

145 FERC ¶ 61,081
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 29, 2013

In Reply Refer To:
Entergy Arkansas, Inc.,
Entergy Gulf States Louisiana, L.L.C.,
Entergy Louisiana, LLC,
Entergy Mississippi, Inc.,
Entergy New Orleans, Inc.,
Entergy Texas, Inc.
Docket Nos. ER12-1888-000
ER12-1890-000
ER12-1891-000
ER12-1892-000
ER12-1893-000
ER12-1894-000

Entergy Services, Inc.
101 Constitution Avenue, N.W.
Suite 200 East
Washington, DC 20001

Attention: Suzanne K. McBride, Esq.
Senior Counsel

Dear Ms. McBride:

1. On May 31, 2012, Entergy Services, Inc. (Entergy), on behalf of the Entergy Operating Companies,¹ made a filing revising section 30.12 of Service Schedule MSS-3 of the Entergy System Agreement to comply with Opinion No. 505-A,² issued

¹ The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

² *Entergy Services, Inc.*, Opinion No. 505-A, 139 FERC ¶ 61,103, at PP 72-74 (2012).

May 7, 2012 in Docket No. ER07-956-002. As relevant here, Opinion No. 505-A directed Entergy to use the methodology contained in Exhibit Nos. ETR-26 and ETR-28³ to remove the administrative and general expense (A&G expense) and other taxes associated with Entergy Gulf States, Inc.'s (Entergy Gulf States)⁴ 30 percent share of River Bend nuclear facility capacity (River Bend 30) when functionalizing those costs in the 2006 bandwidth calculation in Docket No. ER07-956-000.

2. Entergy proposes to remove the A&G expense and other taxes from the fixed production cost by adding two variables to the bandwidth formula for Fixed Production Cost Expense. Entergy describes the first variable as PLRRB, which provides for the ratio of production labor, including River Bend 30 labor, to total labor. Entergy further proposes to add the variable, RB30AG, to account for River Bend 30 A&G expense.

3. Entergy notes that in Opinion No. 505-A, the Commission stated that changes to the bandwidth formula may only be made in a Federal Power Act section 205 or section 206 filing,⁵ and not in an annual bandwidth proceeding⁶ such as this. Entergy states, however, that in order to comply with Opinion No. 505-A, it had to alter the bandwidth formula by adding the variables PLRRB and RB30AG. Entergy also argues that because Opinion No. 505-A addresses an annual bandwidth filing and because no section 206 complaint was filed on this issue, the Commission cannot implement the compliance filing retroactively. Instead, Entergy proposes to make the changes in this compliance filing effective as of May 7, 2012, when the Commission issued Opinion No. 505-A.

4. Notice of Entergy's Opinion No. 505-A compliance filing was published in the *Federal Register*, 77 Fed. Reg. 34,374 (2012), with interventions and protests due on or before June 21, 2012. The Council of the City of New Orleans filed a timely motion to intervene in all of the dockets at issue. The Arkansas Public Service Commission filed a notice of intervention in Docket No. ER12-1891-000.

³ The Commission adopted the Ex. ETR-26 and ETR-28 methodology for calculating production costs in the bandwidth formula in Opinion Nos. 480 and 480-A. *La. Pub. Serv. Comm'n v. Entergy Serv., Inc.*, Opinion No. 480, 111 FERC ¶ 61,311, at P 33, *aff'd*, Opinion No. 480-A, 113 FERC ¶ 61,282 (2005).

⁴ In 2007, Entergy Gulf States split into Entergy Texas, Inc. and Entergy Gulf States Louisiana, L.L.C., which serve load in their respective states.

⁵ 16 U.S.C. § 824d-e (2006).

⁶ Opinion No. 505-A, 139 FERC ¶ 61,103 at P 38.

5. The Commission finds that Entergy's proposed revisions to section 30.12 of Service Schedule MSS-3 of the System Agreement do not comply with Opinion No. 505-A, and we reject them. In Opinion No. 505-A, the Commission found that the bandwidth formula in Service Schedule MSS-3 does not itself detail how to remove the A&G expenses for River Bend 30; instead, the bandwidth formula provides that the adjustment be made pursuant to the production cost methodology set forth in Exhibit Nos. ETR-26 and ETR-28.⁷ Accordingly, the Commission directed Entergy to use the methodology set forth in Exhibit Nos. ETR-26 and ETR-28 to remove River Bend 30 A&G expense and other taxes. Because the bandwidth formula already provides that the adjustment to remove the A&G expenses and other taxes for River Bend 30 be made pursuant to the production cost methodology set forth in Exhibit Nos. ETR-26 and ETR-28 (i.e., the bandwidth formula incorporates the adjustment to remove the A&G expenses and other taxes for River Bend 30 contained in Exhibit Nos. ETR-26 and ETR-28 by reference), we find no basis for Entergy's claims that: (1) it must add variables to the bandwidth formula or otherwise revise the bandwidth formula to comply with Opinion No. 505-A; and (2) its compliance filing therefore cannot take effect on June 1, 2007, the effective date of the rates in this docket.

6. We direct Entergy to file, within 30 days, revised bandwidth calculations that: (1) remove River Bend 30 A&G expense and other taxes in accordance with the methodology in Exhibit Nos. ETR-26 and ETR-28, as the Commission stated in Opinion No. 505-A;⁸ and (2) reflect an effective date of June 1, 2007.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁷ Opinion No. 505-A, 139 FERC ¶ 61,103 at P 72, n.126 (citing System Agreement at section 31.12, n.1: "All Rate Base, Revenue and Expense items shall ... include certain regulatory adjustments pursuant to the production cost methodology set forth in Exhibit ETR-26/ETR-28 filed in Docket No. EL01-88-001, including but not limited to: ... (2) the regulated (70%) portion of River Bend for E[ntergy] G[ulf] S[tates].").

⁸ *Id.* P 72.