

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 16, 2007

In Reply Refer To:
Docket Nos. ER06-706-000
ER06-706-001

Morgan, Lewis & Bockius LLP
Attn: Floyd L. Norton, IV, Esq.
Attorney for Entergy Services, Inc.
1111 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mr. Norton:

1. On December 14, 2006, you filed an Offer of Settlement and Settlement Agreement in the above-referenced dockets on behalf of Entergy Arkansas, Inc. (Entergy Arkansas). This settlement resolves all issues regarding Entergy Arkansas's 2006 Wholesale Formula Rate Update set for hearing in the Commission's order issued July 26, 2006.¹ On January 3, 2007, Trial Staff submitted initial comments in support of the settlement. No other comments were received. On January 17, 2007, the settlement judge certified the uncontested settlement to the Commission.²

2. The subject settlement is fair and reasonable and in the public interest, and is hereby approved. The standard of review applicable to any modifications to the Settlement not agreed to by the parties, including modifications resulting from the Commission acting *sua sponte*, shall be the *Mobile Sierra* public interest standard.³ The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

¹ *Entergy Services, Inc.*, 116 FERC ¶ 61,085 (2007).

² *Entergy Services, Inc.*, 118 FERC ¶ 63,011 (2007).

³ As a general matter, parties may bind the Commission to a public interest standard. *Northeast Utilities Service Co. v. FERC*, 993 F.2d 937, 960-62 (1st Cir. 1993). Under limited circumstances, such as when the agreement has broad applicability, the Commission has the discretion to decline to be so bound. *Maine Public Utilities Commission v. FERC*, 454 F.3d 278, 286-87 (D.C. Cir. 2006). In this case, we find that the public interest standard should apply.

3. Within 30 days from the date of this letter, any amounts collected from the cities of Osceola and Prescott, Arkansas, the Conway Corporation, the City of West Memphis and the Farmers Electric Cooperative Corporation in excess of the settlement rates will be refunded together with interest computed under 18 C.F.R. § 35.19a (2006). Within 15 days after making such refunds, Entergy Arkansas will file with the Commission a compliance report showing monthly billing determinants, revenue receipt dates, revenues under the prior, present, and settlement rates, the monthly revenue refund, and the monthly interest computed, together with a summary of such information for the total refund period. Entergy Arkansas will provide copies of the report to the affected wholesale customers and to each state Commission within whose jurisdiction the wholesale customers distribute and sell electric energy at retail.

4. This letter terminates Docket Nos. ER06-706-000 and ER06-706-001. A new sub-docket will be assigned to Docket No. ER06-706 upon receipt of the required compliance refund report.

By direction of the Commission. Commissioner Wellinghoff dissenting in part with a separate statement attached.
Commissioner Kelly not participating.

Philis J. Posey,
Acting Secretary.

cc: Service List – Docket Nos. ER06-706-000 and ER06-706-001

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Louisiana Public Service Commission
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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Entergy Services, Inc.

Docket Nos. ER06-706-000
ER06-706-001

(Issued March 16, 2007)

WELLINGHOFF, Commissioner, dissenting in part:

The parties in this case have asked the Commission to apply the “public interest” standard of review when it considers future changes to the instant settlement that may be sought by any of the parties, a non-party, or the Commission acting *sua sponte*.

Because the facts of this case do not satisfy the standards that I identified in *Entergy Services, Inc.*,¹ I believe that it is inappropriate for the Commission to grant the parties’ request and agree to apply the “public interest” standard to future changes to the settlement sought by a non-party or the Commission acting *sua sponte*. In addition, for the reasons that I identified in *Southwestern Public Service Co.*,² I disagree with the Commission’s characterization in this order of case law on the applicability of the “public interest” standard.

For these reasons, I respectfully dissent in part.

Jon Wellinghoff
Commissioner

¹ 117 FERC ¶ 61,055 (2006).

² 117 FERC ¶ 61,149 (2006).