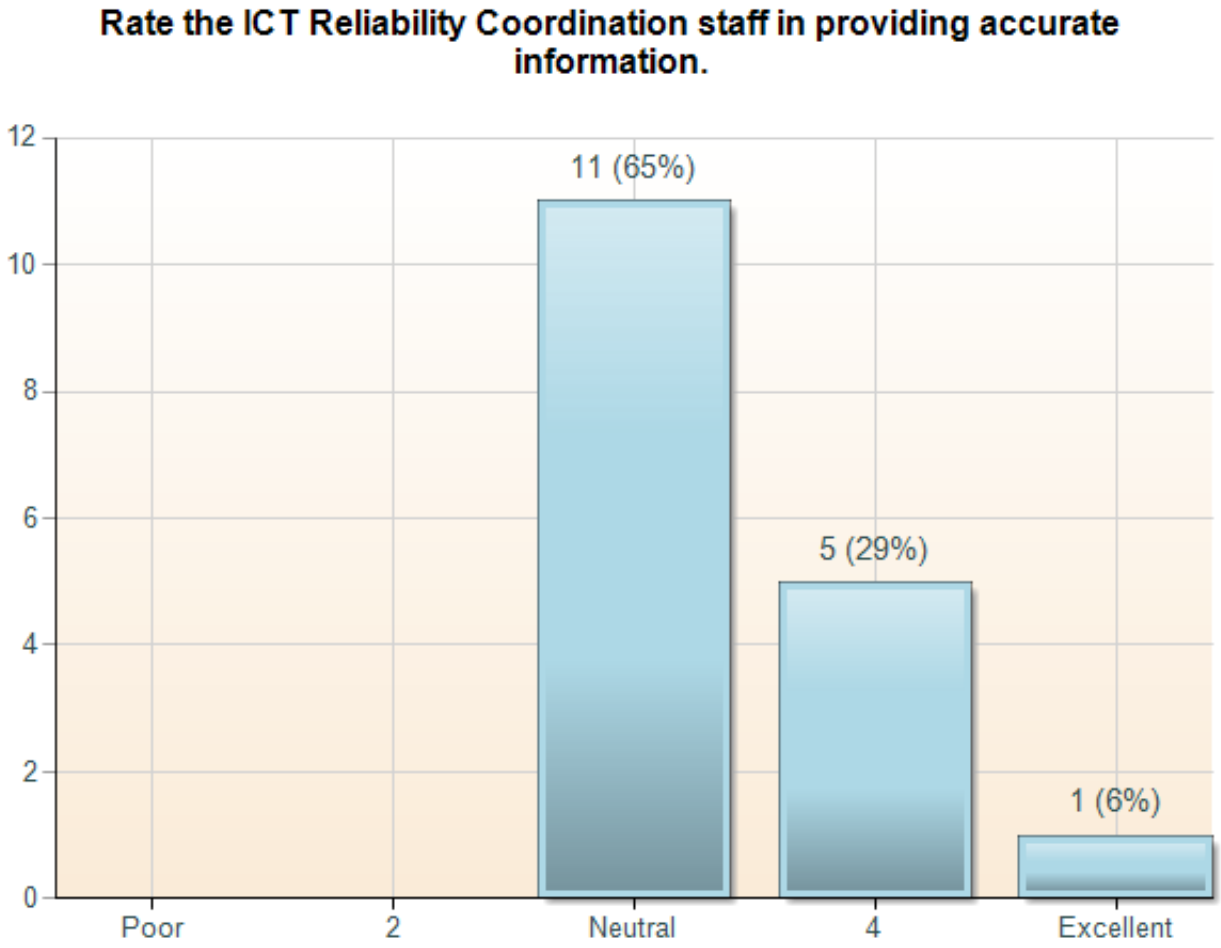
Customer Service Improvement: ICT Tariff Administration Staff



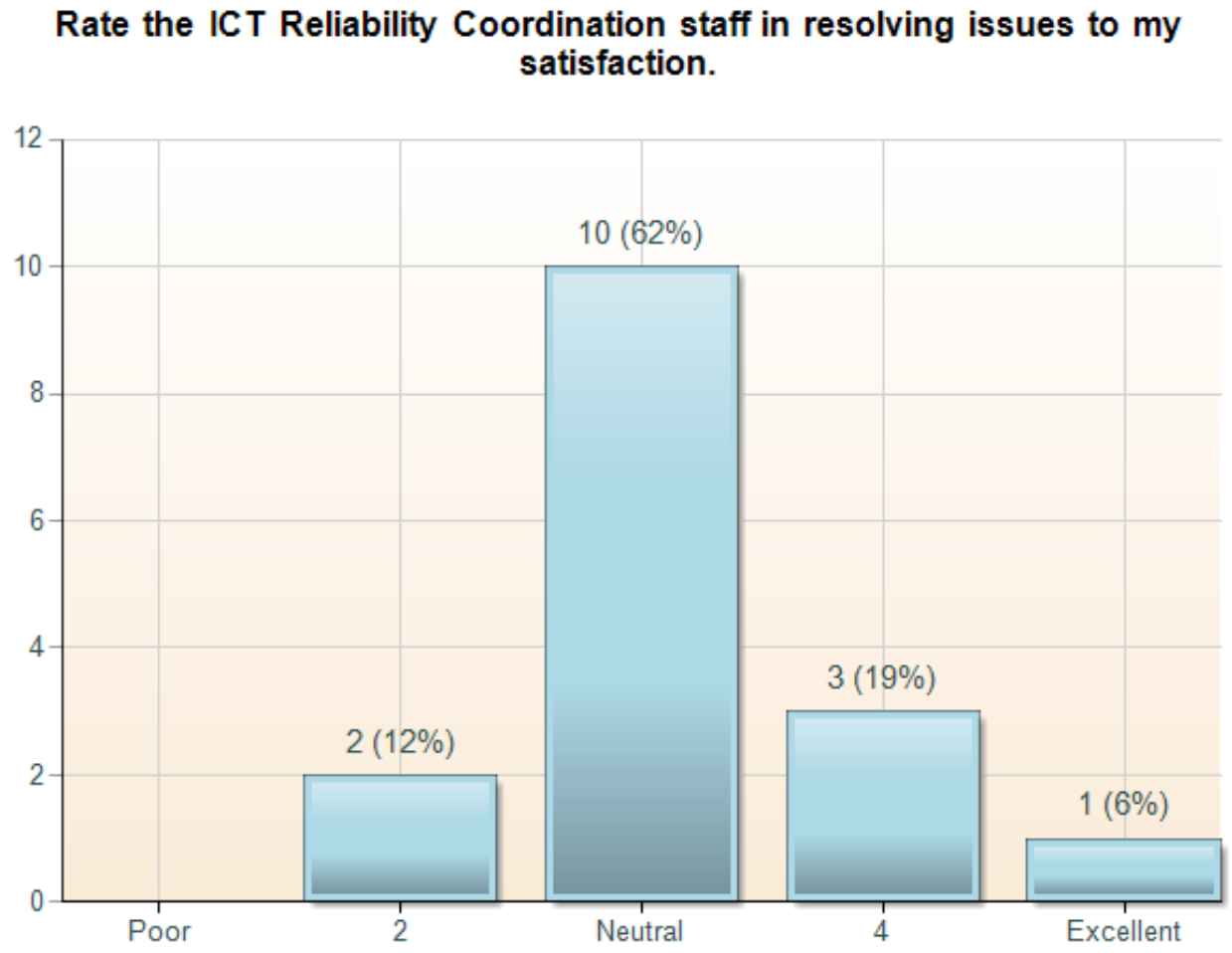
Responsiveness:
ICT Reliability Coordination Staff



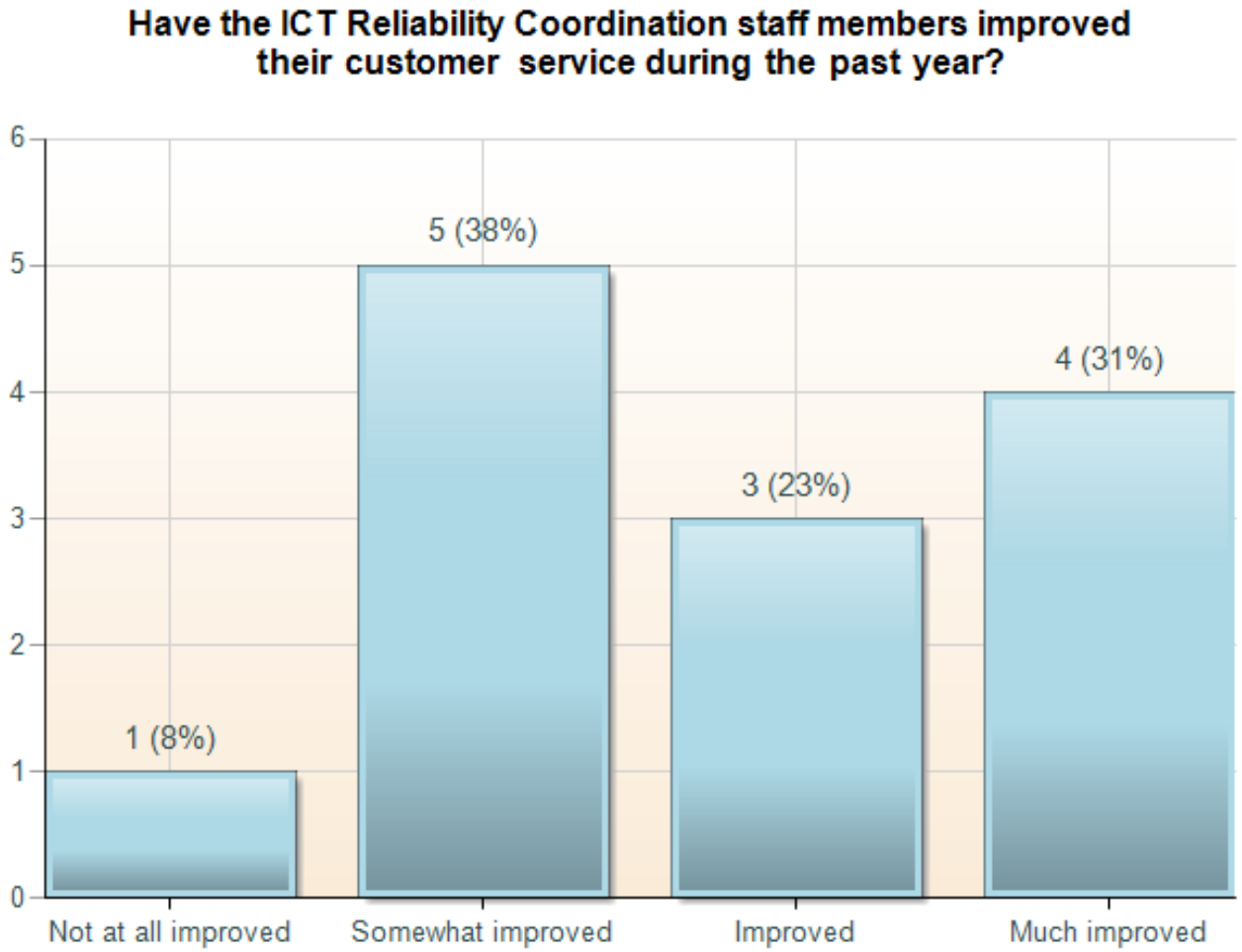
Accurate Information:
ICT Reliability Coordination Staff



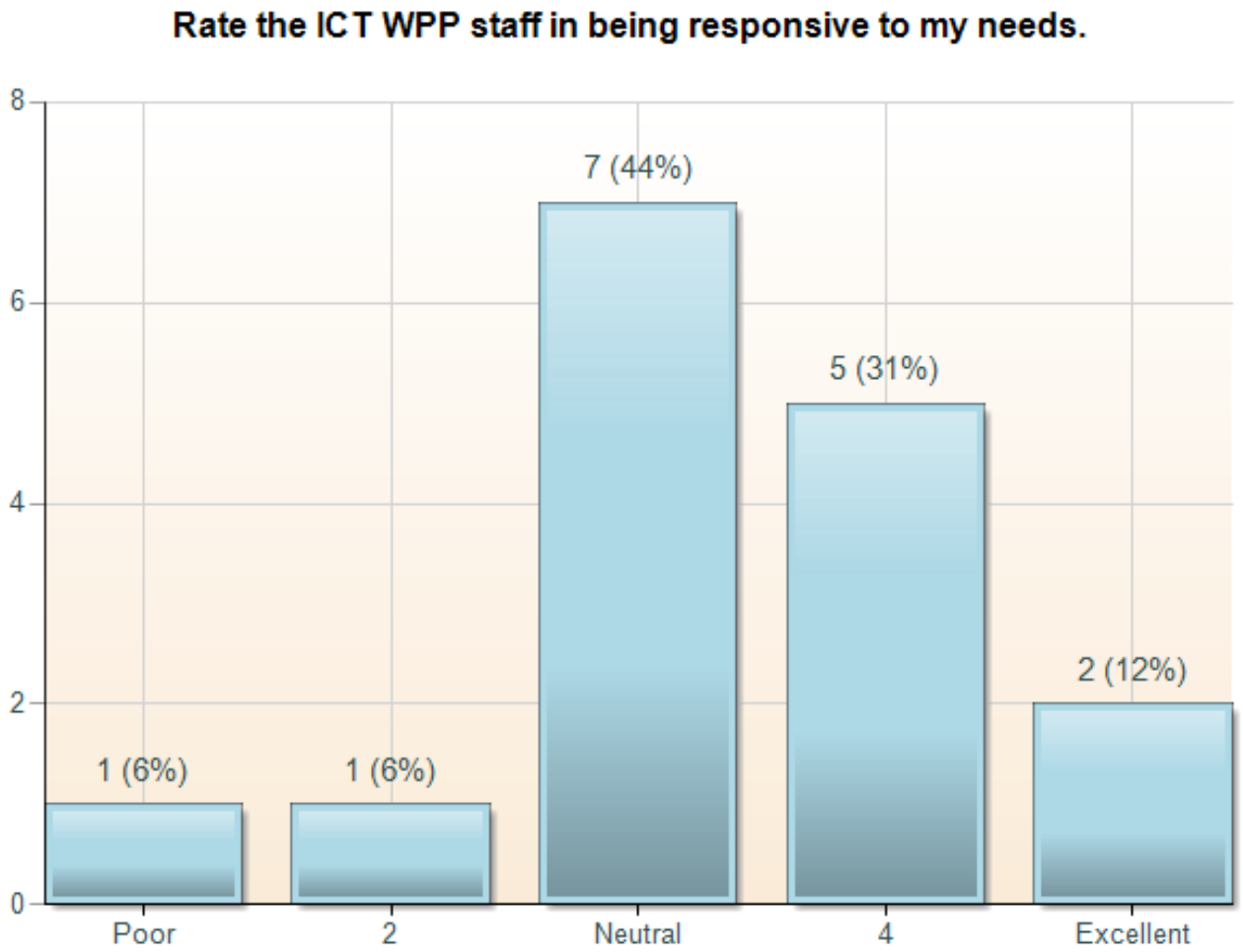
Resolving Issues:
ICT Reliability Coordination Staff



Customer Service Improvement: ICT Reliability Coordination Staff



Responsiveness:
ICT WPP Staff



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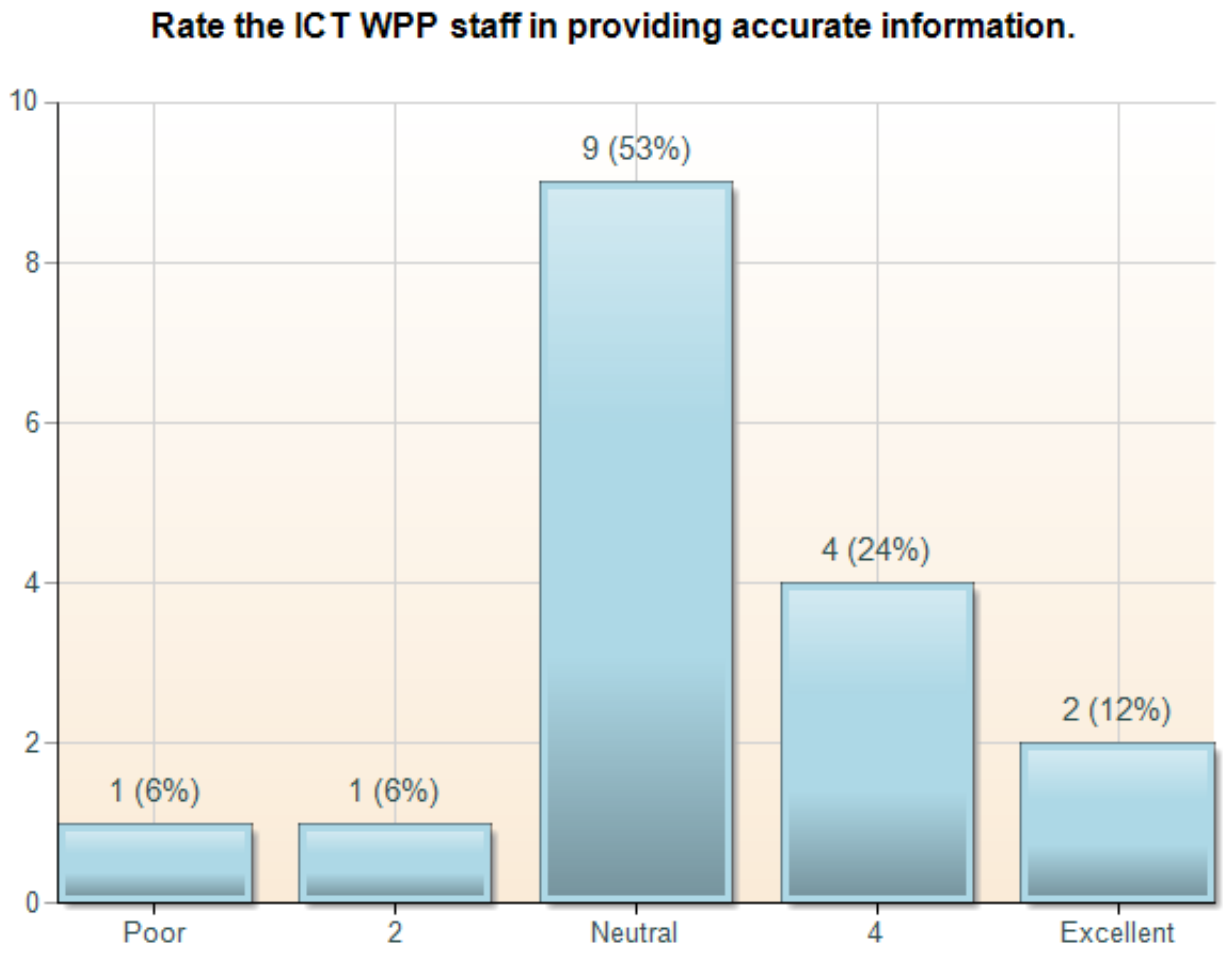
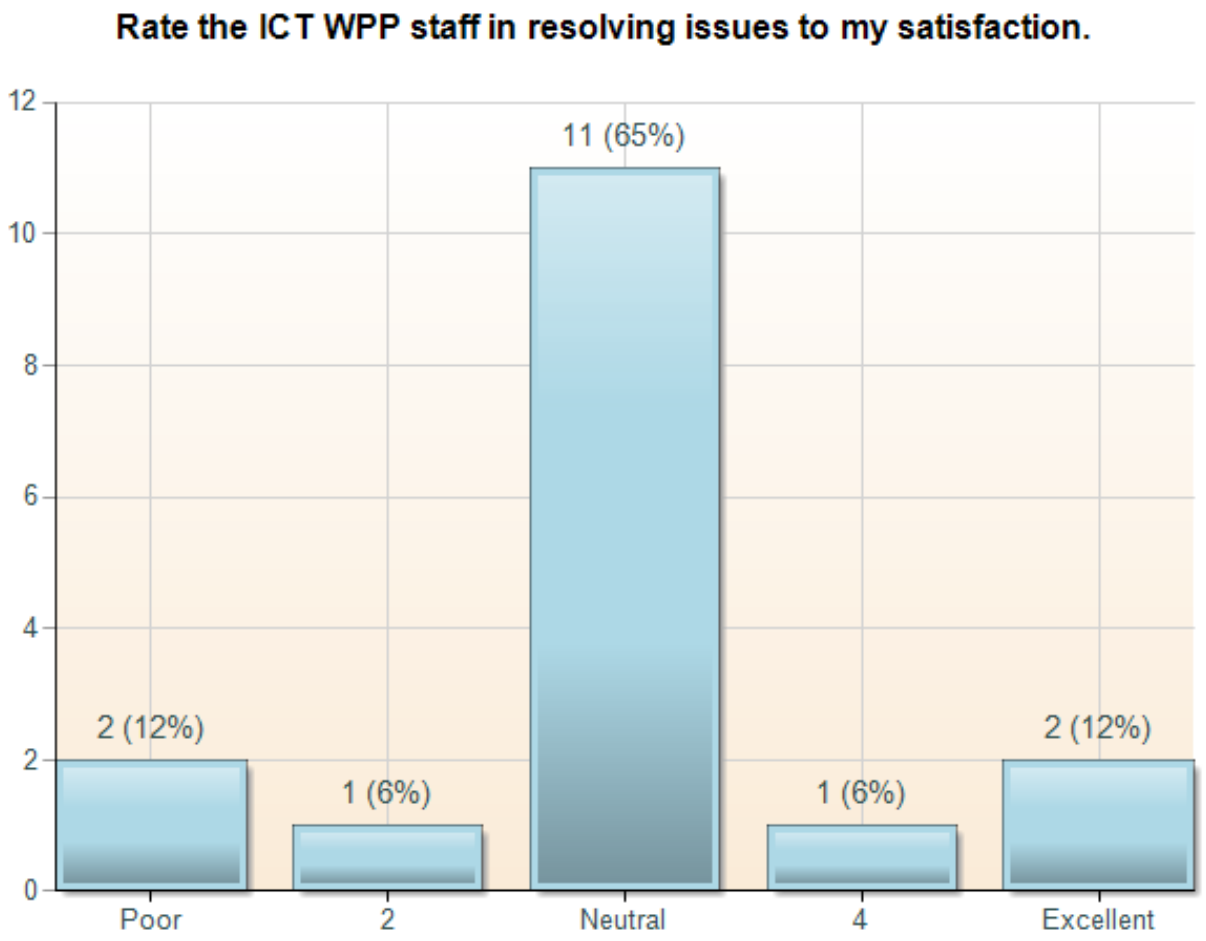
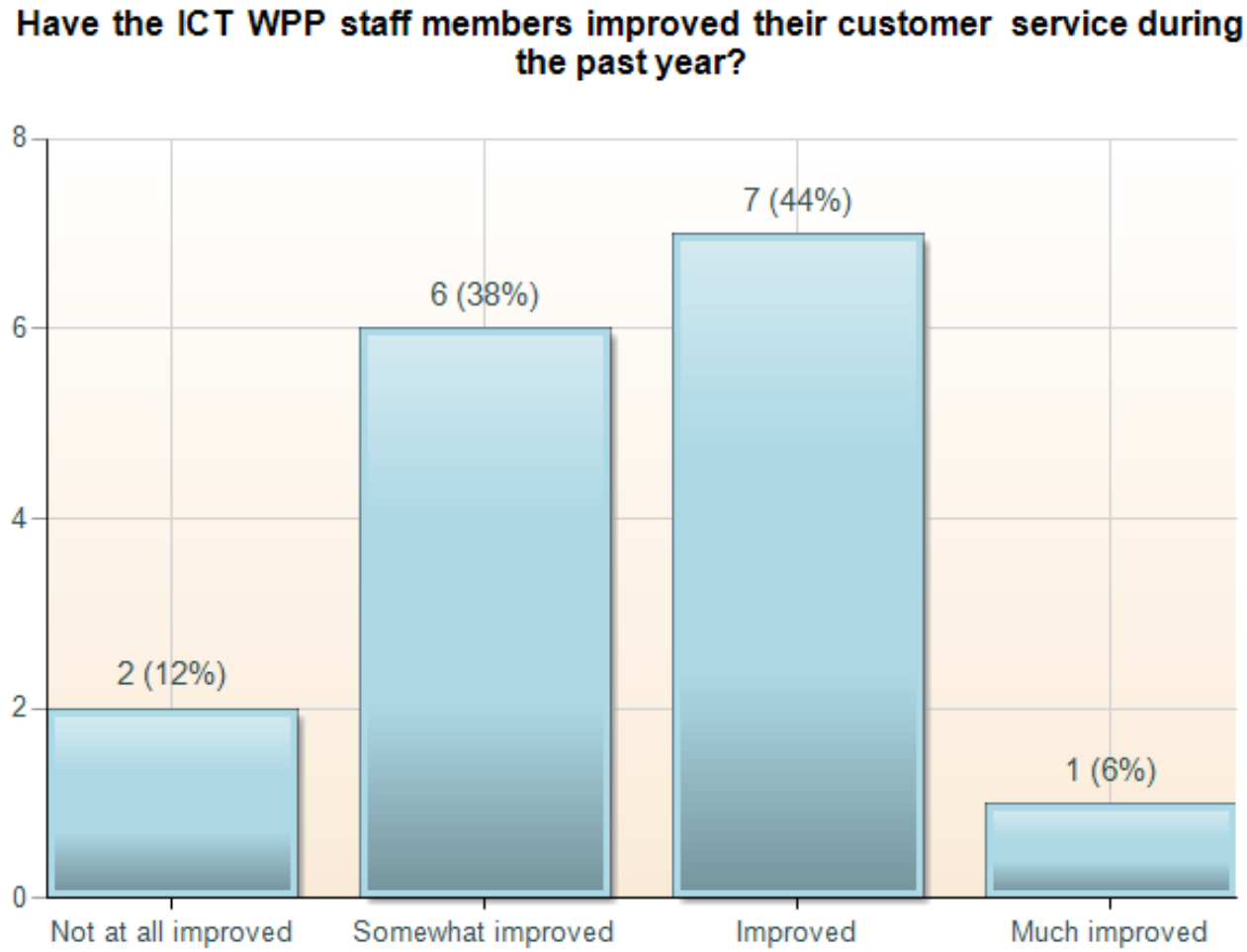
Accurate Information: ICT WPP Staff



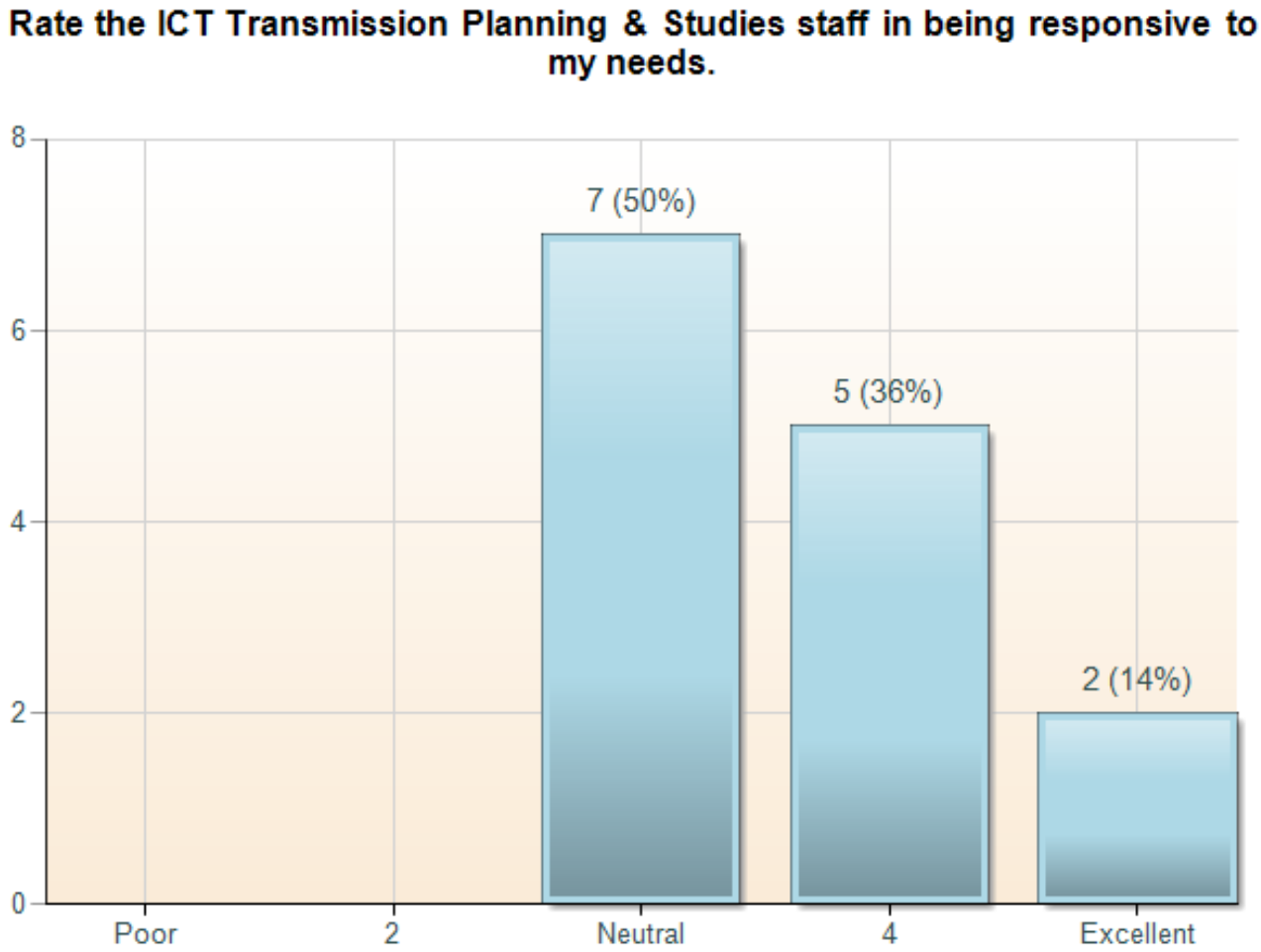
Resolving Issues:
ICT WPP Staff



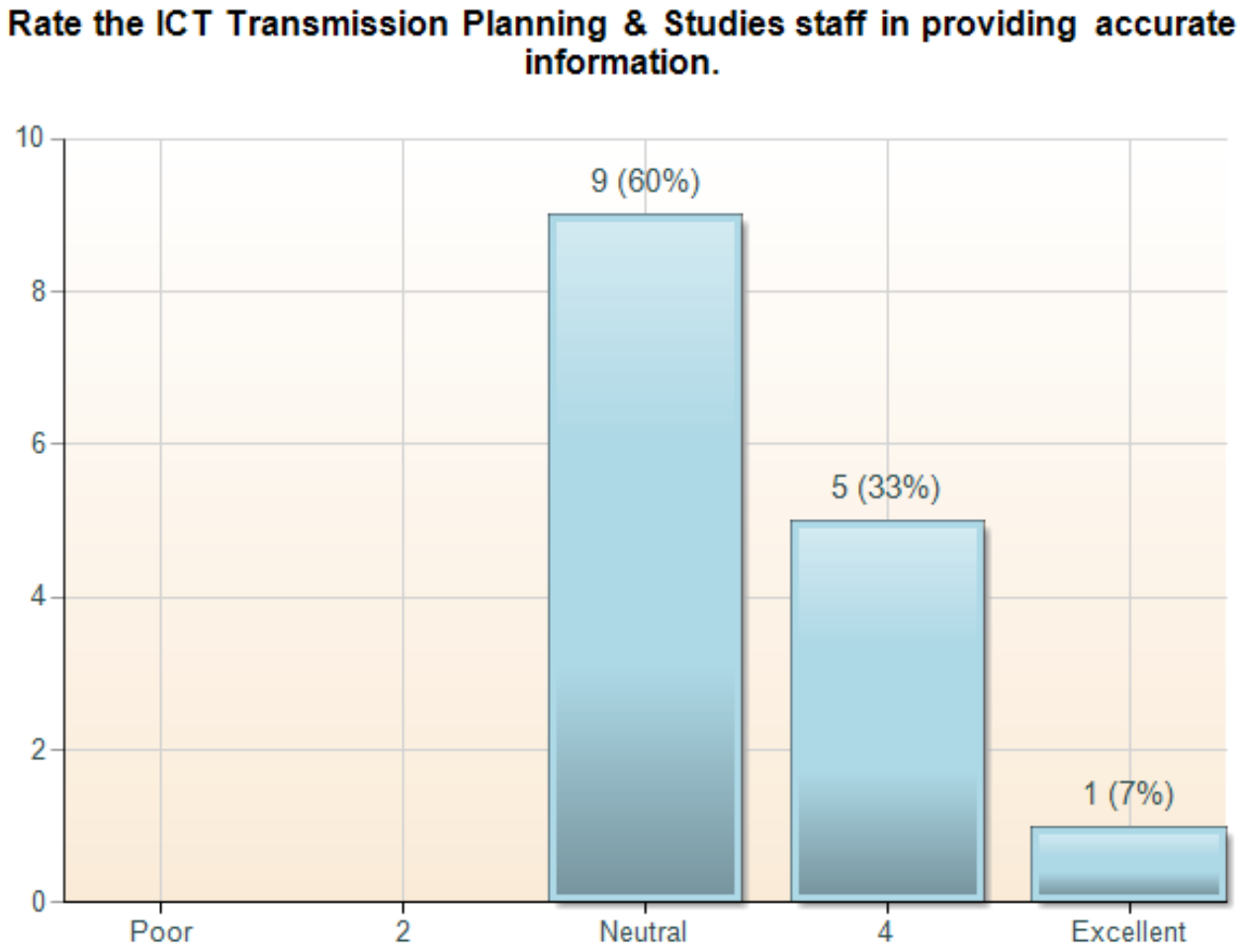
Customer Service Improvement: ICT WPP Staff



Responsiveness:
ICT Transmission Planning & Studies Staff



Accurate Information:
ICT Transmission Planning & Studies Staff



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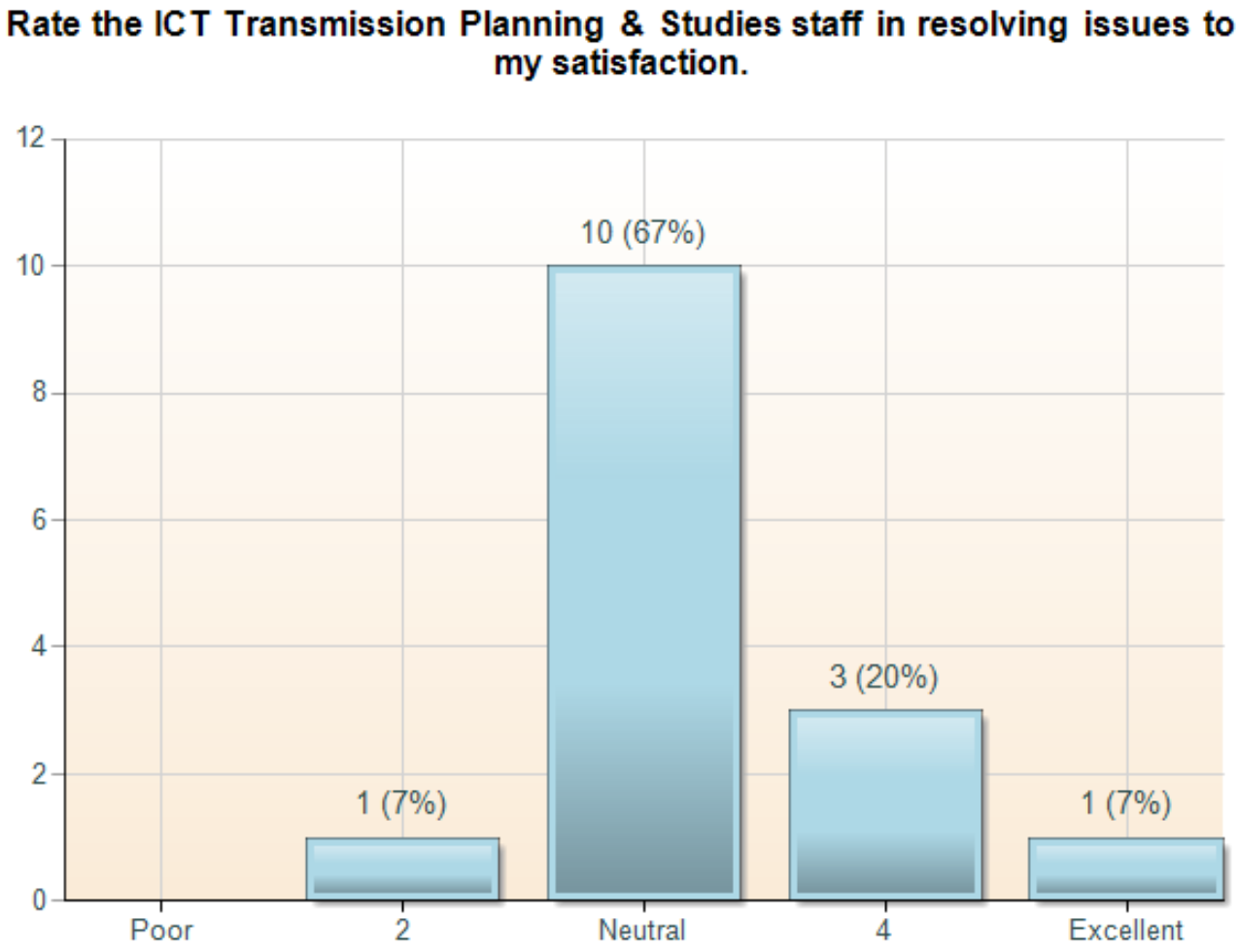
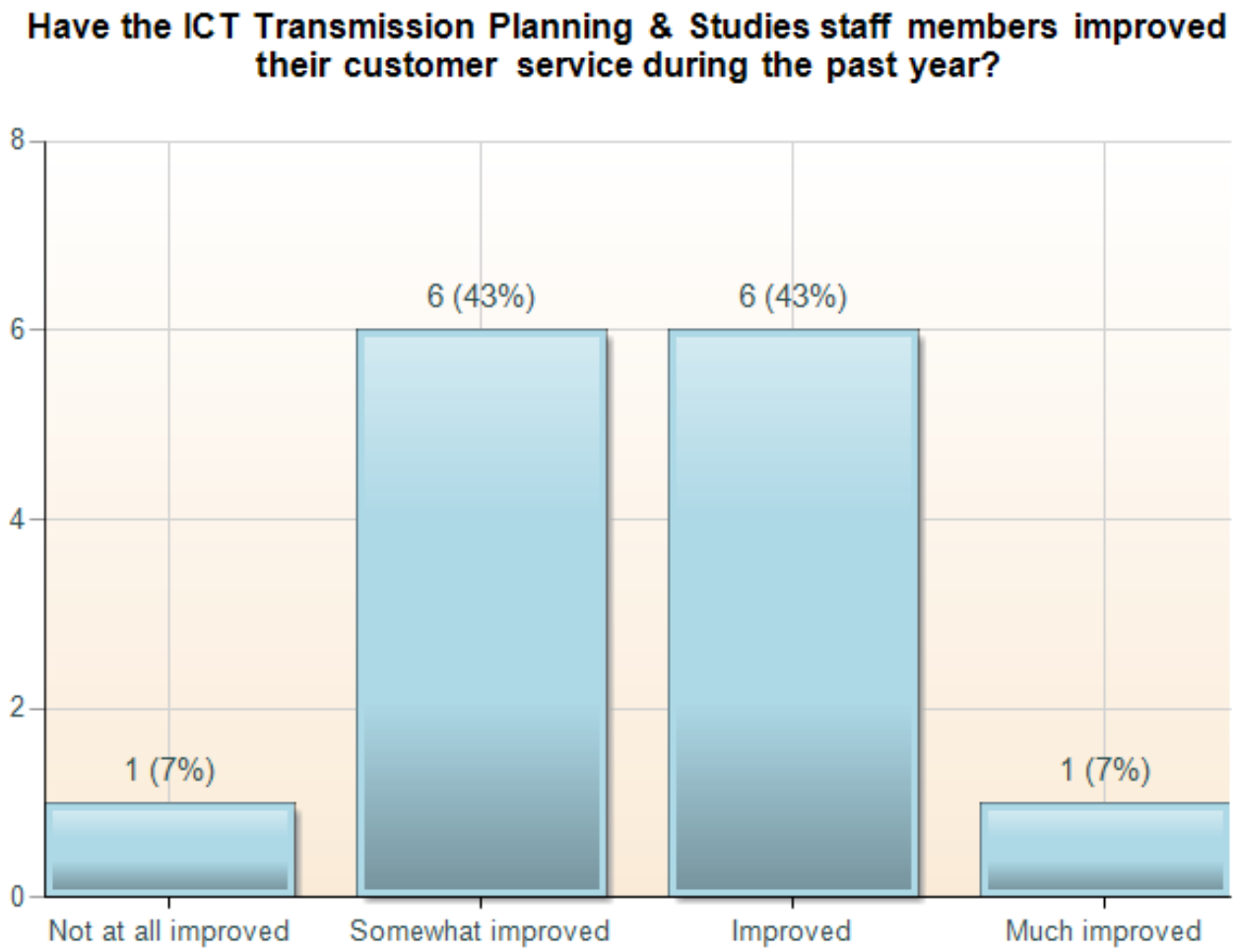
Resolving Issues:
ICT Transmission Planning & Studies Staff



Customer Service Improvement: ICT Transmission Planning & Studies Staff



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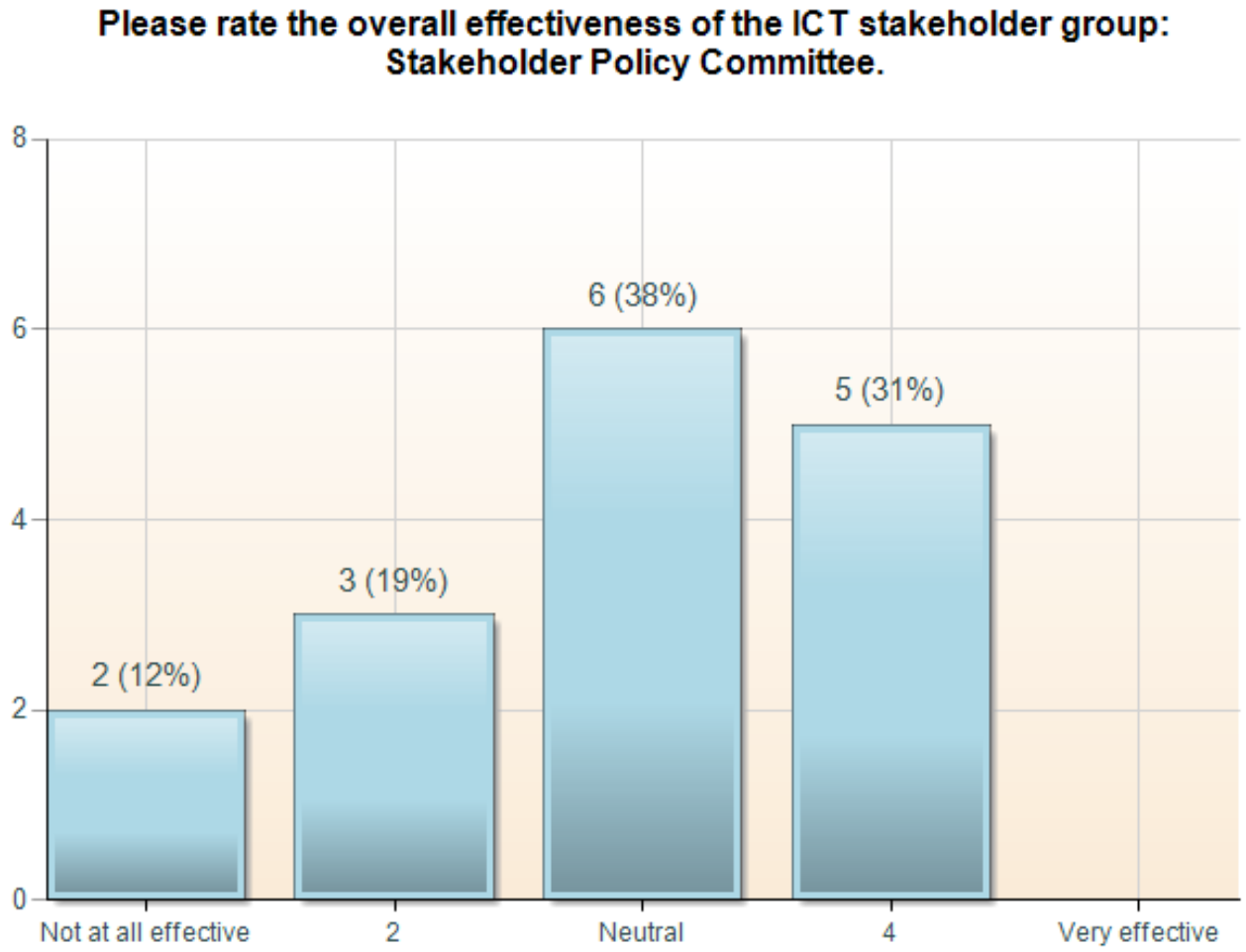
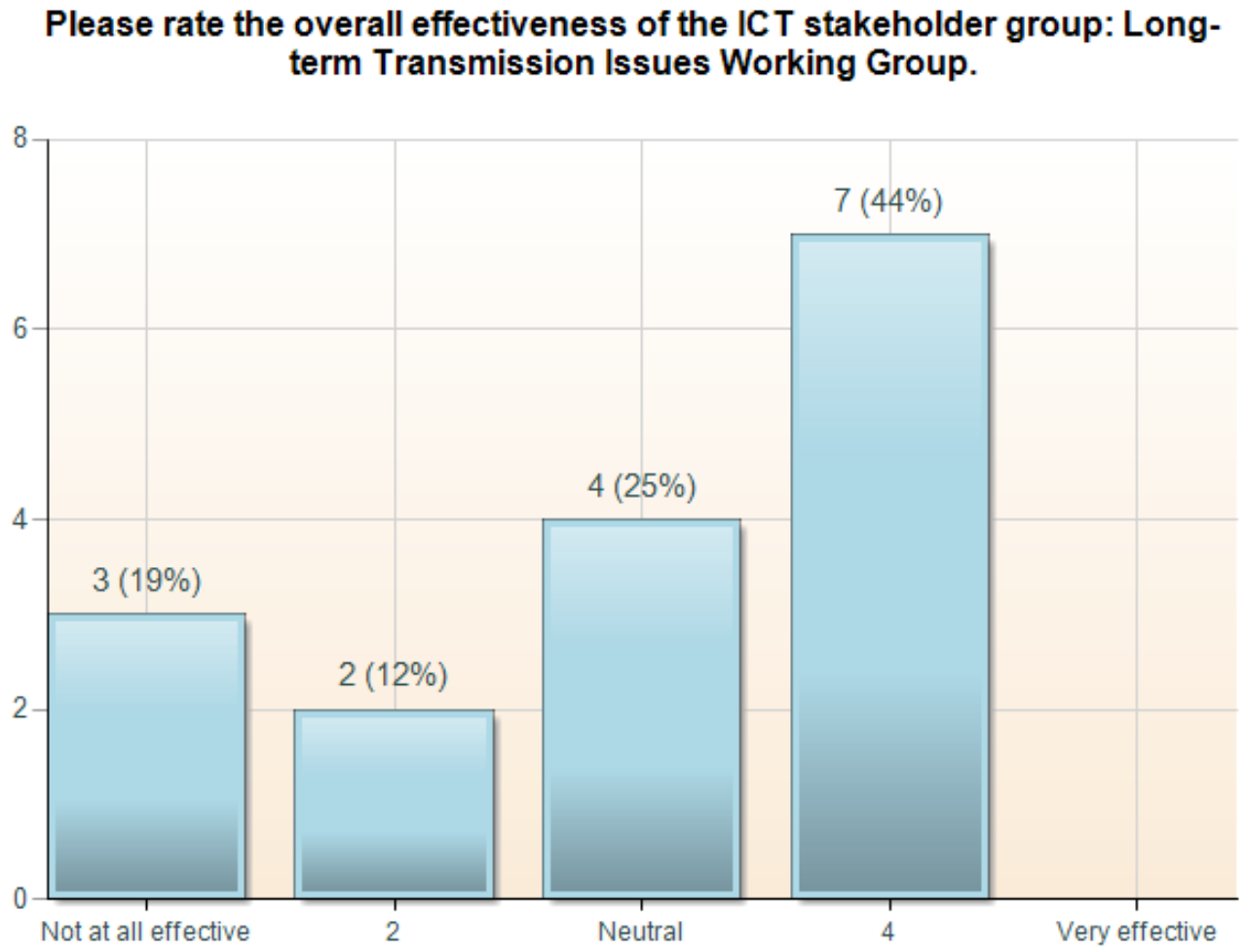
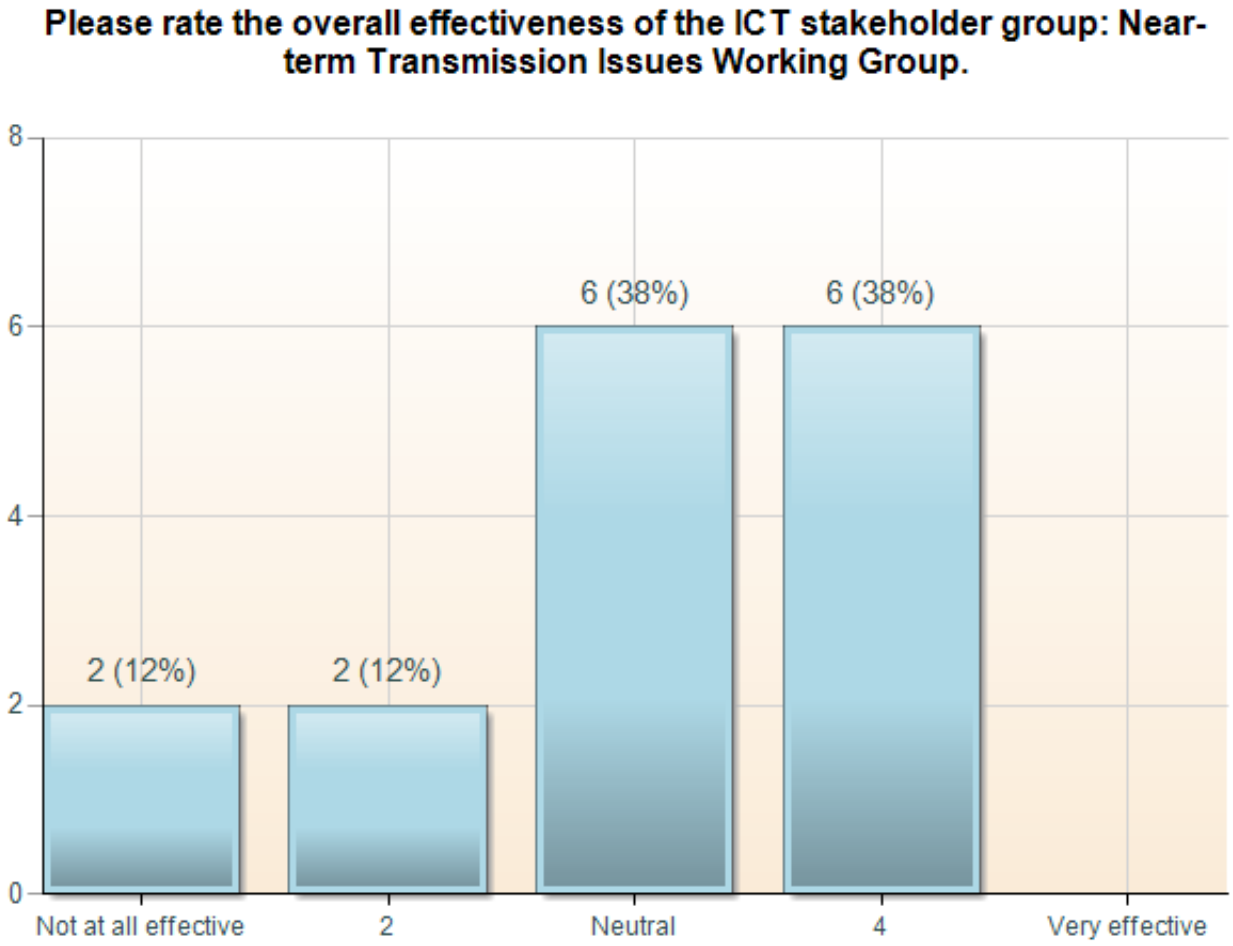
Overall Effectiveness: Stakeholder Policy Committee



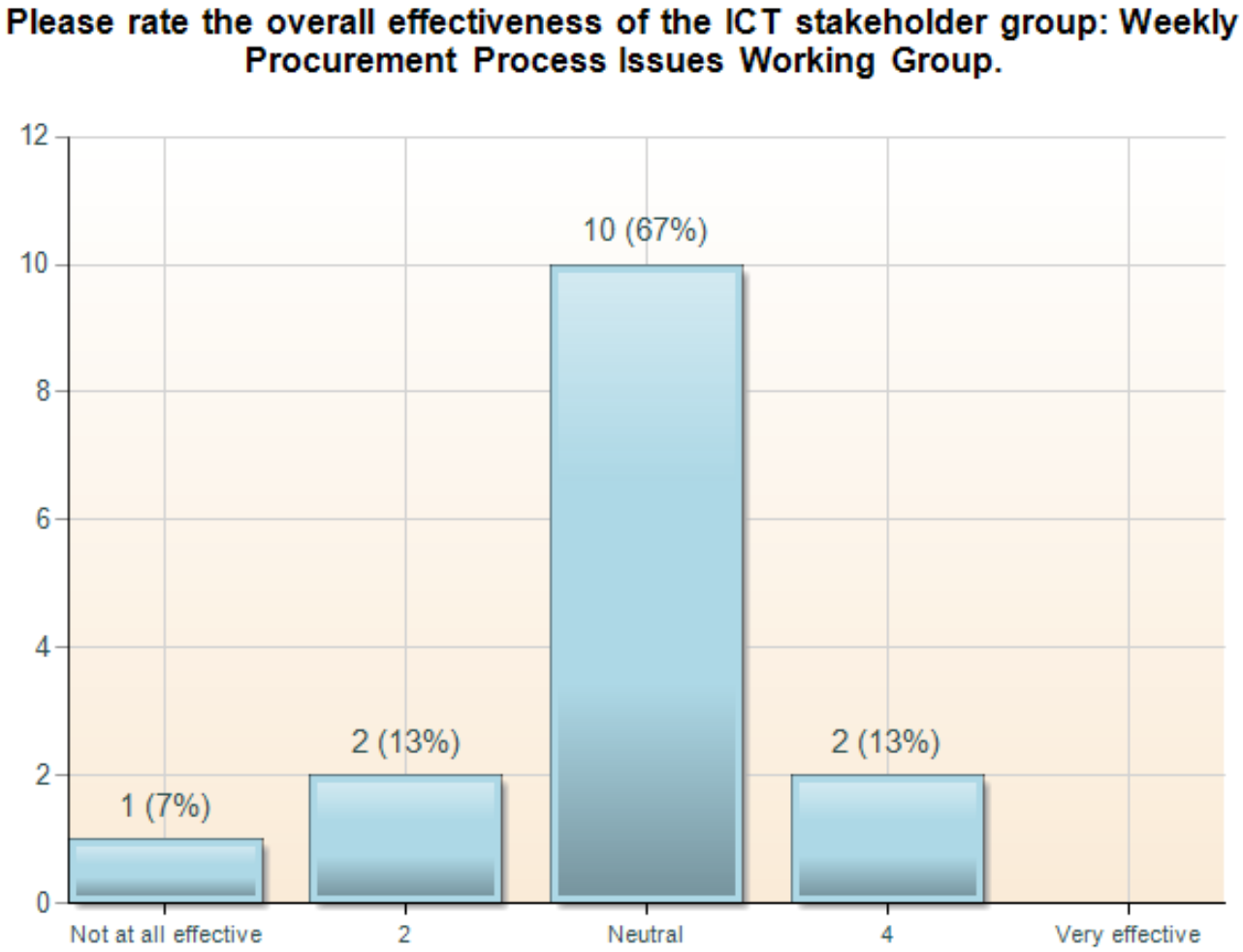
Overall Effectiveness: Long-term Transmission Issues Working Group



Overall Effectiveness: Near-term Transmission Issues Working Group

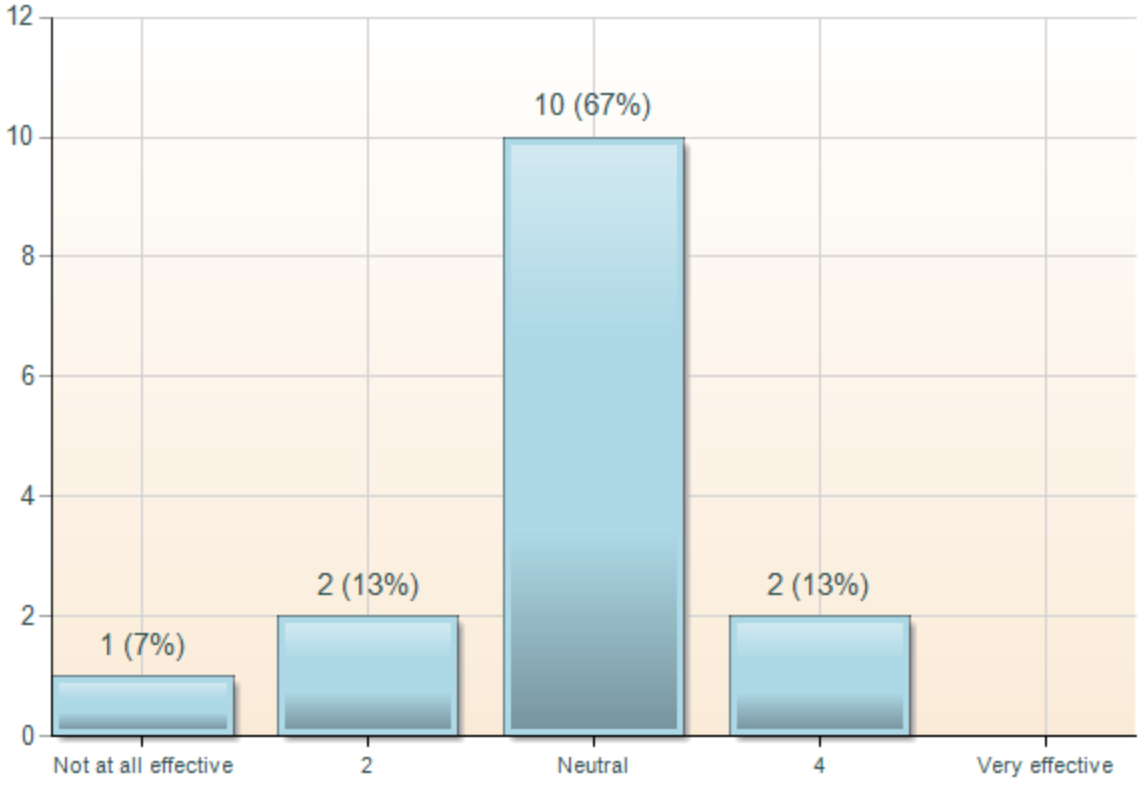


Overall Effectiveness:
Weekly Procurement Process Issues Working Group

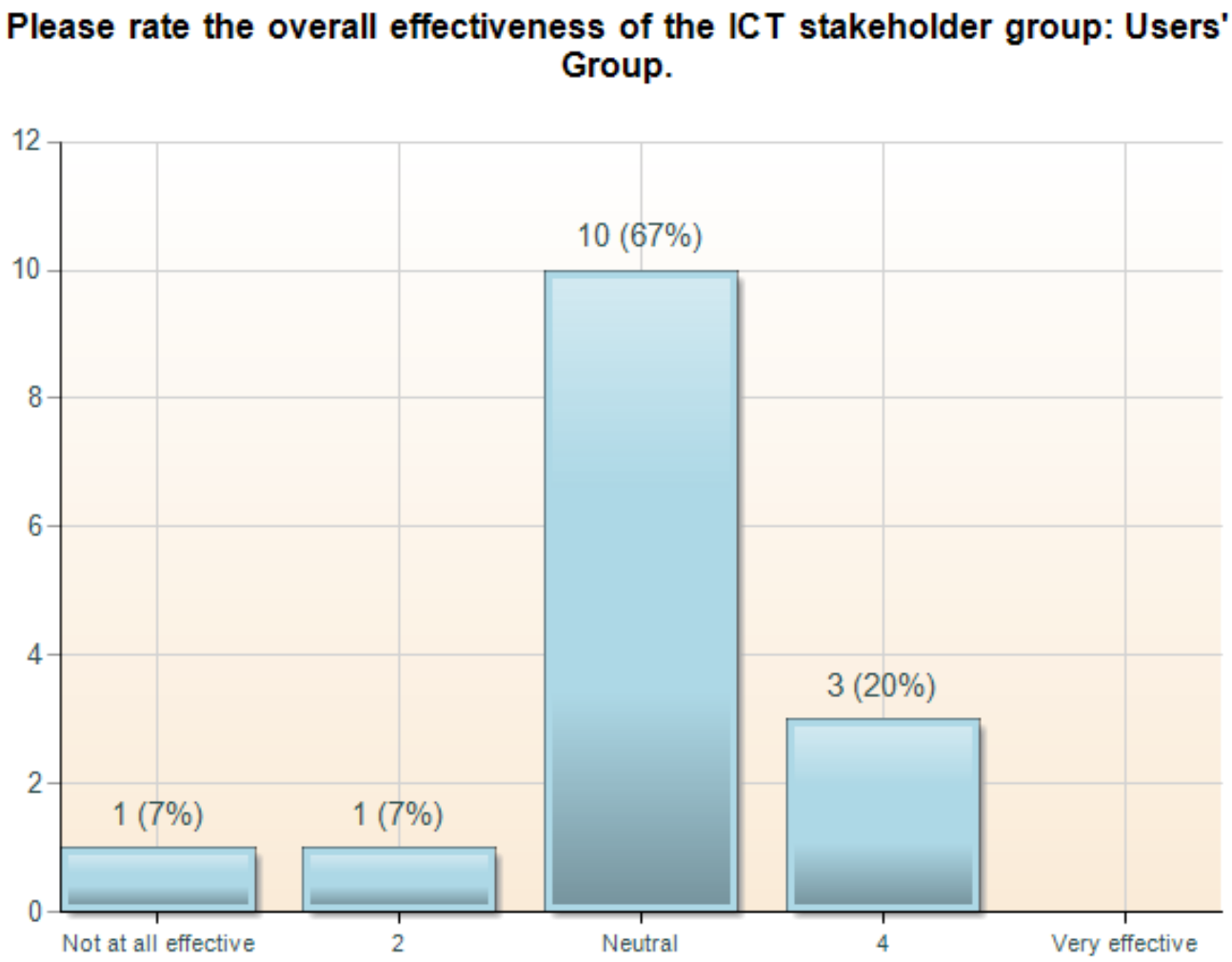


Overall Effectiveness: Operating Efficiency Task Force

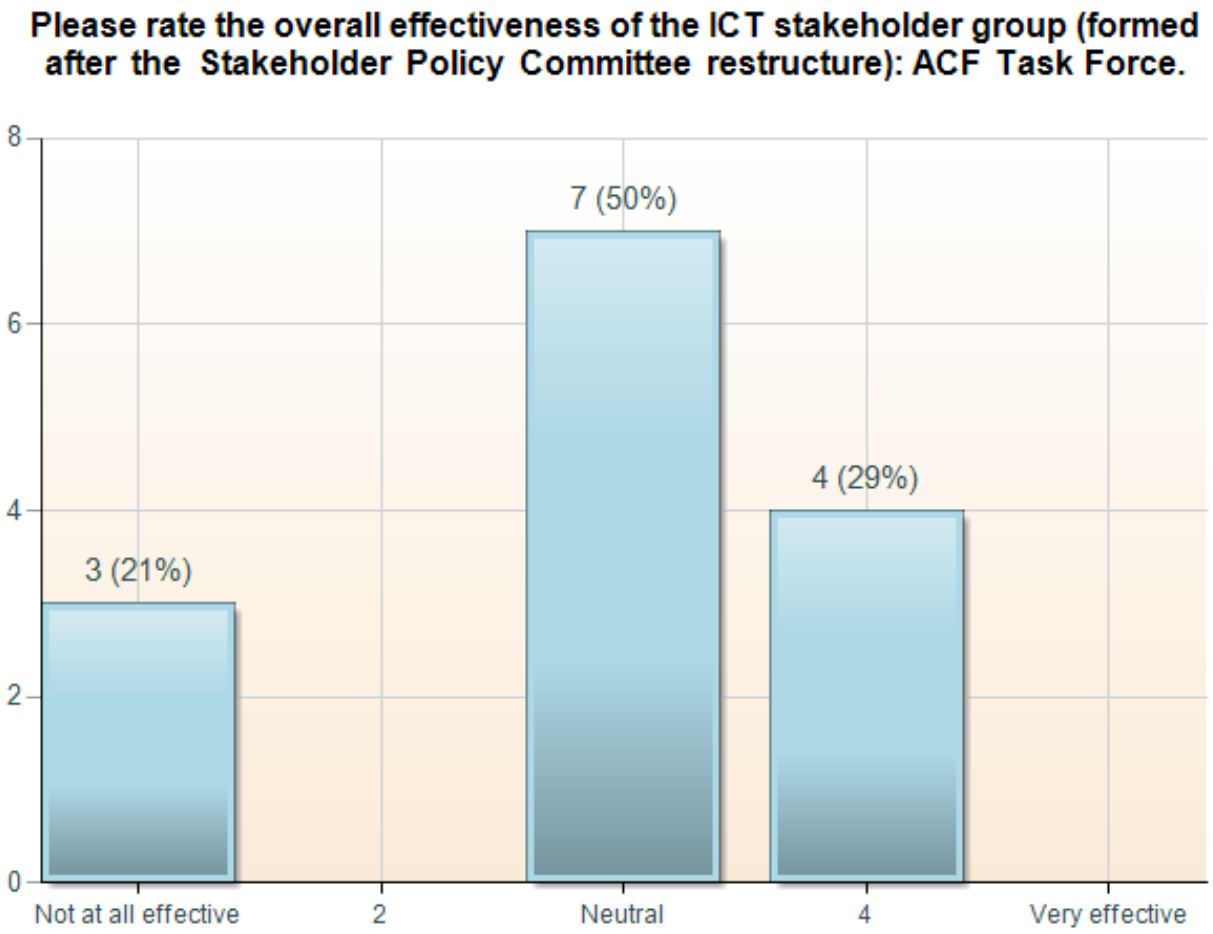
Please rate the overall effectiveness of the ICT stakeholder group: Operating Efficiency Task Force.



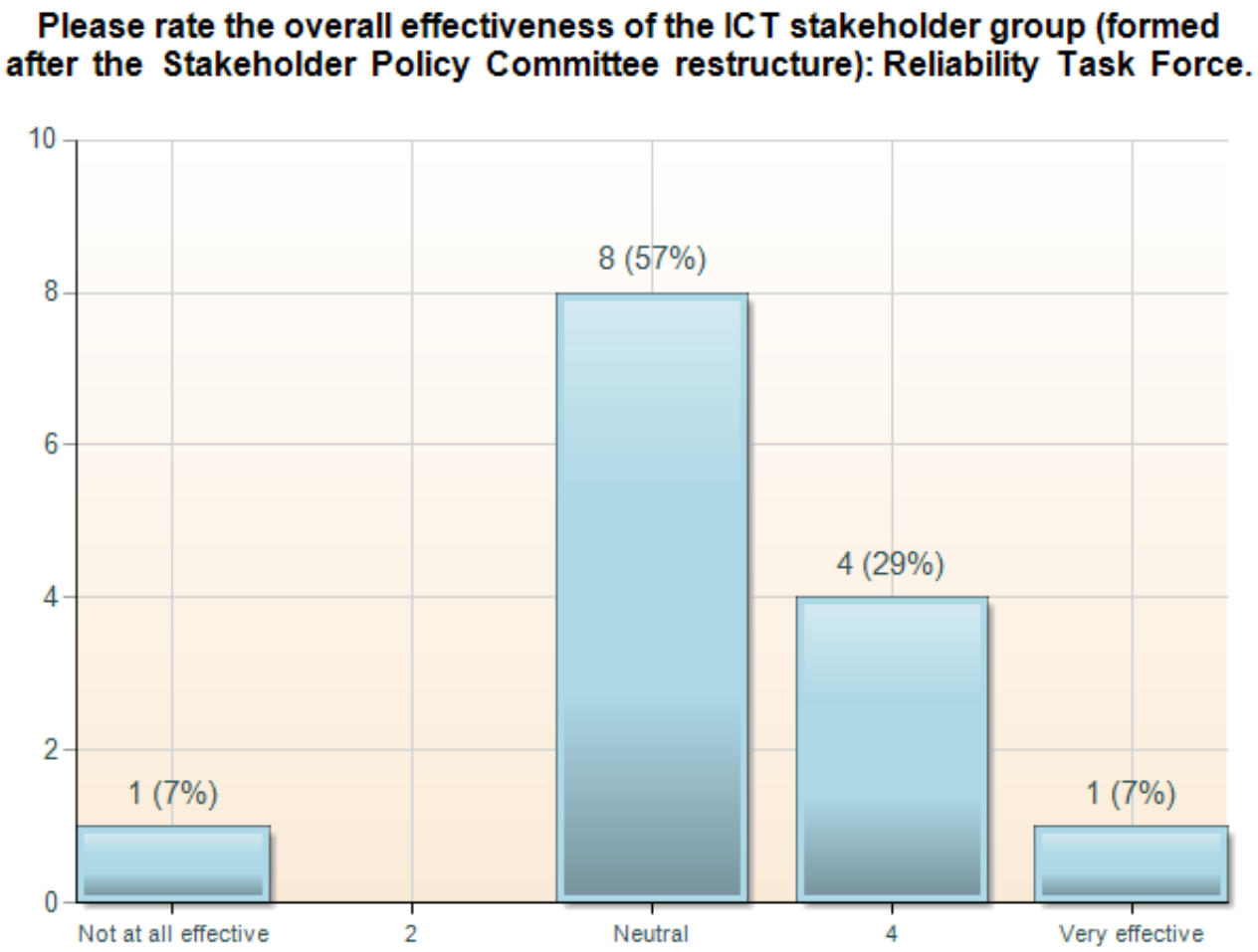
Overall Effectiveness: Users' Group



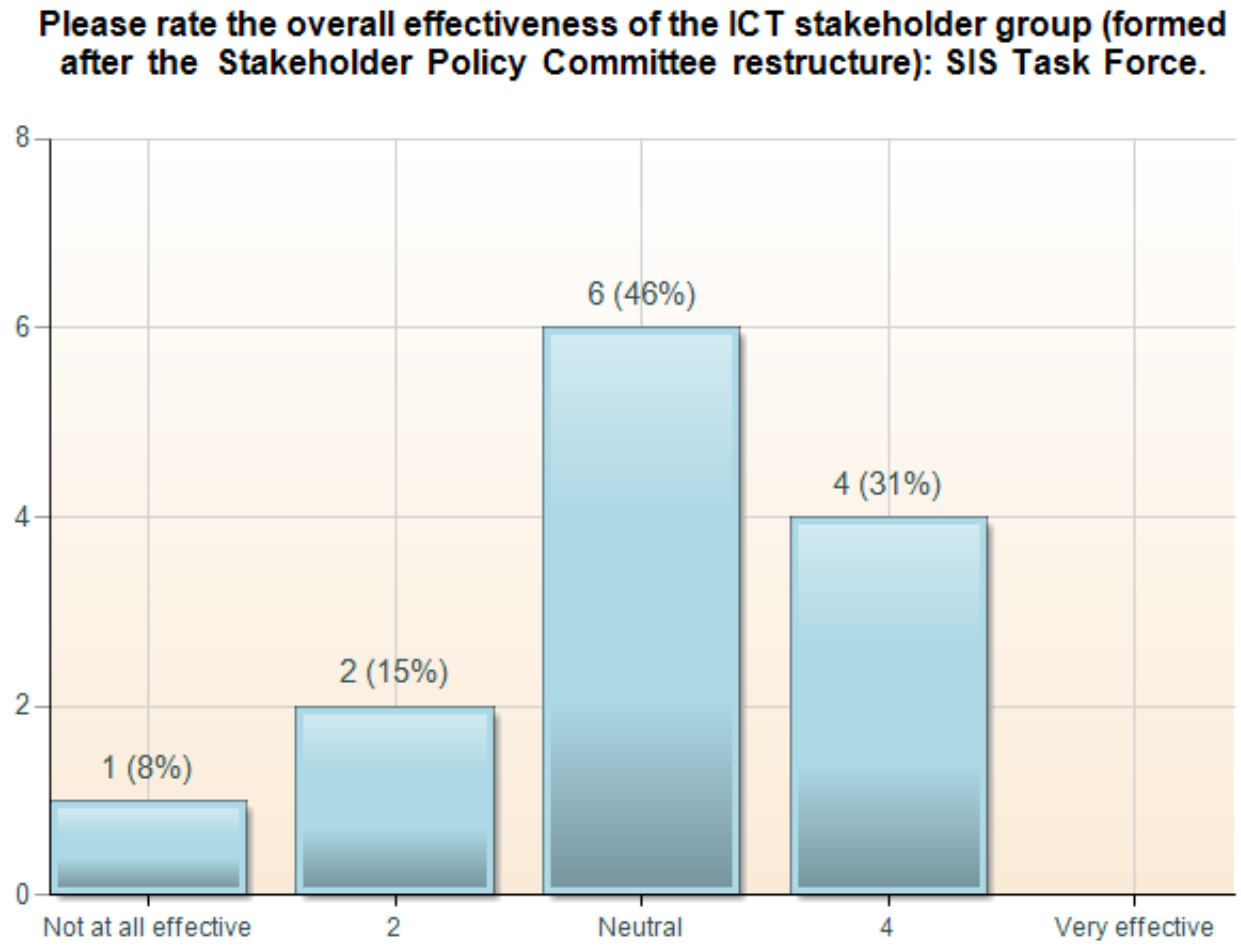
Overall Effectiveness: ACF Task Force



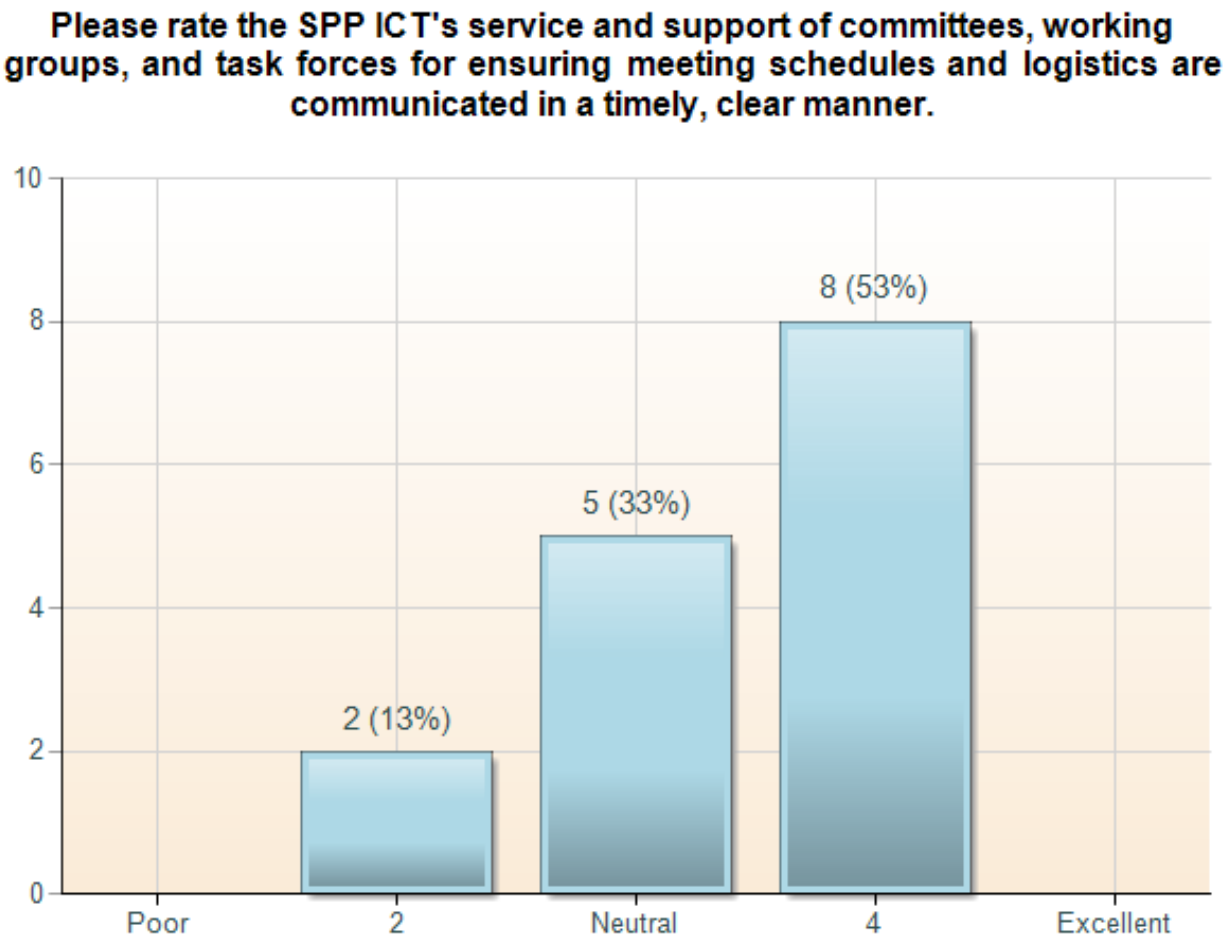
Overall Effectiveness: Reliability Task Force



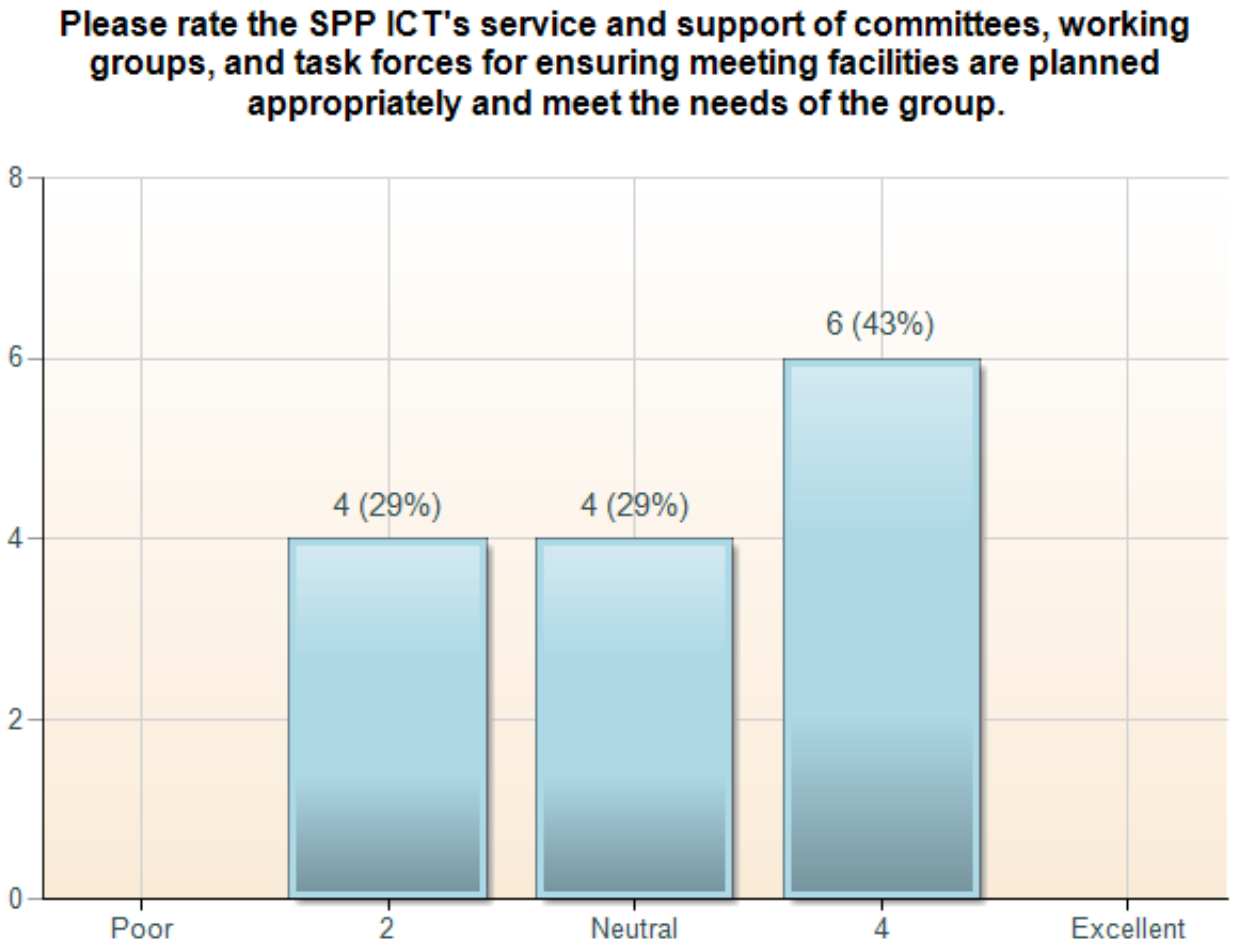
Overall Effectiveness: SIS Task Force



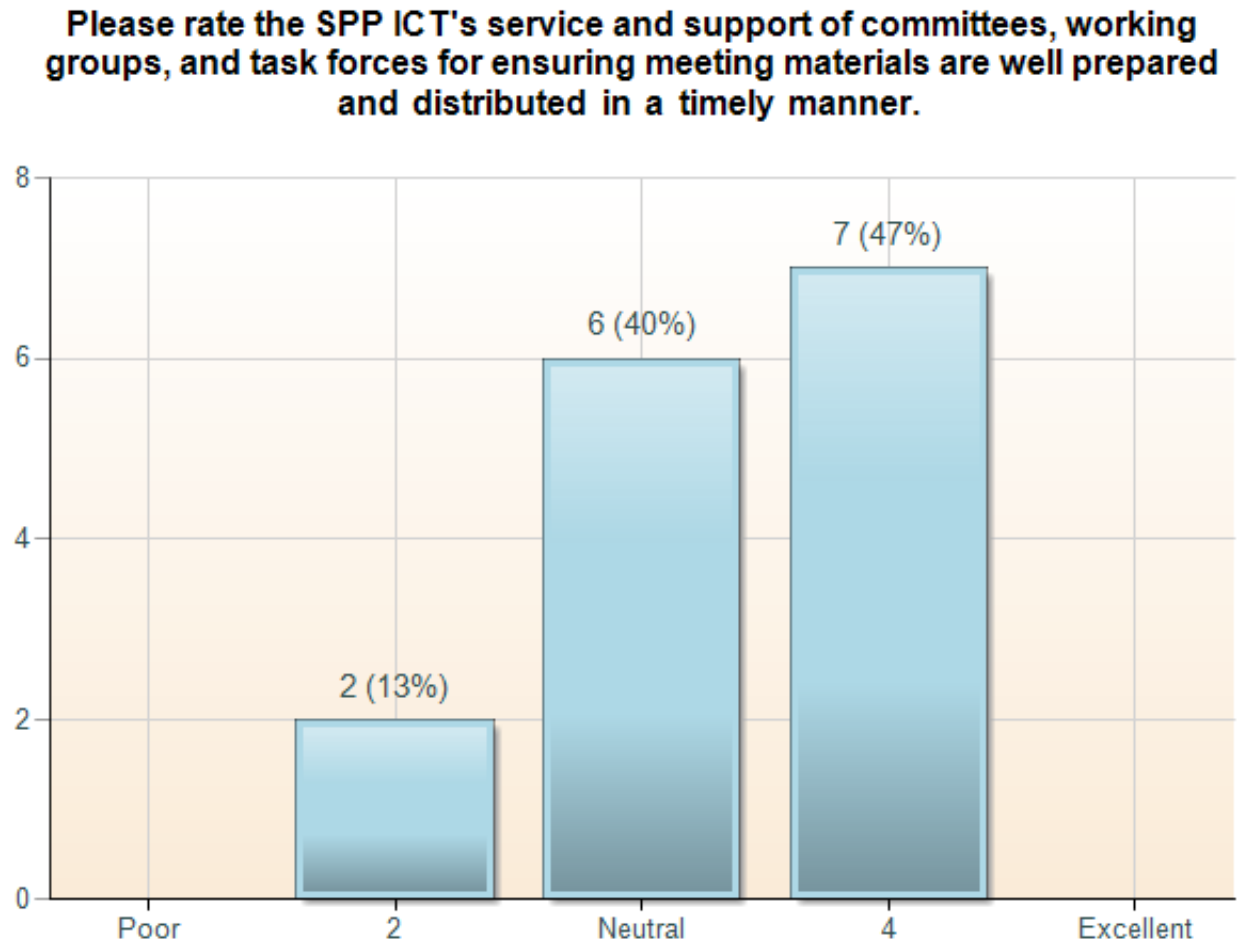
Service and Support: Meeting Schedules and Logistics



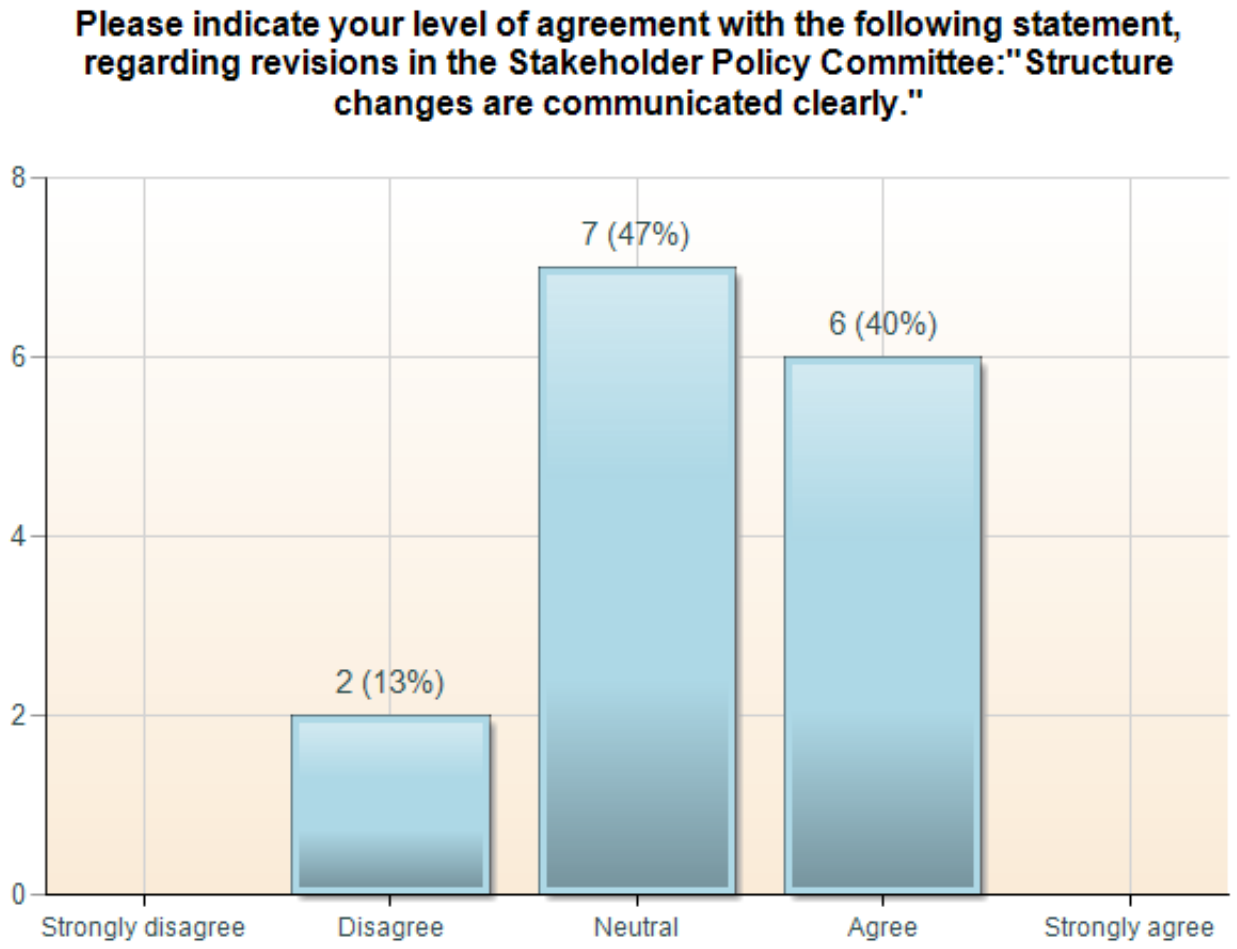
Service and Support: Meeting Facilities Planning



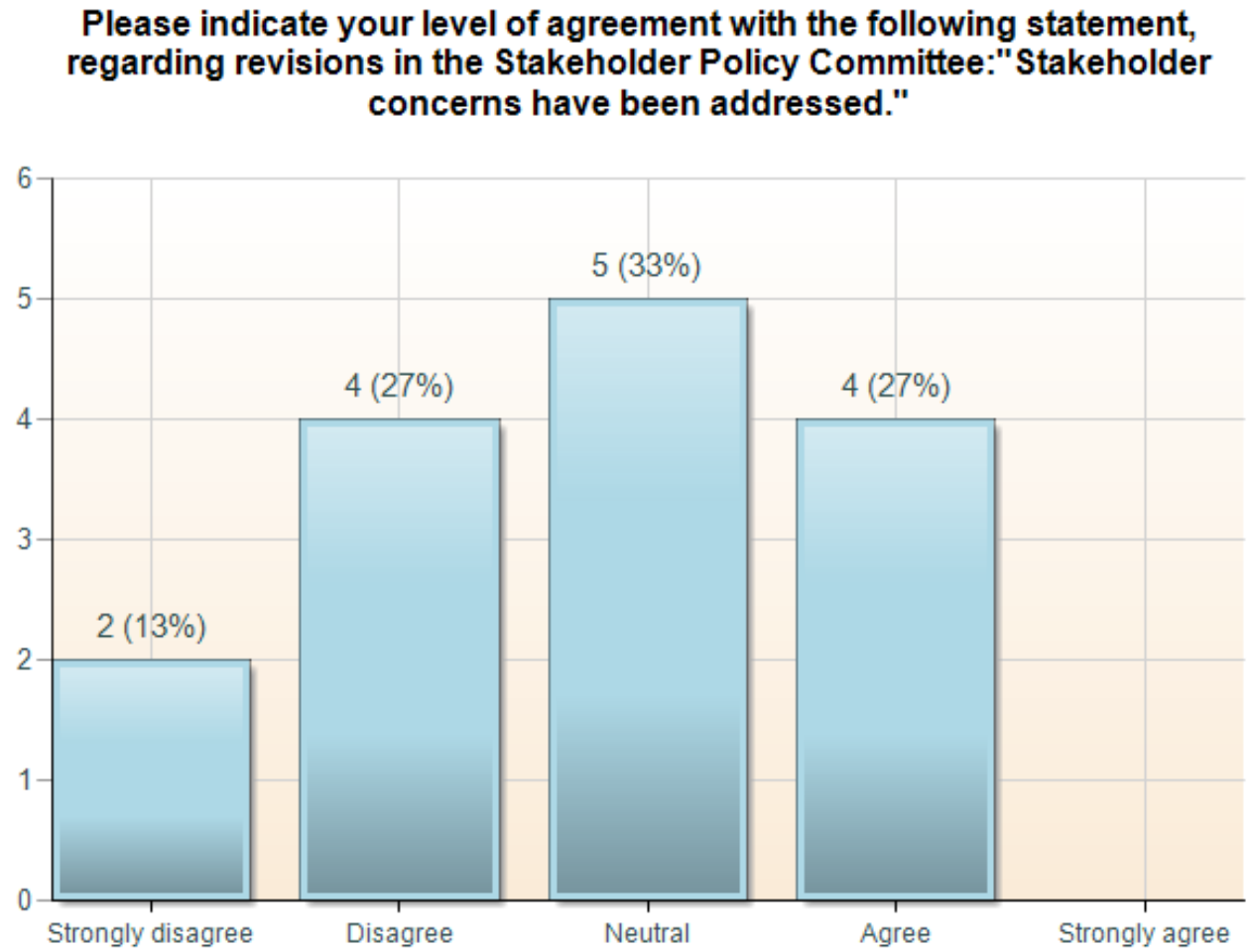
Service and Support: Meeting Materials



“Structure Changes are Communicated Clearly”



“Stakeholder Concerns Have Been Addressed”



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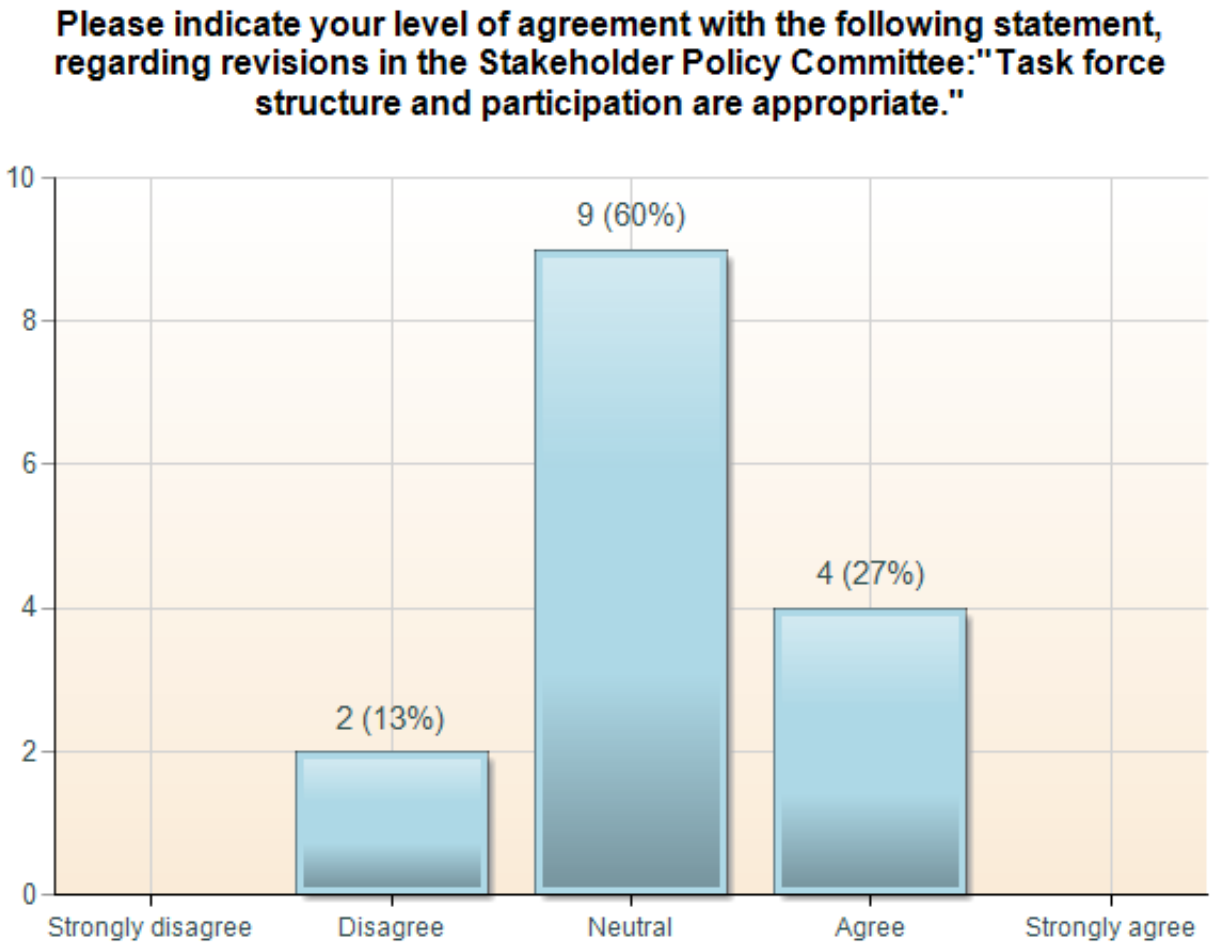
“Task Force Structure and Participation are Appropriate”



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Stakeholder Comments

Tariff Administration

- I've been impressed with the caliber of people employed by SPP.
- Service and communication from staff is very good. Unfortunately, the flaws of the model and processes remain significant.
- The new ICT lead personnel have improved communication and responsiveness.

Reliability Coordination

- Again, people are very good and work hard to meet needs, but processes are flawed.

Weekly Procurement Process

- WPP costs are borne by all transmission customers and only Entergy customers are seeing whatever benefits there might be.
- The ICT WPP staff is in a difficult position but continues to try to make improvements despite Entergy's lack of cooperation.
- Good staff, bad product. No transparency and feedback on reasons for denial.
- Would appreciate a faster turn around.
- Antoine is doing the best he can with an inferior WPP product.

Transmission Planning & Studies

- Good people, again processes and procedures flawed to provide poor results.

Stakeholder Comments

Satisfaction with Stakeholder Committee, Working Group, Task Forces

- Still poor audio / phone / internet access quality at meetings
- Committees were a lot of talk and little action.
- The Task Forces are an improvement over the former working groups. ICT needs to work on its technical support. Additional stakeholder participation would improve the SPC and Task Forces.

Overall Comments

- The involvement of the state regulators (ERSC) has resulted in some positive movement
- ICT inability to be independent from ETR remains an issue. Contractual obligation seems to hinder independence. Process oriented vs results-driven
- ICT staff(not upper mgmt) seem to want to help and are focused on customer needs, but the processes are flawed, and senior mgmt of ICT is severely conflicted to the point that the ICT's overall performance is subpar despite the efforts on the employees interfacing with the customer. It would also be nice if the SPP management would stop moving their more experienced employees away from the ICT and try to better focus on customer needs.
- The ICT has shown improvements and has responded to the criticism of the stakeholders. However, there remains many improvements that are needed as have been identified by the Task Forces. There remain many fundamental weaknesses in the knowledge base of the ICT that raises ongoing concerns. Staffing leadership has improved but there are many new ICT personnel.