UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Quachita Power, LLC

v. Docket No. EL04-49-000

Entergy Louisiana, Inc. and
Entergy Services, Inc.

ORDER ON COMPLAINT

(Issued February 28, 2007)

1. On January 7, 2004, Quachita Power, LLC (Quachita) filed a complaint against Entergy Services, Inc. (Entergy Services) and Entergy Louisiana, Inc. (Entergy Louisiana) (collectively, Entergy) requesting that the Commission order Entergy to: (1) resume the payment of transmission credits owed to Quachita for its up front financing of Optional System Upgrades; (2) provide Quachita with transmission credits for its up front financing of Required System Upgrades; and (3) pay interest on amounts owed to Quachita for both Required and Optional System Upgrades. For the reasons discussed below, we will grant Quachita's complaint.

I. Background

2. Quachita is the owner and operator of an 816 MW power plant near Sterlington, Ouachita Parish, Louisiana and interconnected with Entergy's transmission system. Quachita is a party to an Interconnection and Operating Agreement (IA)[1] with Entergy accepted pursuant to delegated authority on July 12, 2000.[2] The power plant commenced operations in June 2002.

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[1] The IA is administered by Entergy Services, acting as administrator for Entergy Louisiana.

[2] *Entergy Services, Inc.*, Docket No. ER00-2524-000 (July 12, 2000) (unpublished letter order).

II. Complaint

3. Quachita explains that, in order for it to interconnect with Entergy's transmission system, Quachita paid Entergy for the full cost of construction of both Required and Optional System Upgrades,[3] which consist of facilities located at or beyond the point where Quachita interconnects with Entergy's transmission system. Quachita states that between May 2000 and September 2002, it paid Entergy $38,540,209 for the Required and Optional System Upgrades, excluding amounts required for interconnection.

4. Quachita states that article 8.3.1 of the IA provides for the repayment of Optional System Upgrades with dollar-for-dollar credits against charges for reservations on Entergy's transmission system "until such time as the cost of the Optional System Upgrades that have been previously paid by [Quachita] has been fully offset."[4] In contrast, it states that the IA does not provide for the repayment of credits for the amounts Quachita paid to construct the Required System Upgrades.

5. Quachita explains that in June 2002, Entergy began crediting Quachita for payments it made to construct Optional System Upgrades. However, between the period of June 2002 and May 2003, Entergy paid Quachita amounts in excess of the monthly charges for transmission service associated with energy generated by Quachita.[5] On September 22, 2003, Entergy informed Quachita that these payments were a mistake and that it would interrupt the repayment of money owed to Quachita.[6] Entergy further explained that it would apply the current month's credits to the overpayment amount until the balance was zero, at which point; Entergy would resume payment for upgrade credits. Quachita states that Entergy then ceased payments to Quachita and required payment for use of Entergy's transmission system.

III. Notice of Filing and Responsive Pleadings

6. Notice of Quachita's filing was published in the *Federal Register*, 69 Fed. Reg. 2,344 (2004), with interventions and protests due on or before January 27, 2004.

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[3] Appendix B of the IA, entitled "System Upgrades," provides for both the Required and Optional System Upgrades.

[4] Quachita Complaint at 4.

[5] Such amounts, Quachita states, ranged from $25,879 (February 2003) to $812,796 (July 2002), for a total of $ 3,740,684.

[6] Quachita states that, based on discussions with Entergy, it understands that Entergy's mistake consisted of aggregating transmission reservations for energy produced by Quachita with reservations of two other generators. Quachita Complaint at 5 n.6.

Entergy filed a timely answer. The Louisiana Public Service Commission filed a notice of intervention. Dynegy Power Marketing, Inc. and Dynegy Power Corp., jointly, and Southern Company Services, Inc. filed timely motions to intervene. On February 12, 2004, Quachita filed an answer to Entergy's answer. On February 23, 2005, Quachita filed a motion urging the Commission to promptly act on its complaint.

IV. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,[7] the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,[8] prohibits an answer to an answer unless otherwise ordered by the decisional authority. We will accept Quachita's answer because it provides information that assists us in our decision-making process.

B. Interruption of Optional System Upgrade Repayments

1. Quachita's Complaint

8. Quachita argues that Entergy's interruption of repayments for Optional System Upgrades is a violation of Entergy's obligations under the IA and is inconsistent with well-established Commission interconnection policy. Quachita explains that article 8.3.1 of the IA requires Entergy to credit Quachita an amount equal to the equivalent point-to-point transmission service rate for all revenue that Entergy receives under its Open Access Transmission Tariff (Entergy OATT) "for transmission service with [Quachita] designated as the source, or for each kW or kWh produced from [Quachita] and delivered onto [Entergy's] Transmission System under a transmission service agreement under [Entergy's OATT]." Quachita argues that nothing in the IA allows Entergy to waive or suspend repayments and, thus, Entergy cannot collect charges for transmission service that designate Quachita as the source without paying it transmission credits. Quachita alleges that Entergy is using its own mistake to justify ignoring express tariff obligations.

9. Quachita argues that Entergy's refusal to resume paying transmission credits allows Entergy to be paid for both the incremental costs and the average embedded cost for transmission services associated with energy generated by Quachita, which is a

[7] 18 C.F.R. § 385.214 (2006).

[8] 18 C.F.R. § 385.213(a)(2) (2006).

violation of the Commission's prohibition against "and" pricing.[9] Thus, it requests that the Commission order Entergy to immediately resume repayments to Quachita.

2. Entergy's Answer

10. Entergy explains that, shortly after it began making its first payments to Quachita, it realized that it had mistakenly been over-crediting Quachita for transmission capacity reserved for a different generator. Entergy points out that Quachita concedes that the overpayment was, in fact, a billing error. According to Entergy, as of May 2003, it paid Quachita $8.3 million, more than $4.2 million in overpayment of the contractual amount due to Quachita, and Quachita accepted those overpayments. Entergy explains that, in early summer 2003, Entergy decided that it could remedy the error by either: (1) requiring Quachita to repay the full amount of the overpayment and resume additional monthly payments; or (2) allowing Quachita to keep the overpayments while Entergy suspended future credits until the overpayment was extinguished.

11. Entergy argues that its second optional remedy for the inadvertent billing error is consistent with the terms of the IA and Commission policy. According to Entergy, neither article 8.3.1, nor any other provision of the IA, addresses the parties' contractual obligations for overpayments or underpayments of transmission credits; therefore it was obligated to remedy its crediting error in a commercially reasonable manner. Entergy also asserts that Commission and court precedent establish that billing errors can be remedied by requiring the customer to return the full amount of any overpayment.[10] Thus, Entergy argues, it could have required repayment of the full amount of the overpayments as soon as the error was discovered. Instead, Entergy states, it allowed Quachita to retain the overpayment in the short-term, putting Quachita in a superior financial position than it was entitled under the IA.

12. Further, Entergy argues that it is not in violation of the Commission's prohibition against "and" pricing. It argues that, because Entergy overpaid Quachita in transmission credits, Entergy has repaid the incremental rate that it charged Quachita without collecting any embedded transmission service rate revenues to offset that payment. Thus,

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[9] Quachita states that the fact that Entergy will resume paying credits only after it has recouped any overpayments will add at least a year to the repayment period, which Quachita states is already in excess of the five years mandated by Order No. 2003. Quachita argues that prolonging the repayment will cause it undue economic burden, and that accelerating repayment to Quachita by one year as a result of Entergy's mistaken overpayment would be more consistent with the Commission's five year repayment policy. *Id*. at 8.

[10] Entergy Answer at 11 (*citing Cajun Electric Power Cooperative, Inc.*, 71 FERC ¶ 63,009 (1995); *Gulf Oil Corporation v. Lone Star Producing Company*, 322 F.2d 28, 32-33 (5th Cir. 1963)).

Entergy argues, for the period during which the overpayment is allowed to stand, it has effectively returned the incremental rate it charged when Quachita financed the upgrades, without receiving the benefit of an offsetting amount of embedded rate revenue from the transmission customer.

13. Additionally, Entergy maintains that the repayment of transmission credits to Quachita would not be delayed because the IA does not contain a reimbursement deadline. It states that article 8.3.1 establishes that Quachita's entitlement to cash reimbursement is based solely on customers' reservations of transmission capacity to transmit energy from the Quachita facility. Entergy states that Quachita is being credited (while not actually being paid) for these reservations until the overpayment is extinguished. Therefore, Entergy argues, Quachita will be credited in the same manner (and with the same timing) that it would have been had Entergy never made its billing error. Once the total value of transmission capacity reservations for the Quachita facility equals Quachita's total investment in its Optional System Upgrades, Quachita will recoup all of its investment. Thus, Entergy asserts, its current suspension of payments does not delay this date and, therefore, does not harm Quachita. Entergy maintains that Quachita cannot apply the Order No. 2003[11] requirement that credits be repaid within five years because Order No. 2003 only applies prospectively and became effective over three years after the IA was accepted.

3. Commission Determination

14. We will dismiss as moot Quachita's request to order Entergy to resume the payment of transmission credits for the Optional System Upgrades. We note that Entergy's answer explains that Entergy suspended payment of transmission credits when it discovered that it had been overpaying Quachita, but that it intended to resume payment of credits when the overpayment was extinguished. In Quachita's February 23, 2005 motion, it explains that Entergy has now recouped the amounts that had been "overpaid." Quachita asserts that its request that the Commission order Entergy to resume payments is now moot. Accordingly, we need not address whether the suspension of credit payments was the most appropriate remedy for overpayment in this case.

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[11] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs., ¶ 31,146 at P 746 (2003) (Order No. 2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs., ¶ 31,160 (2004) (Order No. 2003-A), *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004) (Order No. 2003-B), *order on reh'g*, 111 FERC ¶ 61,401 (2005) (Order No. 2003-C), *see also Notice Clarifying Compliance Procedures*, 106 FERC ¶ 61,009 (2004), *aff'd*, *National Association of Regulatory Utility Commissioners v. FERC*, Nos. 04-1148, *et al*. (D.C. Cir. Jan. 12, 2007).

C. Modification of the IA

1. Quachita's Complaint

15. Quachita also argues that the IA is unjust and unreasonable and inconsistent with Commission interconnection pricing policy to the extent that it does not provide transmission credits for Required System Upgrades and interest on amounts owed to Quachita for Required and Optional System Upgrades. It explains that the IA is based on the first version of Entergy's *pro forma* Interconnection Agreement under the Entergy OATT (*pro forma* IA) and was filed before Commission action on the *pro forma* IA. Quachita asserts that the Commission has since required Entergy to modify the *pro forma* IA to provide transmission credits for Required System Upgrades and to pay interest on amounts owed to customers for both Required and Optional System Upgrades.[12] Quachita argues that, because the IA contains provisions preserving the parties' rights to unilaterally seek revisions to the IA under Federal Power Act (FPA) sections 205[13] and 206,[14] the Commission should apply the just and reasonable standard of review to the IA.[15] Thus, it requests that the Commission direct Entergy to revise the IA to provide Quachita with credits for amounts paid for Required System Upgrades, and interest on the amounts Quachita paid for both Required and Optional System Upgrades, consistent with Commission policy and precedent.[16] Quachita states that it seeks only prospective relief and asks the Commission to set a refund effective date of 60 days after the filing of its complaint.

2. Responsive Pleadings

16. In its answer, Entergy explains that the IA distinguishes between "Interconnection Facilities," listed in Appendix A of the IA, and "System Upgrades" (including both "Required" and "Optional" System Upgrades), listed in Appendix B of the IA. Entergy acknowledges that article 8.3.1 of the IA does not provide credits for Interconnection Facilities and Required System Upgrades. Entergy characterizes Quachita's complaint as

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[12] *Id*. at 9 (*citing Entergy Services, Inc.*, 96 FERC ¶ 61,311 (2001), *aff'd*, *Entergy Services, Inc. v. FERC*, 319 F.3d 536 (D.C. Cir. 2003); *Entergy Services, Inc*., 99 FERC ¶ 61,127 (2002)).

[13] 16 U.S.C. § 824d (2000).

[14] 16 U.S.C. § 824e (2000).

[15] *See* IA, Articles 2.2.3; 21.4; and 23.4.

[16] *Duke Energy Hinds, LLC v. Entergy Services, Inc*., 102 FERC ¶ 61,068 (2003) (*Duke Hinds II*); *Pacific Gas and Electric Company*, 102 FERC ¶ 61,070 (2003) (*PG&E II*).

seeking to abrogate the IA in order to: (1) reclassify the Interconnection Facilities in Appendix A as Appendix B Facilities, eligible for transmission credits (plus interest); and (2) provide interest on transmission credits Entergy has already provided for Optional System Upgrades.[17]

17. Entergy states that, as in the Entergy *pro forma* IA, in order to accommodate situations like Quachita's, where the generator is not the transmission customer, the IA allows Quachita to receive credits at the same rate that transmission customers pay Entergy to wheel power from the generator across Entergy's transmission system.[18] Entergy explains that the cash payments are based on the dollar value of reserved transmission capacity to transmit energy from the Quachita facility.

18. Entergy argues the Entergy OATT requires the direct assignment of the Required System Upgrades because the facilities only benefit Quachita. Entergy explains that section 1.10 of the Entergy OATT defines "Direct Assignment Facilities" as "Facilities … that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer." According to Entergy, the Required System Upgrades only serve to connect Quachita's generation capacity to Entergy's transmission system and do not provide any benefit to Entergy or Entergy's customers.

19. Further, Entergy states that the *pro forma* IA defines "Interconnection Facilities" as facilities installed to interconnect and deliver energy from the facility to Entergy's transmission system, and requires that generators be responsible for facilities necessary to directly connect to the Entergy transmission system. Entergy argues that, based on this standard; the Required System Upgrades should be directly assigned to Quachita.

20. Entergy also argues that the Commission should reject Quachita's request to modify the IA because doing so would violate the filed rate doctrine and constitute impermissible retroactive ratemaking. It asserts that section 205 of the FPA requires that Entergy only charge Quachita the rates in the IA that have been filed with and approved by the Commission. Entergy argues that, because the Commission approved the direct cost assignment of the Required System Upgrades and the interest free rate associated with the Optional System Upgrades, granting Quachita transmission credits for the Required System Upgrades and interest on Optional System Upgrades would mean that Quachita would no longer be paying the filed rate.

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[17] Entergy Answer at 2.

[18] In its complaint, Quachita explains that it sells all of the output of the Quachita facility to Dynegy Power Marketing, Inc. (Dynegy) pursuant to a long-term tolling agreement. Entergy collects transmission service charges for Quachita's output from Dynegy. Quachita Complaint at 2-3.

21. Further, Entergy asserts that section 206 of the FPA prohibits the Commission from adjusting rates to make up for a utility's over- or undercollection in prior periods and only allows the Commission to fix rates prospectively. It argues that Quachita cannot circumvent these statutory obligations by arguing that it only seeks prospective relief because it has already paid the rates at issue. Thus, Entergy asserts, if the Commission grants Quachita's requested credits (or interest), then Entergy would be required to refund charges that have already been collected.

22. Entergy argues that Quachita's complaint relies on the *Duke Hinds* and *PG&E* proceedings, which rely upon the Commission's decision in *Entergy Gulf States*,[19] which are not authoritative decisions because they are all subject to judicial review. Entergy argues that Quachita's mere citation to those proceedings fails to establish that the Required System Upgrades benefit all of Entergy's transmission customers.

23. Further, Entergy argues that providing transmission credits for the Required System Upgrades would also violate the Energy Policy Act of 1992 (EPAct 1992), which provides that when transmission service (and thus interconnection service) is required to be provided, a utility's other customers should not have to bear the costs of that service. Entergy states that section 722 of EPAct 1992 (section 212 of the FPA) imposes the restriction that rates and charges for transmission service provided under FPA section 211 are to be recovered from the applicant for the service and not from the transmission provider's existing wholesale, retail, and transmission customers.[20] Entergy states that the Commission has agreed that this restriction applies to transmission service provided under any section of the FPA, including sections 205 and 206. Entergy further contends that Quachita fails to establish that the facilities at issue actually benefit all (or any) of Entergy's other transmission customers.

24. Finally, Entergy states that the Commission has stated in its *Pricing Policy Statement*[21] that transmission pricing should promote efficiency. It argues that providing credits, plus interest, for the Required System Upgrades would shift sunk costs from one party to another and would not promote efficiency. Entergy also states that the *Pricing Policy Statement* provides that transmission pricing should promote fairness. However, Entergy asserts that providing credits for the Required System Upgrades, by shifting costs to other customers who cannot control such costs, would fail to promote fairness.

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[19] 98 FERC ¶ 61,014, *reh'g denied*, 99 FERC ¶ 61,095 (2002).

[20] *See* Energy Policy Act of 1992, at §§ 721,722 (codified at 16 U.S.C. §§ 824j, 824k (2000)).

[21] *Inquiry Concerning the Commission's Pricing Policy for Transmission Services Provided by Public Utilities Under the Federal Power Act*, 71 FERC ¶ 61,195 (1994).

25. Quachita's February 12, 2004 answer explains that Entergy mischaracterizes Quachita's complaint by stating that Quachita is seeking transmission credits for Interconnection Facilities. Quachita asserts that it did not ask the Commission to reclassify any facilities and did not seek any relief with respect to the Interconnection Facilities identified in Appendix A of the IA. According to Quachita, its request relates only to crediting for Required System Upgrades and interest for the Required and Optional System Upgrades identified in Appendix B of the IA. It argues that Entergy can not and does not dispute that the Required and Optional System Upgrades are located beyond the point of interconnection.

26. Quachita also argues that Entergy incorrectly states that Quachita seeks retroactive relief in violation of sections 205 and 206 of the FPA and the filed rate doctrine; Quachita reiterates that it is only seeking prospective relief. Quachita states that it does not request interest for the amounts that it has already received from Entergy for the Optional System Upgrades, but rather the repayment of amounts related to Required System Upgrades and the payment of interest on such amounts and on the amounts outstanding related to the Optional System Upgrades.

27. In Quachita's February 23, 2005 motion urging the Commission to act on its complaint, Quachita states that, during the previous year, Entergy continued to withhold payments and has now recouped the amounts that had been "overpaid." Quachita asserts that, although its request that the Commission order Entergy to resume payments is now moot, it is still entitled to interest on the amounts withheld by Entergy.

3. Commission Determination

28. On November 17, 2006, the Commission issued *Duke Hinds III*,[22] which denied in part and granted in part rehearing of *Duke Hinds II*. On December 18, 2006, the Commission issued *PG&E III*,[23] a basket order that addressed several IAs. Both *Duke Hinds III* and *PG&E III* included certain Entergy IAs,[24] which had provisions similar to those at issue here regarding the cost assignment of both Required and Optional System Upgrades. *PG&E III* upheld the Commission's findings in *Duke Hinds III*. As *Duke*

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[22] *Duke Energy Hinds, LLC v. Entergy Services, Inc.*, 117 FERC ¶ 61,210 (2006) (*Duke Hinds III*).

[23] *Pacific Gas and Electric Company*, 117 FERC ¶ 61,294 (2006) (*PG&E III*).

[24] In the underlying order, *PG&E II*, the Commission directed Entergy to make a compliance filing to modify each of the IAs reclassifying the Interconnection Facilities identified therein as Required System Upgrades, and to provide transmission credits, with interest, going forward for the costs of those previously assessed and accepted direct assignment rates.

Hinds III[25] and *PG&E III*[26] dispose of the substantive arguments raised in the instant proceeding, we find those orders to be controlling.

29. Therefore, in accordance with our determinations in *Duke Hinds III* and *PG&E III*, we will grant Quachita's complaint and order Entergy to revise article 8.3.1 of the IA to provide Quachita with: (1) transmission credits for the Required System Upgrades and, (2) interest on amounts paid for both the Required and Optional System Upgrades.[27] Further, we will direct Entergy to describe how it will provide Quachita credits in its compliance filing. Specifically, Entergy shall describe how it will credit Quachita, during the appropriate refund periods, the amounts Entergy collected and will collect for transmission service provided to transmission customers with Quachita's generator as the receipt point. We will also direct Entergy to file revisions to the IA reflecting these revisions within 30 days of the date of this order.

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[25] *Duke Hinds III*, 117 FERC ¶ 61,210 at P 22-26 (upholding the Commission's long-standing transmission service pricing policy and that when a generator pays for upgrades located "at or beyond" the point of interconnection to the transmission grid, it is entitled to credits, with interest, because these are network upgrades); P 26 (stating that this pricing policy does not violate FPA section 212 and does not result in a subsidy by wholesale, retail, and transmission customers because the integrated transmission grid is a cohesive network and upgrades benefit all users, not just the newly-interconnecting generator); P 28 (upholding the Commission's finding in *Duke Hinds II* that the Commission has the authority to require changes if the contracts are unjust and unreasonable); P 32-36, 40 (finding that *Duke Hinds II* did not violate the filed rate doctrine and the rule against retroactive ratemaking by requiring refunds). *See also Tenaska Alabama II Partners, L.P. v. Alabama Power Company*, 118 FERC ¶ 61,037 (2007)

[26] *PG&E III*, 117 FERC ¶ 61,294 at P 56-59 (discussing Entergy's compliance filing in response to *PG&E II* and the Commission's requirements that Entergy revise the IA at issue and provide credits and interest on both Required and Optional System Upgrades, starting on the refund effective date, consistent with *Duke Hinds III*).

[27] We note that in *Entergy Services, Inc.*, 109 FERC ¶ 61,342, *order on reh'g*, 110 FERC ¶ 61,365 (2004) (*Entergy*), the Commission approved an initial decision that allowed Occidental Chemical Corporation (Occidental) to execute Entergy's most recent *pro forma* IA in place of, and with the same effective date as, a previously filed and accepted IA because the IA contained a "reopener provision." In *Entergy*, Occidental disputed its IA because Entergy directly assigned the cost of certain system upgrades similar to those at issue in this case. We note that the Quachita IA contains a similar "reopener provision" in article 23.8, which Quachita could have exercised in this case.

30. In cases where, as here, the Commission institutes an investigation on a complaint under section 206 of the FPA, section 206(b), as it was in effect at the time that Quachita filed its complaint, requires that the Commission establish a refund effective date that is no earlier than 60 days after the date a complaint was filed, but no later than five months after the expiration of such 60-day period.[28] Consistent with our general policy of providing maximum protection to customers, we will set the refund effective date at the earliest date possible, *i.e.*, 60 days after the filing of Quachita's complaint, which is March 7, 2004.

31. Section 206 of the FPA states that the Commission may order refunds of any amounts paid, for the period after the refund effective date through a date 15 months after such refund effective date.[29] Therefore, we will direct Entergy to provide Quachita any credits that would have been accrued from the refund effective date, March 7, 2004, through June 7, 2005, which is 15 months after the refund effective date, with interest calculated in accordance with 18 C.F.R. § 35.19(a)(2)(ii). Further, we will require Entergy to provide Quachita credits on a prospective basis from the date of this order and to revise the IA accordingly.[30] Entergy must file a compliance report, within fifteen (15) days after making the required credits.

32. Pursuant to Article 11.4.1 of the Large Generator Interconnection Agreement, which provides for a maximum 20-year refund period, credits for the four distinct periods at issue are to be calculated as follows: Credits accrue over a 20-year period commencing from commercial operation of the generator. For the period from commercial operation until March 7, 2004, any credits that would have been earned are not recoverable, and interest on those credits will not be paid.[31] From March 7, 2004

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[28] Section 206(b) of the FPA was amended by the Energy Policy Act of 2005, Pub. L. No. 109-58, § 1285, 119 Stat. 594, 980-81 (2005), to require that in the case of a proceeding instituted on a complaint, the refund effective date shall not be earlier than the date of the filing of such complaint or later than five months after the filing of such complaint.

[29] 16 U.S.C. § 824e (b).

[30] Consistent with *Duke Hinds III* and *PG&E III*, we will likewise direct Entergy to provide refunds for the period starting with the appropriate refund effective dates, for the locked-in period, up until Entergy begins to provide transmission credits, with interest calculated in accordance with 18 C.F.R. § 35.19(a)(2)(ii), as a lump sum refund. *See Duke Hinds III*, 117 FERC ¶ 61,210 at P 55-60; *PG&E III*, 117 FERC ¶ 61,294 at P 59.

[31] In *Duke Hinds III*, we provided an example of how the dollar amount of the credits was to be reduced to account for transmission service payments made before the refund effective date. *Duke Hinds III*, 117 FERC ¶ 61,210 at P 34. In this case, this example would also apply to the period from the end of the 15-month refund effective period until the date of the Commission order.

through and including June 7, 2005, the credits earned are recoverable, and Entergy must pay Quachita credits for this period with interest for both Required and Optional System Upgrades, as discussed above. From the end of the 15-month refund effective period until the date of the Commission order, any credits that would have been earned are not recoverable, and interest on those credits would also not be paid. Finally, to the extent that transmission service has not previously been taken for which credits either did accrue or would have accrued, Entergy must provide Quachita credits with interest on a prospective basis from the date of this order.

The Commission orders:

(A) Quachita's complaint is hereby granted.

(B) Entergy is hereby directed to file, within 30 days of this order, a revised IA reflecting the provision of credits for Required System Upgrades and interest on both Required and Optional System Upgrades, as discussed in the body of this order.

(C) Within 30 days of this order, Entergy is hereby directed to provide Quachita any credits that would have accrued from the refund effective date, March 7, 2004, through June 7, 2005, with interest calculated in accordance with 18 C.F.R. § 35.19(a)(2)(ii). Further, Entergy is required to provide Quachita credits on a prospective basis from the date of this order, as discussed in the body of this order.

(D) Entergy is each hereby directed to file a compliance report, within fifteen (15) days after providing credits.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.