

143 FERC ¶ 61,259  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

Entergy Arkansas, Inc.  
Entergy Gulf States Louisiana L.L.C.  
Entergy Louisiana, LLC  
Entergy Mississippi, Inc.  
Entergy New Orleans, Inc.  
Entergy Texas, Inc.

Docket No. ER12-2693-000

ORDER ACCEPTING NOTICE OF CANCELLATION

(Issued June 20, 2013)

1. On September 26, 2012, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> Entergy Services, Inc., on behalf of the Entergy Operating Companies<sup>2</sup> (collectively, Entergy), submitted for filing a Notice of Cancellation of Service Schedule MSS-2 of the Entergy System Agreement<sup>3</sup> (System Agreement) and related conforming changes to the body of the System Agreement. Entergy requests that the cancellation and conforming changes be made effective upon the divestment of its transmission assets to a new subsidiary of Entergy that will be merged into a subsidiary of ITC Holdings Corporation (ITC Holdings) (the Entergy-ITC Transaction). In this order, the Commission accepts the notice of cancellation and conforming changes subject to, and with an effective date of, the closing of the Entergy-ITC Transaction.

---

<sup>1</sup> 16 U.S.C. § 824e (2006).

<sup>2</sup> 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.

<sup>3</sup> Entergy Arkansas, Inc., Entergy System Agreement, Fourth Revised Rate Schedule No. 94, 1.0.0.

## I. Background

2. In April 2011, Entergy announced its intention to join the Midwest Independent Transmission System Operator, Inc. (MISO) as a Transmission Owner effective December 19, 2013, subject to receiving the necessary regulatory approvals.<sup>4</sup> Eight months later, while MISO was taking preparatory steps towards integrating Entergy into MISO, Entergy and ITC Holdings announced their proposal to separate Entergy's jurisdictional transmission facilities into six separate "wires-only" transmission subsidiaries of Entergy Mid South, a newly-formed subsidiary holding company of Entergy, to spin-off the ownership interests of Entergy Mid South to Entergy's shareholders, and then to merge Entergy Mid South with ITC Midsouth, a newly-formed subsidiary holding company of ITC Holdings.<sup>5</sup> In order to meet both of these goals, the proposed integration of Entergy into MISO and the transfer of Entergy's transmission facilities to ITC Holdings through the proposed merger, Entergy, ITC Holdings, and MISO devised a "phased approach."<sup>6</sup>

3. The first phase of this process involves several Commission filings by MISO, ITC Holdings, and Entergy to effectuate the transfer of Entergy's transmission assets to the New ITC Operating Companies and to create an appropriate Tariff mechanism to be known as Module B-1 for MISO's provision of transmission service on these facilities during the time after the Entergy-ITC Transaction closes and before integration of the generation and load within Entergy's footprint into MISO's energy and operating reserves markets (Interim Period). Among these filings are the Entergy-ITC Transaction

---

<sup>4</sup> Filing of *Pro Forma* Tariff Sheets Including Proposed Module B-1 to MISO's Tariff, Transmittal Letter at 2, Docket No. ER12-2682-000 (filed Sept. 24, 2012) (Module B-1 Filing). Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

<sup>5</sup> Module B-1 Filing at 2.

<sup>6</sup> *Id.*

Application, the TPZ Filing,<sup>7</sup> and the OPEB Filing.<sup>8</sup> Also related to this group of filings is the Module B-1 Filing, wherein MISO proposes the terms and conditions pursuant to which MISO would provide transmission service over the Entergy transmission facilities immediately after closing of the Entergy-ITC Transaction until Entergy's full integration into MISO. Other related filings include this filing to terminate Service Schedule MSS-2 of the Entergy System Agreement and a filing by Entergy Services to establish a tariff for the provision of ancillary services, including imbalance and regulation services.<sup>9</sup>

4. In addition to this order, the Commission is issuing concurrently three other orders addressing these related filings. As noted above, this order addresses Entergy's Notice of Cancellation of Service Schedule MSS-2 of the System Agreement and related conforming changes to the body of the System Agreement. The other orders address:

---

<sup>7</sup> On February 15, 2013, in Docket No. ER13-948-000, MISO and Entergy submitted Attachment O templates to the MISO Open Access Transmission and Energy and Operating Reserves Markets Tariff (MISO Tariff) for each of the Entergy Operating Companies. The templates establish formula rates for recovery of transmission revenue requirements in the proposed transmission pricing zones of MISO for the Entergy Operating Companies. See MISO and Entergy Transmittal at 1, Docket No. ER13-948-000 (Feb. 15, 2013) (TPZ Filing). *ITC Holding Corp., et al.*, 143 FERC ¶ 61,257 (2013).

<sup>8</sup> On January 18, 2013, pursuant to FPA section 205 and Part 35 of the Commission's regulations, ITC Arkansas LLC, ITC Louisiana LLC, ITC Mississippi LLC, and ITC Texas LLC filed an application seeking Commission approval of their proposed accounting and ratemaking treatment for certain pension and post-retirement welfare (OPEB) plan costs that relate to the approximately 750 employees of Entergy that will become ITC Holdings employees as part of the Entergy-ITC Transaction. See *Accounting and Ratemaking Treatment for Pension and OPEB Costs*, Docket No. ER13-782-000 (Jan. 18, 2013). Separate requests for authorizations under FPA section 204 to facilitate the Entergy-ITC Transaction were also filed in Docket Nos. ES13-5-000, ES13-6-000, ES11-40-002 (Section 204 Applications). The Commission approved these requests on May 16, 2013. See *ITC Arkansas LLC*, 143 FERC ¶ 61,123 (2013); *Entergy Arkansas, Inc.*, 143 FERC ¶ 61,124 (2013); *Transmission Company Arkansas, LLC*, 143 FERC ¶ 61,125 (2013).

<sup>9</sup> Entergy Services, Inc. Ancillary Services Tariff and Notice of Cancellation, Docket No. ER12-2683-000 (filed Sept. 24, 2012). *Entergy Services, Inc.*, Docket No. ER12-2683-000, (Jun. 20, 2013) (delegated letter order).

(1) the request for approval of the Entergy-ITC Transaction under FPA section 203, and the Entergy Applicants' petition for a declaratory order that certain steps in the Entergy-ITC Transaction do not violate FPA section 305(a);<sup>10</sup>

(2) the requests for approval under FPA section 205 of the formula rates to be charged by the new ITC operating companies and certain jurisdictional agreements filed as part of the Application; the TPZ Filing; and the OPEB Filing;<sup>11</sup> and

(3) the Module B-1 Filing.<sup>12</sup>

## II. Entergy's Filing

5. Entergy proposes to cancel Service Schedule MSS-2, effective on the date that it transfers ownership of its transmission assets to a new subsidiary that will be merged into a subsidiary of ITC Holdings.<sup>13</sup> This service schedule provides the basis for equalizing the ownership costs associated with transmission investment among the Entergy Operating Companies.<sup>14</sup> Entergy states that all assets covered by the service schedule will be transferred to ITC Holdings by the Entergy-ITC Transaction and, therefore, the service schedule will be rendered moot. Entergy asserts that the cancellation of Service Schedule MSS-2 will have no effect on the justness and reasonableness of the System Agreement because the service schedule has a single purpose and does not affect any other portion of the System Agreement.

---

<sup>10</sup> *ITC Holding Corp, et al.*, 143 FERC ¶ 61,256 (2013).

<sup>11</sup> *ITC Holding Corp., et al.*, 143 FERC ¶ 61,257 (2013).

<sup>12</sup> *Midwest Independent Transmission System Operator, Inc.*, 143 FERC ¶ 61,258 (2013).

<sup>13</sup> Entergy Transmittal at 3.

<sup>14</sup> Service Schedule MSS-2 addresses equalization of the costs all transmission lines operated at 230 kV and above (to the extent that such investment is not included in billings under other agreements), transmission substations with three or more lines operated at 230 kV or higher (to the extent that such investment is not included in billings under other agreements), and all lines 115 kV and higher from the owning Operating Company's last substation to the connecting point of another Operating Company (to the extent that such investment is not included in billings under other agreements). Entergy states that all of this investment is included as part of the Entergy-ITC Transaction.

6. Entergy also proposes certain changes to the System Agreement to eliminate definitions and references that it states relate only to Service Schedule MSS-2. The proposed changes include deletions of most references to transmission and transmission-related activities in the System Agreement, including deletion of section 4.06 (Transmission Facilities), which sets forth the basic agreement of the Entergy Operating Companies with respect to the equitable distribution of costs of the bulk power transmission system, as well as planning and construction of new transmission facilities. Entergy asserts that these changes are administrative in nature and do not affect the remaining provisions and service schedules of the System Agreement. Entergy requests that these changes be approved as administrative conforming changes to simplify the System Agreement.

7. Entergy states that this filing is entirely dependent on the closing of the Entergy-ITC Transaction; and that, if the Entergy-ITC Transaction does not close, Entergy will not cancel Service Schedule MSS-2.

8. Entergy requests that the cancellation and conforming changes become effective upon the closing of the Entergy-ITC Transaction and therefore requests waiver of section 35.3 of the Commission's regulations<sup>15</sup> to allow it to submit this filing more than 120 days prior to the effective date requested. Entergy requests action on this notice of cancellation and conforming changes concurrent with Commission action on the pending FPA section 203 filing for approval of the Entergy-ITC Transaction.

9. Entergy also requests a limited partial waiver of the Commission's eTariff filing requirements under Order No. 714<sup>16</sup> and sections 35.7<sup>17</sup> and 35.9<sup>18</sup> of the Commission's regulations. Entergy states that the waiver request is partial because it is merely seeking a delay in the eTariff filing requirements because the filing will not become effective until the closing of the Entergy-ITC Transaction. Therefore, Entergy states that it is in the interest of administrative efficiency to defer the eTariff filing until the necessary regulatory approvals for the Entergy-ITC Transaction are granted. Furthermore, Entergy

---

<sup>15</sup> Entergy Transmittal at 4 (citing 18 C.F.R. § 35.3 (2012)).

<sup>16</sup> *Id.* at 2 (citing *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008)).

<sup>17</sup> *Id.* (citing 18 C.F.R. § 35.7 (2012)).

<sup>18</sup> *Id.* (citing 18 C.F.R. § 35.9 (2012)).

commits to file the necessary documents in accordance with eTariff filing requirements prior to the proposed effective date.<sup>19</sup>

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

10. Notice of Entergy's filing was published in the *Federal Register*, 77 Fed. Reg. 60,978 (2012), with interventions and protests due on or before October 17, 2012. The Commission subsequently issued an errata notice changing the comment date to November 8, 2012. In response to a motion to extend the comment date,<sup>20</sup> the deadline for filing comments, protests, and interventions on the filing was subsequently extended to December 7, 2012. In response to a second request to extend the comment date,<sup>21</sup> the

---

<sup>19</sup> We note that, in its transmittal letter, Entergy commits to "file the *Ancillary Services Tariff*, as it may be revised by the Commission, in accordance with the eTariff requirements prior to the proposed effective date." *Id.* (emphasis added). It appears this reference to the Ancillary Services Tariff was inadvertent. We interpret this language as a commitment to file a notice of cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement, which are the subject of this filing, in accordance with the eTariff filing requirements prior to the proposed effective date.

<sup>20</sup> On October 4, 2012, the Council of the City of New Orleans (New Orleans Council), Mississippi Public Service Commission (Mississippi Commission), Public Utility Commission of Texas (Texas Commission), Louisiana Public Service Commission (Louisiana Commission), and Arkansas Public Service Commission (Arkansas Commission) (collectively, the Entergy Retail Regulators) filed a motion for an extension of the comment due date established for the Entergy-ITC Transaction. *See* Motion of the Entergy Retail Regulators for Extension of Comment Deadline, Docket Nos. EC12-145-000, ER12-2681-000, and EL12-107-000 (Oct. 4, 2012). On October 9, 2012, Entergy and ITC requested that any extension also include Docket Nos. ER12-2682-000, ER12-2683-000, and ER12-2693-000. *See* Answer of ITC Holdings Corp. and Entergy Services, Inc. to Motion of the Entergy Retail Regulators for Extension of Comment Deadline, Docket Nos. EC12-145-000, EL12-107-000, ER12-2681-000, ER12-2682-000, ER12-2683-000, and ER12-2693-000 (Oct. 9, 2012).

<sup>21</sup> On November 27, 2012, the Entergy Retail Regulators filed a motion for an additional 45-day extension of the intervention, protest and comment deadline for the filing. The Arkansas Commission did not join this motion. *See* Joint Motion of Louisiana Commission, New Orleans Council, Texas Commission, and Mississippi Commission for Additional 45-Day Extension for Intervention, Protest and Comment Deadline and for Shortened Response Time, Docket Nos. EC12-145-000, ER12-2681-

(continued...)

deadline for filing comments, protests, and interventions on the filing was extended to January 22, 2013.

11. Timely motions to intervene were filed by: American Electric Power Service Corp.; Calpine Corp.; City of North Little Rock, AR; City Utilities of Springfield, MO; Conway Corporation, West Memphis Utilities Commission, City of Osceola, AR, City of Benton, AR, Hope Water and Light Commission, and City of Prescott, AR (collectively, Arkansas Cities); Dairyland Power Cooperative; Dow Chemical Co.; East Texas Cooperatives; the Empire District Electric Co.; ITC Holdings; Kansas City Power and Light Co. and KCP&L Greater Missouri Operations (collectively, KCP&L); Lafayette Utilities System and Louisiana Energy and Power Authority; Lincoln Electric System; Missouri Joint Municipal Utility Commission; Mississippi Delta Energy Agency, Clarksdale Public Utilities Commission of the City of Clarksdale, MS, and Public Service Commission of the City of Yazoo City, MS; Municipal Energy Agency of Mississippi; Municipal Energy Agency of Nebraska; Nebraska Power Review Board; Nebraska Public Power District; Occidental Chemical Corp.; Oklahoma Gas and Electric Co.; Omaha Public Power District; Southern Co. Services, Inc.; Southern Mississippi Electric Power Association; Sunflower Electric Power Corp. and Mid-Kansas Electric Co., LLC; Texas Industrial Energy Consumers; Westar Energy, Inc.; and Western Farmers Electric Cooperative. The Arkansas Commission, the Louisiana Commission, the Mississippi Commission, the New Orleans Council, and the Texas Commission filed notices of intervention.

12. The NRG Companies (NRG) filed a timely motion to intervene and protest. The New Orleans Council, the Louisiana Commission, and the Lafayette Utilities System and Louisiana Energy and Power Authority filed protests. The Kansas Corporation Commission (Kansas Commission) filed a notice of intervention and comment. Southwest Power Pool, Inc. (SPP) and Xcel Energy Services Inc. filed motions to intervene and comments. KCP&L filed comments. The Southwest Power Pool Transmission Owners (SPP TOs) and the Texas Commission filed protests, motions to consolidate, and requests for an evidentiary hearing. Exelon Corp. filed an out-of-time motion to intervene and a request to file out-of-time and comment on January 30, 2013.

13. Answers were filed by: Entergy on February 1, 2013; the Arkansas Commission on February 6, 2013; the New Orleans Council on February 6, 2013; the SPP TOs on February 14, 2013; the Texas Commission on February 22, 2013; the New Orleans Council on March 11, 2013; Entergy on March 26, 2013; the Arkansas Commission on

April 8, 2013; and the New Orleans Council on April 10, 2013. The Texas Commission filed a second motion to consolidate and protest on March 22, 2013.

#### **IV. Discussion**

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

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

15. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2012), the Commission will grant Exelon's late-filed intervention given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept all parties' answers because they have provided information that has assisted us in our decision-making process.

##### **B. Commission Determination**

###### **1. Motions to Consolidate**

###### **a. Protests and Comments**

17. Various protestors state that the Commission should consider the Entergy-ITC Transaction as a whole and reject what they describe as Entergy's piecemeal approach toward addressing related matters.<sup>22</sup> They state that the various filings that relate to the Entergy-ITC Transaction have common issues of fact, and, therefore, should be consolidated.<sup>23</sup> The Texas Commission requests that the Commission consolidate all

---

<sup>22</sup> See, e.g., SPP TOs Protest and Motion to Consolidate at 3-4, 8-10; KCP&L Comments at 2 (supporting SPP TOs Protest and Motion to Consolidate); Kansas Commission Comments at 1 (supporting the SPP TOs Protest and Motion to Consolidate).

<sup>23</sup> See SPP TOs Protest and Motion to Consolidate at 13 (requesting the Commission consolidate Docket Nos. EC12-145-000, ER12-2681-000, ER12-2682-000, ER12-2683-000, and ER12-2693-000); KCP&L Comments at 2 (supporting SPP TOs

(continued...)

proposed amendments to the System Agreement because there is a sufficient nexus between the filings and administrative efficiency that will be served by consolidation. It notes, in particular, that Entergy has proposed other revisions to the System Agreement related to Entergy's integration into MISO in Docket No. ER13-432-000 (the Proceeding to Revise the Entergy System Agreement).<sup>24</sup>

**b. Answers**

18. Entergy argues that the requests for hearing and consolidation should be denied because protestors have raised no issues of material fact, the applicants have provided all the necessary information to resolve any issues of material fact, and there will be no common issues of law or fact that will result in greater administrative efficiency if the proceedings are consolidated.<sup>25</sup> New Orleans Council also responds that Service Schedule MSS-2 is a stand-alone service schedule and is severable from the rest of the System Agreement; therefore, it has no interaction with the other portions of the System Agreement and should be addressed as a discrete issue and not consolidated with the other filings relating to the Entergy-ITC Transaction.<sup>26</sup>

19. The SPP TOs assert that they have raised fundamental issues that must be addressed in one proceeding because the Entergy-ITC Transaction and Entergy Operating Companies' integration into MISO are not separate and distinct; therefore, the Commission should consolidate the proceedings and set them for hearing.<sup>27</sup> The Texas Commission contends that the Commission must consider the cancellation of Service Schedule MSS-2 in the context of Entergy's other proposed modifications to the System Agreement, stating that there is not enough information for the Commission to make a

---

Protest and Motion to Consolidate); Kansas Commission Comments at 1 (supporting the SPP TOs Protest and Motion to Consolidate).

<sup>24</sup> Texas Commission January 22, 2013 Motion to Consolidate and Protest at 2-4. On November 20, 2012, in Docket No. ER13-432-000, Entergy submitted amendments to its System Agreement to (i) allocate certain charges and credits from Entergy operation in MISO to the participating Operating Companies; and (ii) address Entergy Arkansas' withdrawal from the System Agreement as of December 2013. *See* Entergy Transmittal at 1-2, Docket No. ER13-432-000 (Nov. 20, 2012).

<sup>25</sup> Entergy February 1, 2013 Answer at 14-16.

<sup>26</sup> New Orleans Council February 6, 2013 Answer at 1-2.

<sup>27</sup> SPP TOs February 14, 2013 Answer at 2-3.

determination. It reiterates its request for consolidation of this proceeding with the Proceeding to Revise the Entergy System Agreement.<sup>28</sup>

20. Entergy argues that the Commission should not consolidate this proceeding with the Proceeding to Revise the Entergy System Agreement because it is separate from the issues addressed by the Entergy Operating Companies' integration into MISO.<sup>29</sup>

21. The Texas Commission filed a second motion to consolidate after Entergy submitted the TPZ Filing. It requests that the Commission consolidate that filing with the other pending dockets that relate to Entergy's integration into MISO.<sup>30</sup> The Texas Commission states that the dockets should be consolidated because, among other things, the Service Schedule MSS-2 cost allocations will significantly affect the rate templates in the TPZ Filing.<sup>31</sup> The Texas Commission reiterates that it is not in the public interest to allow Entergy to take a piecemeal approach to these matters.<sup>32</sup>

22. The Arkansas Commission asserts that the Commission should reject all of the motions to consolidate because there are no common issues of law and fact and consolidating the proceedings would harm administrative efficiency.<sup>33</sup>

**c. Commission Determination**

23. We deny the SPP TOs' and the Texas Commission's requests to consolidate the proceedings in this docket with the other filings related to the Entergy-ITC Transaction, Entergy's integration into MISO, or the Proceeding to Revise the Entergy System Agreement. In general, the Commission consolidates proceedings only if a trial-type evidentiary hearing is required in the first place and there are common issues of law and

---

<sup>28</sup> Texas Commission February 19, 2013 Answer at 2-3.

<sup>29</sup> Entergy February 22, 2013 Answer at 1-2, 6.

<sup>30</sup> Texas Commission March 22, 2013 Motion to Consolidate and Protest at 1-2 (requesting consolidation of Docket Nos. ER13-948-000, ER13-432-000, ER12-2693-000, ER12-2681-000, EC12-145-000, and EL12-107-000).

<sup>31</sup> *Id.* at 3-5.

<sup>32</sup> *Id.* at 5.

<sup>33</sup> Arkansas Commission April 8, 2013 Answer at 4-6.

fact, and thus consolidation would ultimately result in greater efficiency.<sup>34</sup> In this case, we conclude that consolidating this proceeding with the other Entergy-ITC Transaction and System Agreement proceedings is not appropriate because there are no issues relating to the cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement that are being set for a trial-type evidentiary hearing.

**2. Cancellation of Service Schedule MSS-2 and Conforming Changes to the System Agreement**

**a. Protests and Comments**

24. Several protestors state that the Commission should set the cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement for hearing because Entergy has not provided sufficient information to enable the Commission to determine if the cancellation and conforming changes are just and reasonable.<sup>35</sup> The Louisiana Commission requests that the Commission reject this filing and instead consider the effects of the cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement in the Proceeding to Revise the Entergy System Agreement in order to ensure the Commission evaluates the just and reasonableness of the System Agreement once Entergy Arkansas withdraws and to avoid an inconsistent ruling.<sup>36</sup> The Louisiana Commission states that after the cancellation there will be no mechanism to equalize the disparities in transmission upgrade investment between the Entergy Operating Companies and that Entergy has failed to show that these impacts are just and reasonable.<sup>37</sup>

25. The New Orleans Council generally supports the cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement. However, it asks the Commission to condition the cancellation of Service Schedule MSS-2 on Entergy's joining MISO, regardless of whether the Entergy-ITC Transaction closes. The New Orleans Council argues that failure to cancel the service schedule upon Entergy's joining MISO would be unjust, unreasonable and unduly discriminatory because it would require

---

<sup>34</sup> See, e.g., *Duke Energy Corp.*, 136 FERC ¶ 61,245, at P 33 (2011); *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 25 (2008).

<sup>35</sup> See SPP TOs Protest and Motion to Consolidate at 3; KCP&L Comments at 1; SPP Protest at 16; Texas Commission Protest at 3.

<sup>36</sup> Louisiana Commission Protest at 1, 5-6.

<sup>37</sup> *Id.* at 3-5.

some Entergy Operating Companies to subsidize the cost of transmission facilities owned by other Entergy Operating Companies.<sup>38</sup> It states that Service Schedule MSS-2 will no longer apply after Entergy joins MISO, no matter what entity owns the transmission facilities, because transmission costs will be recovered under the MISO Tariff.<sup>39</sup> Furthermore, the New Orleans Council states that Service Schedule MSS-2 should be cancelled upon Entergy's integration into MISO because the service schedule will be inconsistent with the Commission's policy on license plate rates and will be the functional equivalent of imposing pancaked rates.<sup>40</sup>

26. Other protestors challenge the Entergy-ITC Transaction in protests filed in this docket but raise no specific concerns about the cancellation of Service Schedule MSS-2.<sup>41</sup> Similarly, others support or do not object to the cancellation of Service Schedule MSS-2 but raise concerns about the Entergy-ITC Transaction's effects on other transmission organizations.<sup>42</sup>

**b. Answers**

27. Entergy contends that the concerns of SPP, the SPP TOs, Xcel, KCP&L, and the Kansas Commission are unrelated to the cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement.<sup>43</sup> Entergy states that the Entergy-ITC Transaction and Entergy's integration into MISO are separate events and that the issues raised by these parties concern the effects of the integration, not the Entergy-ITC Transaction and its related filings.<sup>44</sup>

---

<sup>38</sup> New Orleans Council Protest at 1-2.

<sup>39</sup> *Id.* at 3-5 (stating that Service Schedule MSS-2 will be void whether Entergy joins as a Load Serving Entity, or as a Load Serving Entity *and* Transmission Owner).

<sup>40</sup> *Id.* at 6, 9.

<sup>41</sup> *E.g.*, Lafayette Utilities System and Louisiana Energy and Power Authority Protest; NRG Protest.

<sup>42</sup> Xcel Comments at 1-2; Exelon Comments at 2.

<sup>43</sup> Entergy February 1, 2013 Answer at 1.

<sup>44</sup> *Id.* at 3.

28. The New Orleans Council reiterates its argument that Service Schedule MSS-2 should be cancelled when Entergy joins MISO, regardless of whether the Entergy-ITC Transaction closes, because the MISO Tariff will replace the service schedule at that time.<sup>45</sup>

29. Entergy asserts that the cancellation of Service Schedule MSS-2 is just and reasonable because the service schedule will no longer be applicable after the closing of the Entergy-ITC Transaction and there will be no need to equalize transmission costs.<sup>46</sup> Furthermore, Entergy asserts that the New Orleans Council's request that the Commission condition cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement on Entergy's integration into MISO, regardless of whether the Entergy-ITC Transaction closes, is beyond the scope of this proceeding.<sup>47</sup>

**c. Commission Determination**

30. We find that Entergy's notice of cancellation of Service Schedule MSS-2 and its proposed conforming changes to the System Agreement upon divestment of its transmission assets to ITC Holdings are just and reasonable. Service Schedule MSS-2 provides the basis for equalizing the ownership costs associated with transmission investment among the Entergy Operating Companies on a monthly basis. There is no purpose in retaining Service Schedule MSS-2 after the Entergy-ITC Transaction closes because there will be no ownership costs associated with transmission investment to be allocated. Protestors have identified no basis to refute this fact or offered any other overriding basis for retention of Service Schedule MSS-2 after closing. Contrary to the Louisiana Commission's assertion, the determination in this proceeding will not prejudice the Commission's decision process in the Proceeding to Revise the Entergy System Agreement because cancellation of Service Schedule MSS-2 to reflect the Entergy-ITC Transaction is a discrete event severable from other transmission cost allocation issues that may be raised in that proceeding.

31. We reject the New Orleans Council's request that we direct Entergy to cancel Service Schedule MSS-2 upon integration into MISO, irrespective of ownership of the Entergy transmission system assets. We agree with Entergy that the New Orleans

---

<sup>45</sup> New Orleans Council February 6, 2013 Answer at 3; *see also* New Orleans Council March 11, 2013 Answer; New Orleans Council April 4, 2013 Answer.

<sup>46</sup> Entergy February 22, 2013 Answer at 4-5.

<sup>47</sup> *Id.* at 7; *see also* Entergy March 22, 2013 Answer.

Council's request goes beyond the scope of Entergy's filing.<sup>48</sup> As discussed above, Entergy's integration into MISO is independent of the Entergy-ITC Transaction.

32. We also accept the conforming changes to other provisions of the System Agreement, which include deletion of nearly all references to transmission or transmission-related activities in the System Agreement. Service Schedule MSS-2 is limited to the function of equalizing the ownership costs of Entergy's bulk transmission assets. The System Agreement, however, provides for other transmission-related functions, mainly through sections 4.06 and 5.06 and through actions by the Operating Committee that administers the System Agreement. These activities include Operating Committee planning of bulk power transmission facilities, as well as determinations of the building schedule for such facilities, the routes and specifications of bulk power transmission facilities, and related safety standards.<sup>49</sup> We find that such provisions, too, will be rendered inapplicable upon Entergy's divestment of its transmission assets and that their deletion is similarly just and reasonable.

33. We find that the other issues raised by commenters and protestors are outside of the scope of this proceeding. Protestors' arguments about the rate effects of the Entergy-ITC Transaction, the Entergy-ITC Transaction's effects on reliability, Entergy's transmission pricing zone proposal, and other issues unrelated to the cancellation of Service Schedule MSS-2 are outside the scope of this proceeding.

34. We agree with Entergy that it is in the interest of administrative efficiency to defer the eTariff filing until the necessary regulatory approvals have been obtained for the Entergy-ITC Transaction. We accept Entergy's commitment that it will file a notice of cancellation of Service Schedule MSS-2 in accordance with eTariff requirements prior to the proposed effective date. We also find that good cause exists to grant Entergy waiver of section 35.3<sup>50</sup> of the Commission's regulations to allow this filing to become effective upon divestment of Entergy's transmission assets to ITC Holdings.

---

<sup>48</sup> See *Southern Company Services, Inc.*, 116 FERC ¶ 61,070, at P 26 (2006) (rejecting arguments to expand review of a section 205 filing to include the reevaluation of an approved interconnection agreement and stating "[a] protest does not expand the scope of a proceeding").

<sup>49</sup> See System Agreement §§ 4.06, 5.06.

<sup>50</sup> 18 C.F.R. § 35.3 (2012).

The Commission orders:

(A) Entergy's notice of cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement are hereby accepted, subject to and with an effective date of the closing of the Entergy-ITC Transaction, as discussed in the body of this order.

(B) Entergy is hereby required to file a notice of cancellation of Service Schedule MSS-2 and conforming changes to the System Agreement in accordance with eTariff requirements prior to the proposed effective date, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.