

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Entergy Services, Inc.

Docket No. ER06-1555-000

ORDER ACCEPTING AND SUSPENDING EXECUTED NETWORK INTEGRATION  
TRANSMISSION SERVICE AGREEMENT, ESTABLISHING HEARING AND  
SETTLEMENT JUDGE PROCEDURES AND ACCEPTING NOTICE OF  
CANCELLATION

(Issued November 28, 2006)

1. In this order, we accept, the Network Integration Transmission Service Agreement (NITSA) between Entergy Services, Inc. (Entergy)<sup>1</sup> and Cleco Power LLC (CLECO), and suspend it for a nominal period, to become effective December 1, 2006, as requested, subject to refund. We also establish hearing and settlement judge procedures. In addition, we accept the Notice of Cancellation for a Coordination Agreement between Entergy Louisiana, LLC and Central Louisiana Electric Company, Inc., (now CLECO) on file with the Commission as Rate Schedule No. 11.

**Background**

2. On September 29, 2006, Entergy filed with the Commission an executed NITSA between Entergy and CLECO. Entergy also filed a Notice of Cancellation for Entergy Louisiana's Rate Schedule No. 11 (Coordination Agreement).<sup>2</sup> Entergy states

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<sup>1</sup> Acting as agent for the Entergy Operating Companies, including: Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc. and Entergy New Orleans, Inc.

<sup>2</sup> The Coordination Agreement was originally entered into on September 1, 1955 by Louisiana Power & Light Company (now known as Entergy Louisiana) and CLECO.

that Entergy Louisiana and CLECO originally entered into Rate Schedule No. 11 on September 1, 1955. It explains that Rate Schedule No. 11 provides for the coordination of Entergy Louisiana's and CLECO's facilities in Louisiana, allowing CLECO and Entergy Louisiana to provide transmission and substation facilities for the use of the other party at specific rates. It also explains that Rate Schedule No. 11 contains operational provisions to ensure operation of the CLECO and Entergy Louisiana systems in parallel. Entergy states that Entergy Louisiana and CLECO recently reviewed their existing agreements and decided to update their contractual relationship consistent with Entergy's Open Access Transmission Tariff (OATT). To that end, Entergy provided a letter terminating the Coordination Agreement effective January 1, 2006.

3. Entergy explains that it has executed a NITSA with CLECO that establishes the rates, terms and conditions of CLECO's receipt of network service under Entergy's OATT. Entergy states that the NITSA identifies CLECO's designated network resources and network loads. According to Entergy, the NITSA will terminate on December 1, 2016. It adds that the NITSA is designed to supersede and replace Rate Schedule No. 11.

4. Entergy explains that the NITSA is identical to the pro forma network service agreement included in Entergy's OATT, except for the addition of section 5 and Attachment B to reflect CLECO's eligibility for transmission credits for certain transmission facilities. It points out that all other provisions of the pro forma network service agreement remain unchanged. Because of the changes, Entergy explains that it is submitting the NITSA for filing as a nonconforming service agreement.

5. Entergy requests that the NITSA and Notice of Cancellation of Rate Schedule No. 11 be made effective December 1, 2006.

### **Interventions and Comments**

6. Notice of the filing was published in the *Federal Register*, 71 Fed. Reg. 59,769 (2006), with interventions and protests due on or before October 20, 2006. Arkansas Electric Cooperative Corporation filed a timely motion to intervene. Louisiana Energy and Power Authority (LEPA) filed a timely motion to intervene and comments. Lafayette Utilities System (Lafayette) filed a motion to intervene out of time and protest. On October 23, 2006, Lafayette filed an errata to its previously filed motion to intervene and protest. On November 6, 2006, CLECO filed a motion to intervene out of time, a motion to respond to LEPA's and Lafayette's protests and an answer to the protests. Also on November 6, 2006, Entergy filed an answer to the protests.

**Discussion****A. Procedural Matters**

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant CLECO's and Lafayette's motions to intervene out of time given their interest in this proceeding, the early stage of this proceeding, and the absence of any undue prejudice or delay.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2006), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We will accept the answers of Entergy, CLECO and Lafayette because they provided information that assisted us in our decision-making process.

**B. Analysis**

9. As discussed further below, we accept the proposed NITSA, suspend it for a nominal period, to become effective December 1, 2006, as requested, subject to refund, and establish hearing and settlement judge procedures. In addition, we accept the Notice of Cancellation.

**1. System Impact Study/New Receipt and Delivery Points****a. Comments**

10. Lafayette objects that the request for network transmission service was granted without a transmission system impact study by Entergy. While Lafayette acknowledges that in numerous situations, the rollover to network service of a pre-Order 888 coordination, interchange or transmission service arrangement will not warrant a transmission study, Lafayette argues that Entergy has failed to make the necessary showing that such study is unneeded here. Lafayette continues its argument by discussing that if the power flows associated with the pre-Order No. 888 arrangement are reflected in the Transmission Provider's system model in a way that is substantially the same as the manner in which the customer's Network Resources and Network Loads would be studied in response to a network service request, a study would not generally be warranted. Lafayette states that Entergy failed to include a copy of the Coordination Agreement in its filing, which precludes any determination as to whether changes did in fact occur.

11. Alternatively, Lafayette requests that the Commission direct Entergy to confirm that other parties to interchange and coordination agreements are also permitted to

convert to network service without being subject to system impact or facilities studies requirements. LEPA asserts that if CLECO avoids studies to serve existing load and uses new resources, studies should not be demanded of LEPA or others.

12. LEPA notes that the NITSA identifies a new load delivery point, Cane Bayou, with an anticipated in-service date of 2007 and a new network resource, Rodemacher Unit 3, with an anticipated service date of June 2009. LEPA does not object to a new point of delivery and a new network resource for CLECO, if such treatment is available to LEPA and other load serving entities that are similarly situated and dependent upon the Entergy transmission system.

**b. Answers**

13. Entergy explains that the Commission has made clear that a transmission provider “is under no obligation to perform any studies or provide any data demonstrating that it has sufficient transmission capability to provide a particular rollover request.”<sup>3</sup> It explains that this is because the transmission provider “has an ongoing obligation to plan its system and maintain available transmission capacity to provide existing transmission customers’ rollover requests.”<sup>4</sup> According to Entergy, “[o]nly if a transmission customer with a rollover right requests a change to its receipt or delivery points would the transmission provider perform a study to determine whether it could provide the rollover request.”<sup>5</sup>

14. Responding to Lafayette’s and LEPA’s assertions that the NITSA includes a new receipt point and a new delivery point compared to the Coordination Agreement, Entergy states that these claims are based on incorrect factual allegations and an apparent misunderstanding of the law; and thus, warrant no further consideration. Entergy states that CLECO provided notice under the Coordination Agreement in 2004 regarding its intended use of Rodemacher Unit 3 and of the intended addition of the Cane Bayou delivery point. It argues that CLECO had the right under the Coordination Agreement to receive service at Cane Bayou and from Rodemacher Unit 3. The service under the NITSA is a rollover of the exact same service provided under the Coordination Agreement. Also, Entergy notes that CLECO adds the Cane Bayou substation delivery

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<sup>3</sup> *Citing Associated Elec. Coop., Inc. v. Southwest Power Pool, Inc.*, 115 FERC ¶ 61,213, *reh’g denied*, 117 FERC ¶ 61,114, at P 12 (2006) (*AECI v. SPP*).

<sup>4</sup> *Id.*, 115 FERC ¶ 61,213 at P 16, *reh’g denied*, 117 FERC ¶ 61,114 at P12.

<sup>5</sup> *Id.*, 117 FERC ¶ 61,112 at P 12.

point to serve load growth that would have been served under the Coordination Agreement had it remained in effect.

15. Entergy notes that new studies were not necessary due to the designation of the Rodemacher Unit 3 as a network resource under the NITSA. Entergy explains that the Rodemacher Unit 3 is an additional unit at an existing generating facility that is located on the CLECO transmission system, and CLECO already uses that generating facility to serve the load designated under the NITSA. This unit does not result in any change in the contractual points of receipt compared to the Coordination Agreement; the points of receipt are the same interconnection points between CLECO's system and the Entergy system. Entergy states that under these circumstances, a transmission study was not needed to determine that the designation of Rodemacher Unit 3 will not substantially change transmission service. CLECO also contends that transmission service remains consistent under both the Coordination Agreement and the NITSA.

16. Entergy explains that the delivery point at Cane Bayou was included in Entergy's base transmission plans even before Entergy and CLECO entered into the NITSA, i.e., that delivery point already has been planned for as part of Entergy's annual transmission planning process. Therefore, Entergy notes that additional studies were not required to determine the availability of transmission capacity to deliver power to the Cane Bayou substation. Entergy asserts that requiring an additional study under these circumstances would be inconsistent with Commission policy.

17. Lafayette responds and raises issues concerning Entergy's statement that CLECO provided notice to Entergy regarding its intended use of Rodemacher Unit 3 in 2004. Lafayette argues that CLECO did not make its selection of the Rodemacher Unit 3 known until mid 2005, raising a number of questions as to the validity of the proposed rollover: (1) whether rollover should be granted based only on a conditional and preliminary notice; (2) whether an unfiled notice concerning the addition of the Rodemacher Unit 3 should affect the proposed rollover; and (3) whether a study would not be needed because Rodemacher Unit 3 has been planned for service in 2009. Lafayette also argues that because neither Entergy nor CLECO has filed the asserted 2004 notice as to CLECO's intended use of Rodemacher Unit 3 and because the Coordination Agreement does not expressly require such notification, it can only speculate as to what the notice might be. Finally, Lafayette argues that the Commission should require that the notice should be placed on file as part of the NITSA submittal.

**c. Commission Determination**

18. Entergy's proposed NITSA raises issues of material fact that cannot be resolved based on the record before us, and that are more appropriately addressed in the hearing and settlement judge procedures ordered below. In particular, the hearing should address

whether Entergy properly allowed the rollover of the Coordination Agreement into the NITSA without performing any transmission studies, including whether Entergy included new receipt and delivery points.

19. Our preliminary analysis indicates that Entergy's proposed NITSA has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we will accept Entergy's proposed NITSA for filing, suspend it for a nominal period, make it effective December 1, 2006, subject to refund, and set it for hearing and settlement judge procedures.

20. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their dispute before hearing procedures are commenced. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.<sup>6</sup> If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise, the Chief Judge will select a judge for this purpose.<sup>7</sup> The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

21. As discussed further below, we reject the other arguments raised by protesters.

## **2. Early Termination of the Coordination Agreement**

22. Entergy states that the NITSA supersedes and replaces the Coordination Agreement between Entergy Louisiana and CLECO.

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<sup>6</sup> 18 C.F.R. § 385.603 (2006).

<sup>7</sup> If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges and a summary of their background and experience ([www.ferc.gov](http://www.ferc.gov) – click on Office of Administrative Law Judges).

**a. Comments**

23. Lafayette asserts that Entergy is permitting rollover of the Coordination Agreement in advance of the contract's expiration. Lafayette argues that it would be impermissibly discriminatory for Entergy to allow early termination of the Coordination Agreement, while denying similar early termination rights to other pre-Order No. 888 grandfathered agreements. LEPA notes that the Coordination Agreement does not appear to be up for renewal and that it is being cancelled early.

**b. Answers**

24. Responding to Lafayette's protest that the Coordination Agreement has not expired, and therefore, is not eligible for rollover, Entergy maintains that it properly terminated the Coordination Agreement. It states that under the terms of the Coordination Agreement either party could terminate the agreement by providing five years notice of termination.<sup>8</sup> In its answer, Entergy provides a letter addressed to CLECO dated October 26, 2001, which cancels the Coordination Agreement effective January 1, 2006. CLECO also responds that rollover is appropriate in the instant case due to Entergy's termination in compliance with the terms and conditions of the Coordination Agreement.

**c. Commission Determination**

25. We find that Entergy properly provided notice of cancellation of the Coordination Agreement. The Coordination Agreement was terminated in accordance with its own terms after Entergy provided CLECO with a five-year notice of cancellation as specified in section 1.1 of the Coordination Agreement. A letter of termination, dated October 26, 2001, was provided in Entergy's answer and details the termination between Entergy and CLECO. Thus, Entergy properly provided notice of cancellation to CLECO. We accept the cancellation of the Coordination Agreement on file as FERC Rate Schedule No. 11.

**3. Network Resource Designation**

26. Under the NITSA, approximately 543 MW of CLECO's load is identified as Network Load. However, 1,857 MW of generating resources, approximately three times that of the Network Load, are identified as Network Resources.

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<sup>8</sup> Entergy answer at 6 (citing the Coordination Agreement, FERC Rate Schedule No. 11 § 1.1).

**a. Comments**

27. Lafayette states that the load subject to the NITSA actually comprises only a portion of the CLECO load in Louisiana that is connected to the Entergy transmission system. Lafayette explains that it does not find designating a portion of the load inherently objectionable to the extent it seeks to give the Network Customer some flexibility beyond the OATT's express terms.

28. Lafayette argues that Entergy should be required to explain why CLECO's designation of Network Resources is consistent with the OATT. Lafayette states that Entergy should be required to state whether other customers will be afforded the right to designate Network Resources that are disproportionate to its Network Load. Lafayette argues that otherwise the NITSA should be rejected as discriminatory.

29. Lafayette expresses concern, however, that the discrepancy between CLECO's designated Network Resources and its Network Load could have a number of implications, including: a greatly disproportionate planning burden, reduced availability of service to other transmission customers, adverse market impacts for firm sales and advantages to CLECO if it elects to participate in Entergy's Weekly Procurement Process.

30. Further, Lafayette states that the discrepancy between CLECO's designated Network Resources and Network Load raises the question of whether the service provided for in the NITSA is sufficiently similar to the pre-existing service under the Coordination Agreement to allow rollover treatment.

**b. Answers**

31. Entergy responds that the transmission service that will be provided under the NITSA is the same transmission service previously provided under the Coordination Agreement. It asserts that Lafayette's citation to the level of network resources designated by CLECO does not alter this fact.

32. Regarding Lafayette's suggestion that CLECO's resource designation may be improper, Entergy quotes Lafayette's statement that "the Commission in Order No. 888 properly declined to impose specific limitations on the amount of Network Resources a

customer may designate.”<sup>9</sup> Entergy claims that Lafayette does not explain this apparent inconsistency in its argument, or its rationale for applying a different rule to CLECO.

33. CLECO responds to Lafayette’s argument by stating that Entergy’s OATT and the Commission’s precedent under Order No. 888 require that a network transmission customer’s designation of Network Resources comply with the requirements of section 30.1 of the OATT. CLECO asserts that the Network Resources meet the requirement of section 30.1 because the Network Resources will only to be used to serve CLECO’s Network Load on its system and Entergy’s system. In addition, it asserts, the Network Resources will be capable of meeting the designated Network Load on a non-interruptible basis.

34. CLECO further explains that it operates an integrated fleet of Network Resources to serve its network load that is physically located on two separate systems, but that it is all located within CLECO’s Balancing Authority Area. CLECO claims that this is consistent to the service it now receives under the Coordination Agreement. Contrary to Lafayette’s protest, CLECO states that there is no requirement that it distinctly designate portions of its generation fleet to serve the network load that is connected to Entergy’s transmission system.

35. CLECO rebuts Lafayette’s claim that CLECO could use some of the capacity designated as Network Resources to participate in Entergy’s Weekly Procurement Process. CLECO explains that it has no right to transmission service for the sale of the output of network resources other than for designated Network Load, and could not sell Network Resources as a part of the Weekly Procurement Process on a firm basis.

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<sup>9</sup> Lafayette protest at 6; *See also Promoting Wholesale Competition Through Open Access Non discriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21,540 (1996), FERC Stats. & Regs. ¶ 31,036 at 31,753-54 (1996), *order on reh'g*, Order No. 888-A, 62 Fed. Reg. 12,274 (1997), FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002) (addressing designations of network resources) (Order No. 888).

**c. Commission Determination**

36. In Order No. 888, the Commission declined to impose specific limitations on the amount of Network Resources a customer may designate. Nor is there any requirement in Order No. 888 that would lead us to conclude that CLECO's designated Network Resources must match its Network Load. Further, as Entergy stated and we have found, the transmission service provided under the NITSA is the same transmission service previously provided to CLECO under the Coordination Agreement. Accordingly, we find Lafayette's arguments unavailing.

**4. Credits for CLECO Transmission Facilities**

37. Pursuant to the NITSA, CLECO's facilities identified in Exhibit 1 of Attachment B shall be eligible for transmission credits. Credits for eligible facilities shall be calculated based on the original installed cost of the eligible facilities, including subsequent capital improvements to qualifying facilities.

**a. Comments**

38. Lafayette objects that under the NITSA CLECO is entitled to credits for certain transmission facilities that CLECO owns. Lafayette states that there is no proof or indication that the Cleco facilities are integrated with the Entergy transmission systems, which is required under section 30.9 of Entergy's OATT. Lafayette states that Entergy has not provided proof that the CLECO's facilities giving rise to the credit are integrated with Entergy's transmission system, as the Commission has applied that requirement in decision applying section 30.9 of Entergy's OATT. Lafayette assumes that Entergy simply proceeds from the premise that the facilities satisfy the test and therefore are eligible for credits. Further, Lafayette notes the absence of proof that the facilities designated as eligible for the credit satisfy the test articulated in Opinion No. 430 for integration. It questions whether Entergy applied the same integration standard to CLECO that it applied to Lafayette in Opinion No. 430. Opinion No. 430 emanated from Entergy's request for a more stringent test for credits based on the requests of Lafayette and other transmission customers.

39. Lafayette claims that Entergy should clarify this issue and that all interested parties should be afforded an opportunity to examine and comment on any analysis performed to judge the merits of credit eligibility. It requests that Entergy discuss whether a more relaxed test has been applied in this instance, and more importantly, whether that standard would be applied to transmission facilities of other network service customers. Lafayette states that if Entergy is unwilling to make a more relaxed standard available for all customers, then the NITSA in this proceeding should be rejected as being the product of undue discrimination. Lafayette also requests that in the event that

Entergy denies its application of a more relaxed standard, Entergy should provide the analyses and other supporting information that were taken into consideration.

**b. Answers**

40. Entergy notes that the Facilities Adjustment Payments under section 2.6 of the Coordination Agreement are also continued under the NITSA. It claims that Facilities Adjustment Payments were included in the Coordination Agreement to provide credits and payments for the facilities that were jointly planned and formed an integrated part of Entergy's transmission system. Entergy contends that it would have constructed its own facilities in order to reliably deliver power.

41. In response to Lafayette, Entergy explains that the Commission made clear that "eligibility for credits is determined on a case-specific base."<sup>10</sup> Entergy further asserts that CLECO satisfied the same integration standard applied to Lafayette's facilities in Opinion No. 430. Entergy claims that it needs CLECO's facilities to reliably serve: (a) CLECO's load; (b) Entergy's load; and (c) the load of other Entergy transmission customers.

42. CLECO notes that the Facilities Adjustment Payments, which were used for the facilities constructed to help serve the other Entergy transmission customers' loads, were an integral component of the Coordination Agreement. Specifically, under Article 2.1 of the Coordination Agreement, both parties established a mutual goal of coordinated transmission planning and expansion. CLECO and Entergy both assert that their agreements for crediting have been in place for fifty years and this has benefited CLECO, Entergy and other customers by successfully avoiding duplicative and redundant investments.

**c. Commission Determination**

43. As Entergy points out, the Commission has historically addressed issues of transmission facility credits on a case-by-case basis.<sup>11</sup> CLECO and Entergy have had an agreement on crediting for over 50 years and are seeking to continue it under the NITSA. The credits reflected in the NITSA are a continuation of the Facilities Adjustment Payments under section 2.6 of the Coordination Agreement. Moreover, CLECO's

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<sup>10</sup> *E. Texas. Elec. Coop., Inc. v. Cent. & Southwestern Serv., Inc.*, 114 FERC ¶ 61,027, at P 28 (2006).

<sup>11</sup> *Id.*

facilities meet the same integration standard that was applied to Lafayette when its facilities were denied credits in Opinion No. 430. Unlike the facts underlying Opinion No. 430, where “the customer-owned facilities...*do not provide any support* to the Entergy system,<sup>12</sup> Entergy needs CLECO’s facilities to reliably serve CLECO’s load, Entergy’s load and the load of other Entergy transmission customers.

## 5. Compensation for Costs of Reliability Dispatch

44. Under the NITSA, CLECO will be compensated in accordance with the terms of Entergy’s OATT if its generating facilities are re-dispatched in real-time to alleviate constraints on the Entergy transmission system.

### a. Comments

45. Lafayette states that it has frequently been subjected to re-dispatch directives from its Reliability Coordinator, which has caused additional energy costs in excess of \$2 million throughout the past three years. Further, Lafayette states that the costs resulted from the re-dispatch directives requiring the use of the less-efficient, higher-fuel-cost Bonin station instead of the low-cost energy Rodemacher station. Lafayette argues that this NITSA will exacerbate and lock in the discriminatory imposition of re-dispatch costs. It states that where the NITSA entitles CLECO to compensation by Entergy when Entergy’s Reliability Coordinator directs increased generation at the Teche station to unload Entergy flowgates, Lafayette will remain out-of-pocket for the re-dispatch costs it incurs under similar circumstances.

46. Lafayette states that it will be the only entity to bear the costs of resolving reliability problems on other utilities’ systems caused by those other utilities’ poor planning and inaction. Lafayette further states that it is difficult to believe the Commission intended OATT service to become a tool of discrimination. Lafayette requests that Entergy and CLECO confirm that Lafayette is entitled to full compensation for reliability re-dispatch.

### b. Answers

47. Entergy notes that under the NITSA, CLECO will be compensated under the terms of Entergy’s OATT if its generating facilities are re-dispatched in real-time to help reliably serve and alleviate constraints on Entergy’s transmission system.

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<sup>12</sup> Opinion No. 430, *Entergy Serv., Inc.*, 85 FERC ¶ 61,163, at 61,649 (1998), *reh’g denied*, 91 FERC ¶ 61,153 (2000) (emphasis added) (Opinion No. 430).

48. Entergy states that its OATT provides that a network customer is eligible for compensation if its designated network resources are re-dispatched during real-time operations to maintain the reliability of the transmission provider's transmission system as designated in the Order No. 888 *pro forma* OATT. Furthermore, it states that Lafayette is not a network customer under Entergy's OATT, and is therefore not entitled to any payments for reliability re-dispatch.

**c. Commission Determination**

49. Entergy has properly followed its OATT in providing for re-dispatch payments to CLECO. Section 34.4 of the *pro forma* OATT for Order No. 888 states that "[t]o the extent that the Transmission Provider incurs an obligation to the *Network Customer* for re-dispatch costs in accordance with Section 33 [of the OATT], such amounts shall be credited against the Network Customer's bill for the applicable month." Under the NITSA, CLECO is Entergy's network customer, and therefore is eligible for re-dispatch payments under Entergy's OATT.

The Commission orders:

(A) Entergy's proposed NITSA is hereby accepted for filing and suspended for a nominal period, to become effective December 1, 2006, as requested, subject to refund, as discussed in the body of this order.

(B) Entergy's Notice of Cancellation for the Coordination Agreement, Rate Schedule No. 11, is hereby accepted, to be effective December 1, 2006, as discussed in the body of this order.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), a public hearing shall be held concerning Entergy's proposed NITSA. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (D) and (E) below.

(D) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2005), the Chief Administrative Law Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge

designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(E) Within thirty (30) days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

(F) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, N.E., Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.