



**Federal Energy Regulatory Commission
November 19, 2009
Open Commission Meeting
Staff Presentation
Item E-1**

"Good morning Mr. Chairman and Commissioners.

Item E-1 before you today is a draft order that accepts Entergy's Notices of Cancellation allowing two of its Operating Companies, Entergy Arkansas and Entergy Mississippi, to withdraw from the Entergy System Agreement upon the expiration of the 96 month notice period provided for in the System Agreement. The System Agreement is a Commission accepted rate schedule that governs, among other things, the allocation of certain costs associated with the integrated operations of the Entergy System.

In December 2005, Entergy Arkansas notified the other Operating Companies of its intent to withdraw from the System Agreement effective 96 months after that date, or December 2013. Similarly, in November 2007, Entergy Mississippi gave its notice, with its withdrawal effective 96 months after that date, or November 2015. Both Entergy Arkansas and Entergy Mississippi have given proper notice of withdrawal under the System Agreement. The draft order finds that other than the 96 month notice requirement, the System Agreement does not contain any restrictions on an Operating Company's ability to withdraw, nor does it place any further conditions on withdrawal or continuing obligations after withdrawal on the departing Operating Companies.

The draft order notes that Entergy has an obligation to ensure that any future operating arrangements for both the remaining and departing Operating Companies are just and reasonable. With the acceptance of these Notices of Cancellation regarding the System Agreement, the draft order states that the Commission expects Entergy and all interested parties to move forward and develop the details of all needed successor arrangements. The draft order encourages Entergy to make its section 205 filing for the post-2013 arrangements as soon as possible in order for the Commission to review any replacement arrangements prior to the withdrawals.

Thank you. We are ready to answer any questions."