

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

August 31, 2016

In Reply Refer To:
Entergy Services, Inc.
Docket No. ER16-1316-000

Entergy Services, Inc.
101 Constitution Avenue, NW
Suite 200-E
Washington, DC 20001

Attention: Karis Anne Gong Parnham,
Senior Counsel

Dear Ms. Parnham:

1. On March 31, 2016, Entergy Services, Inc. (Entergy) submitted for filing: (1) proposed forms of rate schedules 435-G, 435-H, 435-I, 435-J, 435-K, and 435-L, under which Entergy, a centralized service company, will continue to provide certain services to Entergy Texas, Inc. (Entergy Texas), Entergy Louisiana, LLC (Entergy Louisiana), and Entergy New Orleans, Inc. (Entergy New Orleans) following the termination of the Entergy System Agreement (System Agreement) on August 31, 2016;¹ and (2) updated forms of rate schedules 435-A, 435-C, 435-D, 435-E, and 435-F, under which Entergy provides services to certain of its public utility associate companies, including Entergy Arkansas, Inc. (Entergy Arkansas) and Entergy Mississippi, Inc. (Entergy Mississippi) (collectively, Form Rate Schedules).² In this order, we accept the Form Rate Schedules, effective September 1, 2016, as requested.

¹ On December 29, 2015, the Commission approved a settlement agreement terminating the Entergy System Agreement effective August 31, 2016. *Entergy Ark., Inc.*, 153 FERC ¶ 61,347 (2015).

² Entergy Texas, Entergy Louisiana, Entergy New Orleans, Entergy Arkansas, and Entergy Mississippi are collectively referred to as the Entergy Operating Companies.

2. Entergy states that it currently provides planning, operational support, administrative, and general support services to the Entergy Operating Companies pursuant to service agreements that conform with forms of service agreements on file with the Commission as Entergy's current rate schedules 435-A, 435-B, 435-C, 435-D, 435-E, and 435-F.³ In the instant filing, Entergy submits for filing proposed forms of service agreements under which it will, after termination of the System Agreement, continue to provide support to Entergy Texas, Entergy Louisiana, and Entergy New Orleans for their generation planning, operations and dispatch, purchased power procurement, and operations activities (new rate schedules 435-G, 435-I, and 435-K, respectively) and their transmission planning and reliability obligations (new rate schedules 435-H, 435-J, and 435-L, respectively). Entergy states that proposed form rate schedules 435-G, 435-H, 435-I, 435-J, 435-K, and 435-L are modeled on existing rate schedules 435-C and 435-D, pursuant to which Entergy provides generation-related and transmission-related services to Entergy Arkansas, and on existing rate schedules 435-E and 435-F, pursuant to which Entergy provides generation-related and transmission-related services to Entergy Mississippi.⁴

3. Entergy states that it currently provides generation planning and operational support services to Entergy Texas, Entergy Louisiana, and Entergy New Orleans pursuant to service agreements in the form of current rate schedule 435-B. Entergy states that upon termination of the System Agreement, Entergy will provide these generation-related services individually to Entergy Texas, Entergy Louisiana, and Entergy New Orleans pursuant to proposed rate schedules 435-G, 435-I, and 435-K. Concurrent with the instant filing, Entergy filed a notice of termination of rate schedule 435-B in Docket No. ER16-1319-000, which was accepted on June 21, 2016.⁵

4. Furthermore, Entergy states that it currently provides administrative and general support to the Entergy Operating Companies pursuant to service agreements in the form of rate schedule 435-A and will continue to do so following the System Agreement's termination. Entergy states that it currently provides support for generation planning, operations and dispatch, purchased power procurement, and operations activities to Entergy Arkansas and Entergy Mississippi pursuant to rate schedules 435-C and 435-E, respectively, and support for transmission planning and reliability obligations to Entergy Arkansas and Entergy Mississippi pursuant to rate schedules 435-D and 435-F,

³ Entergy Mar. 31, 2016 Transmittal Letter at 3 (Application).

⁴ *Id.* at 4.

⁵ *Entergy Servs., Inc.*, Docket No. ER16-1319-000 (June 21, 2016) (delegated letter order).

respectively.⁶ Entergy proposes to continue providing these services to Entergy Arkansas and Entergy Mississippi under the proposed, updated rate schedules 435-C, 435-D, 435-E, and 435-F following the System Agreement's termination.

5. In the instant filing, Entergy proposes to update and/or remove cross-references to the System Agreement, rate schedule 435-B, and other Entergy rate schedules and to make non-substantive edits for consistency among the rate schedules. Entergy states that these non-substantive updates to rate schedules 435-C, 435-D, 435-E, and 435-F do not affect the cost allocation provisions of the rate schedules and are consistent with the language in proposed rate schedules 435-G through 435-L and proposed updated rate schedule 435-A.⁷

6. Entergy states that it will recover its costs from Entergy Texas, Entergy Louisiana, and Entergy New Orleans for providing services under rate schedules 435-G, 435-H, 435-I, 435-J, 435-K, and 435-L on a direct-billing basis, with no mark up.⁸ Entergy requests that the Commission accept proposed rate schedules 435-G, 435-H, 435-I, 435-J, 435-K, and 435-L and the updated proposed rate schedules 435-A, 435-C, 435-D, 435-E, and 435-F, effective September 1, 2016.

7. Notice of Entergy's March 31, 2016 filing was published in the *Federal Register*, 81 Fed. Reg. 20,632 (2016), with interventions and protests due on or before April 21, 2016. Notices of intervention were filed by the Council of the City of New Orleans, Louisiana and the Public Utility Commission of Texas. A notice of intervention and request for clarification was filed by the Louisiana Public Service Commission (Louisiana Commission). Entergy filed an answer. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention serve to make the entities that filed them parties to this proceeding.

8. The Louisiana Commission states that the Form Rate Schedules only provide general information about the allocation of costs to Entergy Louisiana for services to be provided and that the Louisiana Commission cannot review the justness and reasonableness of any allocations or allocation methodologies at this time. While it does not oppose the Form Rate Schedules, the Louisiana Commission requests clarification that its non-opposition does not preempt or waive its retail ratemaking authority to review

⁶ Application at 5.

⁷ *Id.* at 5.

⁸ *Id.* at 7-8.

costs allocated to Entergy Louisiana that are sought to be recovered in Louisiana Commission-jurisdictional retail rates. The Louisiana Commission also requests clarification that its retail ratemaking authority over such costs is preserved.⁹

9. In response, Entergy states that it does not object to the Louisiana Commission's requested clarification if this clarification does not modify Entergy's prior commitments in this regard or the Commission's order accepting the original versions of these Form Rate Schedules.¹⁰ Entergy states that the Louisiana Commission raised similar issues in that proceeding. Entergy notes that the Commission stated in its previous order that it was unable to opine on preemption issues in the absence of specific facts and circumstances but that the Commission recognizes "the role of states in reviewing cost allocations when they set retail rates."¹¹

10. We accept Entergy's Form Rate Schedules effective September 1, 2016, as requested. With respect to the Louisiana Commission's request for clarification, we recognize that retail regulators play a role in reviewing cost allocations when they set retail rates and we cannot address preemption issues in a vacuum. Resolution of the preemption issues involves an analysis of the specific facts and circumstances surrounding a specific conflict. Since there is currently no conflict between the requirements of a state or local regulatory body and the Commission's determination in this proceeding, we do not believe it is appropriate to opine on preemption issues.¹²

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁹ Louisiana Commission Apr. 21, 2016 Request for Clarification at 2.

¹⁰ Entergy May 6, 2016 Answer at 2 (citing *Entergy Servs., Inc.*, 117 FERC ¶ 61,288 (2006) (*Entergy*)).

¹¹ *Id.* at 2-3 (citing *Entergy*, 117 FERC ¶ 61,288 at P 26).

¹² See *Entergy Servs., Inc.*, 145 FERC ¶ 61,241, at P 70 (2013).