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February 7, 2012

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 Fifth 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

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, 2010 to November 17, 2011

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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, 2011. 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

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. However, pursuant to an amended agreement filed with and approved by the Commission, Entergy and SPP agreed to extend the ICT arrangement for an additional two (2) year term.³

Building on the organizational and process changes put in place in 2010, SPP, in collaboration with Entergy’s stakeholder-led task forces, implemented several initiatives over the past year designed to improve decisional transparency and bring more focused attention on issues of interest to the Stakeholder Policy Committee (“SPC”) and the Entergy Regional State Committee (“E-RSC”). For example, SPP staff has participated in the available flowgate capability (“AFC”) Task Force to improve the speed and notification of when upgrades are reflected in the AFC models. In addition, the Task Force has examined the stability limits of flowgates and the use of seasonal ratings in the AFC models.

Progress was realized on other fronts, as well. The Reliability Task Force made several presentations throughout the year addressing potential improvements to congestion management, curtailment processes, and transmission outage coordination. In the planning area, FERC approval was received to extend the

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 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).

planning horizon for the Base Plan and Construction Plan from three (3) years to five (5) years and, in October 2011, the ICT posted a revised draft Entergy Construction Plan covering the 2012-2016 planning horizon. Further, SPP continued to participate in various regional forums concerning transmission planning.

In the past year, considerable time and effort was also devoted to the coordination of the draft TSR Business Practices associated with Entergy's Criteria Manuals. Meanwhile, SPP staff continued to monitor WPP results and examine possible process refinements to improve supplier participation and estimated production cost savings.

Additionally, because of their potential implications for the ICT arrangement, particularly with respect to planning activities, attention was paid to the ongoing state regulatory proceedings examining succession options following Entergy Arkansas, Inc.'s ("EAI") withdrawal from the Entergy System Agreement ("ESA"), effective December 31, 2013. Related to these proceedings was the development and FERC approval of revisions to the Comprehensive Seams Agreement between Entergy and SPP. In its present state, the Seams Agreement incorporates protocols on: (i) coordination of enhanced regional planning activities, study coordination activities, and flowgate financial rights; (ii) coordination of AFC/Total Flowgate Capability ("TFC") values; (iii) allocation of costs of upgrades; and (iv) data exchange, confidential information, and critical energy infrastructure information that will allow SPP and Entergy to share information, coordinate their processes, and operate more efficiently. As of the date of this report, Entergy and SPP have implemented all the protocols except Attachments C and D of the agreement, which define the Cost Allocation protocol and Data Exchange protocol, respectively.

Finally, continued progress was made on initiatives that were detailed in prior reports, including the installation of upgrades as part of the second phase of the Acadiana Load Pocket Upgrade project. In addition, the E-RSC continues to engage on a number of operational and reliability issues and provides another forum for stakeholders to raise concerns and get information regarding Entergy's system and the ICT's functions.

A more detailed description of these and other SPP activities for this reporting period are presented below.

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 fifth 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. Set forth below is an update on prior initiatives, as well as a description of additional actions undertaken in 2011.

Supplemental Curtailment Procedures ("SCP") and Local Area Procedures ("LAP")

As previously reported, the Commission accepted the SCP developed by Entergy and the ICT RC group that identified certain internal Non-Firm schedules ("NN-6") that were not being captured by the Interchange Distribution Calculator ("IDC") model during a transmission loading relief ("TLR") event. This procedure ensures that the NN-6 schedules are curtailed consistent with the priority scheme dictated by NERC and the Entergy OATT. In 2010, the ICT RC also began providing additional information on OASIS about the specific circumstances and considerations involved in Entergy's use of LAP to relieve congestion through the redispatch of its own generation.

In 2011, the SCP and additional notifications for LAPs have continued. No major changes were needed to either process.

Sales of Non-Firm Service During TLRs

In June 2010, a new process was implemented to suspend the sale of Non-Firm transmission service during a TLR. The chart below shows the number of TLRs issued in 2011 and the number of TLRs issued that limited the Non-Firm AFCs to 0 during the time of the TLR. As depicted below, sixty-nine (69) percent of the TLRs

issued in 2011 had limited the Non-Firm AFCs to 0. The chart also provides a comparison to the results from 2010.

Month – 2011	Number of TLR Issued	Number of TLR issued with AFC Limited to 0	Percent with AFC's Limited to 0	Percent for Same month in 2010
January	16	13	81.25%	0.00%
February	8	4	50.00%	0.00%
March	35	30	85.71%	0.00%
April	45	27	60.00%	0.00%
May	39	22	56.41%	0.00%
June	33	19	57.58%	71.43%
July	18	18	100.00%	84.51%
August	24	22	91.67%	78.46%
September	19	17	89.47%	88.00%
October	9	6	66.67%	85.71%
November	15	6	40.00%	66.67%
December	13	5	38.46%	66.67%
Grand Total	274	189	68.98%	45.12%

Acadiana Load Pocket

The ICT RC continued to dedicate considerable time and resources in 2011 to overseeing the Acadiana Load Pocket Upgrade project that began in 2009. The first phase of the project was completed on May 15, 2010, with nineteen (19) outages required to install the necessary upgrades. The second phase of the project began in September 2010 with seventeen (17) separate outages needed to accomplish the needed transmission construction. This work continued through all of 2011, with the final transmission upgrade expected to be complete in June 2012.

As in 2010, affected parties in the Acadiana Load Pocket worked under the facilitation of the ICT RC group to develop the Acadiana Operational Plans during this reporting period. These plans are updated seasonally. As a testament to the group's dedication and efforts at coordination, no TLR Level 5 events, and only a limited number of Energy Emergency Alerts ("EEAs"), were issued for the Acadiana Load Pocket by the ICT or load-serving entities ("LSE") during the summer of 2011.

Reliability Task Force

In 2010, the Reliability Task Force was formed to help understand and facilitate the discussion of the complexity of reliability issues and processes. Over the past year, these efforts resulted in the development of periodic reports by the ICT RC group detailing the causes of each TLR 5 event on the Entergy system. The ICT

RC provided such reports to NERC until June 30, 2011. As of July 1, 2011, the report is no longer required for NERC; however, the ICT RC continues to post the publicly relevant information in a new format to the Entergy OASIS website.

Further, the ICT RC, along with the Reliability Task Force, performed a review of the current Congestion Management process in 2011. These efforts continue as of the date of this report. The group is in the process of reviewing options that will provide congestion management improvements, with the primary objectives of maintaining reliability, providing transparency, and developing recommendations that are fair and equitable. The target date for completion of this review is April, 2012.

Energy Management System (“EMS”) Upgrade

In 2011, Entergy implemented version 2.5 of the EMS with new authentication and access using a Smartcard. The ICT RC was directly involved in the discussions, testing, validation, and acceptance of the new version of the application.

Spring Operational Issues

During the spring of 2011, the RC area for Entergy’s transmission system experienced many weather related issues. The majority of the storm damage was related to tornados reported from the RC South desk. For example, there were three (3) major 500 kV outages, including two (2) outages for the Keo-West Memphis line between April and June for a total of fifty-eight (58) days; and the Mayflower-Mabelvale 500 kV line in June for ten (10) days. In total, Arkansas experienced seventy-four (74) confirmed tornados this year.

Tariff Administration (“TA”)

During 2011, 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, continued to be involved in revisions associated with the business practices based on Entergy’s Criteria Manuals (now Attachments C, D, and E to the Entergy OATT), and pursued multiple improvements in short-term AFC models. In addition, the ICT TA group analyzed and responded to specific 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 revised Criteria Manuals were filed in April, 2009. These tariff revisions were submitted to comply with Order Nos. 890, et seq., as well as the order issued by the Commission in Docket No. ER05-1065-000, et al. (i.e., the proceeding authorizing the establishment of the ICT arrangement). FERC had not yet acted on this filing during the time period covered by this report.

In connection with these tariff revisions, Entergy circulated to the ICT TA group and stakeholders its proposed TSR Business Practices. These business practices were intended to address the more detailed and technical processes associated with the Criteria Manuals. Stakeholders had the opportunity to review these business practices and submit their comments.

On January 27, 2011, Entergy, the ICT TA group, and stakeholders held a “WebEx” to review the comments received on the TSR Business Practices. Based on the discussion at this meeting, Entergy made certain revisions to its TSR Business Practices. On February 1, 2011, Entergy finalized the TSR Business Practices and submitted them as an informational filing at the Commission. Union Power Partners, L.P., protested Entergy’s filing, challenging, *inter alia*, Entergy’s decision not to file the TSR Business Practices with the Commission and its treatment of redirected transmission service.

On April 1, 2011 Entergy posted on OASIS its new TSR Business Practices containing updates that addressed the requirements of Order No. 676-E. Entergy also posted a redlined version of the February 1, 2011 informational filing of the TSR Business Practices reflecting the changes and updates designed to comply with Order No. 676-E.

Modeling and Process Improvements

- **Suspension of Non-Firm Sales**

As discussed in the RC section above, the ICT's TA and RC groups continued to operate under the process implemented in 2010 for suspending the sale of Non-Firm transmission service during TLR events. During this period, Entergy included several temporary flowgate slots in the AFC process that were used to add flowgates identified by the RC to support the suspension of Non-Firm sales during outages and TLR events.

- **Software Improvements**

Over this reporting period, the ICT's TA group helped Entergy review tests of OATI software improvements to ensure that the software was functioning properly. The testing showed that once automated preemption in OATI's webTrans is put into production it will provide the TA group with a valuable tool that will allow more efficient processing of competing transmission service requests and help reduce the risk of human error.

- **Implementation of Order Nos. 890 et seq. Requirements**

In 2011, Entergy and the ICT TA group began to accept requests for Conditional Firm service established by FERC Order Nos. 890 et seq. The ICT's TA group also continued to work with Entergy to finalize the business practices associated with this service. During the year, the TA group met with Entergy on several occasions to continue discussions on the software specifications and interim methods for handling Conditional Firm requests. In the fourth quarter of this year, the TA group and Entergy reviewed and tested the software upgrades that will be used to manage Conditional Firm service. This software is expected to go into production soon after the end of this reporting period.

- **AFC Benchmarking Process**

During this period, the ICT Reliability and AFC Task Forces met to outline the purpose and processes of benchmarking AFC data with real-time data. As a result of this meeting, an AFC Benchmarking Focus Group was formed to work with stakeholders in developing a process by which the ICT would compare the day-ahead data from the AFC Planning Horizon with real-time data from the ICT RC. The Focus Group worked on confidentiality agreements for the release and sharing of data required for the development of the final benchmarking process. The confidentiality agreements were forwarded to Entergy's legal staff for their review. At the time of this report, no party committed to signing these agreements. Until such time as these agreements are executed, the Focus Group cannot start to review the results of the process. Therefore, the TA group continues to work with the RC group to perform a

manual comparison of the AFC data with the real-time data and to refine the process of comparing the two data sets.

- **AFC Error Posting**

Entergy and the ICT's TA group agreed to new procedures for the posting of messages on Entergy's OASIS to keep Transmission and Network Customers apprised of issues when AFC errors (discovered by the ICT, Entergy, or customers) might impact the process of transmission service requests and the AFC calculation. This new posting process was implemented during this period.

AFC Task Force

The stakeholder-led AFC Task Force met eleven times during this reporting period. During these meetings, the Task Force focused on a number of items from a prioritized issues list, including: (i) improved coordination between the ICT TA and RC groups; (ii) improved stakeholder notification of upgrades reflected in the AFC models; (iii) timeliness of adding new flowgates to the AFC process; (iv) flowgates limited by stability limits; (v) dispatch in the Planning and Study Horizon models; (vi) implementation of the new Modeling, Data, and Analysis ("MOD") standards; (vii) investigating the use of seasonal ratings; and (viii) modeling of adjacent control areas. A discussion of the work done this year on each of these items is provided below.

The AFC and Reliability Task Forces held a joint meeting to address improved coordination between the ICT TA and RC groups. In an effort to improve coordination, SPP's Don Shipley agreed to undertake a comparative analysis between the next day analysis and the AFC model to identify differences, inaccuracies, types of dispatch, and treatment of qualifying facilities ("QF"). This item has been moved under the AFC Benchmarking Focus group discussed above. Also, coordination between the ICT RC and TA groups improved this year with the implementation of the Temporary AFC Flowgate Process. In accordance with this process, the ICT RC group's findings of possible flowgates identified in the outage evaluation process are communicated to the TA group.

The AFC Task Force also addressed improving stakeholder notification of upgrades reflected in the AFC models. The Task Force agreed with a proposed plan that Entergy would create and request the posting of a special notice on OASIS anytime a 100 kV, or above, upgrade or new construction results in the change of the limit on an element. This new process was implemented on February 1, 2011.

The AFC Task Force worked on improving the speed by which new flowgates are added to the AFC process in cases where the RC identifies real-time congestion on a flowgate that is not currently designated in the AFC process. This change would minimize the difference in the flowgates used by the RC and the AFC process and

prevent Non-Firm sales during a TLR event. Through improved coordination between the ICT TA and RC groups and Entergy, additional temporary flowgate slots are defined ahead of time so that they can be activated and included in the AFC process in a timely manner. As a result, Entergy agreed to increase the number of temporary flowgate slots from ten (10) to fifty (50). The additional temporary flowgates were put into production in the second quarter, 2011.

In the past year, the AFC Task Force also requested that Entergy provide an overview of flowgates that are limited by stability limits and the process that Entergy uses to study these flowgates. Entergy explained that an annual study is performed by taking an operational case (both light and peak load cases) and looking at the generators in terms of stability. At the request of the AFC Task Force, Entergy is working on an off-peak stability study of the Mt. Olive-Hartburg line. Entergy expects to complete the study by mid-December and then share the results with the AFC Task Force.

The AFC Task Force also raised certain concerns regarding the unit dispatch in the Planning and Study Horizon models. In response, the ICT TA group agreed to review its processes for those models. The review of the Study Horizon model was scheduled to be completed shortly after the close of the current reporting period. The ICT TA group also intends to start its work on the Planning Horizon model in December.

At the request of the AFC Task Force, Entergy provided a high level overview of its generator and transmission outage processes and the enhancements being put into place to increase the speed and accuracy of outages being added and removed from the models. In addition, Entergy informed the AFC Task Force that sixty-five (65) additional flowgates were added to the AFC process as a result of Entergy's annual review and the requirements from the new MOD 30 NERC standard. Currently, Entergy has a manual process in place for the implementation of the new MOD standards, but is working with OATI to automate the process. Entergy plans to start testing the software in December and have the necessary automation in place by the end of the first quarter in 2012.

The AFC Task Force also discussed the use of seasonal ratings in the AFC process. Historically, Entergy's EMS was not capable of supporting multiple ratings. As discussed in the RC section above, Entergy transitioned to an upgraded EMS system on October 15, 2011, and the ICT TA group was involved in testing the new platform. The current version can now support multiple ratings. As of the time of this report, Entergy was still evaluating what it would take to implement seasonal ratings into the AFC process.

This year, the AFC Task Force asked Entergy to explain its practices for modeling neighboring control areas. As a result of this discussion, Entergy agreed to provide documentation on its modeling practices and add more details to the AFC

models, including line and generator outages.

Planning and Tariff Studies

During 2011, SPP built on the planning initiatives enacted in 2010 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 annual 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.

2011 ICT Base Plan

As described in Attachment K to the Entergy OATT, the ICT Base Plan 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. SPP posted the final ICT 2011 Base Plan on Entergy's OASIS on December 30, 2010, after soliciting and receiving stakeholders' input on the proposed projects. 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 and/or to address changes in Entergy's 2011-2013 Construction Plan. The final update to the ICT 2011 Base Plan, Update 3, was posted on August 3, 2011.

On February 28, 2011, SPP and Entergy filed a Differences Report with FERC and various state commissions that outlined where the final 2011-2013 Entergy Construction Plan and the final 2011 ICT Base Plan diverge. Compared to the 2010 Differences Report, which contained two (2) differences between the Base Plan and Construction Plan, the 2011 Differences Report identified three (3) projects that were in the ICT Base Plan but not in the Entergy Construction Plan. The ICT re-evaluated the projects and determined that two (2) of the three (3) identified projects were not necessary to meet planning criteria. Subsequently, Entergy agreed to add the remaining project to its 2011-2013 Construction Plan.

2012 ICT Base Plan

The next yearly planning cycle began with the posting of the first draft of the Entergy Construction Plan in May 2011. SPP posted the 2012 ICT Reliability Assessment in August 2011. As discussed below, both Entergy's Construction Plan and the ICT's Base Plan were discussed at the annual Transmission Planning Summit. In October 2011, FERC accepted Entergy's filed proposal to extend its planning horizon from three (3) to five (5) years. Accordingly, updates for both plans were posted to reflect the changed horizon on the Entergy Construction Plan from 2012-

2014 to 2012-2016. The final 2012-2016 Entergy Construction Plan is expected in December 2011 and the final 2012 ICT Base Plan will be posted shortly thereafter.

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 the draft 2012-2014 Entergy Construction Plan. SPP also presented its 2012 ICT Reliability Assessment which evaluated the effectiveness of Entergy’s draft Construction Plan and identified areas that still needed to be addressed by Entergy. Entergy also gave an update on expected changes to the NERC Transmission Planning Standards. 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 the Entergy Construction Plan and the ICT Base Plan.

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 2010, the ICT and Entergy stakeholders determined that the following projects were the highest priority for the 2010 ICT Strategic Transmission Expansion Plan (“ISTEP”) process:

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

The ICT posted the results of the final 2010 ISTEP for these projects on March 15, 2011. As previously reported, the Western Region project replaced the Conway Area project that was originally chosen by the stakeholders. A screening of the Conway Area project showed the contingencies in the area were alleviated with the Holland Bottom project which was included in the 2010-2012 Entergy Construction Plan.

The final study results revealed:

- (i) The Hartburg – Cypress area project (Orange County) was the highest performing project in terms of overall benefit. This project showed benefits in terms of congestion cost and production cost reduction. This project is currently a Horizon project in the 2012-2016 Entergy Construction Plan with an in-service date of 2019. As a result of the

potential for savings and congestion reduction for this project, SPP has recommended that Entergy examine accelerating this project to a closer in-service date.

- (ii) The Western Region project (Quarry – Rivtrin) offered the next highest benefit with good results in terms of congestion cost reduction and production cost reduction. This project also showed benefits in terms of increases in transfer capability to the Western Region load pocket and has the potential to reduce a large number of curtailments and AFC limitations. Accordingly, SPP recommended that Entergy examine adding this project to its Construction Plan in order to reduce congestion.
- (iii) The Northeast Arkansas project (ISES – West Memphis 500 kV) showed benefits in terms of production cost and congestion cost reductions. However, the cost for this project is very high.
- (iv) The Mt. Olive – Hartburg project showed some economic benefits, however, it showed no reduction in congestion cost.
- (v) The ANO- Pleasant Hills project showed some small benefits and its estimated costs were small. This project had the highest amount of Non-Firm megawatt hours (“MWh”) of curtailment of all of the projects. This project may also provide additional benefits in terms of curtailment reduction that is not illustrated with the analysis that has been performed to date.

During this reporting period, SPP began the process of identifying the list of candidate projects for the 2011 ISTEP. After considering twenty-seven (27) separate projects, the Entergy stakeholders voted to include the following five (5) projects in the 2011 study process:

- Amite South Area
- Webre to Wells Contingency
- New 500/345 kV Station at McNeil and new 345 kV Line form McNeil to Turk
- White Bluff to Keo 500 kV Line
- St Gabriel to AAC to Licar 230 kV Line

The final 2011 ISTEP report is expected to be completed in the first quarter of 2012. The report will be posted on Entergy’s OASIS and the results will be presented to stakeholders.

Minimizing Bulk Power Costs (“MBPC”)

As previously reported, 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 reliability must run ("RMR") generating units. This has become known as the MBPC study. In 2010, a third-party consultant (i.e., ABB) was selected to perform the study. Work on the production cost and power flow modeling for the study has continued through 2011 along with the analyses of the transmission solutions. The study is expected to be completed in March 2012.

Retrospective Generation Interconnection Analysis ("RGIA") – Phase 2

In accordance with Attachment T, SPP must determine whether any transmission upgrades will be required in order to grant a request for interconnection service and identify any such upgrades as either "Base Plan" or "Supplemental" for the purpose of determining the method of cost recovery and establishing eligibility for financial transmission rights. Base Plan upgrades are those necessary to maintain the reliability of the system, while all other upgrades are Supplemental.

SPP was responsible for performing a RGIA to classify facilities associated with generator interconnections that were funded *before* the effective date of Attachment T and that have not been fully credited by Entergy. SPP first conducted this analysis and issued a report in late 2006 (Phase 1 Report). Due to multiple factors, SPP repeated the study process and re-evaluated all facilities built to accommodate a generator interconnection request during the superseding time period. SPP published the revised study in December 2007 (Phase 1A Report). The Phase 1A Report superseded the Phase 1 Report.

Pursuant to Commission directives, any facilities associated with a generator interconnection request that was pending before the Commission, or under review in the courts, were excluded from the Phase 1 and Phase 1A Report. Accordingly, SPP undertook another analysis of those facilities and requests that were excluded from the prior RGIA reports. (Phase 2 Report). SPP posted the Phase 2 Report to Entergy's OASIS on December 28, 2010.

Entergy Inter-Regional Planning Process

During 2011, SPP maintained its active involvement in inter-regional coordination for the Entergy system as discussed below.

SPP RTO

SPP participates in the 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 2011, the ESRPP posted the final draft of the 2010 ESRPP study. The study identified several projects that exhibited increased transfer capability across the Entergy/SPP RTO. The 2010 ESRPP studies were:

- Arkansas Independent Power Producers (“IPP”) (Hot Springs, Magnet Cove, and PUPP) to SPP South (American Electric Power West (“AEPW”) and Oklahoma Gas & Electric (“OG&E”)) for 3000 megawatts (“MW”) (Step 1 Study)
- From AEPW to Entergy Arkansas for 700 MW (Step 1 Study)
- From Entergy Arkansas to AEPW for 700 MW (Step 1 Study)
- Messick 500/230 kV Transformer (Step 2 Study)
- Turk-McNeil 345 kV Line (Step 2 Study)

In the final 2010 ESRPP study report, the first three projects were given Step 1 high-level transfer studies and the last two projects were given detailed Step 2 studies to determine the scope of the projects’ specific cost estimates and actual design. The transfer studies showed that major transmission improvements would be required to transfer the desired amount of power across the Entergy SPP RTO seam. Accordingly, the costs of the projects (approximately \$ 1.7 billion) may outweigh the benefits of the new transmission. The detailed Step 2 analysis showed that both projects provided power flow benefits to both Entergy and SPP RTO transmission systems, but also increased short circuit current in the area which could require additional upgrades. The cost of these projects was approximately \$ 203 million.

These projects will be considered in the development of the 2012 ICT Base Plan and the 2012-2016 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 2011:

- Entergy to Empire District Electric Company (“EMDE”) for 500 MW (Step 1)
- Entergy to Nebraska for 3000 MW (Step 1)
- Nebraska to Entergy for 3000 MW (Step 1)
- Arkansas IPP's (Hot Springs, Magnet Cove, and PUPP) to SPP South (AEP and OG&E) for 3000 MW (Step 2)
- AEPW to Entergy Arkansas for 700 MW (Step 2)

ESRPP reported the initial results of its study on the 2011 projects this year and will post the final results of its study in the first quarter of 2012.

Southeast

SPP participates 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 for the following three (3) sensitivity studies selected for the 2011 planning cycle and the 2011 Final 10-Year Expansion Plan.

- Tennessee Valley Authority (“TVA”) Border to Southern Balancing Authority (“SBA”) = 3500 MW (2016)
- Entergy Border to SBA = 1500 MW (2016)
- South Carolina Public Service Authority (“SCPSA”) Border to SBA = 1000 MW (2016)

The Entergy Border to SBA was the only project that addressed economic constraints to the regional transfer within the southeast region and was monitored for any incidental impact on Entergy’s system.

SPP also participates 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.

- High Voltage Direct Current injection in Duke to Virginia-Carolina sub-region within SERC (“VACAR”) = 3000 MW (2019, Step 1 Evaluation)
- South Carolina Regional Transmission Planning (“SCRTP”) to TVA = 1000 MW (2016, Step 1 Evaluation)
- SCRTP to PJM West = 1000 MW (2016, Step 1 Evaluation)
- PJM West to VACAR = 1000 MW (2016, Step 1 Evaluation)
- Progress Energy Carolinas (“PEC”) to Southeast = 2000 MW (2020, Step 1 Evaluation)

In addition, the SIRPP posted the following five (5) sensitivity studies selected by stakeholders for the 2011-2012 planning cycle:

- South Carolina Electric and Gas (“SCE&G”) to AEP – 200 MW (2017, Step 1 Evaluation)
- Southern Company to PEC – 50 MW (2017, Step 1 Evaluation)

- SCRTP to Florida Reliability Coordinating Council (“FRCC”) – 200 MW (2017, Step 1 Evaluation)
- Louisville Gas & Electric (“LGE”) & Kentucky Utilities (“KU”) to Southern Company – 200 MW (2013, Step 1 Evaluation)
- Southern Company to LGE & KU – 200 MW (2013, Step 1 Evaluation)

SPP also continued to monitor the SIRPP Study Team’s work on the SIRPP 2011-2012 interchange/tie lines update and the SIRPP 2011-2012 Base Case Development for any impact on Entergy’s system.

System Impact Study (“SIS”) Task Force

The stakeholder-led SIS Task Force held several meetings during this reporting period. Some of the open items discussed at these meetings, included: (i) SPP’s and Entergy’s work on the development of an “Attachment T Guidance Document” to provide stakeholders with a description of how Attachment T is being implemented; (ii) SPP’s proposal for the study of load growth impact on Supplemental upgrades; (iii) stakeholders’ proposal for the study of multiple requests to a single load; (iv) the ICT’s verification process for the solution sets of studies provided by Entergy (e.g., checking the line rating for congested facilities in a Facilities Study (“FS”)); (v) the development of a detailed example of the calculation method for load growth; and (vi) improvements to the study processes for SIS and FS reports. In addition, SPP, at the request of stakeholders, implemented a new process for posting the negative available transfer capability (“ATC”) and transfer distribution factor (“TDF”) for SIS reports.

Implementation of Order Nos. 890 et seq. Requirements

The ICT’s Planning group is involved in the review of Entergy’s business practices as they relate to the procedures for Planning Redispatch established under Order Nos. 890 et seq. This year, the Planning group reviewed Entergy’s whitepaper on Planning Redispatch and provided comments. The Planning group will continue to work with Entergy on this process and report to stakeholders on the implementation of this procedure in 2012.

WPP

Operational Report

A review of the WPP quarterly reports submitted over this reporting period demonstrates that the WPP produced meaningful benefits in 2011.⁴ SPP has calculated that the WPP has generated approximately \$ 21.8 million in estimated cost savings over this reporting period. Since the start-up of WPP operations, estimated production cost savings total approximately \$ 50.8 million.⁵

As part of its oversight of the operation of the WPP and independent review of the WPP's results, SPP provides a quarterly assessment and self-evaluation of the WPP. For this period, SPP reports that 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 MWs offered into and awarded through the WPP. In this regard, the WPP achieved its best results since the start-up of the WPP for several components, including the largest number of offers submitted (20) and total number of MWs offered (4,837 MWs) in an Operating Week, as well as the highest levels of energy forecasted to be purchased through the WPP (1,445,548 MWhs) and estimated production cost savings (over \$8.4 million) for a single quarter.

Based on SPP's assessment of the data, there were several factors that contributed to the reported increases in the WPP. For example, the region experienced extreme cold weather conditions in early 2011 that created higher load requirements over the winter season and lead to an increase in the number of generators participating in WPP. There were also a number of generation outages during some of the historically lower load months. Also, SPP's continued operational experience as well as enhancements implemented to the overall process and the Security Constrained Unit Commitment ("SCUC") software helped the WPP and the

⁴ See ICT WPP Quarterly Report, Docket No. ER09-555, filed March 15, 2011; ICT WPP Quarterly Report, Docket No. ER09-555, filed June 15, 2011; ICT WPP Quarterly Report, Docket No. ER09-555, filed September 15, 2011; ICT WPP Quarterly Report, Docket No. ER09-555, filed December 15, 2011.

⁵ As part of the development of the WPP Performance Metrics, SPP agreed to a stakeholder recommendation to reduce the annual WPP savings estimate by the WPP implementation costs amortized over a period of time. SPP has estimated the capital costs of developing and implementing the WPP to be approximately \$24.8 million which should be amortized over five years (i.e., \$4.96 million/year). In addition, SPP has estimated the WPP's operating costs to be approximately \$3 million/year. Therefore, the annual savings attributable to the WPP should be adjusted by approximately \$7.96 million/year to reflect the costs of running the WPP.

SCUC model perform more efficiently and reliably and allowed for better evaluation and ultimate acceptance of third-party supplier offers in the WPP. 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 notes that certain other changes to the WPP that were implemented this year may have also had a positive impact on the WPP's results. First, a procedure was implemented to expand the on-peak offer period in the WPP to twenty-two (22) and twenty-three (23) hours when specific conditions were met. Second, more transparency was added by the disclosure of additional WPP operational information in quarterly reports and on Entergy's OASIS.

There were, however, other factors that may have negatively affected the WPP's results this year. Similar to last year, SPP witnessed a drop in WPP participation during several weeks of the summer. Typically, the high-load summer months provide more opportunities for third-party supplier offers to displace Entergy's more expensive generating units. However, based on an analysis of publicly-available information, SPP found that some of the regular participants in the WPP entered into transactions with Entergy outside the WPP to meet Entergy's increased summer load requirements. These transactions reduced the number of third-party suppliers submitting offers in the WPP. In SPP's view, these transactions had a material impact on the level of participation in, and the results of, the WPP during this period.

In addition, there were a few weeks in which no third-party supplier offers were accepted due to hold harmless violations. As in prior periods, the hold harmless violations were likely the result of: (i) low loads; (ii) system conditions that reduced the value of selected third-party supplier offers and caused slight increases in the total production costs in Run 1; and/or (iii) marginally priced third-party supplier offers. The combination of these factors resulted in a minimal cost differential between the third-party suppliers' offers and the participating network customer's resources and lead to most of the hold harmless violations that occurred this year.

Moreover, SPP reports that certain issues related to the SCUC model and the WPP were identified during this period. For example, a software error was reported in the RFCalc Lite load balancing logic that created imbalances between generation and load in external control areas. These imbalances, in turn, were used as inputs to the WPP model. This error may have had an impact on the WPP results. For the Operating Week of November 19, the SCUC model crashed during its production runs due to a memory error and did not produce any results. Accordingly, the WPP was canceled for that week. In each instance, SPP facilitated both permanent and temporary adjustments to address these problems.

The operational data and estimated cost savings for the WPP represent an improvement from the prior reporting period. However, the WPP's procurement results are dependent upon complex computer models that are continuously under review. Accordingly, SPP will continue to work on ways to improve the process by promoting greater third-party participation, expanding Entergy's procurement options, and producing more economical dispatch within Entergy's service area.

WPP Task Force Meetings

SPP held several WPP Task Force meetings 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 and review of the WPP Quarterly Reports. In addition, the stakeholders used this forum to ask questions and recommend improvements to the WPP. For example, the modeling of QF puts in the WPP and corrections to load forecast postings and Entergy's Power Offer Website ("EPOW"). In addition, some potential enhancements to the WPP that will continue to be examined in 2012 include extending the on-peak offer period for all 24-hours.

SPP will continue to participate in the WPP Task Force 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 of the WPP through both the ICT and WPP Quarterly Reports.

Stakeholder Process

Overview and Summary of 2011 Activity

In accordance with the Entergy OATT, the ICT Agreement, and the directives of the SPC, SPP has developed an organizational structure for the stakeholder process that includes four (4) stakeholder-led task forces specific to each of the ICT's functional areas of responsibility (i.e., RC, TA, Planning, and WPP) and the Users Group. Each of these groups provides interested stakeholders the opportunity to participate in the process and increases the coordination and communication with the SPC and the E-RSC.

In 2011, each task force engaged in regular meetings at the direction of the SPC in order to understand and explore issues assigned to each group. A report on the specific activities of each task force and the Users Group for this reporting period is provided in each section on the ICT's functional areas. Stakeholders also are able to make formal recommendations to the SPC 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 regular stakeholder meetings, SPP maintains regular communication with the Entergy stakeholders and interested regulators.

Over the past year, SPP convened six (6) SPC meetings⁶ and participated in thirty-nine (39) task force meetings and thirteen (13) E-RSC meetings.⁷ SPP 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.

SPP also developed communication protocols that require SPP to record and summarize in the ICT quarterly reports all formal stakeholder communications to SPP. During this period, four (4) formal communications were received by SPP.⁸ In

⁶ The SPC convened four (4) quarterly meetings and convened two (2) additional SPC meetings to address specific April 2011 TLR events, present a Load Pocket Analysis report, and review a WPP Task Force recommendation on additional WPP transparency.

⁷ The E-RSC convened six (6) meetings and convened seven (7) additional meetings for the E-RSC Working Group ("E-RSC-WG") and stakeholders to address specific issues and concerns raised before the E-RSC.

⁸ SPP notes that two (2) of the formal communications were related to the same topic and involved a follow-up to the response of the original request.

addition to discussing such communications in its quarterly reports, SPP included a written response, as appropriate, to any stakeholder formal communications.⁹

Under the communication protocols, informal stakeholder communications 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). The number of IssueTrak communications has slowed significantly over the course of this annual reporting period. In the last two quarters of 2011, no communications were logged into IssueTrak. In response to a SPC directive, the ICT Reliability Coordinator was requested to perform an analysis of the stakeholders’ usage pattern of IssueTrak. The ICT Reliability Coordinator completed the required analysis prior to the June 2011 SPC meeting. However, the SPC meeting in June did not allow for time in the agenda for the information to be presented. Accordingly, the results of this analysis will be discussed in a future SPC meeting. 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 seventy-four (74) registered users and seventeen (17) organizations, other than SPP, set up in IssueTrak. The decrease in users from the previous year is due to a removal of several Entergy users when a communication upgrade was made in software and those users no longer required IssueTrak registration for the duplication of this service. 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. 2010 – Feb. 2011	7	6	Avg. - 3.92	2 Critical 3 High 2 Medium
Mar. – May 2011	1	2	Avg. - 28.94	1 High
June – Aug. 2011	0	0	NA	

⁹ See ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.1, filed Mar. 31, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.1, filed June 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.1, filed Sept. 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 8.1, filed Dec. 30, 2011.

Sept. – Nov. 2011	0	0	NA	
Totals	8	8		Critical (2) High (4) Medium (2)

State and Public Stakeholder Forums

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

In 2009, the LPSC established a commission-led task force to consider various transmission-related issues in Louisiana, including Entergy’s transmission planning, 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 an analysis of the western portion of the Southern Louisiana Reliability Loop. 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.

The Arkansas Public Service Commission (“APSC”) Public Conference

This year, SPP has continued to monitor and participate in the state proceeding initiated by the APSC to examine various transmission issues within SPP and Entergy that affect electric service within Arkansas and directly implicate the operation of the ICT. In particular, this proceeding examined: (i) the need for SPP and Entergy to enter into a comprehensive seams agreement between the two transmission systems; (ii) a comprehensive cost/benefit analysis to determine the benefits of the entire Entergy System and Cleco Power, or EAI as a stand-alone entity, joining either the SPP RTO or the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”); and (iii) EAI’s decision to leave the ESA in December 2013 and possible succession options. A discussion of the actions taken this year on each of these items is provided below.

(i) Entergy and SPP Seams Agreement

In 2010, the FERC conditionally accepted a comprehensive seams agreement between Entergy and SPP. As discussed earlier, the seams agreement incorporates 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. Subsequently, Entergy and SPP submitted revisions to the agreement in compliance with the FERC’s directives.

In 2011, the FERC accepted compliance filings and denied rehearing thereby providing the final approval for the seams agreement. During this period, Entergy and SPP implemented Attachments A and B of the seams agreement, which defines the Coordination Protocol and AFC/TFC Protocol, respectively. It is expected that Entergy and SPP will implement the remaining Attachments C and D, which define the Cost Allocation Protocol and Data Exchange Protocol, respectively, in 2012.

(ii) Cost/Benefit Study

The study issued last year found that there would be operative and qualitative ratepayer benefits from Entergy and Cleco Power joining SPP RTO. An addendum to this study also examined: (i) EAI joining SPP RTO as a stand-alone entity; (ii) Cleco Power joining SPP RTO as a stand-alone entity; and (iii) sensitivities to further assess the potential benefits of RTO membership by Entergy.

In March 2011, the APSC held a technical conference on the results of the study. In April, Entergy announced its intention, subject to receipt of all required regulatory approvals, to join the Midwest ISO as a full participating member by the end of 2013. As of the period covered by this report, Entergy has made the necessary regulatory filings for the change of control of its transmission facilities in each of its retail jurisdictions, except the Public Utility Commission of Texas. In accordance with the ICT Agreement, SPP will continue to be fully engaged and perform its designated duties and obligations as the ICT as long as the agreement is in force.

(iii) EAI Exit from ESA

During this reporting period, the APSC held hearings to examine EAI's scheduled exit from the ESA in 2013 and EAI's strategic re-organization options, including joining either SPP RTO or the Midwest ISO, or operating as a stand-alone entity. In October 2011, the APSC issued Order No. 54, providing guidance on EAI's post-ESA options. The APSC opined that the two "remaining, viable reorganization options for post-ESA operations are: (1) EAI as a stand-alone utility with third party pooling and other service arrangements on a short term basis; and (2) EAI as a stand-alone utility as its own member of an RTO, either MISO or SPP." Accordingly, the APSC found that "the option to join SPP remains a viable choice among RTO alternatives and excluding SPP at this juncture is not appropriate."

Order 54 also directed EAI to file its change of control filing by the end of November and further directed EAI to file as soon as possible, but no later than January 11, 2012, a detailed presentation from EAI regarding its *entire* re-organization plan, including all steps on decisions that need to occur by December 18, 2013, for EAI to extricate itself from its affiliations with the other Entergy Operating Companies. In 2012, SPP will continue to monitor and report on these ongoing proceedings in its quarterly reports.

E-RSC

The E-RSC provides 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.

This year, the E-RSC meetings discussed and considered, among other things, the following issues: (i) WPP operational results and potential improvements; (ii) congestion and TLR events; (iii) updates on the Entergy Construction Plan and the ICT Base Plan; (iv) the ICT process for communicating important events to the Entergy retail regulatory agencies; (v) Entergy's facility re-rating project; (vi) Entergy's draft Commitment, Operations, and Dispatch Agreement ("CODA") plan; (vii) Entergy's integration plans into an RTO, including cost allocation, joining requirements, and exit provisions; (viii) the MBPC study; (ix) Entergy ICT metrics; (x) proposal for an Independent System Monitor; (xi) compliance with the Commission's Order No. 1000; and (xii) congestion management. In response to a request by the E-RSC, SPP has also agreed 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.

Last year, E-RSC discussions resulted in Entergy's agreement to give the E-RSC expanded authority. Specifically, Entergy agreed to submit tariff revisions vesting the E-RSC with 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. The FERC approved these tariff changes during this reporting period codifying the E-RSC's authority as it related to Entergy in Entergy's OATT.

Users Group

Pursuant to the FERC's direction, 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 2011, SPP conducted quarterly assessments of Entergy's back-up and archiving processes for AFC and WPP data. In the first quarter of 2011, SPP's audit revealed that the backup and retention processes for Entergy's AFC and WPP data files were not performed in accordance with Entergy's procedures. In addition, SPP reported that Entergy's Information Vaulting System ("IVS") documentation confirmed that not all back-up tapes were properly sent offsite for storage. In subsequent audits, Entergy implemented improved processes and remediation plans to address these shortcomings. Even so, SPP's audits generally confirmed that Entergy's data files were being properly archived and test-restored. Therefore, as of the end of this reporting period, SPP reports that all data retention and back-up processes were working properly to prevent data loss.

SPP, with consultation from the Users Group, had previously provided recommendations to Entergy regarding documentation and process-related improvements to Entergy's data back-up and archiving processes. During 2011, Entergy dedicated a significant amount of time and resources to make several of the suggested improvements. In particular, Entergy increased the number of staff to address previous resource constraints, added a project manager to organize goals and provide additional transparency, added technical resources as needed to create automated scripts, and utilized additional support in the writing of updated departmental procedures. Entergy also continued its efforts to take certain AFC data that has reached its end-of-life and no longer needs to be retained and remove it from archive tapes with a longer retention schedule. In this regard, Entergy has documented and implemented procedures for separating the ongoing archival of Historical Data Recorder, AFC, and WPP data.

Additionally, Entergy now performs an internal gap analysis each month to review and track back-up and archival issues. Entergy then presents the results of their gap analysis to the Users Group assessment team for inclusion in the audit reports. Entergy also continues to upgrade and replace aging hardware and has upgraded to new tape library installation. 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's stakeholders 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.

Once again this year, at the request of stakeholders, SPP contracted with a third-party vendor to perform the survey. MarketSearch, the firm that performed the 2010 survey, was selected to do the 2011 survey. The Stakeholder Survey was sent to 150 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. MarketSearch received twenty-one (21) stakeholder responses (i.e., seventeen (17) fully completed surveys and four (4) partially completed surveys), an increase from the amount of stakeholder responses received in the last two years.

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. The survey results are provided in Attachment 1.

Although there was an increase in the number of stakeholders that participated in the survey this year, the low ratio of total stakeholders to the 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 once again showed overall improvement in stakeholder satisfaction with the ICT's work. The scoring of stakeholders' overall satisfaction with the ICT groups and processes was 10 percent higher than last year. Every process and functional group's task force surveyed had an increase in satisfaction, with the exception of Transmission Planning's Base Plan process which was down 1.64 percent. Several processes had double digit improvements, including Congestion Management (16%), Short-term Planning (13%), and Reliability Coordinator Communication (16%). The ICT TA staff's ability to resolve issues to the stakeholder's satisfaction was 24 percent higher from 2010. Satisfaction with the SPC process also improved just over 34 percent. On the other hand, the survey showed that the customer service satisfaction for all the functional groups did not improve as much this year. Although overall customer service saw an increase in "Much

Improved” marks over last year, they also saw an increase in “Not At All Improved” marks, declining 6.74 percent in satisfaction from 2010.

A limited number of written comments were received along with the survey responses and those comments are included as part of Attachment 1. The comments generally speak to the responsiveness and work of the ICT staff to help with stakeholder issues. They also show a concern for the TLR process and a frustration with the WPP and its reporting.

SPP has previously recognized the inherent difficulties in trying to achieve consensus from all sides. Yet, this year’s survey results indicate general agreement that the ICT’s performance over the past year has improved. Even so, the survey also identifies areas where stakeholders’ frustrations remain and where the ICT’s performance fell short of goals and expectations. SPP will focus its staff’s energy to continue to improve the stakeholders’ relationship with the ICT and 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-five (25) 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, 2010 to November 17, 2011.¹¹

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, 2010 to November 17, 2011, SPP is not aware of any instances of lost data.¹²

¹⁰ As previously reported, SPP is unable to perform the requested comparison on the 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 for posted AFC data 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 9.3 at 52, filed Mar. 31, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 9.3 at 54, filed June 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 9.3 at 51, filed Sept. 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3 at 47, filed Dec. 30, 2011.

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

During the Annual Reporting period from November 17, 2010 to November 17, 2011, 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, 2010 to November 17, 2011, Entergy used inaccurate modeling assumptions twenty-five (25) 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, 2010 to November 17, 2011, 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

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 9.3.2.1 through 9.3.2.5, filed Mar. 31, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.1 through 9.3.2.7, filed June 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.1 through 9.3.2.4, filed Sept. 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.1 and 9.3.2.2, filed Dec. 30, 2011.

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, 2010 to November 17, 2011, SPP received one (1) complaint 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, 2010 to November 17, 2011, 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 SPP is aware that in three (3) instances of filed error reports, the AFC values displayed by the Scenario Analyzer could have been impacted by modeling and/or software errors; however, those displayed values would not have differed from the posted AFC on OASIS.¹⁸

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

During the Annual Reporting period from November 17, 2010 to November 17, 2011, SPP completed twelve (12) Feasibility Studies, seven (7) SIS, and four (4) FS related to generation interconnection requests. SPP, on average, took approximately forty-three (43) days to process the requested Feasibility Studies for generator interconnection requests; approximately one hundred and thirty-two (132) days to process the SIS, and approximately one hundred and thirty-two (132)

¹⁶ This metric was developed by reviewing both “formal” and “informal” complaints received by SPP. During this reporting period, no 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 8.1.1, at 49, filed Sep. 30, 2011; ICT Quarterly Performance Report, Docket No. ER05-1065-000, section 8.1.3, at 45, filed Dec. 30, 2011.

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.

¹⁸ See ICT Quarterly Performance Report, Docket No. ER05-1065-000, sections 9.3.2.3, 9.3.2.4, and 9.3.2.6, filed June 30, 2011.

days to process FS 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, 2010 to November 17, 2011, SPP performed approximately seventy-six (76) SIS related to TSRs in an average of fifty-six (56) days and approximately forty-five (45) FS related to TSRs in an average of seventy-one (71) days. The lengthier study processing times were influenced by study queue congestion and the complexity of some of the studies, which resulted in some delays in study completion during the reporting period.

IV. CONCLUSION

As the ICT arrangement enters the final year of its extended term, SPP is able to report significant and continuing progress across all functional areas, including Tariff Administration, System Planning, Reliability Coordination, and the WPP. A restructured and more engaged stakeholder process has served to increase decisional transparency and ensure that Entergy's transmission system is operated on an open, non-discriminatory basis. For the remaining term of the ICT Agreement, SPP is committed to explore and promote additional opportunities to improve the quality of service on the Entergy system.

Attachment 1



**Southwest Power Pool
2011 ICT Stakeholder Survey**



How the 2011 ICT Stakeholder Survey was Administered

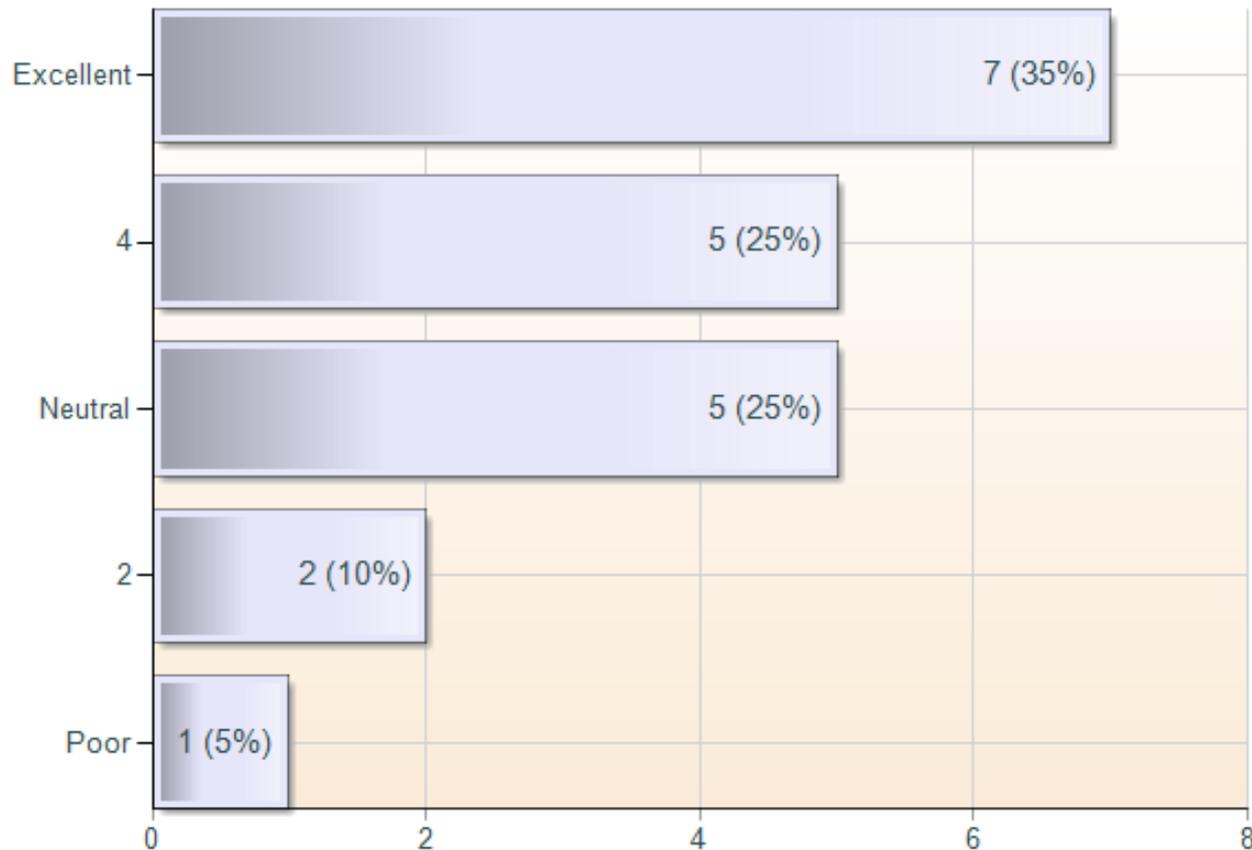


- Questions were adapted from previous ICT Stakeholder Surveys (and in some cases deleted) to reflect operational changes
- Survey administration completely online, with multiple communications:
 - *Launched 1/13/2012*
 - *3 email announcements/reminders*
 - *Closed 1/31/2012 with 17 fully completed surveys and 4 partially completed ones*

Transparency in Transmission Business Process

(mean=3.75, scale 1-5)

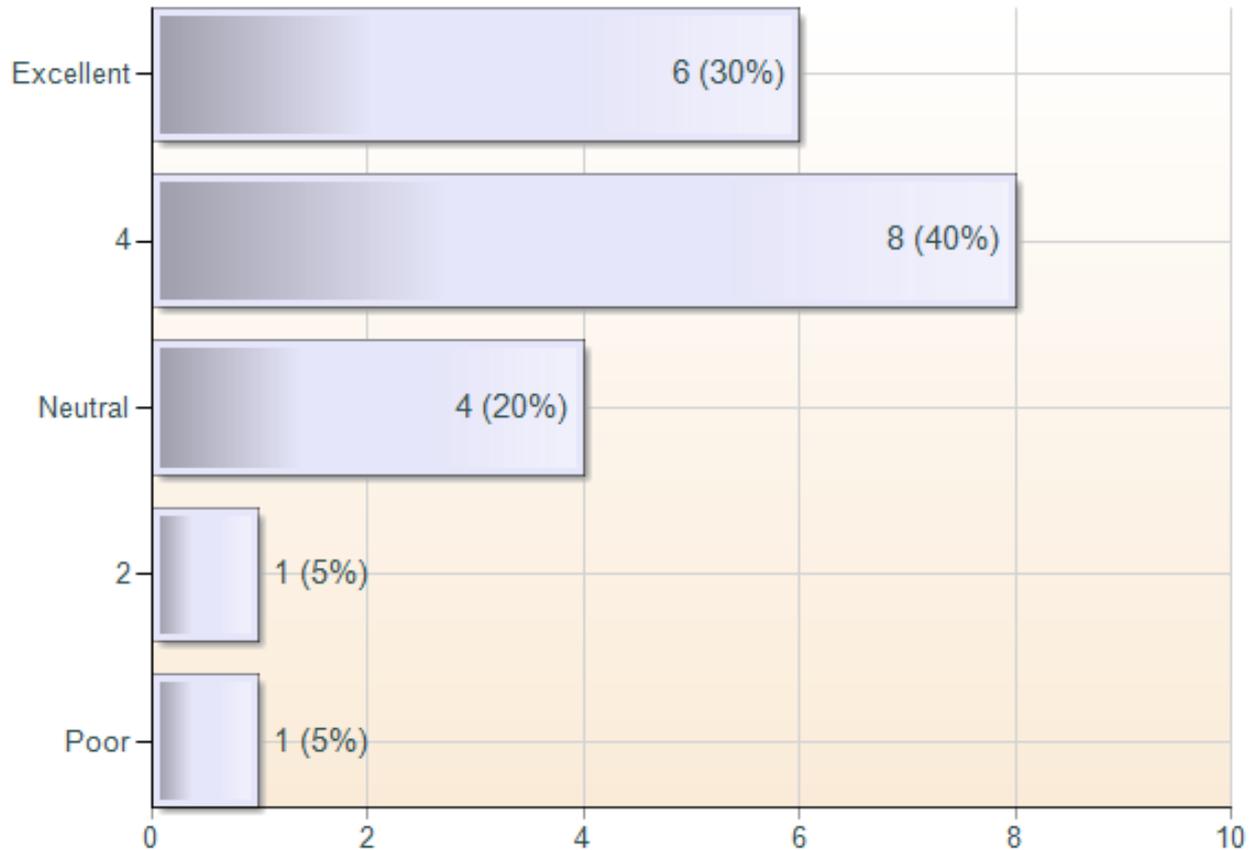
Please rate the ICT's performance in transparency in the transmission business process.



Non-Discriminatory Treatment of Customers

(mean=3.85, scale 1-5)

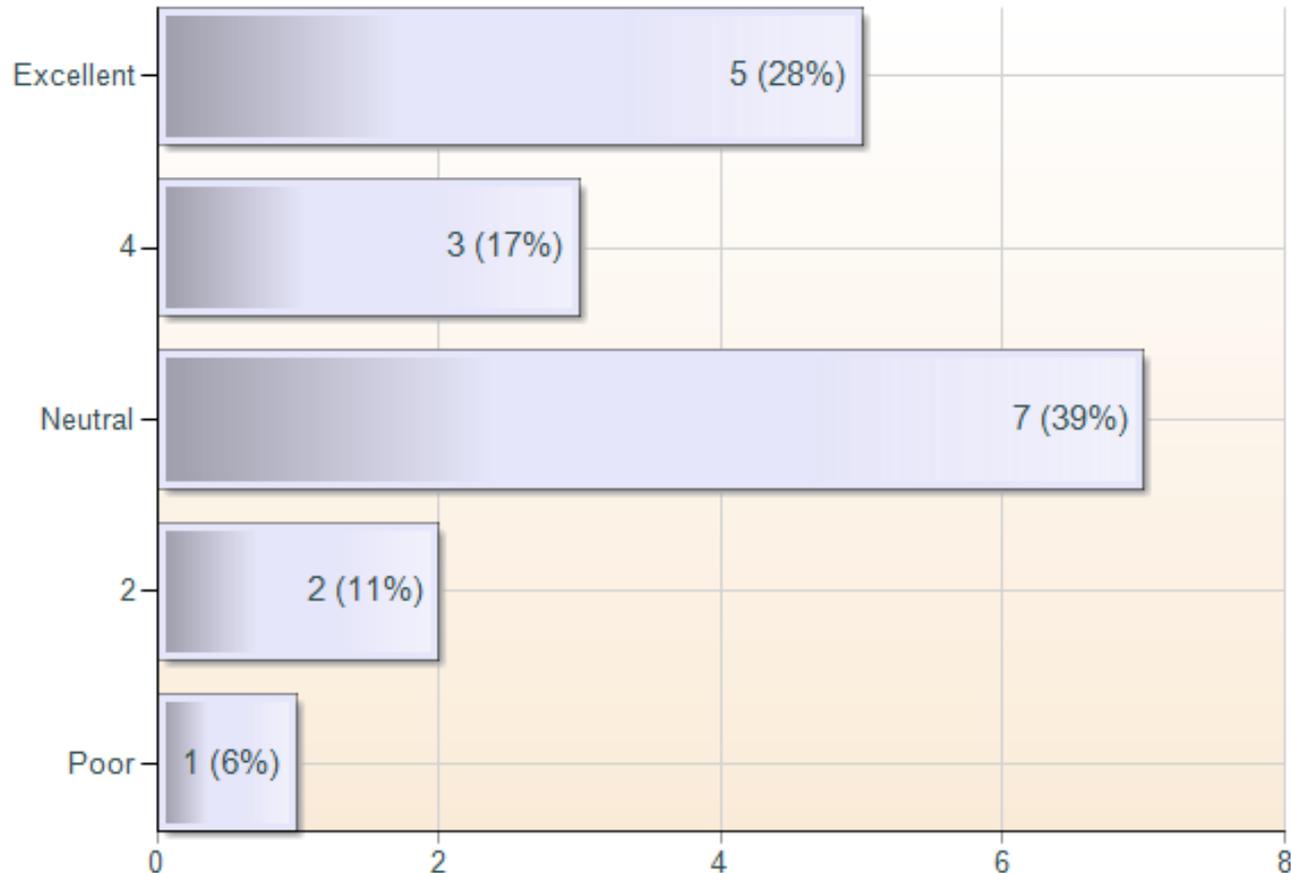
Please rate the ICT's performance in treating customers in a non-discriminatory manner.



Congestion Management: Reliability

(mean=3.50, scale 1-5)

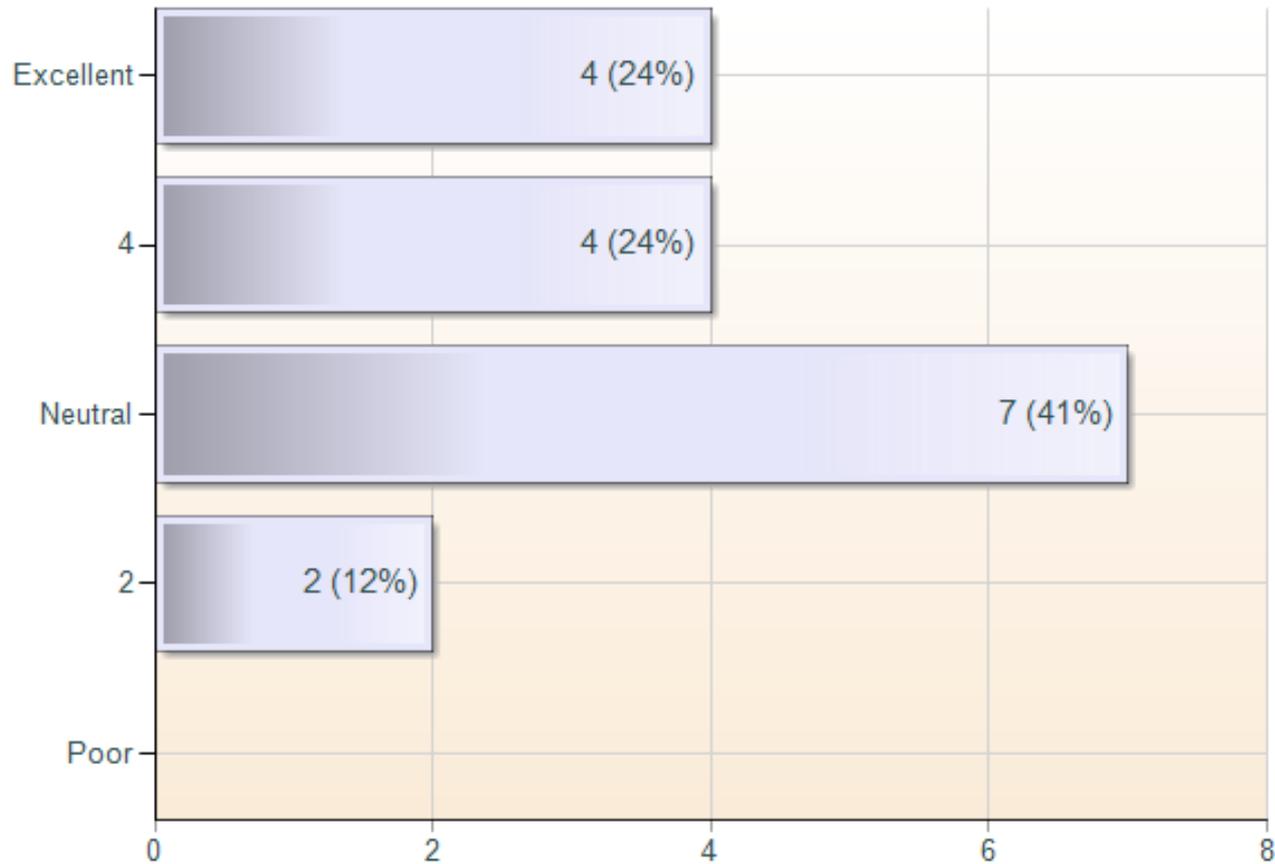
Please rate the ICT's provision of the Reliability service of Congestion Management.



Short-term Planning: Reliability

(mean=3.59, scale 1-5)

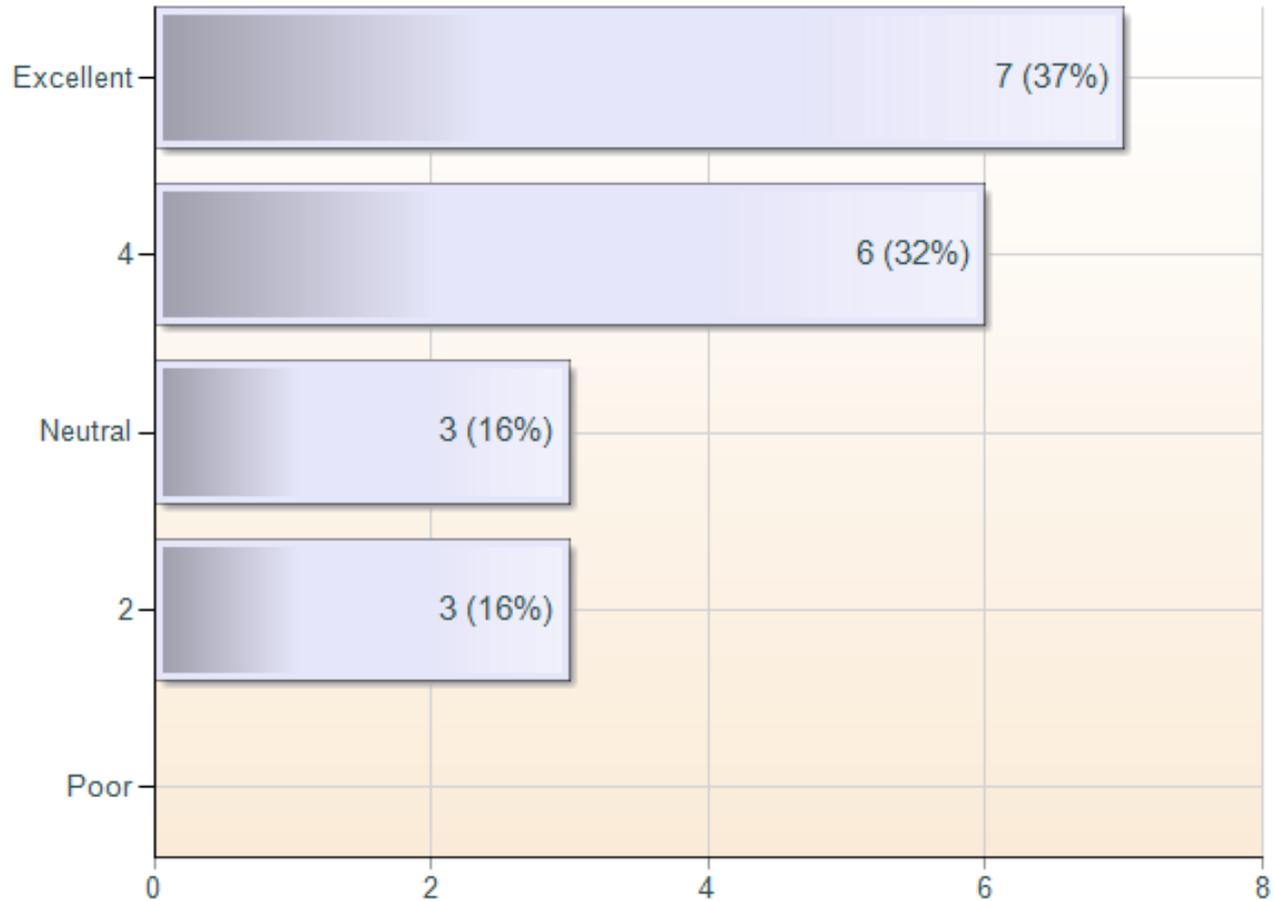
Please rate the ICT's provision of the Reliability service of Short-term Planning.



Communication: Reliability

(mean=3.89, scale 1-5)

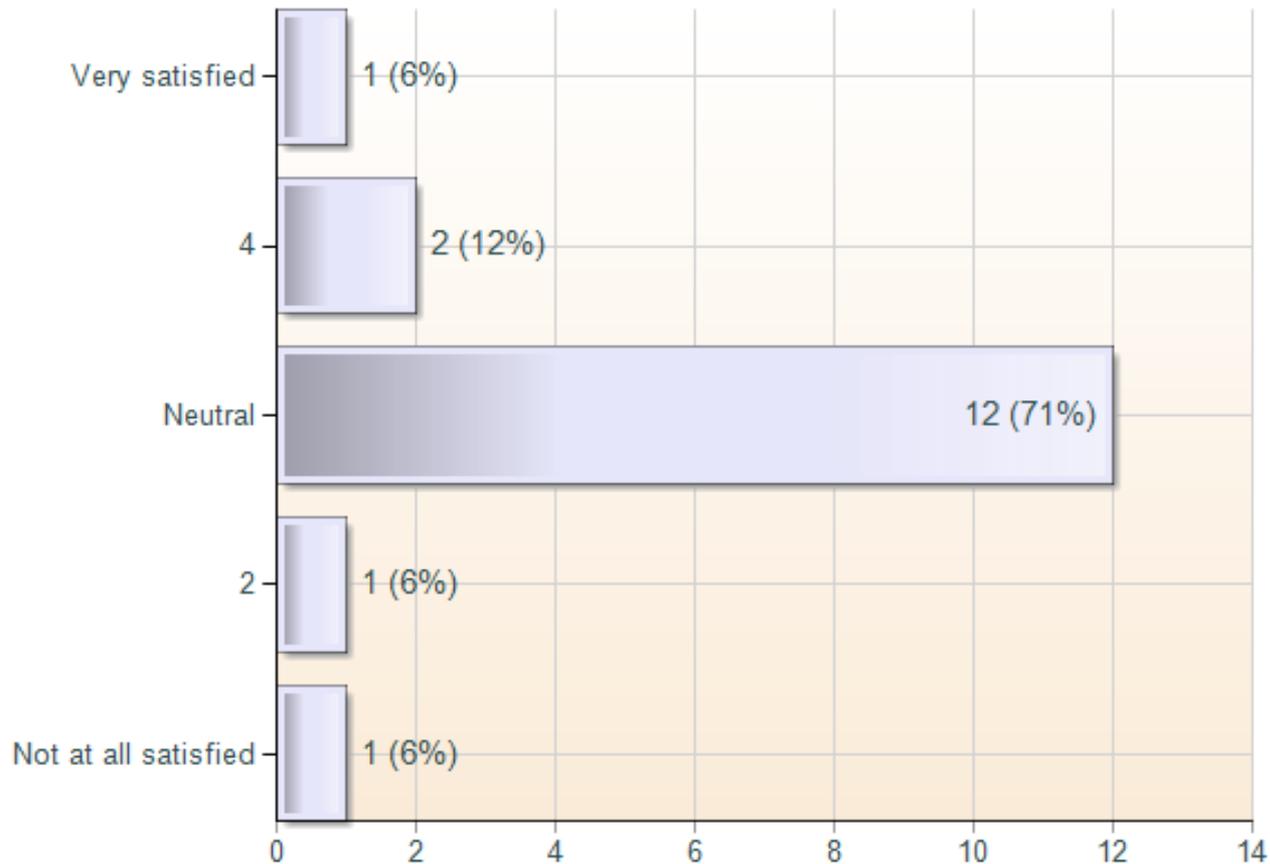
Please rate the ICT's provision of the Reliability service of Communication.



WPP Implementation and Operation

(mean=3.06, scale 1-5)

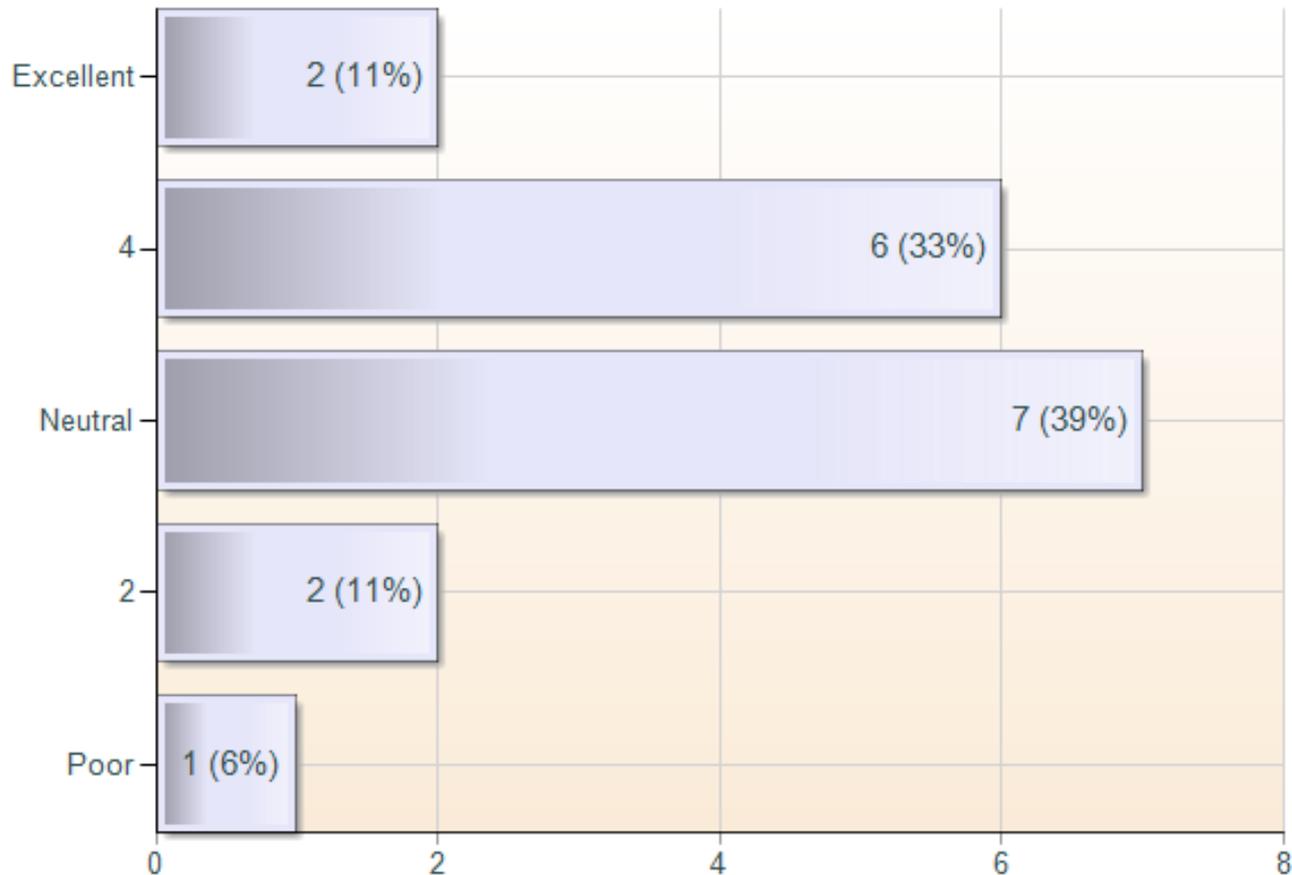
What is your level of satisfaction with the ICT's Weekly Procurement Process (WPP) implementation and operation?



TSR Planning

(mean=3.33, scale 1-5)

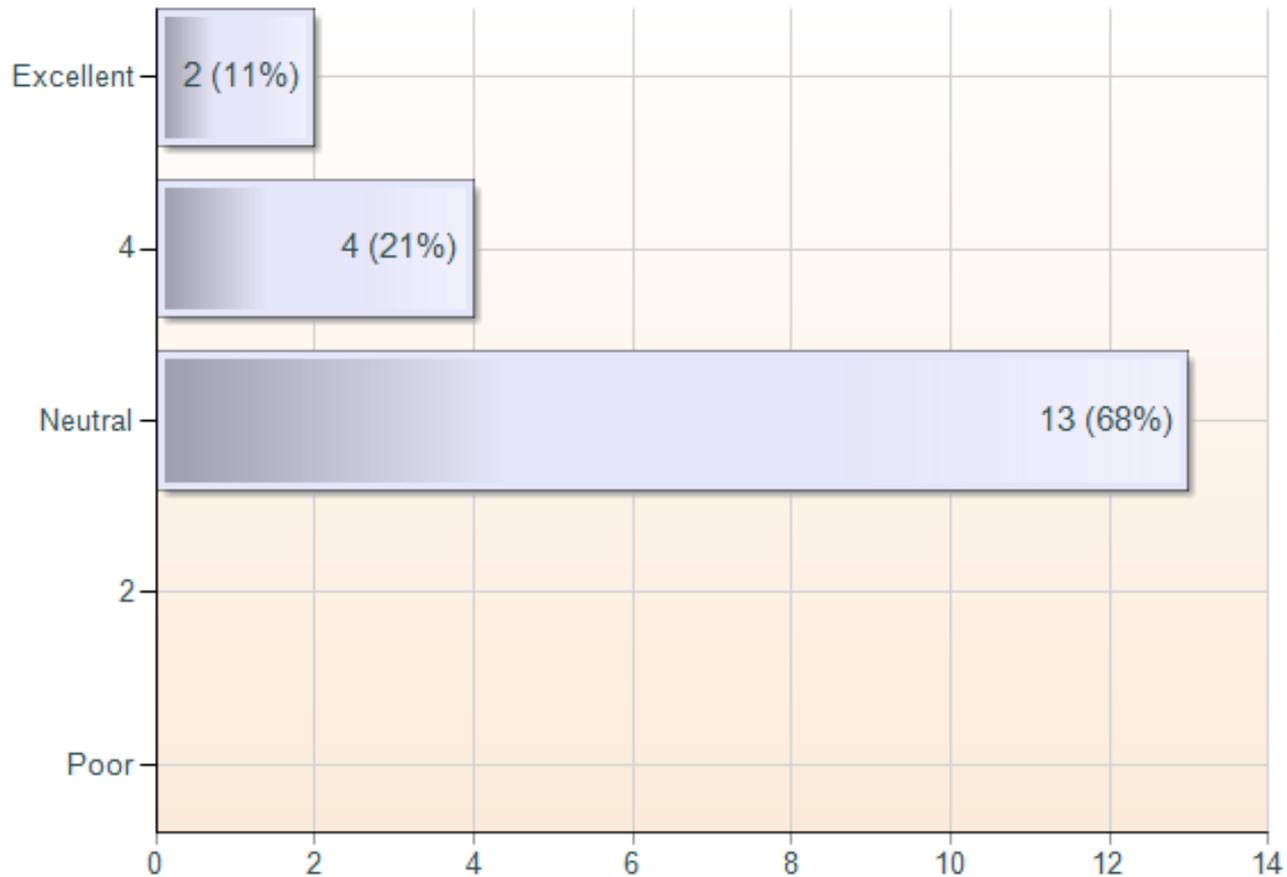
Please rate the ICT's provision of the Transmission Planning & Studies service of Transmission Service Request (TSR) Planning.



Generation Interconnection Process

(mean=3.42, scale 1-5)

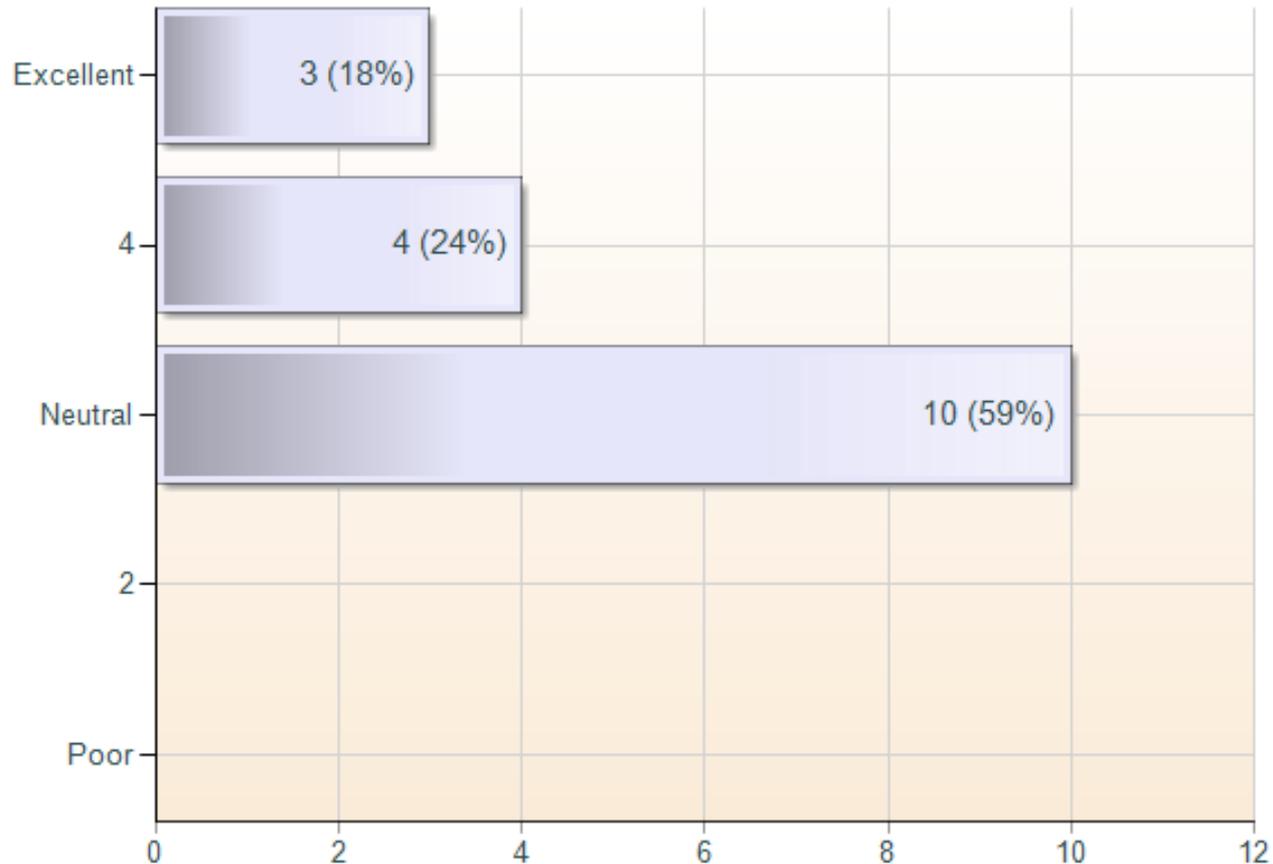
Please rate the ICT's provision of the Transmission Planning & Studies service of Generation Interconnection Process.



Base Plan Process

(mean=3.59, scale 1-5)

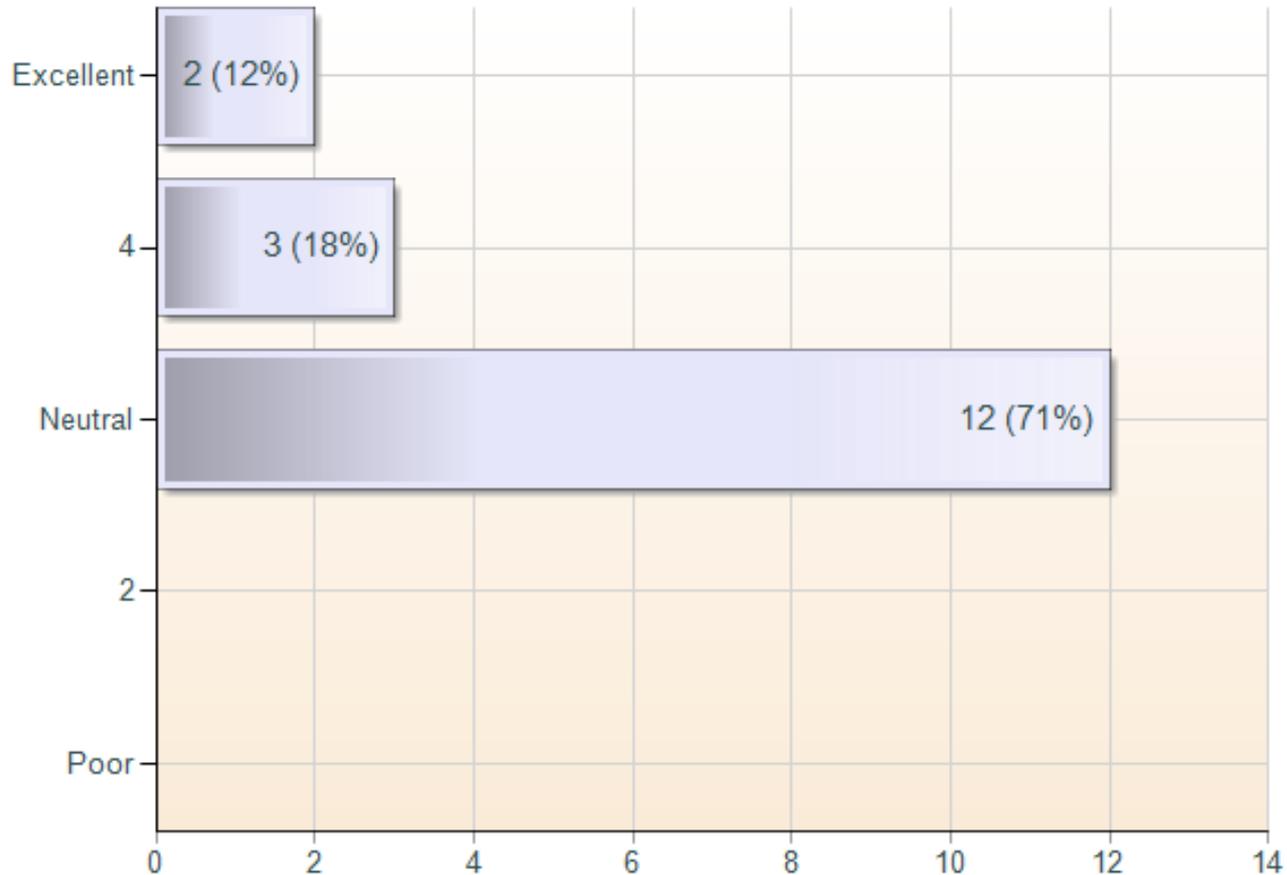
Please rate the ICT's provision of the Transmission Planning & Studies service of Base Plan Process.



Model Building Process

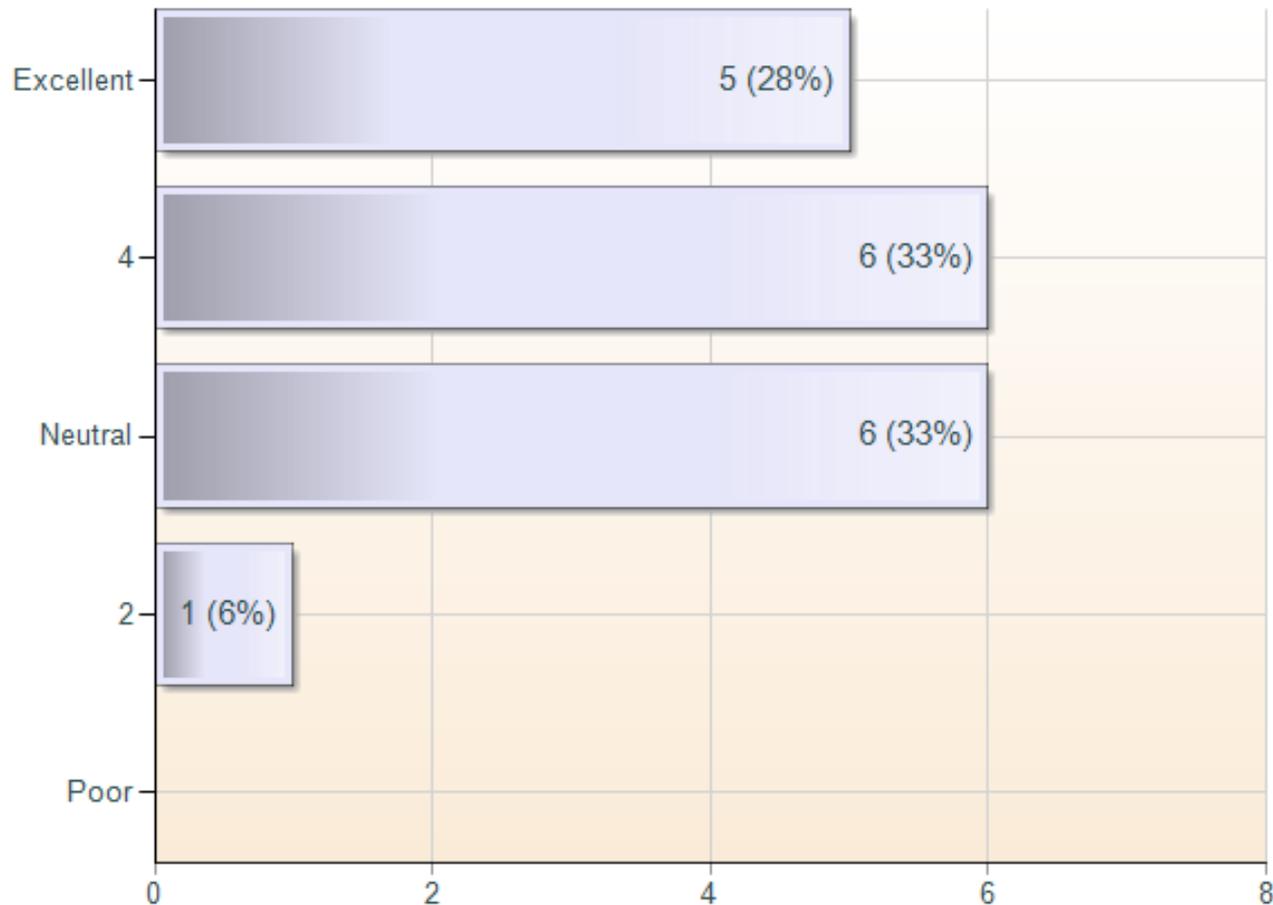
(mean=3.41, scale 1-5)

Please rate the ICT's provision of the Transmission Planning & Studies service of the Model Building Process.



Responsiveness: ICT Tariff Administration Staff (mean=3.83, scale 1-5)

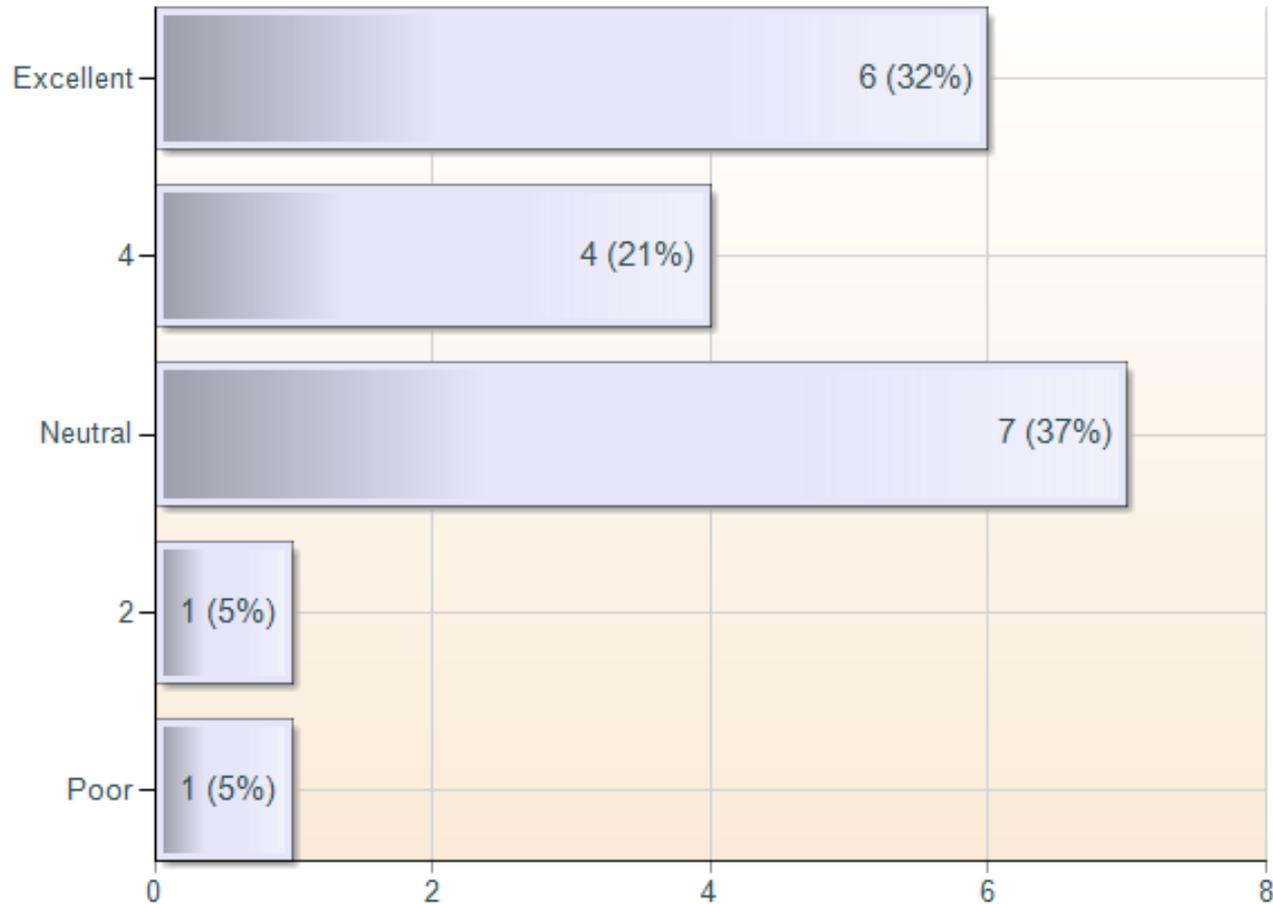
Rate the ICT Tariff Administration staff in being responsive to my needs.



Accurate Information: ICT Tariff Administration Staff

(mean=3.68, scale 1-5)

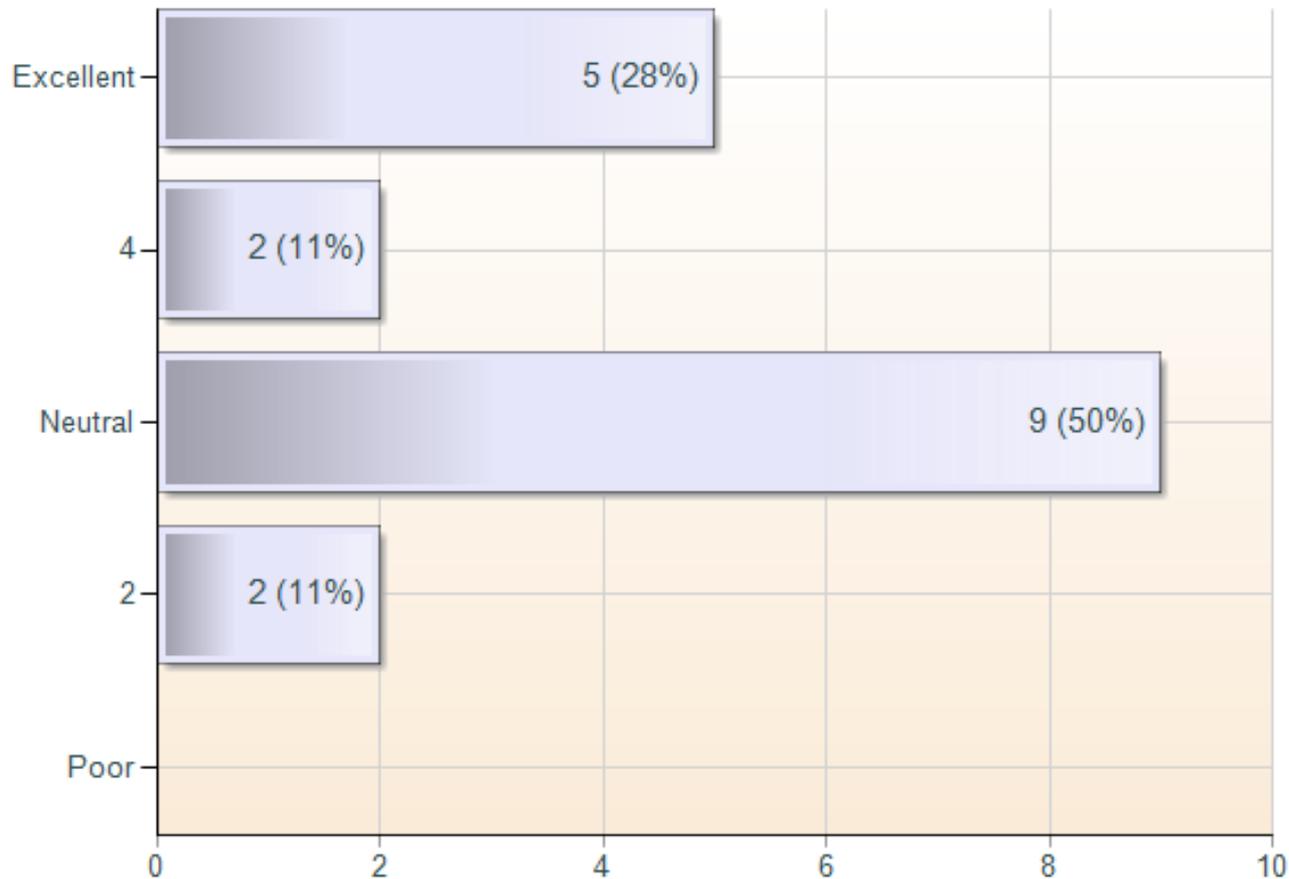
Rate the ICT Tariff Administration staff in providing accurate information.



Resolving Issues: ICT Tariff Administration Staff

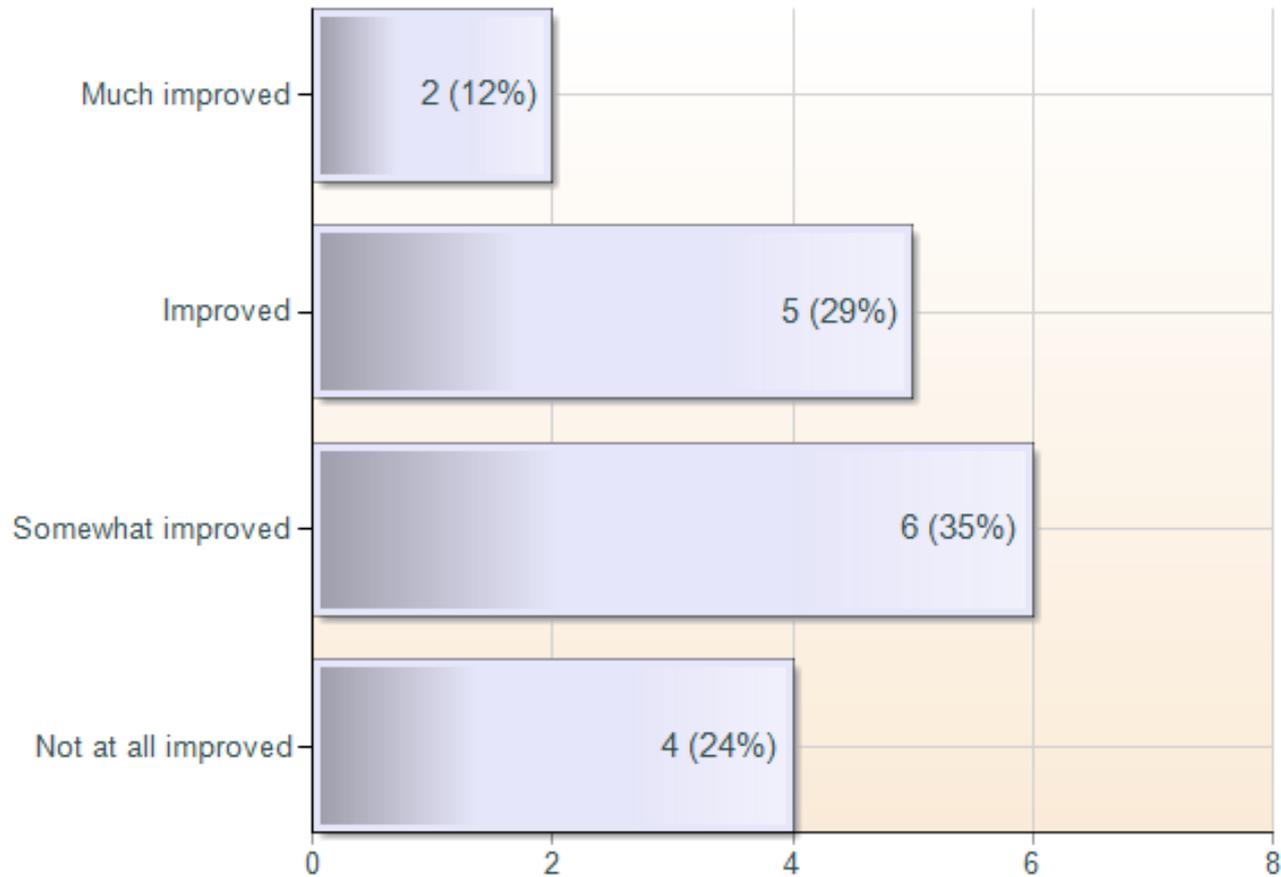
(mean=3.56, scale 1-5)

Rate the ICT Tariff Administration staff in resolving issues to my satisfaction.



Customer Service Improvement: ICT Tariff Administration Staff (mean=2.29, scale 1-4)

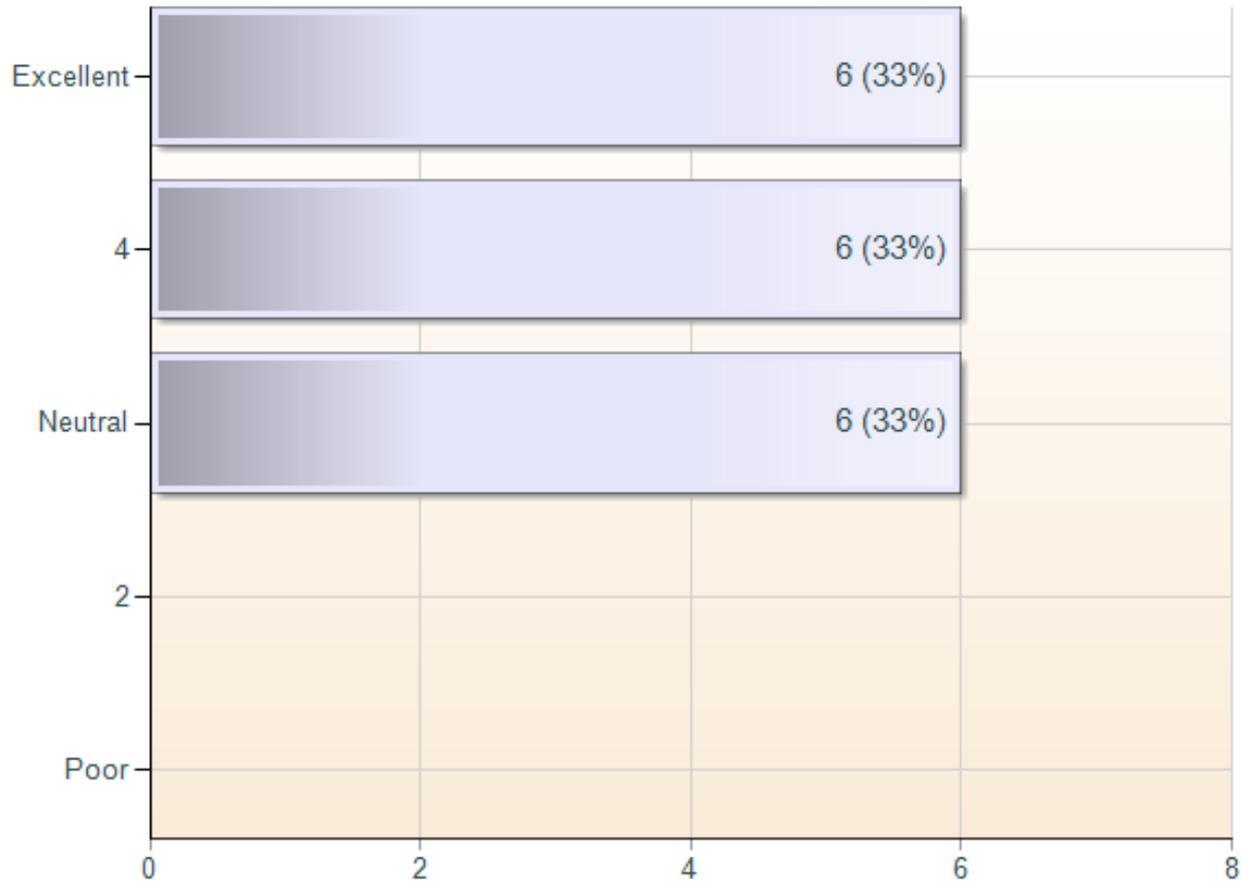
Have the ICT Tariff Administration staff members improved their customer service during the past year?



Responsiveness: ICT Reliability Coordination Staff

(mean=4.00, scale 1-5)

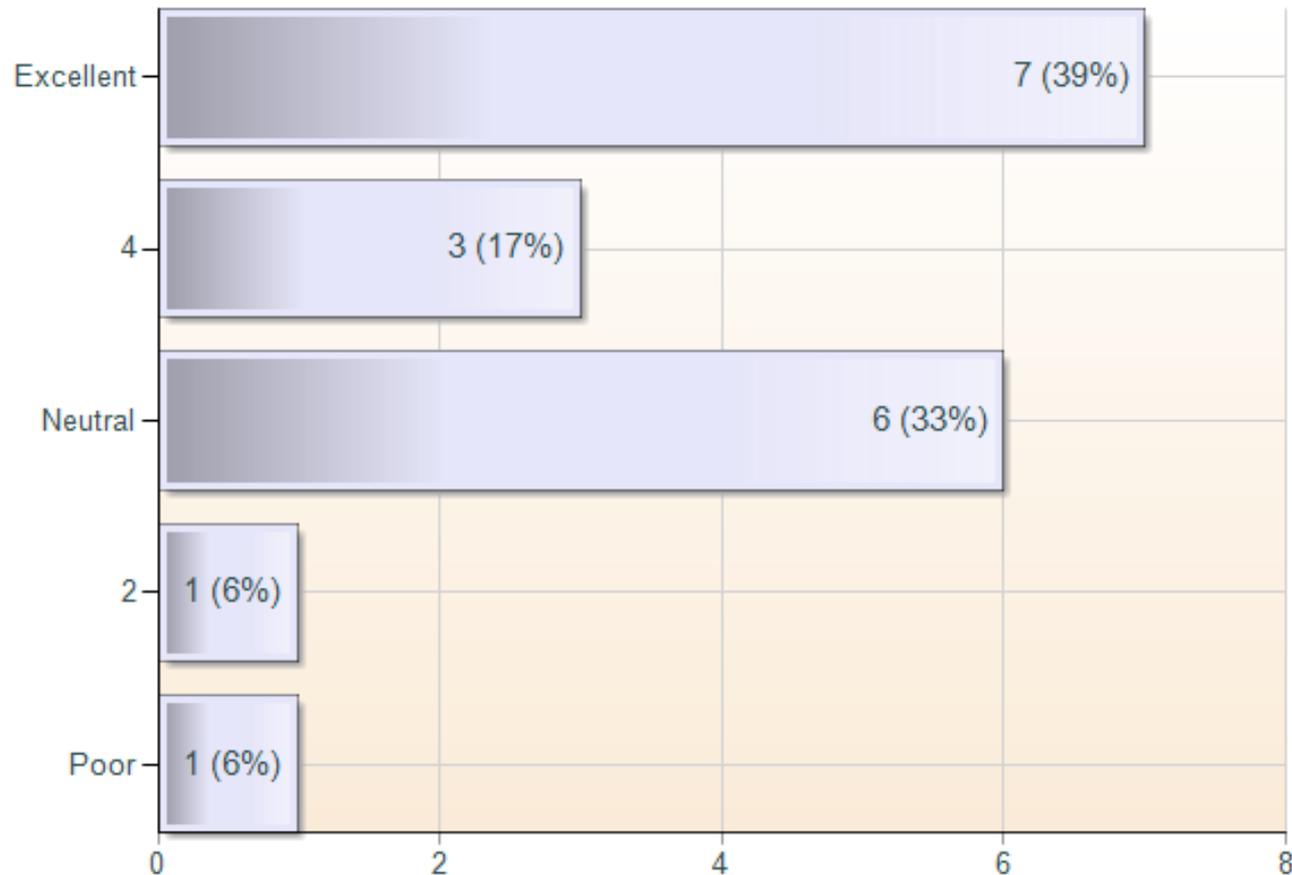
Rate the ICT Reliability Coordination staff in being responsive to my needs.



Accurate Information: ICT Reliability Coordination Staff

(mean=3.78, scale 1-5)

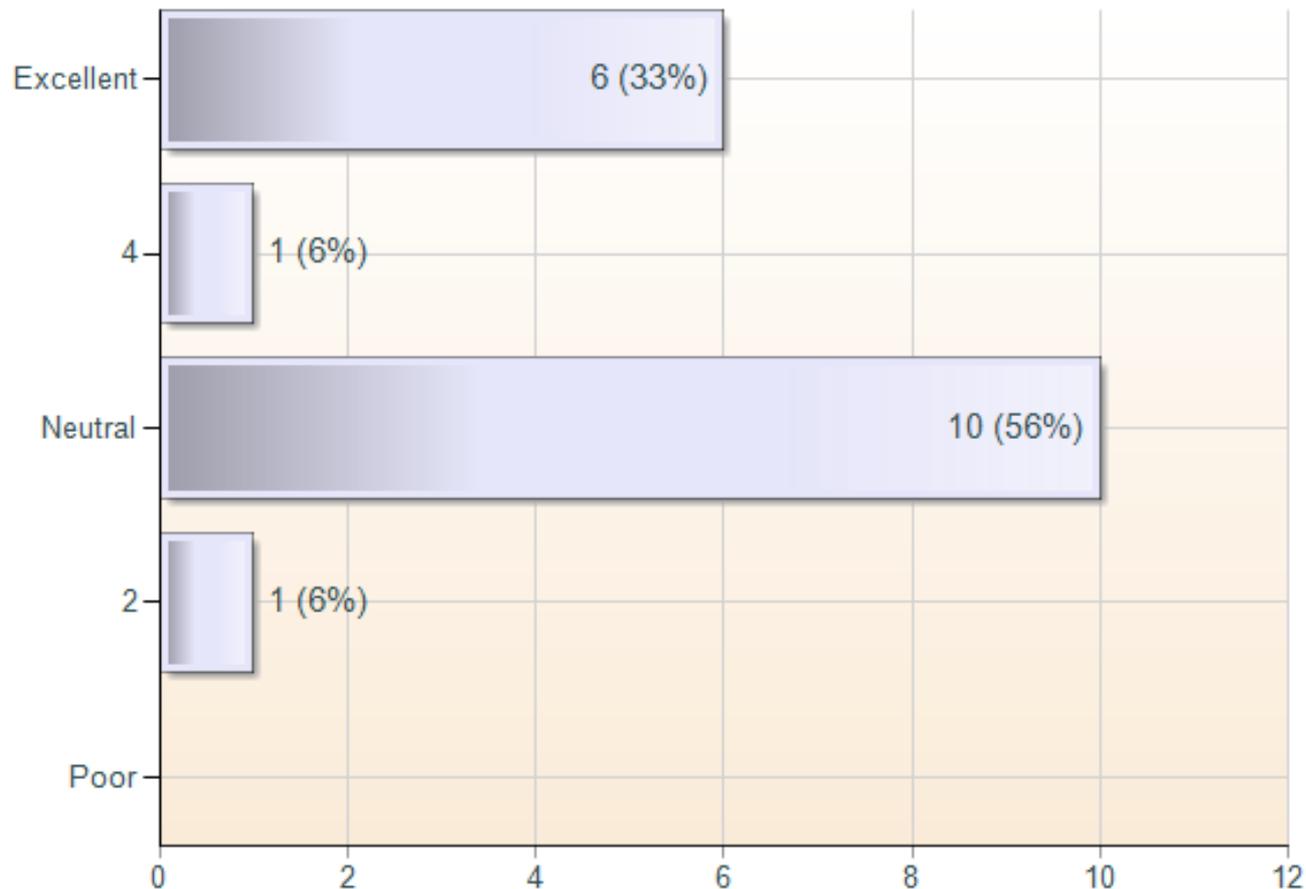
Rate the ICT Reliability Coordination staff in providing accurate information.



Resolving Issues: ICT Reliability Coordination Staff

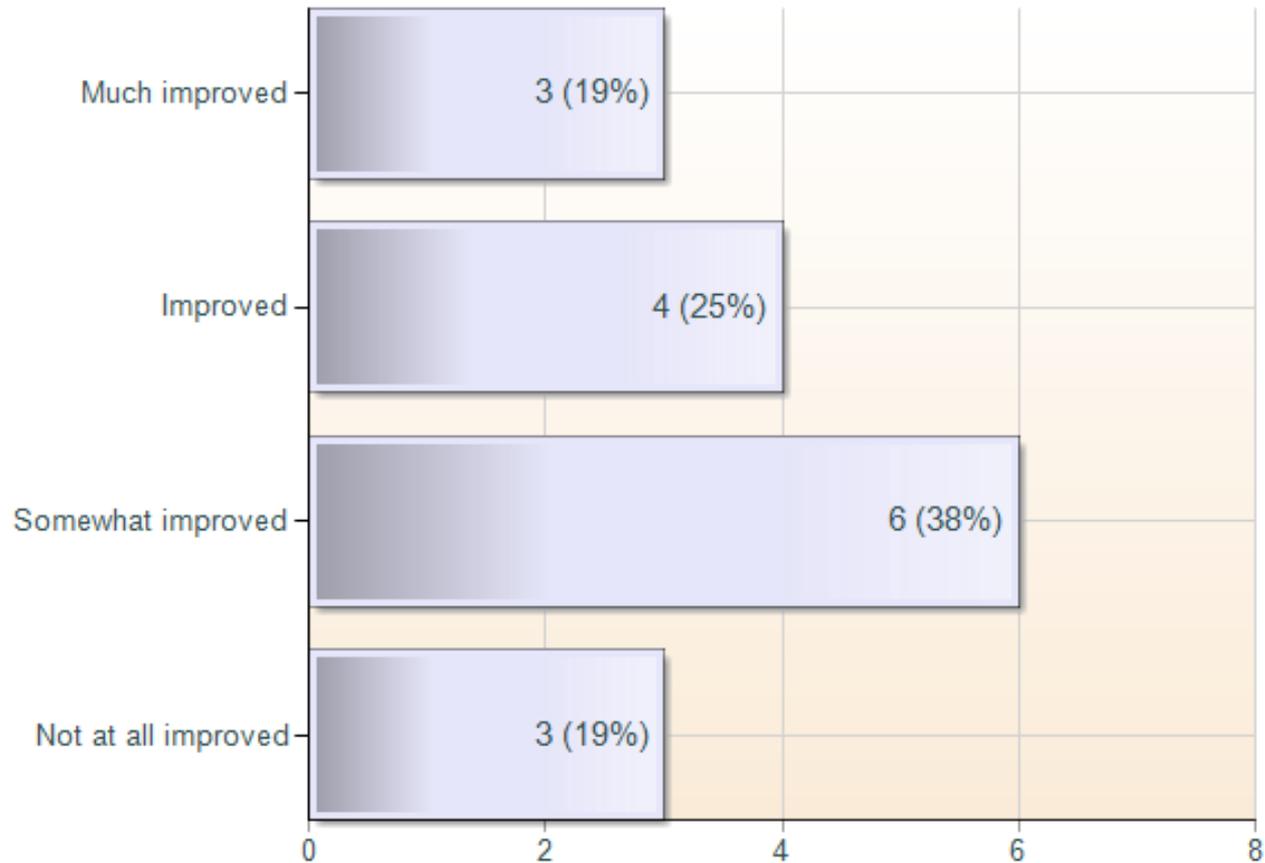
(mean=3.67, scale 1-5)

Rate the ICT Reliability Coordination staff in resolving issues to my satisfaction.



Customer Service Improvement: ICT Reliability Coordination Staff (mean=2.44, scale 1-4)

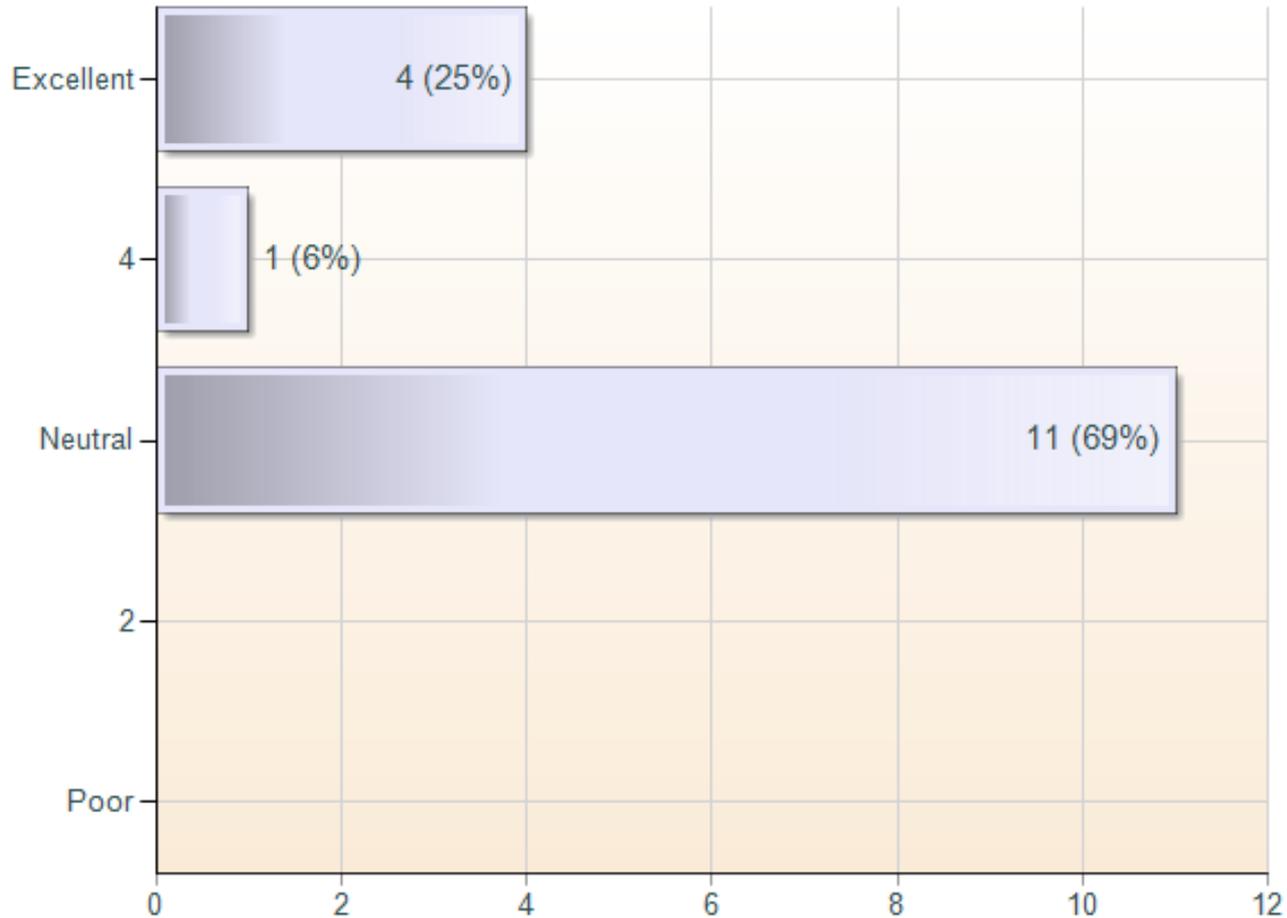
Have the ICT Reliability Coordination staff members improved their customer service during the past year?



Responsiveness: ICT WPP Staff

(mean=3.56, scale 1-5)

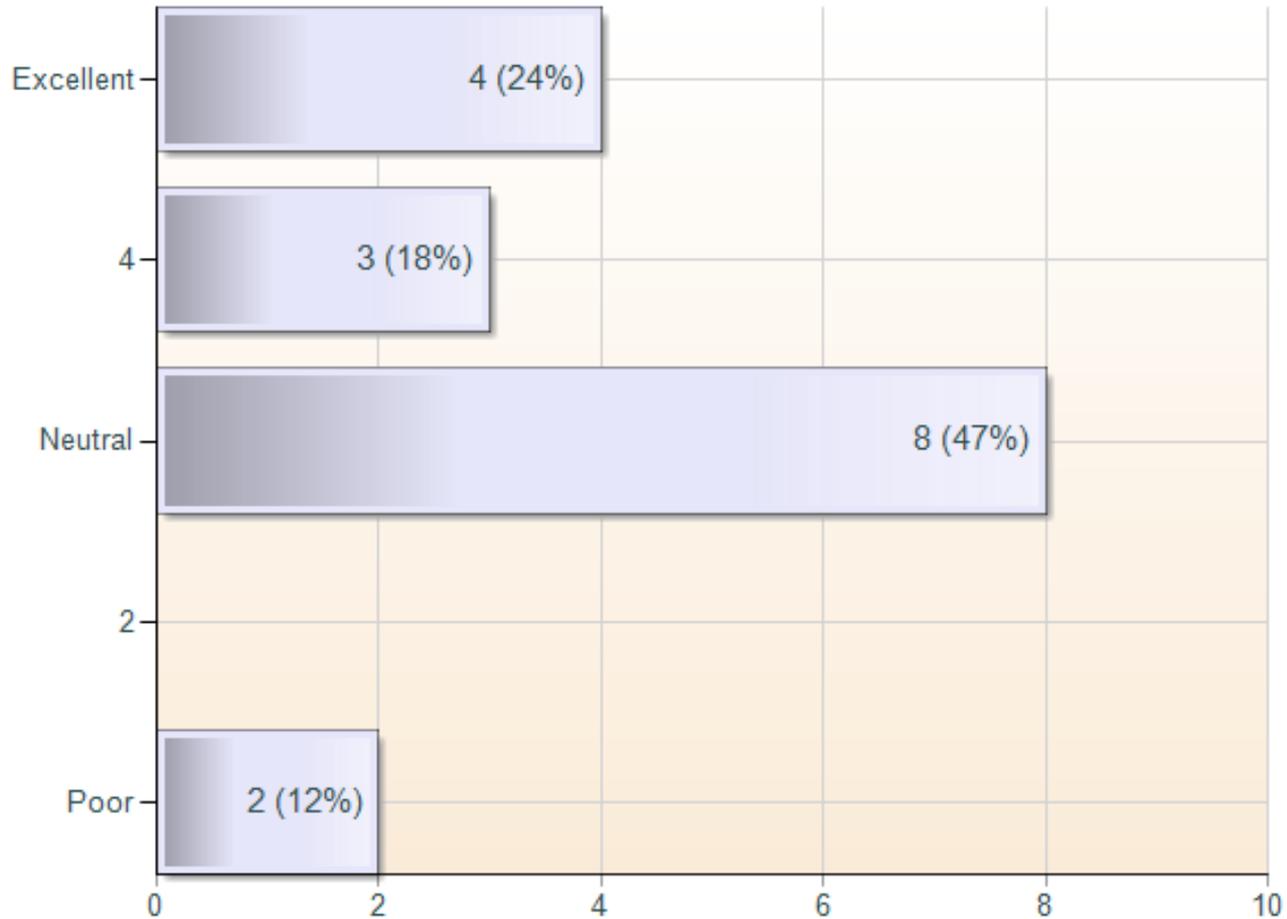
Rate the ICT WPP staff in being responsive to my needs.



Accurate Information: ICT WPP Staff

(mean=3.41, scale 1-5)

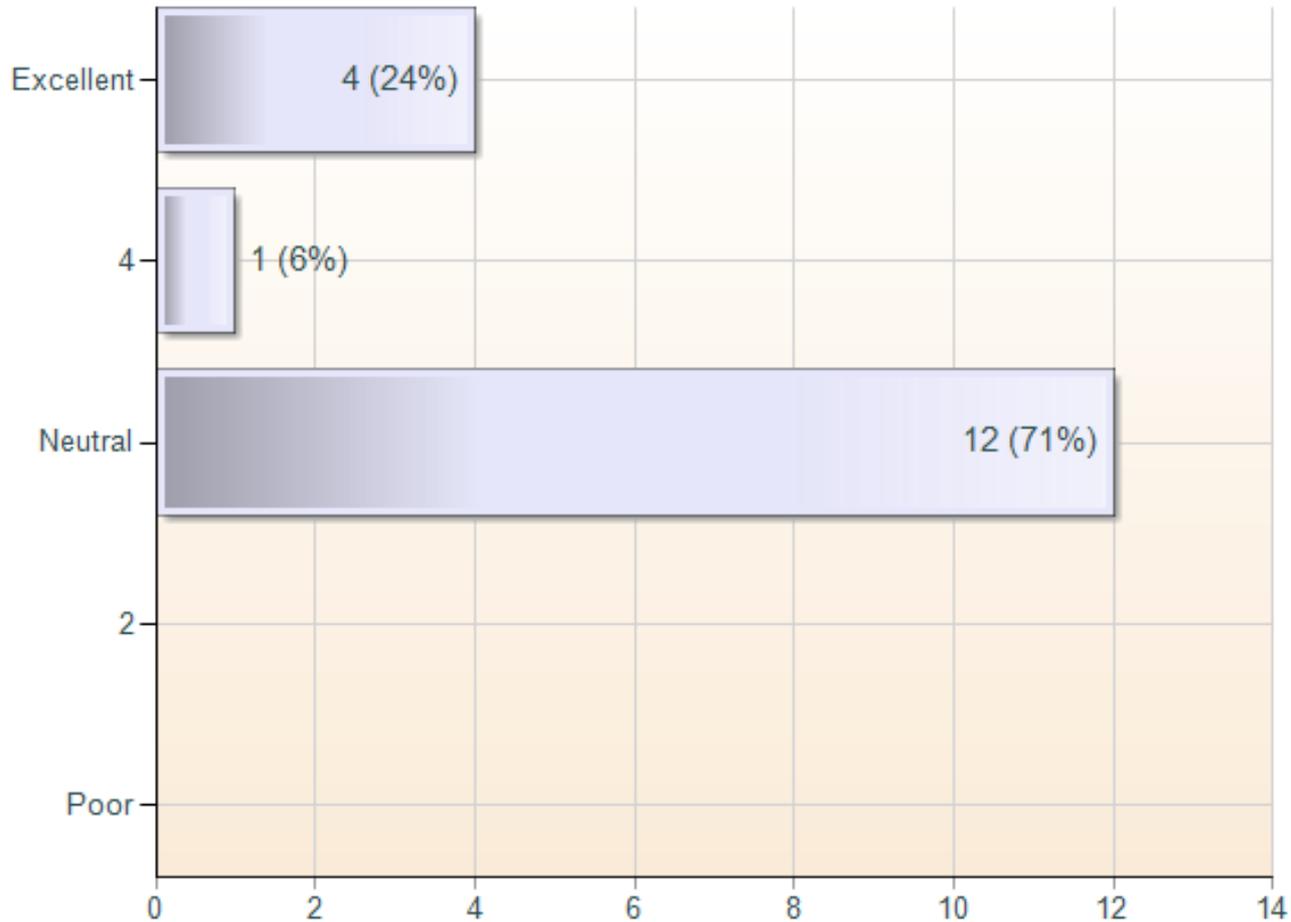
Rate the ICT WPP staff in providing accurate information.



Resolving Issues: ICT WPP Staff

(mean=3.53, scale 1-5)

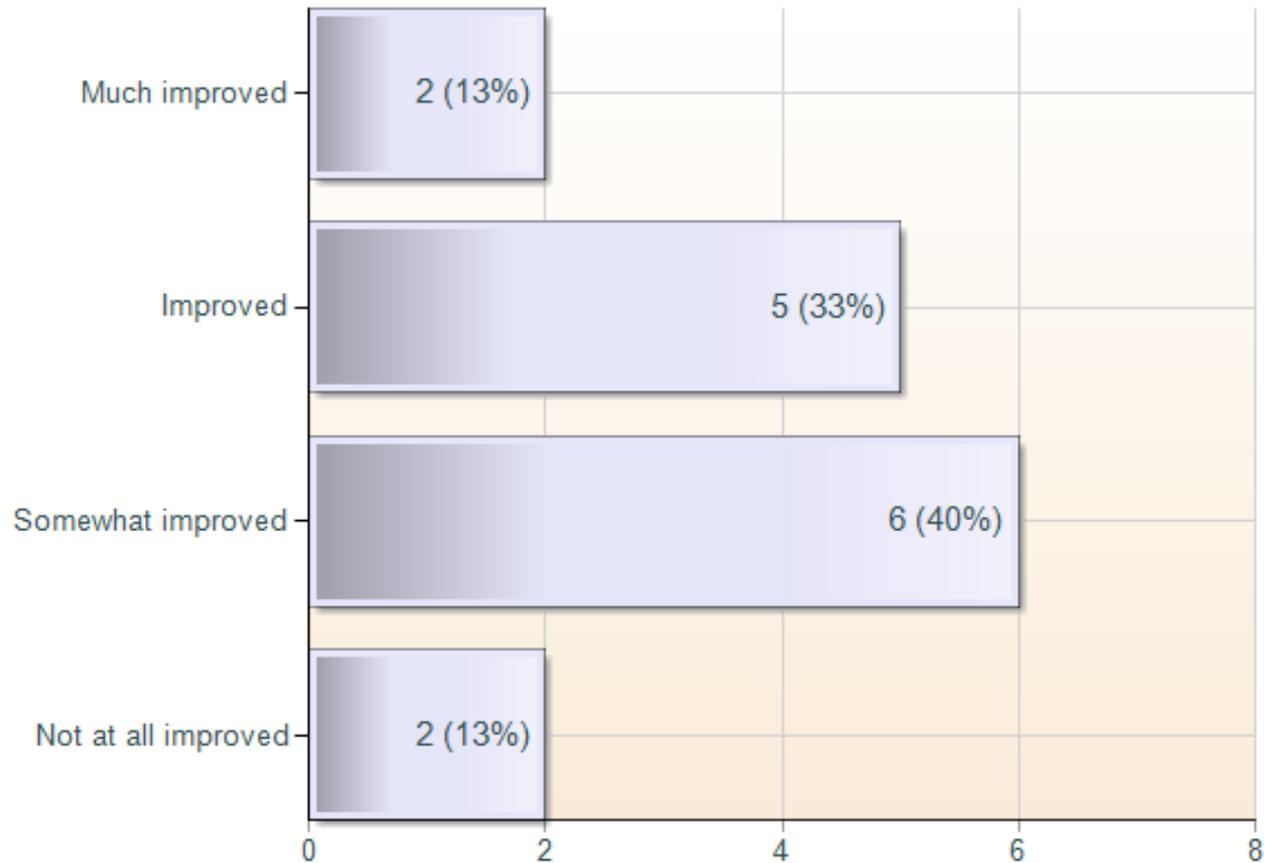
Rate the ICT WPP staff in resolving issues to my satisfaction.



Customer Service Improvement: ICT WPP Staff

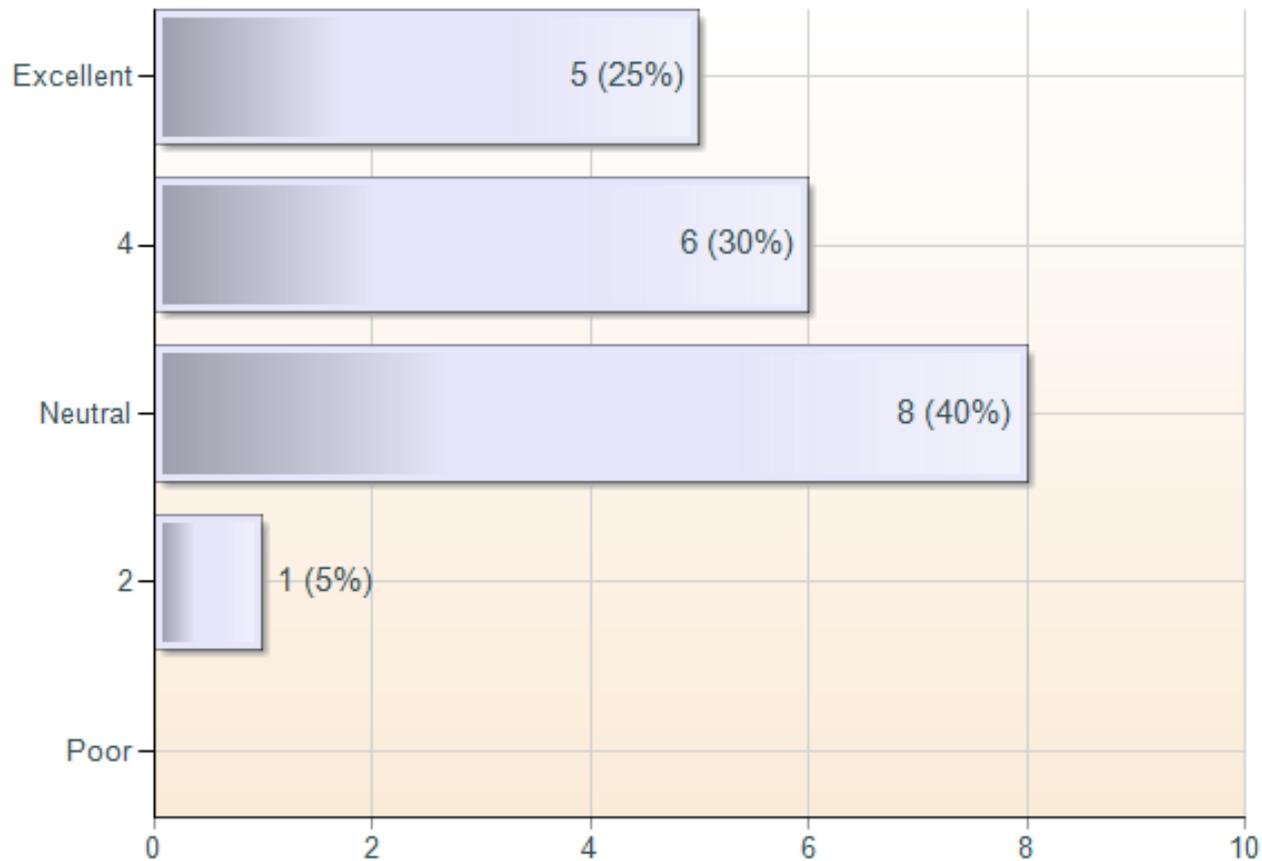
(mean=2.47, scale 1-4)

Have the ICT WPP staff members improved their customer service during the past year?



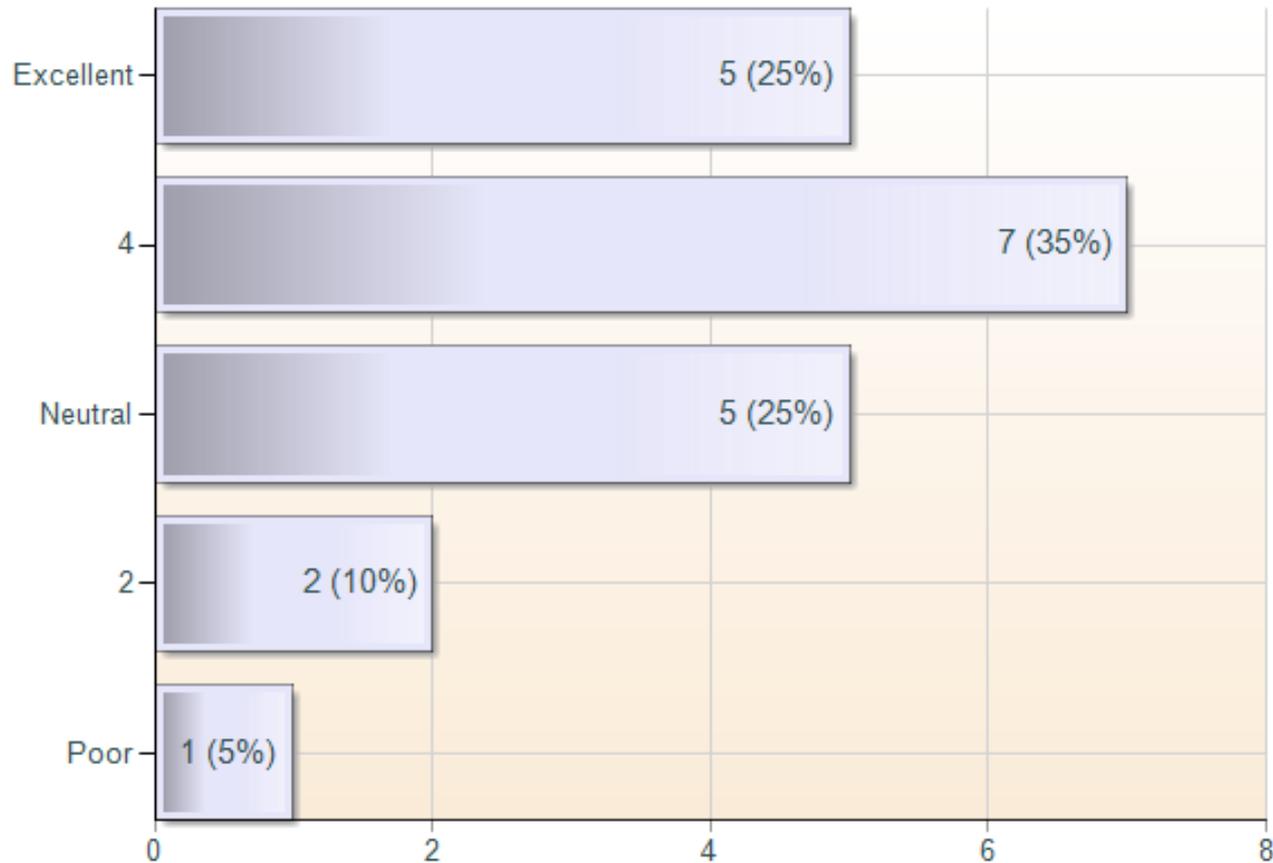
Responsiveness: ICT Transmission Planning & Studies Staff (mean=3.75, scale 1-5)

Rate the ICT Transmission Planning & Studies staff in being responsive to my needs.



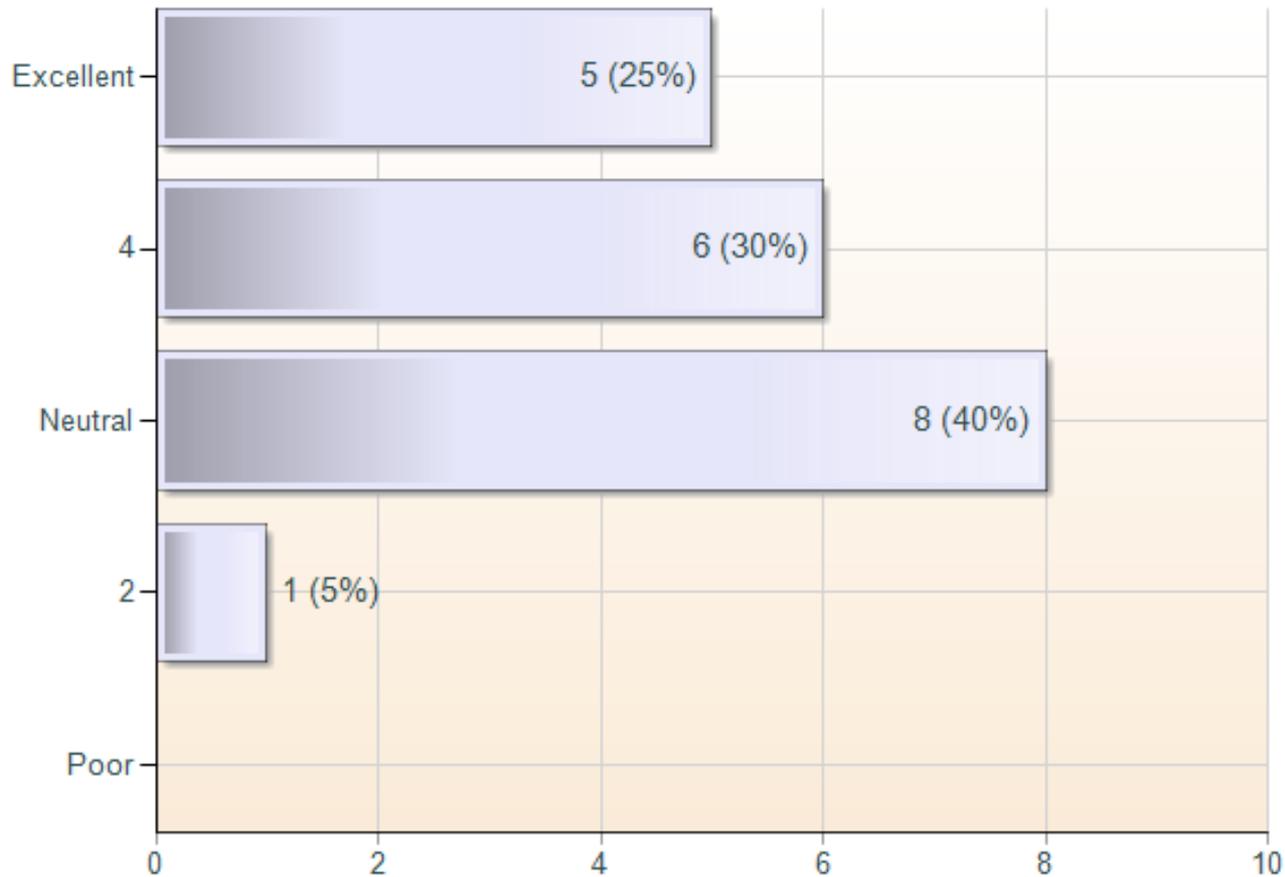
Accurate Information: ICT Transmission Planning & Studies Staff (mean=3.65, scale 1-5)

Rate the ICT Transmission Planning & Studies staff in providing accurate information.



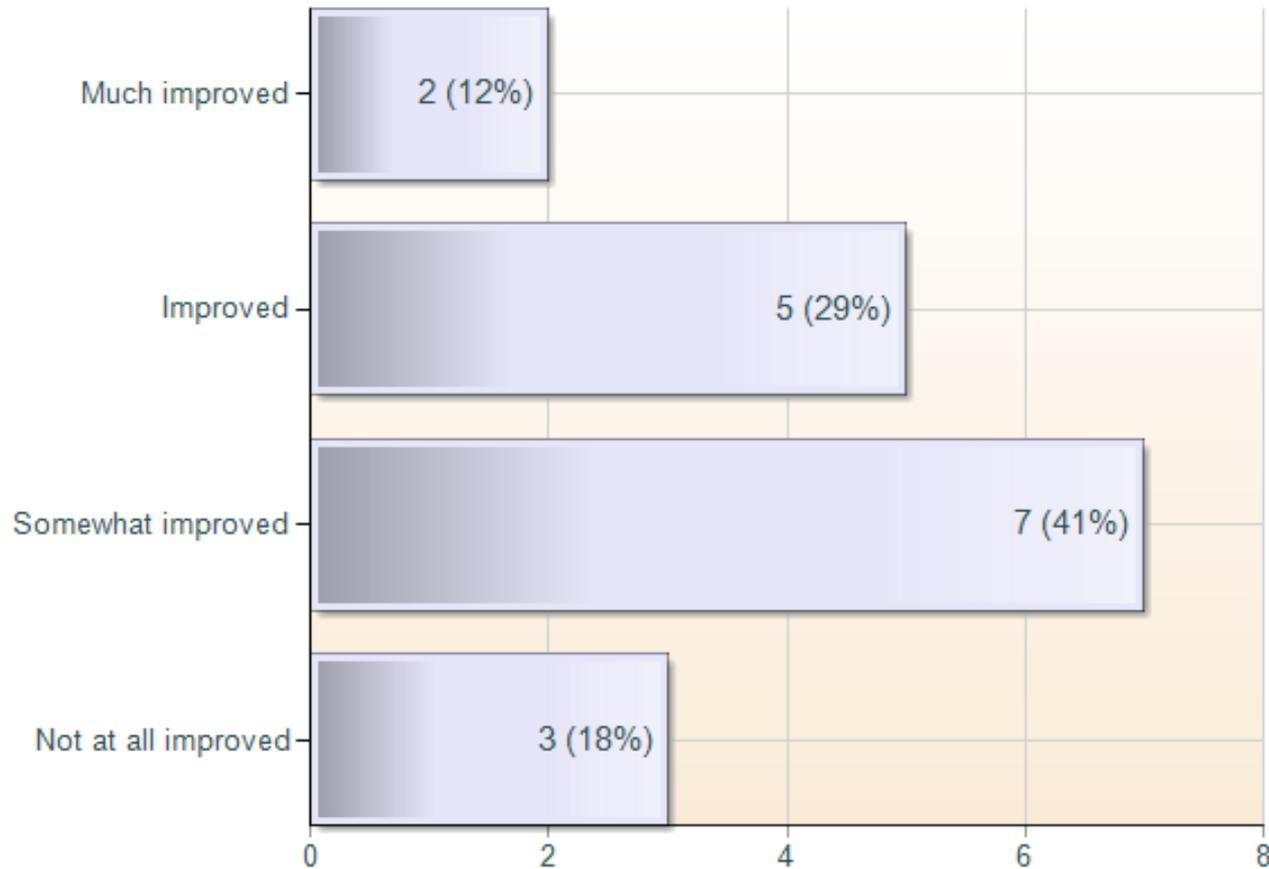
Resolving Issues: ICT Transmission Planning & Studies Staff (mean=3.75, scale=1-5)

Rate the ICT Transmission Planning & Studies staff in resolving issues to my satisfaction.



Customer Service Improvement: ICT Transmission Planning & Studies (mean=2.35, scale 1-4)

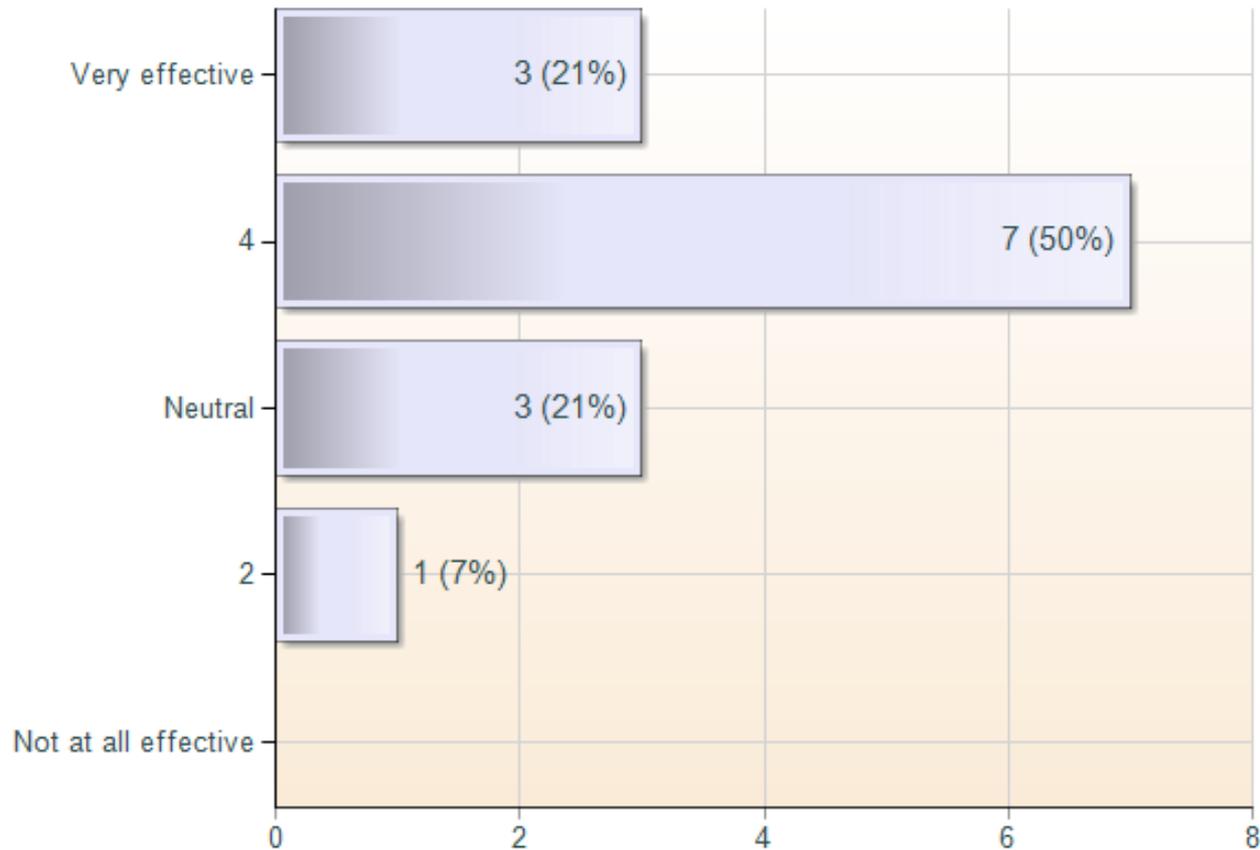
Have the ICT Transmission Planning & Studies staff members improved their customer service during the past year?



Overall Effectiveness: Stakeholder Policy Committee

(mean=3.86, scale 1-5)

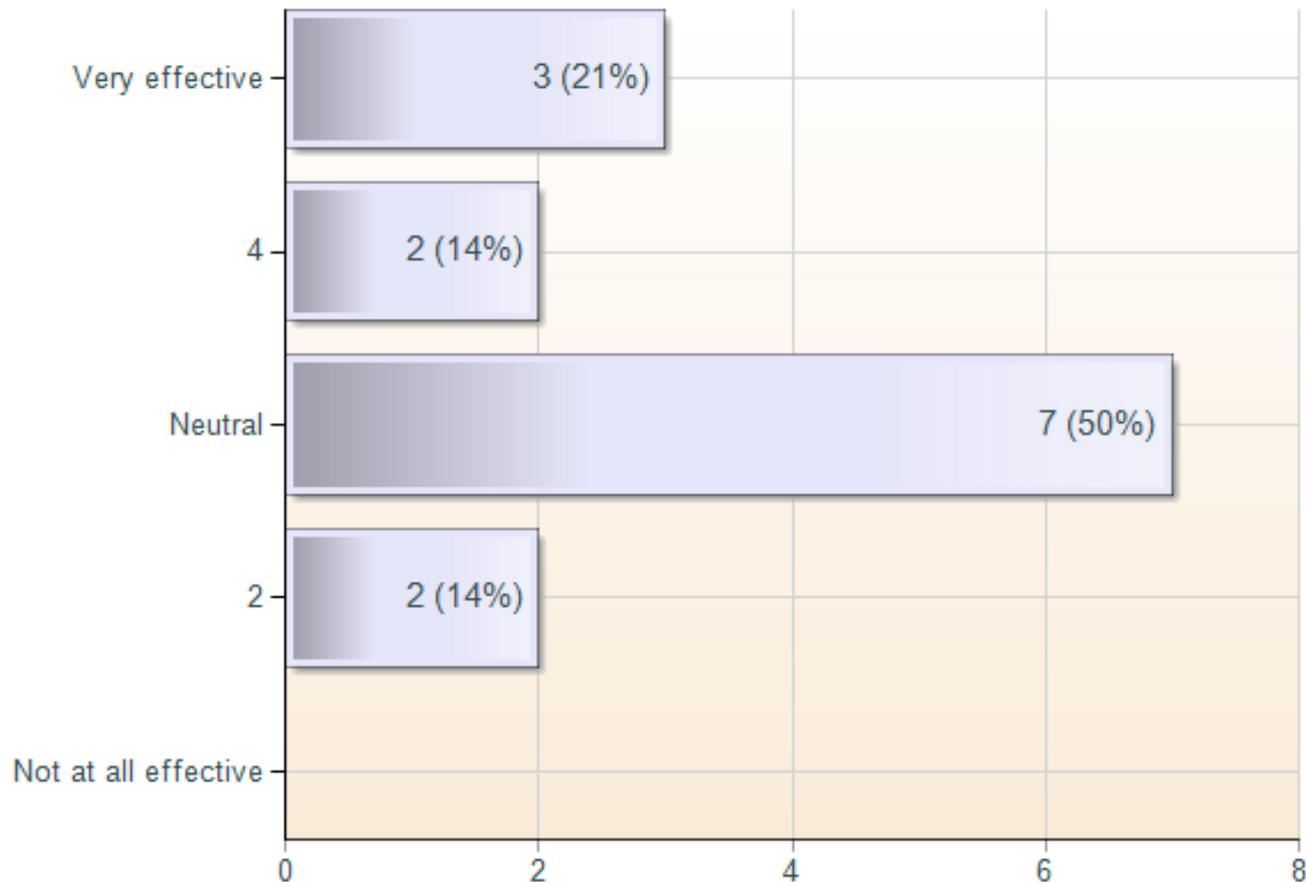
Please rate the overall effectiveness of the ICT stakeholder group:
Stakeholder Policy Committee.



Overall Effectiveness: Users' Group

(mean=3.43, scale 1-5)

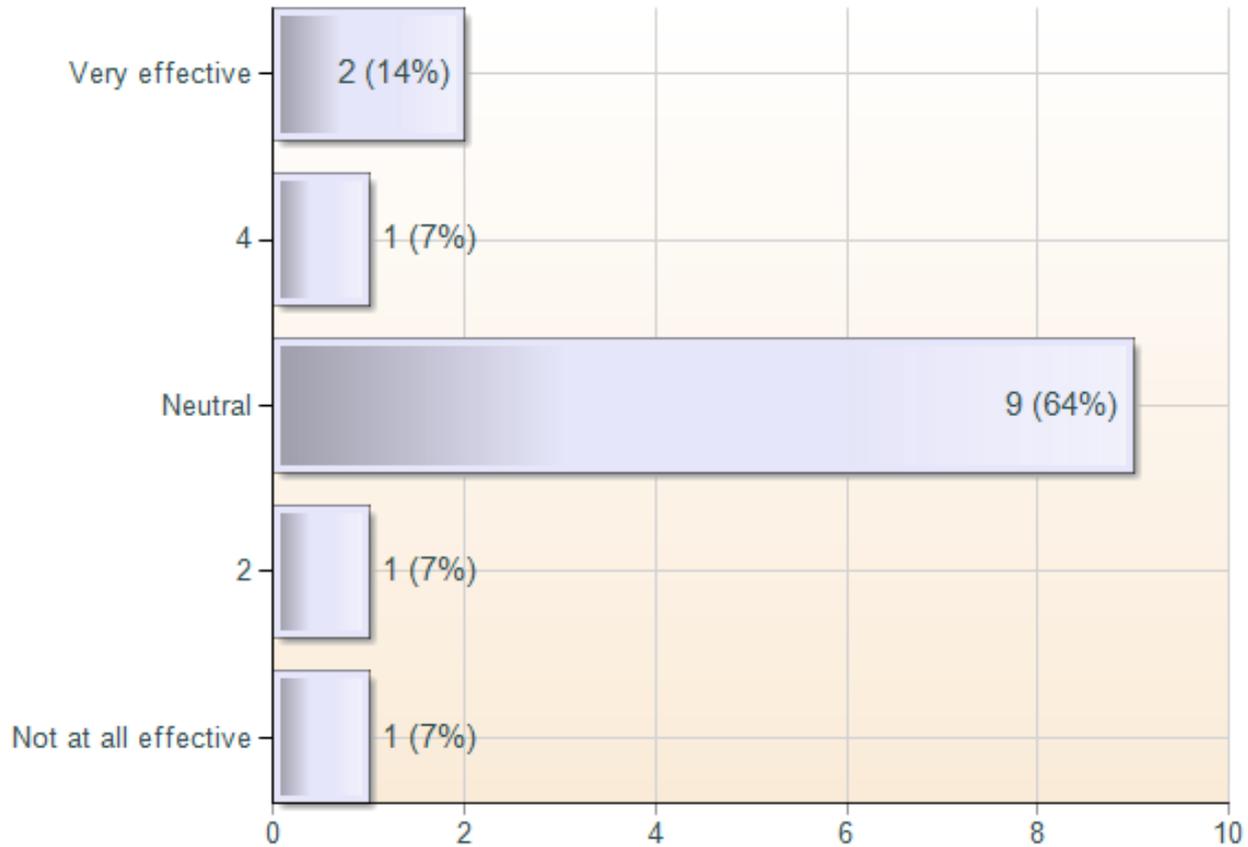
Please rate the overall effectiveness of the ICT stakeholder group: Users' Group.



Overall Effectiveness: AFC Task Force

(mean=3.14, scale 1-5)

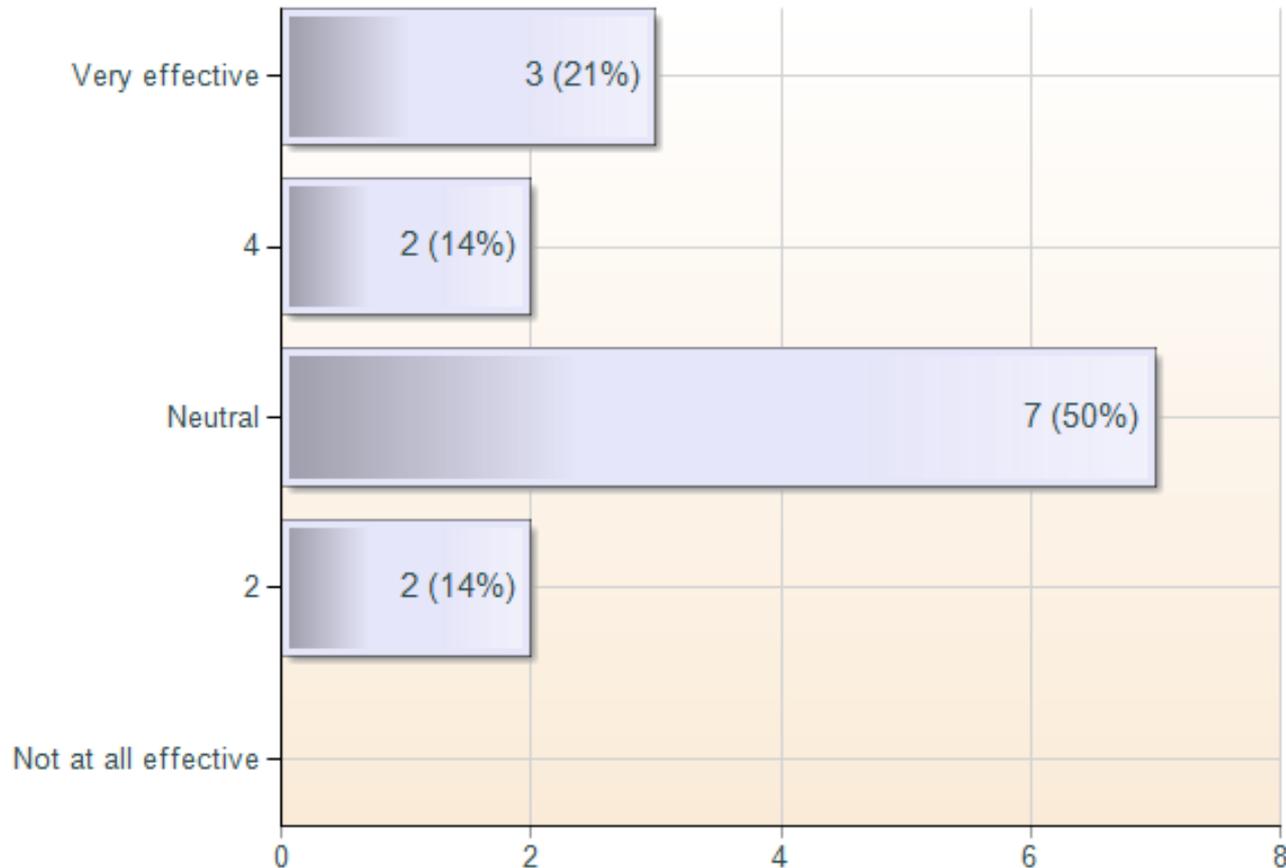
Please rate the overall effectiveness of the ICT stakeholder group: AFC Task Force.



Overall Effectiveness: Reliability Task Force

(mean=3.43, scale 1-5)

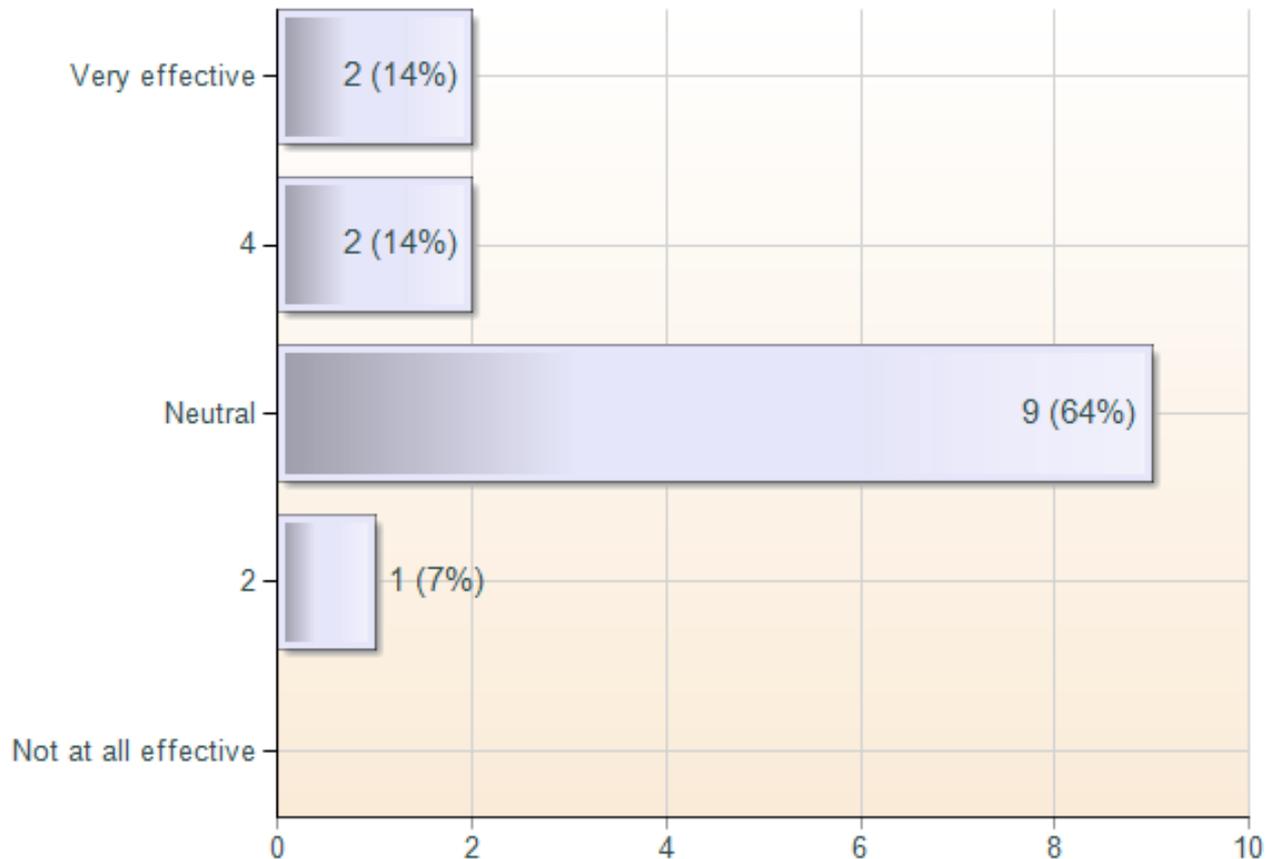
Please rate the overall effectiveness of the ICT stakeholder group: Reliability Task Force.



Overall Effectiveness: SIS Task Force

(mean=3.36, scale 1-5)

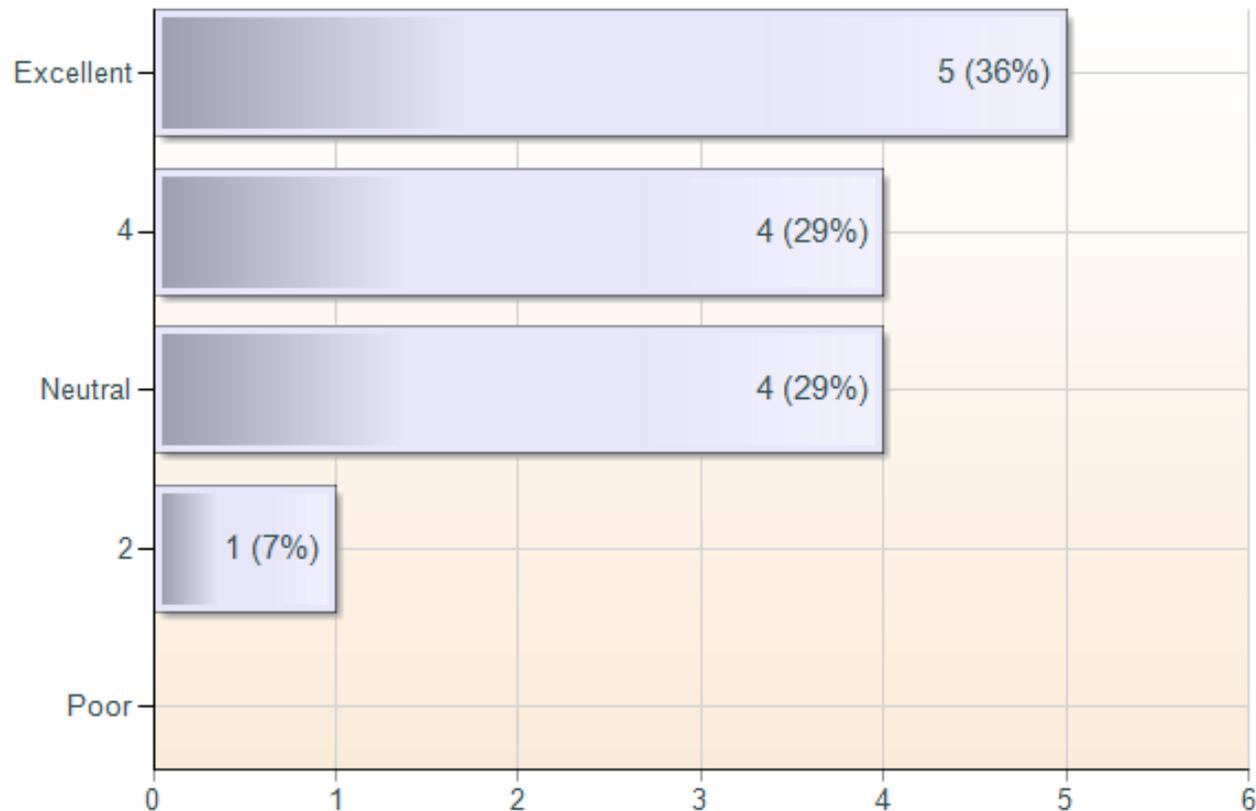
Please rate the overall effectiveness of the ICT stakeholder group: SIS Task Force.



Service and Support: Meeting Schedules and Logistics

(mean=3.93, scale 1-5)

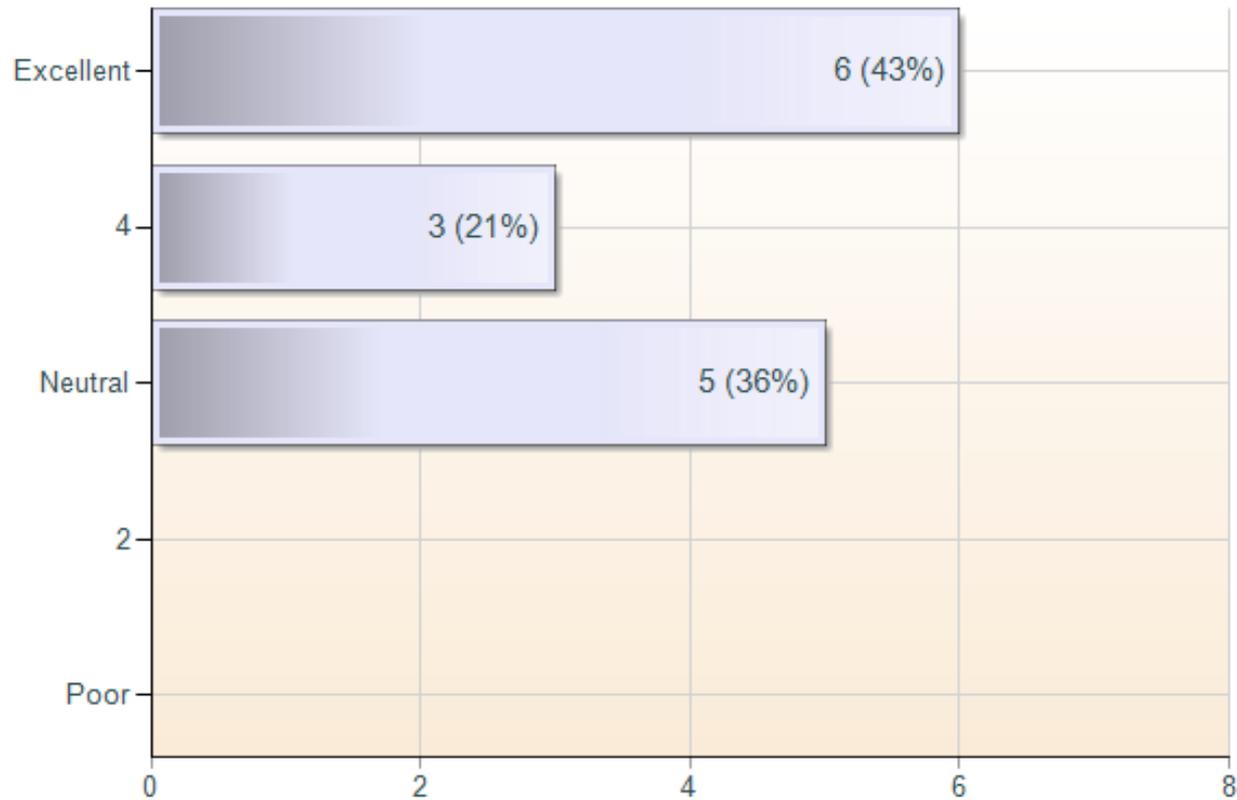
Please rate the SPP ICT's service and support of committees, working groups, and task forces for ensuring meeting schedules and logistics are communicated in a timely, clear manner.



Service and Support: Meeting Facilities Planning

(mean=4.07, scale 1-5)

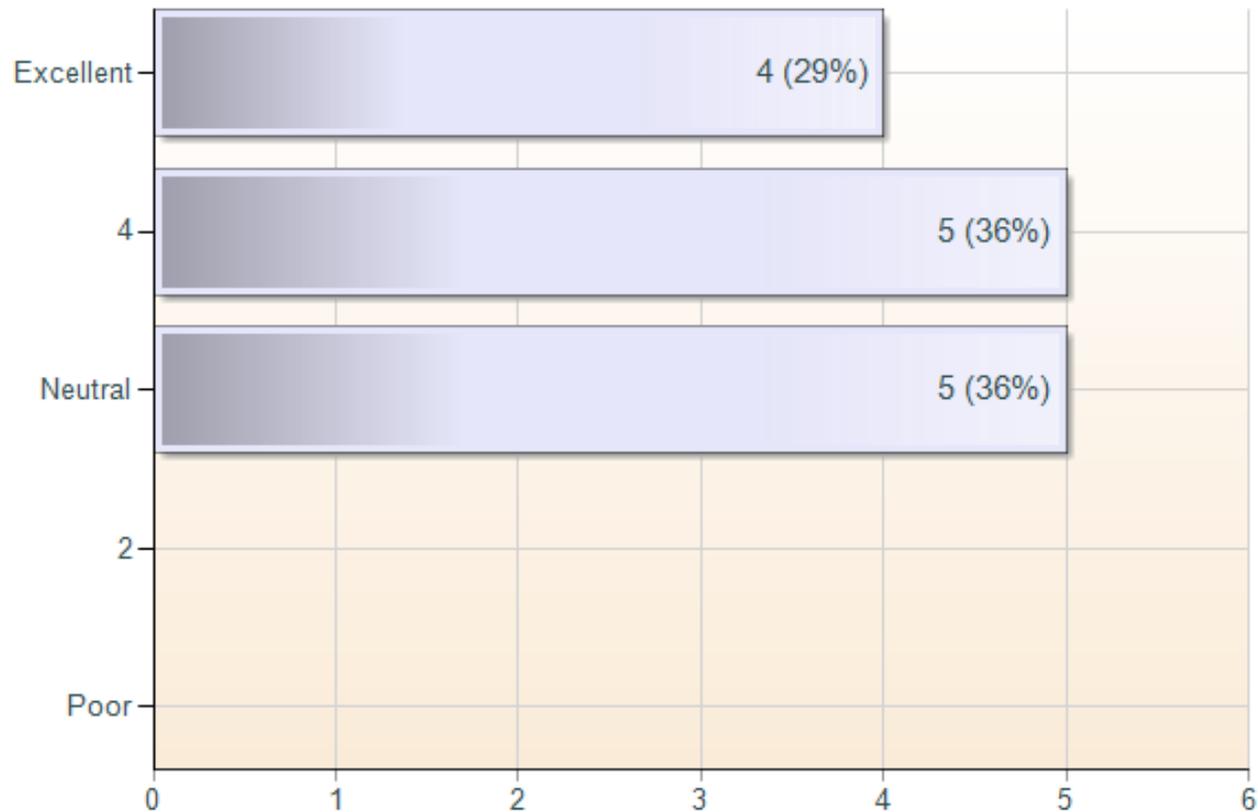
Please rate the SPP ICT's service and support of committees, working groups, and task forces for ensuring meeting facilities are planned appropriately and meet the needs of the group.



Service and Support: Meeting Materials

(mean=3.93, scale 1-5)

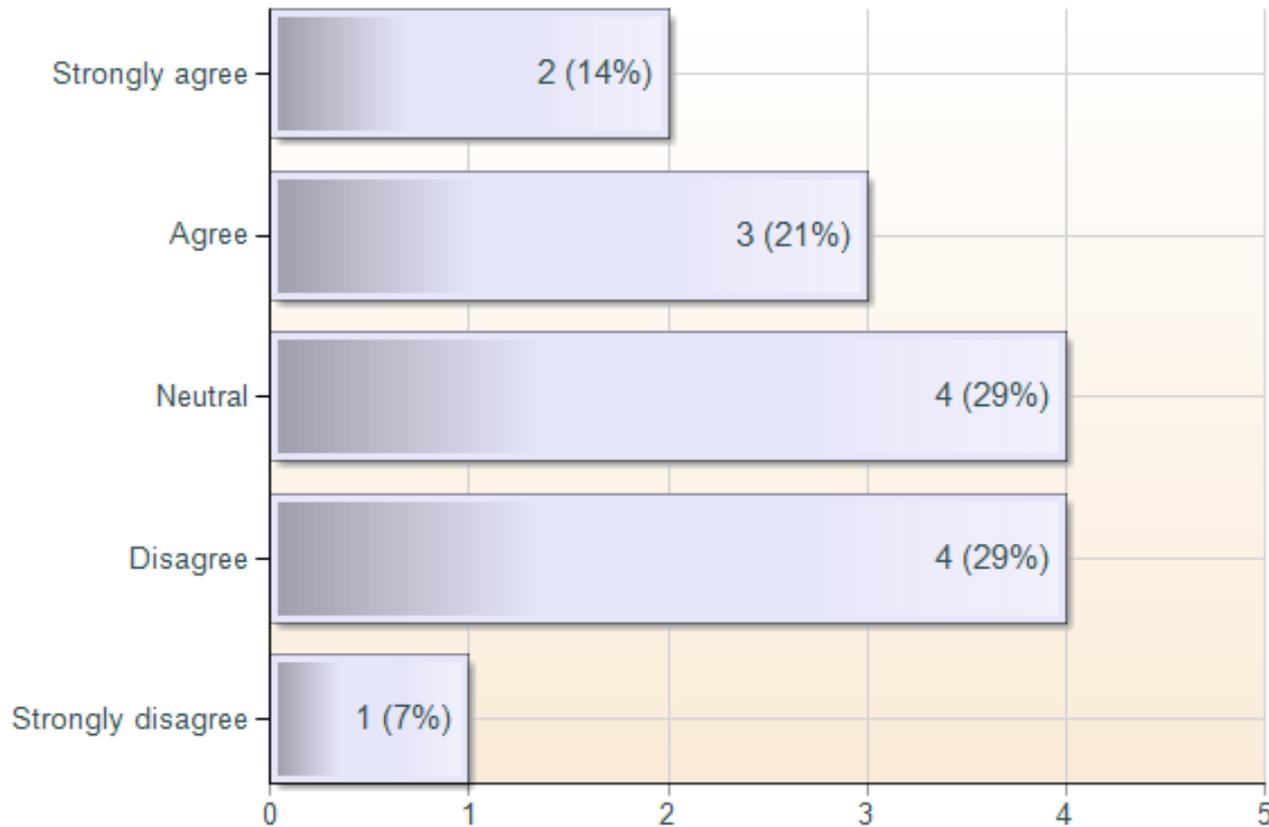
Please rate the SPP ICT's service and support of committees, working groups, and task forces for ensuring meeting materials are well prepared and distributed in a timely manner.



“Stakeholder Concerns Have Been Addressed”

(mean=3.07, scale 1-5)

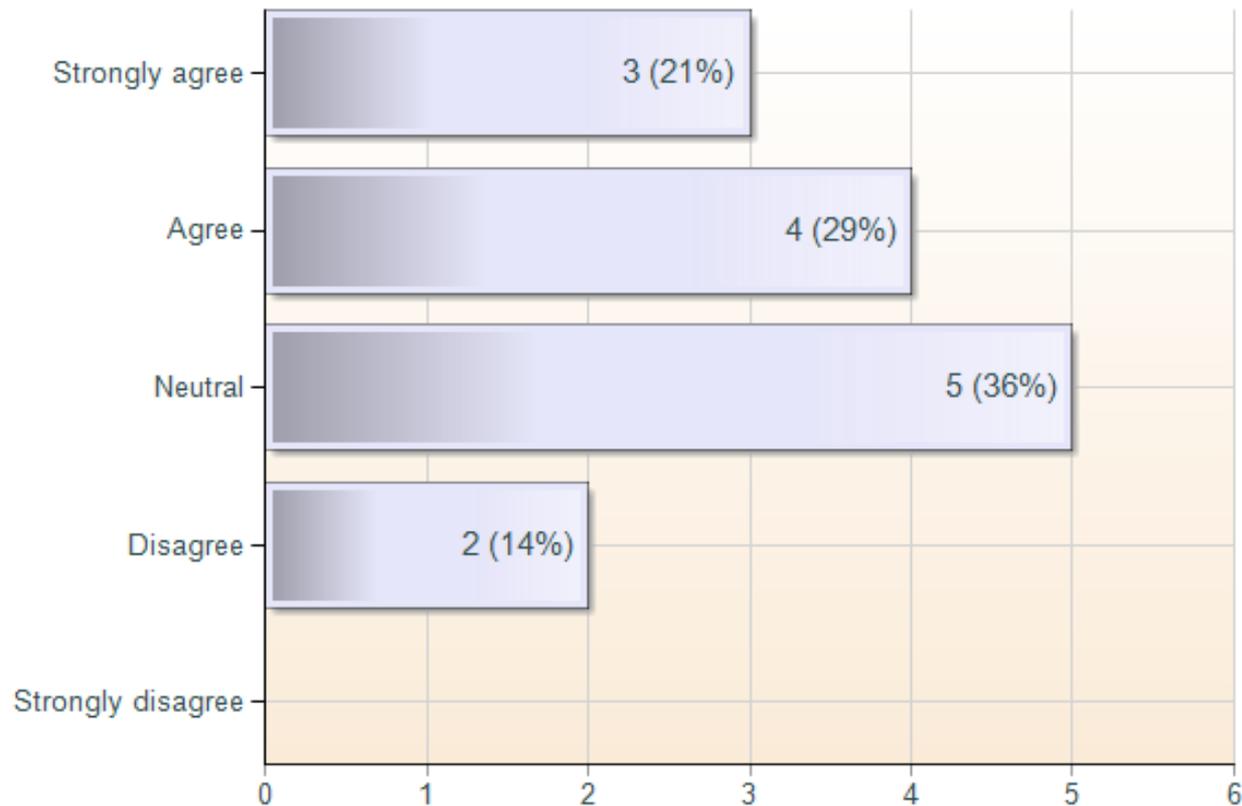
Please indicate your level of agreement with the following statement, regarding revisions in the Stakeholder Policy Committee: “Stakeholder concerns have been addressed.”



“Task Force Structure and Participation are Appropriate”

(mean=3.57, scale 1-5)

Please indicate your level of agreement with the following statement, regarding revisions in the Stakeholder Policy Committee: “Task force structure and participation are appropriate.”



2011 ICT Stakeholder Survey

Open-ended Comments

On the ICT Tariff Administration staff:

Very helpful when I call. Questions usually answered within the call if not I get a call back later in the day.

On the ICT Reliability Coordination staff:

Reporting to SPC is better. SPP representatives seem more knowledgeable and able to answer questions quickly than in previous years.

I find it hard to get answers related to TLR causes and generation dispatch by the market that contributes to the congestion. I'll redispatch due to TLR only to be asked to dispatch again once the market has taken up the relief on the flow gate.

On the ICT WPP staff:

ICT WPP staff shows up at each ERSC meeting and makes presentations regarding WPP savings that are implausible on their face. The WPP has been an abject failure, and no one believes the WPP staff's savings calculations at this point. Their presentations have become something of a farce, to be endured as part of the price of attending the ERSC meeting.

On the ICT Transmission Planning & Studies staff:

My interaction was only with regard to interconnection. Many of the items in this survey are not applicable. However, Mr. English Cook was very helpful and responsive throughout the process.

Staff performance is good. They answer questions quickly and are open to study possibilities. The Staff is good in getting information for the ESRPP, ISTEP and other transmission planning efforts.

Staff doing a great job. Would have rated 5 on all but for the dissatisfaction with the Entergy tariff limitations on how base plan and other studies are prescribed. This binds staff somewhat and should be addressed whether by Entergy fully joining SPP or MISO planning process.

Summary Comments:

Generally a good overall experience.

SPP has worked very hard to be responsive in most categories. We hope to see a positive outcome and stronger coordination for local areas in the ETEC's system with the ongoing issues of seams development & order 1000.