

153 FERC ¶ 61,372  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, and Tony Clark,

Entergy Services, Inc.

Docket No. ER16-227-000

ORDER ACCEPTING AND SUSPENDING PROPOSED AMORTIZATION AND  
DEPRECIATION RATES AND ESTABLISHING HEARING AND SETTLEMENT  
JUDGE PROCEDURES

(Issued December 30, 2015)

1. On October 30, 2015, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> Entergy Services, Inc. (Entergy) filed proposed current Intangible Plant amortization rates and updated depreciation rates for Transmission and General Plant for use in the Entergy Operating Companies’<sup>2</sup> formula rates (October 30 Filing). In this order, we accept Entergy’s proposed amortization and depreciation rates and suspend them for a nominal period, to become effective January 1, 2016, as requested, subject to refund. We also establish hearing and settlement judge procedures.

**I. Background**

2. Entergy states that the October 30 Filing fulfills a commitment that the Entergy Operating Companies made in a July 31, 2015 Offer of Partial Settlement (July 2015 Partial Settlement) submitted in Docket Nos. ER13-948-005, ER14-649-002, ER14-1645-002, and EL14-19-00 with respect to their transmission formula rates in Attachment O of the Midcontinent Independent System Operator, Inc. (MISO) FERC Electric Tariff (Tariff), in which Entergy committed to “make a limited Section 205 filing(s) no later than November 1, 2015, proposing updated depreciation and amortization rates for all of

---

<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> The Entergy Operating Companies are Entergy Arkansas, Inc. (Entergy Arkansas); Entergy Louisiana, L.L.C. (Entergy Louisiana); Entergy Mississippi, Inc. (Entergy Mississippi); Entergy New Orleans, Inc.; and Entergy Texas, Inc. (Entergy Texas). Entergy states that Entergy Louisiana is the result of the combination of former Entergy Operating Companies Entergy Gulf States Louisiana, L.L.C. and legacy Entergy Louisiana, LLC into a single entity. October 30 Filing at n. 4.

the Entergy Operating Companies to become effective no later than January 1, 2016.”<sup>3</sup> Entergy asserts that this filing is a single issue filing that is not intended to address any other aspects of the Entergy Operating Companies’ formula rates in Attachment O of the MISO Tariff.

## II. Filing

3. Entergy states that while this filing fulfills a commitment that the Entergy Operating Companies made in the July 2015 Partial Settlement with respect to the Entergy Operating Companies’ formula rates in Attachment O of the MISO Tariff, this filing also proposes to utilize the updated General Plant depreciation rates and the current/unchanged Intangible Plant amortization rates proposed herein in Service Schedule MSS-4 of the Entergy System Agreement<sup>4</sup> and the successor MSS-4 tariff.<sup>5</sup>

4. According to Entergy, the depreciation study relied upon for the proposed depreciation rates utilizes a straight line method and average service life procedure applied on a remaining life basis.<sup>6</sup> Additionally, Entergy states that it based the detailed depreciation calculations on the original cost and attained ages of the property as of December 31, 2014 and on estimates of survivor curves and net salvage percentages applicable to each property group.

5. Entergy proposes to maintain its existing Intangible Plant amortization rates for the Entergy Operating Companies’ Intangible Plant, which, Entergy states, consists primarily of software. Entergy explains that it has assigned each piece of software an expected useful life and amortizes each piece over that assigned period, and that 90 percent of the Intangible Plant has a useful life of five, 10, or 15 years.

---

<sup>3</sup> *Entergy Servs. Inc.*, Offer of Partial Settlement, Docket No. ER13-948-005, *et al.*, at § II.10.i (filed July 31, 2015).

<sup>4</sup> Service Schedule MSS-4 governs unit power sales between the Entergy Operating Companies who are parties to the System Agreement.

<sup>5</sup> The successor agreement governs unit power sales between the Entergy Operating Companies that are parties to the System Agreement, and Entergy Arkansas, which withdrew from the Entergy Service Agreement.

<sup>6</sup> October 30 Filing at 3. According to Entergy, pursuant to the average service life procedure, depreciation rates are developed by dividing the original cost less net salvage by the average service life for the group and such rates are referred to as whole life rates.

6. Additionally, Entergy asserts that the proposed composite Transmission Plant and General Plant depreciation rates are reductions from the existing composite depreciation rates. The composite Transmission Plant and General Plant rates are reduced from 2.39 percent to 2.12 percent and from 4.42 percent to 4.07 percent, respectively. Despite these reductions, Entergy contends that the overall annual depreciation accrual rises by \$4 million, and the composite depreciation rate across all of the Entergy Operating Companies rises from 2.61 percent to 2.67 percent.<sup>7</sup> Entergy states that the main reasons for the proposed depreciation rate changes are slightly longer average service lives for Transmission and General Plant and an increase due to a 10-year amortization of the depreciation reserve deficiency for certain General Plant accounts that use the scheduled retirements approach.<sup>8</sup>

7. With regard to the reserve deficiency, Entergy states that the historical booked amounts have been lower than the retirement schedule amounts, and that the largest increases in the reserve deficiency involve information systems (FERC Account No. 391.2) and communication equipment (FERC Account Nos. 397.1 and 397.2). Entergy states that the total General Plant Reserve Deficiency for all of the Entergy Operating Companies is \$236.3 million and that it recommends a 10-year amortization for this reserve deficiency.<sup>9</sup> Entergy states that the chief cause of the \$4 million proposed increase in the annual depreciation accrual is the annual amortization of the reserve deficiency for General Plant of \$23.63 million. It states, however, that, under the Entergy Operating Companies' Attachment O formula rates, the transmission functionalization reduces the General Plant reserve deficiency amount, and that the average General Plant reserve deficiency allocation to transmission is approximately 11 percent.<sup>10</sup>

### **III. Notice of Filing and Responsive Pleadings**

8. Notice of the October 30 Filing was published in the *Federal Register*, 80 Fed. Reg. 69,217 (2015), with interventions or protests due on or before November 20, 2015. Notices of intervention were filed by the Louisiana Public Service Commission and the

---

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *Id.* at 4-5. Entergy asserts that the schedule retirement approach is “appropriate for accounts where there are numerous low dollar value items that are difficult are [sic] costly to track using traditional retirement accounting” and that this approach amortizes plant over a designated period and retires it at the end of the period regardless of whether it is in service or not. *Id.* at 5.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

Council of the City of New Orleans, Louisiana. Mississippi Delta Energy Agency, Clarksdale Public Utilities Commission of the City of Clarksdale, Mississippi, and the Public Service Commission of Yazoo City, Mississippi filed a timely joint motion to intervene.

9. Arkansas Electric Cooperative Corporation (Arkansas Electric Cooperative) and South Mississippi Electric Power Association (collectively, Joint Customers) filed timely motions to intervene and a joint protest. East Texas Electric Cooperative, Inc. (East Texas Cooperative) also filed a timely motion to intervene and a protest. On December 7, 2015, Entergy filed an answer to the protests. On December 15, 2015, Joint Customers filed an answer.

**A. Protests**

10. Joint Customers argue that the October 30 Filing is contrary to the public interest and unjust, unreasonable, and discriminatory. They state that Entergy's proposed changes to the Transmission and General Plant depreciation rates are being marketed as "reductions from the existing composite depreciation rates." Joint Customers argue, however, that wholesale transmission customers, such as Arkansas Electric Cooperative and South Mississippi Electric Power Association do not pay for transmission service based on a composite depreciation rate and instead pay for service based on the zonal rates that are set for each Entergy Operating Company under its annually updated transmission formula rate.<sup>11</sup> Thus, Joint Customers contend that, to understand the true impact of Entergy's proposal, the appropriate comparison must be done on a zonal basis for each Entergy Operating Company.<sup>12</sup>

11. Joint Customers also argue that the proposed rates do not result in reductions of the depreciation rates across all of the Entergy Operating Companies. According to Joint Customers, the proposed change to the transmission depreciation rates for Entergy Arkansas will increase annual transmission depreciation expense accrual by more than \$8 million, which translates to approximately a \$7.5 million increase in the Annual Transmission Revenue Requirement, or 4.3 percent of the net transmission revenue requirement.<sup>13</sup> According to Joint Customers, Entergy must establish that such Annual Transmission Revenue Requirement increases are just and reasonable and consistent with the public interest, yet Entergy provides no explanation or justification for this particular

---

<sup>11</sup> Joint Customers Protest at 4.

<sup>12</sup> *Id.* at 4-5.

<sup>13</sup> *Id.* at 5.

increase.<sup>14</sup> Similarly, East Texas Cooperative argues that additional inquiry is necessary to evaluate and understand the proposed changes in depreciation accruals among the Entergy Operating Companies.<sup>15</sup>

12. Joint Customers state that Entergy seeks to recover what Entergy describes as a “reserve deficiency for General Plant.”<sup>16</sup> Joint Customers argue that that even though Entergy asserts that the October 30 Filing “fulfills a commitment” made in the July 2015 Partial Settlement, the July 2015 Partial Settlement neither refers to a reserve deficiency nor permits a filing for the amortization of any such reserve deficiency.<sup>17</sup> Thus, Joint Customers argue that Entergy’s request for amortization of the claimed reserve deficiency is in no way pursuant to or in fulfillment of the July 2015 Partial Settlement. Joint Customers maintain that Entergy has not provided any justification in the formula rates or Commission precedent for identifying and collecting a reserve deficiency.<sup>18</sup>

13. Joint Customers and East Texas Cooperative argue that Entergy fails to adequately explain how the reserve deficiency was incurred, and why paying for it is the transmission customers’ responsibility.<sup>19</sup> Joint Customers assert that there is no provision in either the previous or current formulas that would permit recovery of any claimed reserve deficiency or adjustment of FERC Form No. 1 reported information and, as a result, this recovery is contrary to the formula. Joint Customers further argue that the Commission previously rejected a utility’s attempt to include what the utility called a “true-up mechanism” in the application of its formula rate to take into account a sudden change in load, finding that the proposed true-up mechanism was “inconsistent with the formula rate.”<sup>20</sup>

---

<sup>14</sup> *Id.* at 6 (citing 16 U.S.C. § 824d(e) (requiring a public utility to show why an increase in rates is just and reasonable)).

<sup>15</sup> East Texas Cooperative Protest at 3.

<sup>16</sup> Joint Customers Protest at 7 (citing October 30 Filing at 4).

<sup>17</sup> *Id.* (citing October 30 Filing at 7, footnote omitted).

<sup>18</sup> *Id.* at 7-8.

<sup>19</sup> East Texas Cooperative Protest at 3.

<sup>20</sup> Joint Customers Protest at 10 (citing *Idaho Power Co.*, 153 FERC ¶ 61,212, at P 32 (2015)).

14. Moreover, Joint Customers assert that, to the extent that the data reported in the FERC Form No. 1s did not allow Entergy to sufficiently recover its costs, the Commission should not allow Entergy to recover such costs prospectively. According to Joint Customers, if Entergy's claim of a reserve deficiency is to provide for future recovery of costs that Energy did not recover through the historical rates and charges to its Commission-jurisdictional customers, the recovery of such costs would be prohibited retroactive ratemaking.<sup>21</sup>

15. Joint Customers argue that the "existing" depreciation expense accruals for Transmission Plant reflected in the depreciation study are inexplicably and substantially different from the depreciation expense accruals reflected in the Entergy Operating Companies' 2015 transmission formula rates, which were recently posted on the Entergy OASIS website.<sup>22</sup> Thus, Joint Customers assert that Entergy needs to explain and clarify the differences for the existing transmission depreciation expense accruals that it is claiming under the depreciation study and 2015 transmission formula rates, including how any such differences impacted the results of the depreciation study.<sup>23</sup>

16. Similarly, Joint Customers argue that the existing General Plant depreciation expense accruals in the depreciation study are approximately \$39.7 million lower than those reflected in the 2015 transmission formula rates across all of the Energy Operating Companies. Joint Customers assert that Entergy needs to provide a detailed explanation for such significant differences and revise its filing if necessary.<sup>24</sup> Likewise, East Texas Cooperative argues that affected customers need the opportunity to investigate the basis for Entergy's proposed asset valuations, the assumptions underlying the study methodology, and the reasonableness of the scheduled retirements approach.<sup>25</sup>

17. Joint Customers assert that, for the reasons above, the Commission should set Entergy's updated depreciation rates for hearing and settlement procedures and suspend

---

<sup>21</sup> *Id.* at 10-11 (citing *e.g.*, *Mont.-Dakota Utils. Co. v. Nw. Pub. Serv. Co.*, 341 U.S. 246,254 (1951); *Pub. Serv. Co. of N.H. v. FERC*, 600 F.2d 944, 957 (D.C. Cir. 1979) (finding that "a cardinal principle of ratemaking [is] that a utility may not set rates to recoup past losses, nor may the Commission prescribe rates on that principle"(citations and quotations omitted))).

<sup>22</sup> *Id.* at 11.

<sup>23</sup> *Id.* at 12.

<sup>24</sup> *Id.* at 12-13.

<sup>25</sup> East Texas Cooperative Protest at 3.

them for the full statutory five-month period as they relate to the Attachment O formula rate for Entergy Arkansas and suspend them for a nominal period as they relate to the Attachment O formula for Entergy Mississippi.

18. Additionally, Joint Customers ask the Commission to reject Entergy's proposal for retroactive recovery of the asserted reserve deficiency; in the alternative, if the amortization of the reserve deficiency is not summarily rejected, Joint Customers ask that the Commission not allow the recovery of such costs in rates without, at a minimum, providing affected customers and Commission staff the opportunity for discovery to thoroughly vet the issue. Joint Customers argue that this can only be done by suspending the amortization of the reserve deficiency for the full statutory period of five months and setting the issue for hearing and settlement procedures.<sup>26</sup>

### **B. Answers**

19. Entergy states that it is not attempting to consolidate the Entergy Operating Companies' depreciation rates and that the October 30 Filing and attached depreciation study clearly propose revised depreciation percentages for each Entergy Operating Company.<sup>27</sup> Entergy also states that the updated depreciation rates result in increased accruals for some of the Entergy Operating Companies. Entergy contends that depreciation study results and the consequent depreciation rates vary for each Entergy Operating Company because each has its own set of facilities, investments, costs, existing depreciation and amortization rates, and varying experience with asset retirements.<sup>28</sup> Entergy contends, however, that it relied upon the same approach for each Entergy Operating Company. For these reasons, Entergy argues that the differences do not amount to "arguably discriminatory" impacts among the Entergy Operating Companies.<sup>29</sup>

20. Entergy further maintains that the October 30 Filing fulfills its commitment in the July 2015 Partial Settlement.<sup>30</sup> Entergy disagrees with Joint Customers' statements regarding reserve deficiency.<sup>31</sup> To this point, Entergy contends that the Entergy

---

<sup>26</sup> Joint Customers Protest at 13-14.

<sup>27</sup> Entergy Answer at 4 (citing Schedules 1 through 4 in Attachment C to October 30 Filing (i.e., Ex. DJC-3 at page 32 of 224 through page 52 of 224)).

<sup>28</sup> *Id.* at 4-5.

<sup>29</sup> *Id.* at 5-6.

<sup>30</sup> *Id.* at 6 (citing October 30 Filing at 2 (quoting July 2015 Partial Settlement)).

<sup>31</sup> *Id.* (citing Joint Customers Protest at 7-8).

Operating Companies' formula transmission rates under MISO Attachment O plainly incorporate depreciation of general plant and amortization of intangible plant as well as depreciation of transmission plant. It argues that this point holds true for rate base determination (which includes accumulated depreciation and net plant in service) and for determination of the annual depreciation and amortization expense. Entergy argues moreover, to the extent that Joint Customers' statements imply that Entergy's commitment pertains only to depreciation rates for transmission plant, Entergy disagrees because the commitment addresses "updated depreciation and amortization rates for all Entergy Operating Companies...[to] be used in the Entergy Operating Companies' MISO Attachment O formula rates."<sup>32</sup>

21. Second, Entergy contends that Joint Customers' protest ignores Commission precedent regarding filings to update depreciation rates and reserve deficiencies and surpluses. Entergy states that the act of revising depreciation rates almost always involves adjusting service lives and net salvage percentages, which can routinely result in account reserve deficiencies or surpluses (including to General Plant accounts).<sup>33</sup> Entergy further contends that Commission precedent on updating depreciation rates requires the amortization of reserve deficiencies or surpluses over an asset's remaining life. With regard to the use of the scheduled retirements approach for the general plant reserve deficiency, Entergy asserts that the 10-year remaining life amortization period used is *longer than* these assets' actual remaining lives and that using the actual remaining life values would result in higher depreciation percentage and depreciation accrual increases.<sup>34</sup>

22. Entergy also asserts that the October 30 Filing does not change the existing transmission formula rates and will not result in an over- or under-recovery of transmission or general plant costs. Entergy argues that the Commission has stated that updated depreciation rates "only affect[ ] the timing of recovery of the costs and do[ ] not change the overall amount of recovery," and that "[t]he change to the depreciation accrual rates does not change the value of the underlying asset, and would not result in any over- or under-recovery of costs."<sup>35</sup> Rather, Entergy contends that the revised

---

<sup>32</sup> *Id.* at 7 (citing July 2015 Partial Settlement at § II.10.i.)

<sup>33</sup> *Id.* (citing *Va. Elec. & Power Co.*, 11 FERC ¶ 63,028, at 65,163-164 (1980) (initial decision allowing VEPCO to eliminate a \$31 million deficiency in depreciation reserves over the remaining life of its properties; the deficiency was reflected in the results of a depreciation study) (*VEPCO*), *order on initial decision*, Opinion No. 118, 15 FERC ¶ 61,052, *order on reh'g*, Opinion No. 118-A, 17 FERC ¶ 61,050 (1981)).

<sup>34</sup> *Id.* at 8 (citing October 30 Filing, Attachment C, Schedule 2).

<sup>35</sup> *Id.* at 9 (citing *Ameren Illinois Co.*, 141 FERC ¶ 61,264, at P 32 (2012)).

depreciation rates only affect the timing of the recovery of the related assets through the prospective effect on the Entergy Operating Companies' FERC Form No. 1 inputs related to annual depreciation expense and accumulated depreciation. Entergy asserts that, if the Commission accepts the October 30 Filing, the updated depreciation percentages or rates will be used in calendar year 2016, and the effect of their use will show up in the FERC Form No. 1s filed in April 2017. Entergy continues that the formula rate inputs from the April 2017 Form No. 1s, in turn, will be used in the annual update that will take place on June 1, 2017, when the 2016 test year results are subject to true-up. Consequently, Entergy asserts that the first time that transmission customers will pay transmission rates based on the updated depreciation percentages will be, at the earliest, June 1, 2017, and thus the October 30 Filing has no immediate effect on any aspect of the Entergy Operating Companies' existing transmission formula rates.<sup>36</sup>

23. Entergy also disagrees with Joint Customers' claims that revised depreciation rates amount to retroactive ratemaking.<sup>37</sup> It states that reserve surpluses and deficiencies result from adjustments in the service lines and net salvage percentages estimated for each account. Additionally, it states that, consistent with both Generally Accepted Accounting Practices and Commission policy, such deficiencies or surpluses are amortized prospectively over an asset's remaining life. Entergy argues that this prospective treatment does not constitute retroactive ratemaking because updating depreciation rates and accounting for any associated reserve deficiency involves adjusting estimates to ensure full recovery over an asset's remaining life, not recovery of past expenses.<sup>38</sup>

24. Entergy also contends that Joint Customers' arguments that the October 30 Filing will increase the Annual Transmission Revenue Requirement charged to Joint Customers are imprecise.<sup>39</sup> Entergy contends that the Annual Transmission Revenue Requirement is the result of many components besides depreciation expense, and Joint Customers cannot claim that the Annual Transmission Revenue Requirement charged to Joint Customers in the future will increase (as compared to today's) simply due to updated depreciation rates. Entergy contends that, while Joint Customers' likely intended argument is that "in isolation" the updated depreciation will increase the Annual Transmission Revenue

---

<sup>36</sup> *Id.* at 9-10.

<sup>37</sup> *Id.* at 10 (citing *South Carolina Elec. & Gas Co.*, 132 FERC ¶ 61,043, at P 19 (2010) ("[w]e agree with SCE&G that acceptance of the revised depreciation rates effective June 1, 2010, does not run afoul of either the filed rate doctrine or the rule against retroactive ratemaking")).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 11 (citing Joint Customers Protest at 4).

Requirement charged to Joint Customers, even this argument would be imprecise because it reflects a short-term view of the updated depreciation rates' effect.<sup>40</sup> Entergy explains that while the updated depreciation rates increase an Entergy Operating Company's Annual Transmission Revenue Requirement for a year or more, over a longer time the effect of larger depreciation accruals or expenses could lower the rate base for the Entergy Operating Companies.<sup>41</sup>

25. Lastly, Entergy contends that Joint Customers' comparison of the depreciation study results with the depreciation expense accruals in the 2015 transmission formula rates is inappropriate because these analyses have different purposes. According to Entergy, the depreciation study used year-end plant balances as of December 31, 2014 and these plant balances are multiplied by the current depreciation rates and the proposed depreciation rates as an illustration of the effect of the updated depreciation rates. In contrast, Entergy contends that the actual expenses reflected in the 2015 transmission formula rate filing are based on the sum of the actual depreciation expense amounts recorded throughout 2014, which vary monthly based on a number of factors, including the plant account activity such as additions and retirements.<sup>42</sup>

26. Entergy further contends that errors in Joint Customers' protest exaggerate the differences in the depreciation expense accruals between the depreciation study and the 2015 transmission formula rates. For example, Entergy contends that Joint Customers did not account for the fact that the depreciation study does not include the depreciation accruals associated with Entergy's service companies (i.e., Entergy Services and Entergy Operations, Inc.). Entergy argues that it has adjusted Joint Customers' calculations to allow for a more appropriate comparison by removing the service company general depreciation expense from the amount reflected in the transmission formula rates. It argues that, with this adjustment, Joint Customers' claimed \$39.7 million decrease in the General Plant depreciation expense for the Entergy Operating Companies is really a difference of only \$3.7 million.<sup>43</sup>

27. Joint Customers state that Entergy should have provided work papers to explain or justify the disproportionate increase in Entergy Arkansas' depreciation rates.<sup>44</sup> Joint

---

<sup>40</sup> *Id.* (citing East Texas Cooperative Protest at 3 (stating that Entergy Texas's annual transmission revenue requirement will increase by \$1.2 per year)).

<sup>41</sup> *Id.* (citing *VEPCO*, 11 FERC at 65,162).

<sup>42</sup> *Id.* at 12.

<sup>43</sup> *Id.* at 13.

<sup>44</sup> Joint Customers Answer at 3.

Customers also argue that Entergy's answer and *VEPCO* fail to answer questions about the reserve deficiency. In particular, Joint Customers contend that Entergy's explanation does not support the \$236.3 million size of the claimed reserve deficiency. Joint Customers point out that *VEPCO* supports use of a "consistent and reliable methodology" and studies performed at "frequent intervals," neither of which Energy has demonstrated with respect to its claimed reserve deficiency.<sup>45</sup> Joint Customers raise questions about whether previous accruals were based on Commission depreciation rates or a blend of state and federal depreciation rates. Additionally, Joint Customers question when Entergy first became aware that the alleged reserve deficiency was accruing. Joint Customers assert that the Commission has held that utilities must seek recovery of such costs as soon as they are aware of them and that it seems implausible that Entergy was unaware earlier.<sup>46</sup>

#### **IV. Discussion**

##### **A. Procedural Matters**

1. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.
2. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the answers because they have provided information that assisted us in our decision-making process.

##### **B. Substantive Matters**

3. Entergy's proposed amortization and depreciation rates raise issues of material fact that cannot be resolved based on the record before us, and are more appropriately addressed in the hearing we order below.
4. Our preliminary analysis indicates that Entergy's proposed amortization and depreciation rates have 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 rates for filing, suspend them for a nominal period, and make them effective January 1, 2016, as requested, subject to refund, and set them for hearing and settlement judge procedures.

---

<sup>45</sup> *Id.* at 5-6.

<sup>46</sup> *Id.* at 6-8 (citing Opinion No. 118, 15 FERC at 61,102).

5. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their disputes 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>47</sup> If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge; otherwise, the Chief Judge will select a judge for this purpose.<sup>48</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.

The Commission orders:

(A) Entergy's proposed amortization and depreciation rates are hereby accepted for filing and suspended for a nominal period, to become effective January 1, 2016, as requested, subject to refund, as discussed in the body of this order.

(B) 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 the FPA, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of Entergy's proposed amortization and depreciation rates, as discussed in the body of this order. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (C) and (D) below.

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2015), 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

---

<sup>47</sup> 18 C.F.R. § 385.603 (2015).

<sup>48</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 available for settlement proceedings and a summary of their background and experience (<http://www.ferc.gov/legal/adr/avail-judge.asp>).

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.

(D) 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.

(E) 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, NE, 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. Commissioner Honorable is not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.