

SUMMARY OF LANE KOLLEN DIRECT TESTIMONY

DOCKET NO. ER07-956-000

Mr. Kollen addresses various unauthorized changes incorporated by ESI in its May 29, 2007 compliance filing compared to the methodologies reflected in Exhibit Nos. ETR-26 and ETR-28 developed and presented by ESI in Docket No. EL01-88. In its initial compliance order in that docket, the Commission ruled that ESI could not make changes to the methodologies reflected in those Exhibits without making a Section 205 filing. In addition, Mr. Kollen addresses other ESI errors in the data and methodologies incorporated in the May 29, 2007 compliance filing. Further, Mr. Kollen addresses ESI's failure to consistently change the depreciation expense and decommissioning expense for extensions in the service lives of all the nuclear units that have occurred since Exhibits ETR-26 and ETR-28 were developed and presented. Finally, Mr. Kollen makes recommendations regarding these issues and the effects for the 2006 test year and future test years on the payments and receipts necessary to roughly equalize production costs among the Entergy Operating Companies.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

DIRECT TESTIMONY
AND EXHIBITS
OF
LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

February 2008

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BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

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DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

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Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. Please describe your occupation and your position.

A. I am a utility rate and planning consultant holding the position of Vice President and Principal with the firm of Kennedy and Associates.

Q. Please describe your education and professional experience.

1 A. I earned a Bachelor of Business Administration in Accounting degree and a Master of
2 Business Administration degree, both from the University of Toledo. I also earned a
3 Master of Arts degree from Luther Rice University. I am a Certified Public Accountant,
4 with a practice license, and a Certified Management Accountant.

5
6 I have been an active participant in the utility industry for more than thirty years, both as
7 an employee and as a consultant. Since 1986, I have been a consultant with Kennedy
8 and Associates, providing services to state and local government agencies and
9 consumers of utility services in the planning, ratemaking, financial, accounting, tax, and
10 management areas. From 1983 to 1986, I was a consultant with Energy Management
11 Associates, providing services to investor and consumer owned utility companies in the
12 planning, financial, and ratemaking areas. From 1976 to 1983, I was employed by The
13 Toledo Edison Company in a series of positions providing services in the accounting,
14 tax, financial, and planning areas.

15
16 I have appeared as an expert witness on planning, ratemaking, accounting, finance, and
17 tax issues before regulatory commissions and courts at the federal and state levels on
18 nearly two hundred occasions. I have testified in numerous proceedings before the
19 Federal Energy Regulatory Commission (“FERC” or “Commission”) involving Entergy
20 Corporation (“Entergy”) and its affiliates, including Entergy Services, Inc. (“ESI”) and
21 the various Entergy Operating Companies. These proceedings have involved the
22 Entergy System Agreement and include Docket No. EL01-88-000, in which I addressed

1 the computation of production costs for rough equalization purposes, Docket No. ER03-
2 753-000, in which I addressed ESI's proposed changes to the MSS-4 tariff, and Docket
3 No. ER07-682-000, in which I addressed certain changes proposed by ESI to the
4 production cost methodologies used in the MSS-3 rough production cost equalization
5 computations.

6
7 In addition, I have developed and presented papers at various industry conferences on
8 ratemaking, accounting, and tax issues. My qualifications and regulatory appearances
9 are further detailed in Exhibit LC-27.

10
11 **Q. On whose behalf are you providing testimony?**

12
13 A. My testimony is submitted on behalf of the Louisiana Public Service Commission.

14
15 **Q. What is the purpose of your testimony?**

16
17 A. The purpose of my testimony is to: 1) compare the methodologies used by ESI in its
18 May 29, 2007 compliance filing to the methodologies used by ESI in Docket No.
19 EL01-88 and reflected in Exhibit Nos. ETR-26 and ETR-28, which were relied on by the
20 Commission in Opinion Nos. 480 and 480-A and affirmed in the two related compliance
21 orders, 2) address other errors in the data and methodologies incorporated in the
22 compliance filing, 3) to address changes in the service lives of the nuclear units that

1 have occurred since Exhibits ETR-26 and ETR-28, and 4) to make recommendations
2 regarding the appropriate methodologies to use in 2006 and future test years to roughly
3 equalize production costs pursuant to the MSS-3 tariff.

4
5 **Q. Please summarize your testimony.**

6
7 **A.** The ESI compliance filing for the test year 2006 incorporates unauthorized changes to
8 the data and formulas reflected in Exhibits ETR-26 and ETR-28 adopted by the
9 Commission in Opinion Nos. 480 and 480-A and the two related compliance orders, as
10 follows:

- 11
- 12 • ESI improperly removed amounts from account 165 (an account in the formula)
13 without making a Section 205 filing. This change had the effect of reducing
14 Entergy Arkansas, Inc. (“EAI”) payments to Entergy Gulf States, Inc. (“EGS”),
15 Entergy Louisiana, LLC (“ELL”) and Entergy Mississippi, Inc. (“EMI”) based
16 on the 2006 test year.
 - 17
 - 18 • ESI improperly removed accumulated deferred income tax (“ADIT”) amounts
19 from accounts 190 and 282 without making a Section 205 filing. This change
20 had the effect of reducing EAI payments to EGS and ELL based on the 2006 test
21 year.
 - 22
 - 23 • ESI improperly excluded certain administrative and general (“A&G”) expense
24 amounts from account 924, which would have been functionalized in part to
25 production costs pursuant to the methodology incorporated in Exhibits ETR-26
26 and ETR-28, and instead accounted for these expenses in account 407.3, which
27 is not included in the equalization formula. It made this accounting change
28 without making a Section 205 filing. This change had the effect of reducing EAI
29 payments to EGS and ELL based on the 2006 test year.
 - 30

31 I recommend that the Commission reject these unauthorized changes in the absence of
32 appropriate Section 205 filings. In its November 17, 2006 compliance order, the

1 Commission ruled that changes to the methodology in the Exhibits ETR-26 and ETR-28
2 could not be made without a formal filing of the changes pursuant to Section 205 or 206
3 of the Federal Power Act as follows:

4
5 **We will deny Entergy's request to make adjustments to the methodology**
6 **reflected in Exhibits ETR-26 and ETR-28. This is a compliance filing and**
7 **Entergy must comply with the requirements of Opinion Nos. 480 and 480-**
8 **A. Future changes, however, to the methodology set forth in Exhibits ETR-**
9 **26 and ETR-28 will not be automatic. Any time Entergy seeks to make a**
10 **change, e.g., a change to return on equity, it must make a section 205 filing**
11 **with the Commission. Similarly, customers may file section 206 complaints**
12 **if they seek to make a change, and the Commission may institute a section**
13 **206 proceeding on its own motion if it seeks a change.**
14

15 In addition, the ESI compliance filing incorporates various errors as follows:

- 16 • ESI failed to include the Spindletop Gas Storage facility capital costs and related
17 amortization expense in the EGS production costs. This error had the effect of
18 understating EGS production costs and reducing EGS receipts.
19
- 20 • ESI incorrectly included an allocation of the River Bend 30% unregulated ADIT
21 to the EGS production costs. The River Bend 30% does not supply EGS and
22 none of its costs should be included in the EGS production costs. This error had
23 the effect of understating EGS production costs and reducing EGS receipts.
24
- 25 • ESI incorrectly included the Waterford 3 capitalized lease in the nuclear
26 production plant ratio allocation of ADIT to the ELL production costs. This
27 incorrectly allocated a portion of the depreciation-related ADIT to nuclear
28 production despite the fact that ELL does not own or depreciate the leased
29 portion of Waterford 3 and thus there is no depreciation-related ADIT related to
30 the capitalized lease. This error had the effect of understating ELL production
31 costs and reducing ELL receipts.
32

33 I recommend that the Commission direct ESI to correct these errors prospectively, or if
34 the Commission allows ESI to correct other alleged errors for the 2006 test year, as ESI
35 has proposed in this proceeding without Section 205 filings, then I recommend that the

1 Commission also correct the errors that I have identified as a matter of consistency and
2 equity.

3
4 Finally, since Exhibits ETR-26 and ETR-28 were developed, the Operating Companies
5 and System Energy Resources, Inc. (“SERI”) have obtained or expect to seek and obtain,
6 operating license extensions and thereby extend the service lives of all five nuclear
7 generating units. In Exhibits ETR-26 and ETR-28, the depreciation and
8 decommissioning expense was based consistently on a 40 year operating license and
9 service life for each of the four generating units. Since then, the depreciation expense
10 for River Bend (Louisiana retail and wholesale) and Waterford 3 has been reduced to
11 reflect a 20 year extension in their service lives. The service lives of the ANO 1 and 2
12 units have officially been extended through license extensions granted by the Nuclear
13 Regulatory Commission (“NRC”), but the depreciation lives have not been extended in
14 calculating the depreciation expense in the formula.

15
16 In addition, the decommissioning expense for River Bend (Louisiana retail and
17 wholesale), Waterford 3, and ANO 1 and 2 has been reduced to reflect a 20 year
18 extension in their lives. Neither the depreciation expense nor the decommissioning
19 expense for the Grand Gulf unit reflects the extended service life. Consequently, there is
20 a serious inconsistency in the data among the Operating Companies, even for the same
21 units. This has the effect of shifting excessive nuclear depreciation and
22 decommissioning expense to EGS and ELL, thereby overstating their production costs

1 compared to the other Operating Companies and reducing their receipts from those other
2 Companies.

3
4 The ANO 1 and ANO 2 depreciation expense in particular is unjust and unreasonable
5 because it does not reflect the actual service lives for those units. Further, it is not just
6 and reasonable to reflect different service lives for nuclear units that all have expected
7 service lives of 60 years as the result of 20 year license extensions.

8
9 I recommend that the Commission remedy this problem by restating the data for these
10 nuclear units on a consistent basis and setting each Company's nuclear depreciation and
11 decommissioning expense for equalization purposes to reflect the extended service lives
12 for all the nuclear units.

13
14 The following table provides the effects on the rough equalization payments and receipts
15 for each of the Operating Companies for each of the preceding issues. It does not
16 include the effects of the issues addressed by Louisiana Commission witnesses Mr.
17 Stephen Baron and Mr. Philip Hayet.

18

Entergy Compliance Filing
 FERC Docket No ER07-956-001
 Summary of LPSC Adjustments Sponsored by Kollen
 (000's)

	<u>EAI</u>	<u>EGS</u>	<u>ELL</u>	<u>EMI</u>	<u>ENOI</u>
(Payments)/Receipts Filed by ESI on May 29, 2007	(251,731)	120,103	91,051	40,577	-
Restate Account 165 (Prepayments) on ETR-26, 28 Basis	(1,644)	(1,992)	3,874	(238)	-
Restate Account 190, 281, 282 (ADIT) on ETR-26, 28 Basis	4,031	7,974	(1,619)	(10,386)	-
Restate Account 924 (Prop Insur) on ETR-26, 28 Basis	(924)	(314)	1,951	(713)	-
Include Spindletop Gas Storage Facility	(908)	2,761	(1,193)	(660)	-
Remove River Bend 30% ADIT	(1,320)	4,156	(1,839)	(997)	-
Remove W3 Capital Lease from Plant Ratios Used to Funct ADIT	(216)	(447)	839	(176)	-
Recognize Extended Service Lives for Nuclear Units	<u>(27,078)</u>	<u>16,866</u>	<u>16,417</u>	<u>(6,205)</u>	<u>-</u>
Cumulative Effect of LPSC Adjustments	<u>(28,059)</u>	<u>29,004</u>	<u>18,430</u>	<u>(19,375)</u>	<u>-</u>
(Payments)/Receipts after LPSC Adjustments	<u>(279,790)</u>	<u>149,107</u>	<u>109,481</u>	<u>21,202</u>	<u>-</u>

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The remainder of my testimony is organized into three additional sections corresponding to the categories of issues identified in my summary.

1 **II. UNAUTHORIZED CHANGES TO METHODOLOGIES IN EXHIBITS ETR-26**
2 **AND ETR-28**

3
4 **ESI Improperly Reduced Account 165 Prepayments**

5
6 **Q. Please describe how account 165 prepayments were incorporated in Exhibits ETR-**
7 **26 and ETR-28.**

8
9 A. In Exhibits ETR-26 and ETR-28, the total amount in account 165 (prepayments) for
10 each Operating Company was included in the formula used to determine production
11 costs. As detailed on the supporting Schedule B for Exhibit ETR-26 and Schedule B of
12 Exhibit ETR-28, the account 165 amounts were the simple average of the beginning year
13 and ending year balances as reported on the Form 1 (for the years reflected in ETR-26
14 and consistent with the Form 1 reporting for the twelve months ending August 2002
15 reflected in ETR-28), with adjustment only for EGS to remove the River Bend 30%
16 portion. Also as detailed on Schedule B, the total account 165 amounts were
17 functionalized to production using a production plant ratio.

18
19 **Q. Did ESI make any adjustments to the account 165 amounts reported in the Form 1**
20 **and reflected in Exhibits ETR-26 or ETR-28 to remove any amounts or directly**
21 **assign any amounts to any function or to otherwise normalize account 165 for any**
22 **reason?**

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A. No, other than the adjustment to remove the River Bend 30% portion that is shown on Schedule B of those Exhibits.

Q. In its May 29, 2007 compliance filing, did ESI use the average of the actual account 165 amounts from the 2005 and 2006 Form 1 filings as required by Exhibits ETR-26 and ETR-28?

A. No. ESI adjusted the account 165 amounts reported in the 2005 Form 1 for EGS, ELL, EMI and ENOI. ESI reduced the account 165 amounts reported in the 2005 Form 1 for these Operating Companies to remove the effects of a tax net operating loss (“NOL”) carryback. ESI claims that these NOL carryback amounts were due to losses incurred in 2005 as the result of Hurricanes Katrina and Rita.

Q. Did ESI make a Section 205 filing to modify the methodologies incorporated in ETR-26 and ETR-28 for this adjustment?

A. No. In fact, the only “notification” to the parties that it had made such adjustments to the account 165 prepayment amounts reported in the Form 1s was a footnote contained in the compliance filing workpapers. I have replicated a copy of this workpaper as Exhibit LC-28.

1 **Q. Were these amounts erroneously reported in account 165 for Form 1 reporting**
2 **purposes?**

3
4 **A. No. ESI and its outside auditor agreed that the NOL carryback was properly reported in**
5 **account 165 in the Form 1. The Chief Accounting Officer and its outside auditor must**
6 **sign off on the FERC Form 1. At his January 30, 2007 deposition in this proceeding, the**
7 **ESI Chief Accounting Officer, Mr. Theodore Bunting, Jr. affirmed his belief that the**
8 **NOL carryback was reported properly in account 165 in the Form 1. The following**
9 **exchange took place during that deposition:**

10

11 **Q. The decision to book the tax payment as a prepayment in account**
12 **165, did the chief accountant of Entergy agree to that?**

13
14 **A. You mean a decision to report it?**

15
16 **Q. To report it on the Form 1, yes.**

17
18 **A. Yes, he did.**

19
20 **Q. Did the outside auditors agree with that?**

21
22 **A. The outside auditors discussion was around 10-K reporting. I**
23 **believe a decision was made, in order to remain consistency between**
24 **the 10-K and Form 1 reporting, to report it as such in the Form 1.**

25
26 **Q. In other words, the outside auditors were involved in the decision to**
27 **call it a prepayment on the 10-K?**

28
29 **A. Again, line item is prepayment and other.**

30
31 **Q. Prepayment and other. Was it not called a prepayment and was it**
32 **called an other?**

33
34 **A. It was generic.**

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Q. For consistency, it went into prepayments on the Form 1; right?

A. That's correct.

Q. ESI now argues that the NOL carryback amount in account 165 should be excluded from the account 165 amounts included in the production cost computations. Please respond.

A. Despite the accuracy of the account 165 amounts reported in the Form 1, Mr. Louiselle argues that the NOL carryback amounts should be excluded from the production cost computations. The first reason cited by Mr. Louiselle was that normally such costs are booked to account 190 (ADIT), thus implying that the costs were reported incorrectly in account 165 in the Form 1s. However, Mr. Louiselle is wrong on this point. Mr. Louiselle is not an accountant. As I noted previously, the accountants responsible for Form 1 reporting, the ESI Chief Accounting Officer and Entergy's outside auditor concurred that the NOL carryback amount was reported correctly in account 165.

In addition, it is the Form 1 that provides the source data for the formula, as the FERC determined when it agreed with ESI that the remedy payments should be delayed until after the Form 1 data was publicly available. The Commission should not now allow ESI the discretion to selectively adjust the data reported in the Form 1 or on the Companies' accounting books.

1 The second reason cited by Mr. Louiselle is that he “recognized that the amount had
2 been removed from Account 165 in early 2006.” This “reason” is irrelevant to whether
3 the amounts reported in account 165 at December 31, 2005 should have been adjusted
4 by ESI absent authorization from the Commission through a Section 205 filing. The
5 amounts were not “removed” from account 165 to correct an error, as might be inferred
6 from Mr. Louiselle’s testimony; instead, the amounts were credited to account 165
7 because the NOL tax refund was obtained and there no longer was a receivable on the
8 Companies’ accounting books. This is the normal accounting treatment for a
9 prepayment when it is extinguished upon the receipt of the receivable. In addition, the
10 approved methodology requires the use of a simple average of account 165 amounts at
11 the beginning and end of the test year, not some average of the amounts in that account
12 over the course of the year. Thus, the only relevant issue is the balance at December 31,
13 2005 and at December 31, 2006, not the balances between those two dates.

14
15 The third reason cited by Mr. Louiselle is that if the actual balances reported in account
16 165 at December 31, 2005 had been used in the computation, “The result would have
17 been to increase the bandwidth payment owed by EAI an received by LPSC-
18 jurisdictional customers.” (Louiselle Direct at 51). At best, that is the result, not an
19 appropriate rationale for the ESI adjustment. By the same token, ESI’s departure from
20 the formula improperly reduced the required bandwidth payments owed by EAI to the
21 other Operating Companies, not only to the LPSC-jurisdictional customers. ESI’s desire

1 to reduce EAI's payments to the other Operating Companies provides no valid rationale
2 for departing from the methodologies approved by the Commission.

3
4 **ESI Improperly Excluded ADIT Amounts in Accounts 190 and 2**

5
6 **Q. Please describe how the ADIT amounts reflected in accounts 190, 281 and 282 were**
7 **incorporated in Exhibits ETR-26 and ETR-28.**

8
9 A. In Exhibits ETR-26 and ETR-28, the ADIT amounts in these three accounts were netted
10 and then functionalized to production based on the ratio of nuclear plant in service to
11 total plant in service, excluding intangible plant, and on the ratio of other production
12 plant in service to total plant in service, excluding intangible plant. The ADIT amounts
13 in these accounts were not adjusted from the Form 1 amounts used in Exhibit ETR-26 or
14 comparable amounts for the twelve months ending August 31, 2002 used in Exhibit
15 ETR-28, except to exclude SFAS 109 ADIT amounts and, in some years and for some
16 of the Companies, to remove the property insurance reserve ADIT amounts.

17
18 **Q. In its May 29, 2007 compliance filing, did ESI use the ADIT amounts reflected in**
19 **accounts 190, 281 and 282 in the 2006 Form 1 filings, adjusted only to exclude**
20 **SFAS 109 ADIT amounts and property insurance reserve ADIT amounts?**

1 A. No. ESI adjusted the amounts in accounts 190 and 282 to exclude numerous ADIT
2 amounts in addition to those that it excluded in Exhibits ETR-26 and ETR-28. The
3 ADIT amounts that ESI excluded in its compliance filing are detailed in the compliance
4 filing workpapers numbered 4.1.1 through 4.5.3, which I have replicated as Exhibit LC-
5 29. On those workpapers, ESI separated the ADIT amounts into “ratemaking” balances,
6 which it used in the computation of production costs for purposes of the compliance
7 filing, and “other” balances, which it did not use for this purpose. Among the “other”
8 amounts that were excluded are numerous ADIT amounts that were included on
9 Exhibits ETR-26 and ETR-28, namely, all of the amounts except for the SFAS 109 and
10 property insurance reserve ADIT amounts.

11

12 **Q. Mr. Louiselle claims that all these “other” ADIT amounts fall within the exclusions**
13 **found in the tariff language. Please respond.**

14

15 A. That claim is incorrect. First, the tariff language was written to implement Opinion Nos.
16 480 and 480-A, consistent with the related compliance orders. Those compliance orders
17 required ESI to adhere to the methodologies reflected in Exhibits ETR-26 and ETR-28,
18 not to reinterpret those Exhibits in light of the tariff language.

19

20 Mr. Louiselle also is incorrect that many of the ADIT amounts excluded by ESI are the
21 result of retail ratemaking decisions that result in timing differences. Instead, most of
22 the ADIT amounts excluded by ESI are required by generally accepted accounting

1 principles (“GAAP”) due to temporary (book versus tax timing) differences and are not
2 specifically the result of ratemaking decisions that result in GAAP versus ratemaking
3 timing differences. One such example, with perhaps the largest dollar ADIT amounts
4 for the Companies, is the NOL carryforward ADIT reflected in account 190. These
5 amounts undoubtedly were caused in large part by the costs of Hurricanes Katrina and
6 Rita, not GAAP versus ratemaking timing differences.

7
8 In addition, Mr. Louiselle is incorrect that certain ADIT amounts are properly excluded
9 by ESI because they are not recognized for “FERC cost of service purposes.” For
10 example, he simply alleges that the minimum pension liabilities ADIT and the SFAS
11 106 – Other Retirement Benefits ADIT are not reflected for FERC cost of service
12 purposes. He offers no support for this proposition. The Commission set forth the
13 standard in its November 17, 2006 compliance order and ESI has not shown, and indeed,
14 cannot show, that the exclusion of these ADIT amounts is consistent with the
15 methodologies reflected in Exhibits ETR-26 and ETR-28.

16
17 Mr. Louiselle also claims that ESI’s newly-discovered interpretation is consistent with
18 its interpretation of the ADIT amounts reflected in the MSS-4 computations and its
19 OATT computations. The MSS-4 and OATT computations are irrelevant to the ADIT
20 amounts that should be reflected in the production costs in MSS-3. Both the MSS-4 and
21 OATT tariffs are the result of settlements, both of which included specific language that
22 precluded the use of those settlements as precedent. Additionally, Opinion Nos. 480 and

1 480-A and the related compliance orders require adherence to Exhibits ETR-26 and
2 ETR-28, not MSS-4 or the OATT. I have attached relevant excerpts of the settlements
3 in the MSS-4 and OATT dockets as Exhibits LC-30 and LC-31, respectively.
4

5 Contrary to Mr. Louiselle's attempt to create a different standard, the Commission
6 adopted a specific standard that it stated it would apply to the MSS-3 production cost
7 computations. In its November 17, 2006 compliance order, the Commission stated that
8 it would require ESI to use the methodologies reflected in Exhibits ETR-26 and ETR-
9 28, unless the Commission authorized changes in those methodologies as the result of
10 Section 205 or Section 206 filings. ESI has not made a Section 205 filing and should
11 not be allowed to unilaterally change its methodologies.
12

13 Finally, Mr. Louiselle claims that adhering to the methodologies set forth in Exhibits
14 ETR-26 and ETR-28 would increase the payment of EAI to the "Louisiana-jurisdictional
15 Operating Companies." (Louiselle Direct at 59). That is the natural result of adhering
16 to the required methodologies; it is not a basis to depart from them. As with the account
17 165 prepayments, the fact that ESI and EAI disagree with the result does not justify
18 unilateral changes to the approved methodologies. If ESI believes the methodologies
19 should be changed and can justify those changes as a matter of principle, then it should
20 make a Section 205 filing and persuade the Commission that it is correct.
21

1 **ESI Improperly Changed Its Accounting for Account 924 Expense**

2

3 **Q. Please describe how account 924 expense was reflected in Exhibits ETR-26 and**
4 **ETR-28.**

5

6 A. Account 924 expense was reflected in A&G expense in those Exhibits and was
7 functionalized to production through the use of a labor ratio using the production labor
8 incurred directly by the Operating Company divided by the total labor incurred directly
9 by the Operating Company, excluding the labor recorded in the A&G expense accounts.

10

11 **Q. How is the account 924 expense determined normally and what is the relationship**
12 **of the account 924 expense to the account 228.1 (accumulated provision for**
13 **property insurance)?**

14

15 A. Historically, the account 924 (property insurance) expense recognized by the Operating
16 Companies has been the amount allowed recovery by its regulators. The account 924
17 expense is credited to the account 228.1 (accumulated provision for property insurance;
18 also referred to as the “property insurance reserve”), which has a liability balance if it is
19 over-recovered and an asset balance if it is under-recovered. Actual storm damage costs
20 that otherwise would have been expensed to various functional O&M expense accounts
21 when incurred instead are debited to account 228.1 and either reduce the liability
22 balance or increase the asset balance. In this manner, account 228.1 essentially is self-

1 balancing because it tracks recoveries through the account 924 expense amounts against
2 actual storm damage costs that otherwise would have been expensed, but instead were
3 deferred.

4
5 When an Operating Company has an asset balance in account 228.1, the Company's
6 regulators typically include an amortization of the asset balance, also referred to as a
7 "reserve deficiency," in the expense amount that is allowed in the revenue requirement,
8 whether this occurs through base rates or through some other surcharge mechanism.
9 Historically, the Operating Companies have reflected the expense amount in account
10 924 because this is the manner in which the asset balance in account 228.1 is reduced in
11 accordance with the accounting requirement of the Commission's Uniform System of
12 Accounts ("USOA"). Thus, the account 924 expense acts to amortize the asset balance
13 in account 228.1 and thereby reduce the amounts deferred in account 228.1.

14
15 The Operating Companies used the "normal" accounting to record the actual costs
16 incurred as a result of Hurricanes Katrina and Rita by deferring O&M amounts in
17 account 228.1 and capitalizing the capital costs to plant in service, but they failed to use
18 account 924 expense to amortize the amounts deferred in account 228.1. This departure
19 from normal accounting is inconsistent with deposition testimony given in Louisiana by
20 ESI witness Mr. David Wright (Director, Regulatory Accounting) taken in Docket No.

1 U-29203 on February 16, 2006.¹ Mr. Wright indicated that the storm damage costs
2 would be accounted for in the “normal” fashion in the following exchange:

3
4 **Q. Well, let’s put it this way. The 2005 financials reflect operating**
5 **expenses and return with the deferrals out, right?**

6
7 **A. I’m still having a problem with your characterization of “normal**
8 **operations,” because the accounting for this – the storm costs and**
9 **the deferral of the storm costs is part of the normal accounting for**
10 **these costs. The capital costs would be charged to CWIP and then**
11 **transferred to plant in service eventually. The storm costs**
12 **associated that would normally be considered to be O&M-type costs**
13 **is charged to the reserve.**

14
15 **That is the normal accounting for these types of costs. I don’t – I**
16 **still don’t understand your question as it concerns remove from**
17 **normal – (Tr. at 150-151).**

18
19 *****

20
21 **A. Being storm expenses they would not be charged on O&M account –**
22 **they would be charged as a debit to the storm reserve account.**

23
24 **Q. Okay.**

25
26 **A. That is the normal accounting for those expend – for those**
27 **expenditures that are not capital related. (Tr. at 152).**

28
29 *****

30
31 **A. That’s – that’s the point I was trying to get to, that the accounting**
32 **that the company’s made is part of its normal accounting for storm**
33 **costs. (Tr. at 153).**

34

¹Louisiana Commission Docket No. U-20923 is styled: “In Re: Joint Application of Entergy Gulf States, Inc. and Entergy Louisiana, LLC for Interim and Permanent Recovery in Rates of Costs Related to Hurricanes Katrina and Rita.” EGS and ELL were authorized interim recovery of storm damage costs, including the expense amounts deferred in account 228.1, capital amounts reflected in plant accounts and a carrying charge on unrecovered costs.

1 **Q. Once the Louisiana Commission authorized EGS and ELL in Docket No. U-29203**
2 **to recover the Katrina and Rita storm damage costs in addition to the amounts**
3 **already reflected in base rates and recorded in account 924, did EGS and ELL**
4 **change their accounting and include the additional expense necessary to match the**
5 **additional recovery in an account other than account 924?**

6
7 A. Yes. EGS and ELL changed their accounting to record the additional expense
8 associated with the recoveries of the Hurricanes Katrina and Rita costs deferred in
9 account 228.1. The Companies recorded the additional expense in account 407.3
10 (regulatory debits) rather than in account 924, despite the fact that nearly half the
11 recovery for each Company was due to an amortization of the large asset balances in
12 account 228.1. The remainder of the amount recorded in account 407.3 necessary to
13 match the revenue recovery was to depreciate the amounts that were capitalized into the
14 plant accounts and should have been booked to account 403 (depreciation expense).
15 The amounts debited to 407.3 (regulatory debits) were accumulated by the Companies as
16 a regulatory liability in account 254 (other regulatory liabilities).

17
18 **Q. What was the effect of this change in accounting by EGS and ELL on the**
19 **production costs?**

20
21 A. This change in accounting had the effect of reducing the EGS and ELL production costs
22 because the amounts representing the amortization of the asset balances in account 228.1

1 were not recorded in account 924 as they should have been. In other words, by changing
2 their “normal” accounting for storm damage costs, ESI was able to change the input data
3 into the production cost formulas and thereby remove these costs from the EGS and ELL
4 production costs. This unauthorized change in accounting and the data used for the
5 production cost formulas is no different than if ESI had changed the formulas without
6 authorization. The result is the same.

7
8 **Q. In your experience, is the EGS and ELL accounting for the Katrina and Rita storm**
9 **damage costs highly unusual?**

10
11 A. Yes. In more than thirty years of experience in representing ratepayer and utility
12 interests, including many years as an employee of an electric and gas utility, I have never
13 seen any utility create a regulatory liability for the cumulative amount of storm damage
14 recovery instead of reducing account 228.1 through the account 924 expense and
15 recognizing the depreciation expense on capitalized plant amounts in account 403.

16
17 **Q. Is the EGS and ELL accounting for the Katrina and Rita storm damage costs**
18 **consistent with the FERC USOA?**

19
20 A. No. The EGS and ELL accounting for these storm damage costs circumvents the
21 specific accounting for such costs established by the Commission in the USOA. I have

1 included a copy of the FERC USOA instructions for accounts 407.3 and 254 as Exhibit
2 LC-32 for reference purposes.

3
4 First, pursuant to this new accounting, the deferred amounts in account 228.1 never will
5 be reduced through account 924 expense even if the entire asset balance is recovered
6 from Louisiana ratepayers. That is an absurd result. In his deposition taken in this
7 proceeding on January 30, 2007, the ESI Chief Accounting Officer agreed that the asset
8 balance due to these hurricanes never will be reduced under this new accounting. The
9 following exchange took place in that deposition:

10
11 **Q. At the end of 2006. In other words, for the fact that the LPSC for**
12 **nine months of 2006 let you start collecting those costs, you still**
13 **stated 228.1 as if you hadn't recovered \$1 of storm damage costs;**
14 **true?**

15
16 **A. 228.1 was not reduced by the interim credits. It's established in a**
17 **regulatory liability.**

18
19 **Q. The answer to my question is yes; right? You didn't reduce it \$1 for**
20 **the fact you were allowed to recover in 2006?**

21
22 **A. 228.1 was not journalized with the recoveries.**
23

24 In fact, given this change in accounting, the only way in which the asset balance in
25 account 228.1 will be reduced is if EGS and ELL debit the account 254 regulatory
26 liability and then credit account 228.1 at some time in the future. Assuming that this
27 accounting "reclassification" is done at some time in the future, these two Companies
28 never will record the storm damage expense to account 924 as they should have. In
29 other words, ESI will have successfully circumvented the accounting specified in the

1 USOA for these storm damage costs unless the Commission directs EGS and ELL to
2 correct their accounting, at least for purposes of the rough production equalization
3 computations.

4
5 Second, and in addition to the deviation from the historic EGS and ELL accounting for
6 storm damage costs, is the fact that the accounting change does not conform to the
7 requirements of the FERC USOA. Although it is unusual for utilities to stray from the
8 USOA requirements, ESI has a recent history of changing its accounting and
9 circumventing the requirements of the FERC USOA for costs that are included in the
10 production cost computations used to quantify rough equalization payments and
11 receipts. As a result, the Commission directed ESI retroactively to abandon its
12 accounting change, to conform the EGS and ELL accounting to the requirements of the
13 FERC USOA, and to refile the EGS and ELL 2006 Form 1s to reflect the correct
14 accounting. I have replicated a copy of the Commission's Order in Docket No. ER07-
15 684-000 as Exhibit LC-33.

16
17 Contrary to ESI's use of this unusual accounting for storm damage costs, the FERC
18 USOA does not allow EGS and ELL to create a regulatory liability in lieu of directly
19 amortizing the asset balance in account 228.1 through the account 924 expense.
20 Fundamentally, this accounting fails the requirements of the USOA because there is no
21 regulatory liability to ratepayers; instead, there is an amortization of the amounts
22 deferred in account 228.1. The amounts deferred by EGS and ELL in account 254 (other

1 regulatory liabilities) do not qualify for that account. The USOA states that account 254
2 is to be used as follows:

3
4 **A. This account shall include the amounts of regulatory liabilities, not**
5 **includible in other accounts, imposed on the utility by the ratemaking**
6 **actions of regulatory agencies.**

7
8 **B. The amounts included in this account are to be established by those**
9 **credits which would have been included in net income determinations in the**
10 **current period under the requirements of the Uniform System of Accounts**
11 **but for it being probable that: 1) such items will be included in a different**
12 **period(s) for purposes of developing the rates that the utility is authorized**
13 **to charge for its utility services; or 2) refunds to customers, not provided for**
14 **in other accounts, will be required.**
15

16 The EGS and ELL accounting fails the first tests specified by the Commission before
17 costs may be included in account 254. Specifically, there was no obligation imposed on
18 EGS and ELL by the Louisiana Commission. Further, the amortization of the asset
19 balance in account 228.1 not only was “includible in other accounts,” it was properly
20 includible and was historically included in account 924, which would have reduced the
21 asset balance in account 228.1.

22
23 In addition, the USOA states that account 254 is to be used for timing differences, not
24 simply as an alternative to account 924 or any other expense account in accordance with
25 the USOA. Thus, the EGS and ELL accounting fails the additional test specified by the
26 Commission to include costs in this account. Specifically, there is no timing difference
27 that requires the use of account 254 or the recording of the expense in account 407.3

1 instead of in account 924. In addition, it is not “probable” that refunds to customers will
2 be “required.”

3

4 **Q. Mr. Louiselle claims in his Affidavit in this proceeding that the regulator must**
5 **specify that the expense be recorded in account 924 in order for the utility to use**
6 **that account. Is that correct?**

7

8 A. No. Mr. Louiselle offers no authority for this incorrect statement in his Affidavit, one
9 that he did not repeat in his Direct Testimony. The USOA does not impose this
10 requirement on the account and as a practical matter, in my experience, neither do the
11 retail regulators or the Commission. As noted previously, I have replicated the account
12 924 description and requirements specified in the USOA as Exhibit LC-32.

13

14 **Q. Please summarize your conclusions regarding the EGS and ELL accounting for the**
15 **recovery of asset balances in account 228.1 through account 407.3 instead of**
16 **through account 924.**

17

18 A. The Commission should reject these ESI accounting shenanigans and direct ESI to
19 correct its compliance filing. The change in EGS and ELL storm damage accounting
20 results in an unauthorized reduction in EGS and ELL production costs for equalization
21 purposes. The change is inconsistent with the data used in Exhibits ETR-26 and ETR-
22 28. The change is inconsistent with the historic and “normal” storm damage accounting

1 used by EGS and ELL, and which they continue to use for their storm damage costs
2 other than Hurricanes Katrina and Rita. The change is inconsistent with the
3 requirements of the FERC USOA.

4

1 III. OTHER ERRORS

2

3 **ESI Failed to Include the Spindletop Storage Facility Costs**

4

5 **Q. Please describe the Spindletop Storage facility production costs.**

6

7 A. The Spindletop Storage facility consists of a leached salt storage cavern and the related
8 natural gas pipelines and equipment located in Sabine, Texas. This natural gas storage
9 facility is used as a physical hedge for reliability and pricing purposes and supplies the
10 EGS Sabine and other EGS gas generating units.

11

12 **Q. How were the Spindletop Storage facility capital costs accounted for on EGS'**
13 **accounting books?**

14

15 A. The Spindletop Storage facility capital costs are included in account 182.3 regulatory
16 assets and the amortization expense is included in account 407.3 regulatory debits.

17

18 **Q. Why are the Spindletop Storage facility capital costs accounted for on EGS'**
19 **accounting books in this manner instead of being included in the plant accounts**
20 **and in depreciation expense?**

21

1 A. This accounting was the result of historic circumstances. For various reasons and prior
2 to its merger with Entergy, Gulf States Utilities, Inc. (“GSU”), the predecessor to EGS,
3 entered into a contract with a third party to finance and build the Spindletop Storage
4 cavern and related facilities. The contract required GSU to pay off the capital costs of
5 the facility through an identifiable component of the bundled gas transportation rate over
6 an accelerated time period compared to the useful life of the facility. Once the capital
7 costs were fully paid, this component of the transportation rate dropped to \$0 and GSU
8 could exercise its right to purchase the facility for \$1, which it has since done.

9
10 Due to the structure of the transaction, GSU initially expensed these amounts to account
11 501 fuel and commenced recovering these capital costs through its retail fuel adjustment
12 clause. However, once it identified these costs, the Louisiana Commission directed
13 GSU to refund and defer these amounts and then to amortize the deferred amounts over
14 the 40 year life of the facilities in the same manner as if GSU had financed and built the
15 facility itself.

16
17 The Louisiana Commission’s decision adopted the proper ratemaking for these costs by
18 including the capital costs in rate base and then allocating the capital costs over the
19 expected service life of the facility, rather than allowing EGS to expense these capital
20 costs over a much shorter period. In this manner, the Louisiana Commission required
21 that the ratemaking conform with the nature of the physical asset and the use of that

1 asset over a 40 year period rather than the terms of the contract specifying the payoff of
2 a short term loan for that physical facility.

3

4 **Q. Are the Spindletop Storage facility costs production costs?**

5

6 A. Yes. There is no doubt about that. These costs are similar to the Waterford 3
7 capitalized lease, which although not included in the plant accounts for accounting
8 purposes, nevertheless is included in the compliance filing as if it were a plant cost. In
9 addition, now that the separation of EGS into EGS-Texas, Inc. and EGS-Louisiana, LLC
10 occurred on December 31, 2007, EGS-Louisiana incurs its share of the Spindletop
11 Storage facility costs pursuant to MSS-4 and records this cost in account 555 purchased
12 power expense.

13

14 **Q. Given that the EGS-Louisiana, LLC costs of this facility will be included in its**
15 **production costs commencing in 2008 with no further Commission action, why**
16 **should the Commission address this issue in this proceeding?**

17

18 A. The Commission should address this issue because it also was a production cost in 2006
19 and 2007. If the Commission allows ESI to “correct” data or methodologies retroactive
20 to the 2006 test year in this proceeding, then it also should “correct” data or
21 methodologies retroactive to the 2006 test year identified by other parties as a matter of
22 consistency and equity.

1 **ESI Failed to Exclude the River Bend 30% Unregulated ADIT**

2
3 **Q. Please describe how the EGS River Bend 30% costs were incorporated in Exhibits**
4 **ETR-26 and ETR-28.**

5
6 A. The River Bend 30% plant in service costs are recorded on EGS' accounting books in
7 account 121 nonutility property and the accumulated depreciation is recorded in account
8 122 accumulated provision for depreciation and amortization of nonutility property. The
9 River Bend 30% is considered to be unregulated capacity for EGS, but is sold in its
10 entirety by EGS to ELL and ENOI. EGS recovers the costs of the River Bend 30% from
11 ELL and ENOI pursuant to the MSS-4 tariff. As such, none of the River Bend 30%
12 costs should be included in the production costs reflected in Exhibits ETR-26 and ETR-
13 28.

14
15 Unlike the River Bend 30% plant in service and accumulated depreciation, the River
16 Bend 30% nuclear depreciation ADIT is reflected in account 282 along with the other
17 regulated River Bend 70% and was allocated in part to the production function, along
18 with all other ADIT amounts in that account, as I previously described, through the
19 nuclear production plant ratio.

20
21 **Q. Should any amount of the River Bend 30% nuclear depreciation ADIT be allocated**
22 **to EGS' production costs?**

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22

A. No. This obviously is an error. In retail rate filings before the Louisiana Commission, EGS was careful to remove the River Bend 30% ADIT from the rate base computation. In addition, a careful review of Exhibits ETR-26 and ETR-28, specifically, Schedules B, E, G and I show that ESI removed the River Bend 30% amounts from account 165 prepayments, account 154 plant materials and operating supplies, production plant allocations of intangible and general plant, A&G expenses and other taxes expense.

ESI Used Waterford 3 Capitalized Lease to Functionalize ADIT to Production

Q. In its Section 205 filing to include the Waterford 3 capitalized lease in the production cost equalization formulas consistent with Exhibits ETR-26 and ETR-28, did ESI introduce an error in the allocation of ADIT amounts to the production function?

A. Yes. The terms variable production rate base (“VPRB”) and fixed production rate base (“FPRB”) are computed in part by subtracting an allocation of ADIT amounts. The allocations to VPRB and FPRB are the nuclear production plant ratio (“NPPR”), computed by dividing nuclear production plant in service (“NPP”) by electric plant in service (“PXI”), and the production plant excluding nuclear ratio (“PPRXN”), computed by dividing production plant in service less nuclear production plant in service (“PPXN”) by PXI. The NPP and PXI terms include the Waterford 3 capitalized lease.

1
2 The problem is that none of the nuclear depreciation ADIT amounts are related to the
3 Waterford 3 capitalized lease. The lessor, not ELL, owns the portion of the Waterford 3
4 unit subject to the lease. ELL does not depreciate the leased portion for income tax
5 purposes. Thus, there is no nuclear depreciation ADIT amounts in account 282 and
6 none of the amounts actually in account 282 should be allocated to production based on
7 the capitalized lease.

8

9 **Q. How should this error be corrected?**

10

11 A. The Waterford 3 capitalized lease amount should be removed from the computations of
12 NPPR and PPRXN.

13

14

1 **IV. NUCLEAR UNIT DEPRECIATION AND DECOMMISSIONING**

2
3 **Q. Please describe the nuclear depreciation and decommissioning reflected in Exhibits**
4 **ETR-26 and ETR-28.**

5
6 A. Those Exhibits reflect nuclear depreciation and decommissioning expense for all nuclear
7 units owned or subject to the Unit Power and Sale Agreement (“UPSA”) with SERI on a
8 consistent 40 year life based on the operating license periods approved by the NRC at
9 that time. The depreciation and decommissioning expense for River Bend, Waterford 3
10 and the ANO 1 and 2 units for EGS, ELL, and EAI, respectively are shown on Schedule
11 E as nuclear “depreciation.” The nuclear depreciation and decommissioning expense for
12 Grand Gulf was reflected on Schedule F as “purchased power.”

13
14 **Q. Please describe the changes in the service lives of the nuclear units that have**
15 **occurred since Exhibits ETR-26 and ETR-28 were filed in Docket No. EL01-88-**
16 **000.**

17
18 A. The expected service lives have been or are expected to be extended for all five of the
19 nuclear units to reflect a 20 year extension in each unit’s operating license. The NRC
20 has approved 20 year extensions in the operating licenses for the ANO 1 and ANO 2
21 units. In addition, ESI expects to make similar filings with the NRC for Grand Gulf in
22 January 2010, River Bend in January 2011 and Waterford 3 in August 2011. I have

1 replicated the ESI response to LPSC-3-7 that provides the expected NRC filing dates as
2 Exhibit LC-34.

3

4 **Q. Please describe how these changes in the service lives of the nuclear units have**
5 **been reflected for ratemaking purposes.**

6

7 A. The Arkansas Commission has reflected the 20 year life extensions of the ANO 1 and
8 ANO 2 units in decommissioning expense, but not in depreciation expense. On August
9 15, 2006, EAI filed for a base rate increase, primarily to recover its costs associated with
10 Opinion Nos. 480 and 480-A and more than a year after ESI had obtained NRC approval
11 extending the operating licenses of the two units. In Arkansas Commission Docket No.
12 06-101-U, EAI proposed a reduction in its decommissioning expense to \$0. However, it
13 proposed no change to its existing "approved" depreciation rates for the two nuclear
14 units. The Arkansas Commission concurred with this approach.

15

16 The Louisiana Commission has reflected the expected 20 year life extensions of the
17 River Bend and Waterford 3 nuclear units in both decommissioning expense and
18 depreciation expense. The Texas Commission has not reflected the 20 year life
19 extension of River Bend.

20

1 **Q. Has there been any change in the Grand Gulf decommissioning and depreciation**
2 **expense charged to the Operating Companies, other than EGS, through the SERI**
3 **UPSA?**

4
5 A. No. SERI has not sought a change in its depreciation rates and expense or in
6 decommissioning expense from the Commission. Consequently, the Grand Gulf
7 purchased power expenses incurred by the Operating Companies reflect the original 40
8 year operating license and service life.

9
10 **Q. Has there been any change in the decommissioning and depreciation expense**
11 **charged to ELL and ENOI for the River Bend 30% that these Operating**
12 **Companies purchase from EGS?**

13
14 A. Yes. The River Bend 30% decommissioning and depreciation expense reflects the 20
15 year life extension.

16
17 **Q. Please describe how ESI reflected the depreciation and decommissioning expenses**
18 **for the nuclear units in the compliance filing using the 2006 test year.**

19
20 A. ESI used the amounts recorded by each of the Operating Companies and made no
21 attempt to use consistent lives as it did when it developed Exhibits ETR-26 and ETR-28.

22

1 **Q. What effects do these inconsistencies in depreciation expense and decommissioning**
2 **expense have on the rough equalization payments and receipts among the**
3 **Operating Companies?**

4
5 A. The inconsistencies generally reduce EAI's payments to the other Operating Companies.
6 EAI's costs for ANO 1 and ANO 2 depreciation expense are excessive and the amounts
7 incurred by the other Operating Companies purchasing ANO 1 and ANO 2 capacity and
8 energy also are excessive because the MSS-4 charges reflect depreciation expense based
9 on the original 40 year lives of those units.

10
11 **Q. Should the nuclear depreciation and decommissioning expense for all the nuclear**
12 **units reflect their expected service lives?**

13
14 A. Yes. This is a requirement of generally accepted accounting principles ("GAAP"). The
15 definition of depreciation expense requires the "systematic and rational" allocation of
16 plant costs over the "estimated useful life of the unit," not over some outdated or
17 arbitrary period. The GAAP requirement is found in ARB No. 43 paragraph 5 as
18 follows:

19
20 **The cost of a productive facility is one of the costs of the services it renders**
21 **during its useful economic life. Generally accepted accounting principles**
22 **require that this cost be spread over the expected useful life of the facility in**
23 **such a way as to allocate it as equitably as possible to the periods during**
24 **which services are obtained from the use of the facility. This procedure is**
25 **known as depreciation accounting, a system of accounting which aims to**
26 **distribute the cost or other basic value of tangible capital assets, less salvage**

1 (if any), over the estimated useful life of the unite (which may be a group of
2 assets) in a systematic and rational manner. It is a process of allocation, not
3 of valuation.
4
5

6 **Q. In your opinion, does the failure of EAI, with the concurrence of the Arkansas**
7 **Commission, to accurately reflect the “estimated useful life of the unit[s]” in its**
8 **recent retail rate proceeding, result in unjust and unreasonable depreciation**
9 **expense on the ANO 1 and ANO 2 units?**

10
11 **A.** Yes. The Commission should not countenance the apparent attempt by ESI and EAI,
12 with the concurrence of the Arkansas Commission, to circumvent the methodologies
13 employed in Exhibits ETR-26 and ETR-28 by failing to use the expected service lives
14 for the ANO 1 and ANO 2 depreciation rates and expense while recognizing those same
15 lives for decommissioning expense on those units.

16
17 **Q. Should the Commission resolve these inconsistencies in depreciation expense and**
18 **decommissioning expense among the nuclear units and even among the same units**
19 **by substituting the expected service lives for all units for purposes of the**
20 **production costs used for rough equalization?**

21
22 **A.** Yes. The Commission should use the same expected service lives for all the nuclear
23 units. Only this Commission can ensure that there is consistency in the lives of all the
24 nuclear units among all the jurisdictions for both depreciation and decommissioning

1 expense as well as for the purchased power expense incurred through MSS-4 and also
2 reflected in the production costs used for rough equalization. Only this Commission can
3 ensure that one retail Commission, such as the Arkansas Commission with the ANO 1
4 and ANO 2 depreciation expense, does not export excessive costs to the other Operating
5 Companies by maintaining an accelerated schedule of depreciation expense so that costs
6 are recovered 20 years before the units are retired from service. Only this Commission
7 has the wholesale ratemaking authority to modify the Grand Gulf depreciation and
8 decommissioning expense charged by SERI to the Operating Companies.

9
10 **Q. Does the MSS-3 tariff explicitly recognize that the Commission has the authority to**
11 **override the depreciation expense and decommissioning expense established by the**
12 **retail regulators?**

13
14 **A.** Yes. The nuclear depreciation and decommissioning expense is reflected in the term
15 “NDE” in the MSS-3 tariff production cost formulas. The term NDE is described in the
16 MSS-3 tariff as follows:

17
18 **Nuclear Depreciation and Amortization Expense associated with (NPP) as**
19 **recorded in Accounts 403 and 404 and Decommissioning Expense, as**
20 **approved by Retail Regulators, unless the jurisdiction for determining the**
21 **depreciation and/or decommissioning rate is vested in the FERC under**
22 **otherwise applicable law.**
23

24 In addition, the accumulated depreciation is reflected in the term “NAD” in the MSS-3
25 production cost formulas, which must be taken into consideration along with the

1 depreciation expense because accumulated depreciation is the result of depreciation
2 xpense. The term NAD is described in the MSS-3 tariff as follows:

3
4 **Nuclear Accumulated Provision for Depreciation and Amortization**
5 **excluding ARO associated with NPP above, as recorded in FERC Accounts**
6 **108 and 111 (consistent with the accounting relating to Statement of**
7 **Financial Standards (SFAS) 143 approved by the retail regulator having**
8 **jurisdiction over the Company, unless the FERC determines otherwise).**
9

10 The Commission has jurisdiction over the Grand Gulf depreciation and
11 decommissioning expense and the amounts charged pursuant to MSS-4 from EAI to the
12 other Operating Companies for the ANO 1 and ANO 2 units and from EGS to ELL and
13 ENOI for the River Bend 30%. In addition, I am advised by Counsel to the Louisiana
14 Commission that the Commission has jurisdiction over all depreciation expense and
15 decommissioning expense on the nuclear units pursuant to its jurisdiction over the
16 System Agreement and more specifically, the computations of production costs used for
17 rough equalization purposes. Further, I am advised by Counsel to the Louisiana
18 Commission that the Commission has jurisdiction over all costs reported in the Form
19 1 and that they must be in accordance with the requirements of the Commission's USOA
20 and that if those costs are used for ratemaking purposes, they are required to be prudent
21 and just and reasonable.

22
23 **Q. How should the Commission proceed on the decommissioning and depreciation**
24 **expense for the nuclear units?**
25

1 A. The Commission should ensure that the decommissioning and depreciation expense
2 reflects the expected service lives of all the units in a consistent manner and as reflected
3 in Exhibits ETR-26 and ETR-28. The Commission should set all decommissioning
4 expense to \$0, which affects only the purchased power expense incurred by the
5 Operating Companies for Grand Gulf. The Commission should set all depreciation
6 expense to reflect the 20 year license and service life extensions, which affects the ANO
7 1 and ANO 2 units and the MSS-4 purchased power expense by the other Operating
8 Companies for their purchases from those units, the River Bend Texas retail jurisdiction,
9 and the Grand Gulf units through the purchased power expense incurred by the
10 Operating Companies for that unit.

11
12 **Q. Have you quantified the effects of using the expected service lives in a consistent**
13 **manner for all the nuclear units?**

14
15 A. Yes. These amounts should be considered estimates. ESI was requested to provide
16 these quantifications in LPSC-5-5 through 5-9. ESI objected and the Louisiana
17 Commission filed a Motion to Compel. The presiding judge ruled for the Louisiana
18 Commission; however, ESI did not provide the requested amounts in sufficient time to
19 incorporate those quantifications in this testimony. As such, it may be necessary to
20 update my quantifications at a later date.

1 My quantifications include the EAI costs for ANO 1 and ANO 2 for the capacity that it
2 has not sold to the other Operating Companies and the effects on the purchased power
3 expense of the other Operating Companies as well as the River Bend Texas retail
4 portion and the effects on the purchased power expense of the Operating Companies of
5 Grand Gulf. My quantifications are summarized on Exhibit LC-35.

6

7 **Q. Does this complete your testimony?**

8

9 **A. Yes.**

AFFIDAVIT

STATE OF GEORGIA)

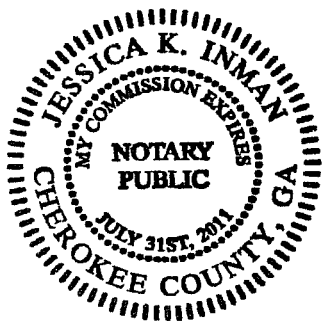
COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.


Lane Kollen

Sworn to and subscribed before me on this
4th day of February 2008.


Notary Public



UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBITS
OF
LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

February 2008

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-27)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

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American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

More than thirty years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to

Present:

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to

1986:

Energy Management Associates: Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

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1976 to

1983:

The Toledo Edison Company: Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

- Rate phase-ins.
- Construction project cancellations and write-offs.
- Construction project delays.
- Capacity swaps.
- Financing alternatives.
- Competitive pricing for off-system sales.
- Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
Connecticut Industrial Energy Consumers	Occidental Chemical Corporation
ELCON	Ohio Energy Group
Enron Gas Pipeline Company	Ohio Industrial Energy Consumers
Florida Industrial Power Users Group	Ohio Manufacturers Association
Gallatin Steel	Philadelphia Area Industrial Energy
General Electric Company	Users Group
GPU Industrial Intervenors	PSI Industrial Group
Indiana Industrial Group	Smith Cogeneration
Industrial Consumers for	Taconite Intervenors (Minnesota)
Fair Utility Rates - Indiana	West Penn Power Industrial Intervenors
Industrial Energy Consumers - Ohio	West Virginia Energy Users Group
Kentucky Industrial Utility Customers, Inc.	Westvaco Corporation
Kimberly-Clark Company	

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Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
 Cities in AEP Texas Central Company's Service Territory
 Cities in AEP Texas North Company's Service Territory
 Georgia Public Service Commission Staff
 Kentucky Attorney General's Office, Division of Consumer Protection
 Louisiana Public Service Commission Staff
 Maine Office of Public Advocate
 New York State Energy Office
 Office of Public Utility Counsel (Texas)

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

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**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 119	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.

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Date	Case	Jurisdiction	Party	Utility	Subject
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR- 87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan. Corp.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.

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Date	Case	Jurisdiction	Party	Utility	Subject
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
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10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.

**Expert Testimony Appearances
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Date	Case	Jurisdiction	Party	Utility	Subject
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements detailed investigation.

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Date	Case	Jurisdiction	Party	Utility	Subject
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Amco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue require- ments.

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**Expert Testimony Appearances
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Date	Case	Jurisdiction	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.

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Date	Case	Jurisdiction	Party	Utility	Subject
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
4/93	92-1464- EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.

**Expert Testimony Appearances
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Date	Case	Jurisdiction	Party	Utility	Subject
	(Rebuttal)				
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	FERC 20170	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.

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**Expert Testimony Appearances
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As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
11/94	U-19904 Initial Post- Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				

**Expert Testimony Appearances
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As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No. 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	R-97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.

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**Expert Testimony Appearances
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Date	Case	Jurisdct.	Party	Utility	Subject
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
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12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.

**Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.

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Date	Case	Jurisdict.	Party	Utility	Subject
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and	Alternative regulation.

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**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdiction	Party	Utility	Subject
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co.	Merger Settlement Stipulation.
7/99	97-596 (Surrebuttal)	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI (Rebuttal)	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 (Surrebuttal)	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
8/99	98-474 98-083 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co. and Kentucky Utilities Co.	Alternative forms of regulation.
8/99	98-0452-E-GI (Rebuttal)	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
10/99	U-24182 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	21527	TX	Dallas-Ft.Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
04/00	99-1212-EL-ETPOH 99-1213-EL-ATA 99-1214-EL-AAM		Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147 PA		Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
05/00	99-1658- EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS

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**Expert Testimony Appearances
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Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
					109, ADIT, EDIT, ITC.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 (Affidavit)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 R-0001838 R-00974009		Metropolitan Edison Industrial Users Group Pennsylvania Electric Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 (Direct)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925 and U-22092 (Subdocket B) (Surrebuttal)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.,	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdiction	Party	Utility	Subject
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.

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**Expert Testimony Appearances
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Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
02/01	A-110300F0095 PA A-110400F0040		Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	PU, Inc. FirstEnergy	Merger, savings, reliability.
03/01	P-00001860 PA P-00001861		Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04 /01	U-21453, LA U-20925, U-22092 (Subdocket B) Settlement Term Sheet		Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04 /01	U-21453, LA U-20925, U-22092 (Subdocket B) Contested Issues		Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05 /01	U-21453, LA U-20925, (Unofficial Public Service Comm. 04:48:34 PM U-22092 (Subdocket B) Contested Issues Transmission and Distribution (Rebuttal)		Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.
07/01	U-21453, LA U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet		Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U GA		Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U GA (Direct)		Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdiction	Party	Utility	Subject
11/01	U-25687 (Direct)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 (Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U (Rebuttal)	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092 (Subocket C)	FERC	Louisiana Public Service Commission Staff	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01- 88-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01- 88-000 Rebuttal	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, FERC ER03-583-001, and ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, and ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Market- ing, L.P, and Entergy Power, Inc.	Unit power purchase and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.

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**Expert Testimony Appearances
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As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459, PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169- EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4556 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	Docket No. U-23327 Subdocket B	LA	Louisiana Public Service Commission	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	Docket No. U-23327 Subdocket A	LA	Louisiana Public Service Commission	SWEPCO	Revenue requirements.

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**Expert Testimony Appearances
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Lane Kollen
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Date	Case	Jurisdiction.	Party	Utility	Subject
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**Expert Testimony Appearances
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Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
12/04	Case No. 2004-00321 Case No. 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, etal.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	
02/05	18638-U	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and § 199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	The Alliance of	AEP Texas Valley Healthcare	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public. Service Commission	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas and Electric Co.	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
10/05	04-42	DE	Commission Staff	Artesian Water Co.	
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06 05/06	31994 31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change. Retrospective AD/IF, <i>prospective</i> <i>ADFIT</i> .
03/06	U-21453, U-20925, U-20925	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional separation plan.
3/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow- through to ratepayers of excess deferred income taxes and investment Tax credits on generation plant that is sold or deregulated.
4/06	U-25116	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
05/06	31994	TX	Cities Served by Texas-Mexico Power Co.	Texas New Mexico Power	
07/06	R-00061366, Et. al	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated programs costs, storm damage costs.
08/06	U-21453, U-20925	LA	Louisiana Public Service Comm.	Entergy Gulf States, Inc.	Jurisdictional separation plan.

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**Expert Testimony Appearances
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As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
	U-22092 (Subdocket J)				
07/06	U-23327	LA	Louisiana Public Service Commission	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission	Southwestern Electric Power Co..	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	33309	TX	Cities	AEP Texas Central Co.	
03/07	33310	TX	Cities	AEP Texas North Co.	
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
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03/07	U-29157	LA	Louisiana Public Service Commission	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental And Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000	FERC	Louisiana Public	Entergy Services, Inc.	Allocation of intangible and general

**Expert Testimony Appearances
of
Lane Kollen
As of January 2008**

Date	Case	Jurisdct.	Party	Utility	Subject
	Affidavit		Service Commission Staff	and the Entergy Operating Companies	plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission	Entergy Louisiana, LLC Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	LA	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Public Service Commission of Wisconsin	Wisconsin Electric Power Company Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, CWIP in rate base, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 (Unofficial) Surrebuttal	WI	Public Service Commission of Wisconsin	Wisconsin Electric Power Company Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, CWIP in rate base, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating	Functionalization and allocation of intangible and general plant and A&G

**Expert Testimony Appearances
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Lane Kollen
As of January 2008**

Date	Case	Jurisdict.	Party	Utility	Subject
				Companies	expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	First Energy	Revenue Requirements.

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-28)
OF
LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

ENERGY SERVICES, INC.
ROUGH PRODUCTION COST EQUALIZATION DATA
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's)

L#	Variable	FERC Form 1 Pg Ln		EAI	Ref	EGS		ELL	Ref	EMI	Ref	ENO	Ref	System (L applicabl)
		(Ln x) or Input (Lx)	(Ln x) or Input (Lx)			Ref	Ref							
Accumulated Provision for Depreciation - Electric Utility Plant - A/C 108 & A/C 111														
Production Plant Accumulated Depreciation														
48														
49														
50														
51														
52														
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54														
55														
56														
57	NAD													
58														
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ENERGY SERVICES, INC.
ROUGH PRODUCTION COST EQUALIZATION DATA
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's)

L#	Variable	FERC Form 1 Pg Ln (Ln x) or Input (Lx)	EAI		EGS		ELL		EMI		ENO		System (if applicable)
			Ref	Rate	Ref	Rate	Ref	Rate	Ref	Rate	Ref	Rate	
101	Cost of Capital												
102	Embedded Cost Rate of Long-term Debt	See Workpapers	6.36%	6.11	6.02%	6.21	7.08%	6.31	5.95%	6.41	5.86%	6.51	
103	Debt Capitalization Ratio	See Workpapers	41.10%	6.11	50.18%	6.21	48.92%	6.31	53.86%	6.41	56.02%	6.51	
104	Embedded Cost Rate of Preferred Stock	See Workpapers	5.99%	6.11	9.63%	6.31	7.50%	6.41	5.69%	6.41	4.82%	6.51	
105	Preferred Stock Capitalization Ratio	See Workpapers	4.36%	6.11	1.10%	6.21	3.26%	6.31	3.45%	6.41	5.06%	6.51	
106	Common Equity Capitalization Ratio	See Workpapers	54.54%	6.11	48.72%	6.21	47.82%	6.31	42.97%	6.41	38.92%	6.51	
107	Total Capitalization Ratio Check	L103 + L105 + L106	100.00%		100.00%		100.00%		100.00%		100.00%		
108	Common Equity Cost Rate (EGS is the LPSC rate per Exhibit ETR 26/28)	Currently Approved Retail Rates	11.00%	6.11	10.65%	6.21	10.25%	6.31	11.09%	6.41	10.75%	6.51	
109	Average Common Equity Cost Rate	Average of Op Cos	10.75%		10.75%		10.75%		10.75%		10.75%		
110	Federal Income Tax Rate	See Workpaper	35.00%	6.61	35.00%	6.61	35.00%	6.61	35.00%	6.61	35.00%	6.61	
111	f	See Workpaper	6.50%	6.61	4.00%	6.61	8.00%	6.61	5.00%	6.61	8.00%	6.61	
112	s	See Workpaper											
113	Production O&M Expense A/C 500-554 + 556												
114	Total Steam O&M (A/C 500-514)	320 Ln 21	175,491	7.11	702,051	7.21	692,324	7.31	381,037	7.41	76,529	7.51	
115	Total Hydraulic O&M (A/C 535-545)	320 Ln 59	1,635	7.11	145	7.21	0	7.31	0	7.41	0	7.51	
116	Total Other (A/C 546-554)	321 Ln 74	1,033	7.12	1,490	7.22	6,272	7.32	13,130	7.42	27	7.52	
117	System Control & Load Dispatching (A/C 556)	321 Ln 77	1,025	7.12	1,490	7.22	1,087	7.32	607	7.42	223	7.52	
118	Fuel - Steam (A/C 501)	320 Ln 5	(134,673)	7.11	(624,951)	7.21	(630,184)	7.31	(344,864)	7.41	(69,142)	7.51	
119	Fuel - Other (A/C 547)	321 Ln 63	(600)	7.12	0	7.22	(527)	7.32	0	7.42	(23)	7.52	
120	RB30 Adj. for the Prod Related A&G	See Workpaper			(7,982)	15.1 Ln 21							
121	RB30 Adj. for the Prod Related Taxes Other	See Workpaper			(1,127)	15.1 Ln 26							
122	Non-Fuel Prod. O&M excluding Nuclear Prod O&M	Sum L115 thru L122	43,911		69,660		58,972		49,910		7,614		
123	Total Fuel (A/C 501, 518 & 547)												
124	Total Other Fuel (ex Nuclear) (A/C 501, 547)	-L119 - L120	135,273		624,951		630,711		344,864		69,165		
125	Hedging (A/C 557)	See Workpaper	0	7.61	45,103	7.61	59,133	7.61	32,557	7.61	0	7.61	
126	Nuclear Fuel (A/C 518)	320 Ln 25	84,643	7.11	38,809	7.21	45,929	7.31	0	7.41	0	7.51	
127	RB 30 Adj. for Fuel ass. with Unreg. portion of River Bend	L128 * 30%			(11,641)	15.1 Ln 17							
128	River Bend Derregulated Asset Plan Adj. (DAP)	See Workpaper			(6,053)	15.1 Ln 17							
129	Allowed Derregulated Asset Plan Revenue Requirement	See Workpaper			52,328	15.1 Ln 1							
130	Nuclear Fuel as adjusted including DAP Rev Rqmt	Sum of L128 thru L131	84,643		73,390		45,929		0		0		
131	Total Fuel as adjusted for RB30, DAP & DAP Rev Rqmt	L126 + L127 + L132	219,916		743,448		735,773		377,421		69,165		
132	Nuclear Non-Fuel Production O&M Expense												
133	Total Nuclear O&M (A/C 517-532)	320 Ln 41	239,606	7.11	149,333	7.21	149,517	7.31	0	7.41	0	7.51	
134	Adj. for the 30% Unregulated Portion of River Bend	See Workpaper			(33,173)	15.1 Ln 30							
135	River Bend Derregulated Asset Plan Adj.	See Workpaper	(84,643)		(38,129)	15.1 Ln 30	(45,929)		0		0		
136	Nuclear Non-Fuel Production O&M as adjusted	-L128	154,963		39,221		103,588		0		0		
137	Purchased Power Expense - A/C 555	Sum of L136 thru L139											
138	Total Purchased Power	321 Ln 76 & 326 Ttl Col m	7.12 &		7.22 &		7.32 &		7.42 &		7.52 &		
139	Vidalia Adjustment for ELL per Note 1 of the MSS-3 Tariff	See Workpaper	614,246	8.14	1,288,177	8.26	824,645	8.34	463,015	8.42	217,212	8.54	
140	GGART Adj. for EAI & EMI per Note 1 of the MSS-3 Tariff	See Workpaper	6,110	8.61 &			70,775	14.11	27,324	8.61 &			
141	Total Purchased Power As Adjusted	L143 - L144 + L145	620,356		1,288,187		753,870		490,339		217,212		
142	Production O&M Expense Check of Inputs												
143	Per Book Production Expenses A/C 501-556	L123+L126+L136+L143	1,033,036		2,132,079		1,663,845		857,769		293,991		
144	Other Expenses Per Form 1 (A/C 557) (for checking)	321 Ln 78	210,314	7.12	382,086	7.22	34,644	7.32	242,047	7.42	19,762	7.52	
145	RB 30 Adj. to Production O&M	-L121			7,959								
146	Total Production Expenses (Check Total)	L149+L150+L151+321 Ln 80	1,243,350	7.12	2,522,734	7.22	1,698,489	7.32	1,099,836	7.42	313,753	7.52	

ENERGY SERVICES, INC.
ROUGH PRODUCTION COST EQUALIZATION DATA
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's)

L#	Variable	FERC Form 1 Pg Ln (Ln X) or Input (LX)	EAI Ref	EGS Ref	ELL Ref	EMI Ref	ENO Ref	System (if applicable)
154	<u>Production Revenue Credits - Sales for Resale (A/C 447)</u>							
155	Sales for Resale - Non-Requirements (NR)	311 SubAll Non-RQ Col k	408,014 9.1.6	158,171 9.2.4	227,391 9.3.2	53,426 9.4.2	91,283 9.5.2	
156	Transmission/Distribution Demand	311 SubAll Other Col d	26,180 9.1.6	348 9.2.4	4,871 9.3.2	5,742 9.4.2	41 9.5.2	
157	Adj. to remove Rev. from sales of Ureng. River Bend 30%	311 Col k Ln 12 + Ln 13		65,787 9.2.2				
158	Production Revenue Credits	L155 - L156 - L157	381,834	92,036	222,520	47,694	91,242	
159								
160	<u>Depreciation Expense - A/C 403</u>							
161	Production Plant Depr Exp excluding Nuclear Plant DE							
162	Steam Production Plant Depr Expense	336 Ln 2 Col b	26,646 10.1.1	42,011 10.2.1	21,575 10.3.1	11,827 10.4.1	6,107 10.5.1	
163	Hydro Production Plant Depr Expense	336 Ln 4 + Ln 5 Col b	695 10.1.1	6 10.2.1	0 10.3.1	0 10.4.1	0 10.5.1	
164	Other Production Plant Depr Expense	336 Ln 6 Col b	28 10.1.1	0 10.2.1	5,212 10.3.1	2,122 10.4.1	81 10.5.1	
165	Production Plant Depr Exp excluding Nuclear Plant DE	L162 + L163 + L164	27,369	42,017	26,787	13,949	6,188	
166	<u>Nuclear Production Plant Depreciation Expense</u>							
167	Nuclear Production Plant Depr Expense	336 Ln 3 Col d	70,894 10.1.1	51,946 10.2.1	40,644 10.3.1	0 10.4.1	0 10.5.1	
168	Amortization of Limited Term Electric Plant Account 404	96 Col d	0 10.1.1	0 10.2.1	12,177 10.3.1	0 10.4.1	0 10.5.1	
169	Decommissioning Expense	See Workpaper	0 10.6.1	3,778 10.6.1	2,455 10.6.1	0	0	
170	<u>Nuclear Production Plant Depreciation Expense</u>	Sum L168 thru L170	70,894	55,724	55,276	0	0	
171	NDE							
172	General Plant Depreciation Expense - A/C 403	336 Ln 10 Col b	10,420 10.1.1	12,187 10.2.1	6,252 10.3.1	4,739 10.4.1	1,312 10.5.1	
173	GDx							
174	Intangible Plant Amortization Expense A/C 403	336 Ln 1 Col d	20,121 10.1.1	20,615 10.2.1	16,210 10.3.1	9,647 10.4.1	4,705 10.5.1	
175	IAX							
176	Administrative & General O&M Expense - A/C 920-935	323 Ln 197	141,572 7.1.4	178,158 7.2.4	146,604 7.3.4	75,062 7.4.4	56,442 7.5.4	
177	AG							
178								
179	<u>Labor Data</u>							
180	Total Production Labor	354 Ln 20	9,714 11.1.1	18,602 11.2.1	14,717 11.3.1	10,363 11.4.1	1,904 11.5.1	
181	Direct Operating Company Labor	Footnotes to Pg 354 Ln	10,180 11.1.2	10,549 11.2.2	9,934 11.3.2	4,755 11.4.2	1,445 11.5.2	
182	ESI Production Labor	96 Col d	75,388 11.1.2	35,977 11.2.2	49,851 11.3.2	0 11.4.2	0 11.5.2	
183	EOI Production Labor (EGS Net of RB 30%)	Sum of L181 thru L183	95,279	65,026	74,502	15,118	3,349	
184	Total Production Labor							
185	Total Labor charged to O&M Excluding A&G							
186	Direct Labor charged to O&M	354 Ln 28	48,344 11.1.1	60,572 11.2.1	39,948 11.3.1	35,514 11.4.1	7,917 11.5.1	
187	Direct A&G Labor	354 Ln 27	(6,723) 11.1.1	(7,224) 11.2.1	(4,905) 11.3.1	(5,262) 11.4.1	(2,321) 11.5.1	
188	Total ESI (Sum of all functions shown in Footnote)	Footnotes to Pg 354 Ln	43,182 11.1.2	55,579 11.2.2	50,474 11.3.2	25,179 11.4.2	12,210 11.5.2	
189	ESI A&G Labor	96 Col d	(19,552) 11.1.2	(26,163) 11.2.2	(22,346) 11.3.2	(9,564) 11.4.2	(6,285) 11.5.2	
190	Total EOI	Sum of L187 thru L192	75,519 11.1.2	36,069 11.2.2	50,104 11.3.2	0 11.4.2	0 11.5.2	
191	EOI A&G Labor		(131) 11.1.2	(89) 11.2.2	(253) 11.3.2	0 11.4.2	0 11.5.2	
192	Total Labor charged to O&M Excluding A&G		140,639	118,651	113,022	45,847	11,521	
193	LXAG							
194	Taxes Other than Income - A/C 408.1 - Electric	115 Ln 14 Col g	75,585 12.1.2	131,248 12.2.2	61,168 12.3.2	63,126 12.4.2	27,232 12.5.2	
195	OT							
196	Investment Tax Credit Amortization in A/C 411	115 Ln 19 Col g	4,192 12.1.2	5,521 12.2.2	2,968 12.3.2	1,328 12.4.2	354 12.5.2	
197	ITC							
198								
199	<u>Annual Energy Responsibility Ratio</u>							
200	Annual Energy (mwh)	401a Ln 28	33,657 13.1.1	42,525 13.2.1	31,507 13.3.1	15,497 13.4.1	5,291 13.5.1	
201	Net Transmission	401a Ln 18	188 13.1.1	265 13.2.1	194 13.3.1	114 13.4.1	1,298 13.5.1	
202	Non-Requirements Sales for Resale (includes RB 30 - EGS)	401a Ln 24	8,658 13.1.1	3,441 13.2.1	2,470 13.3.1	529 13.4.1	1,298 13.5.1	
203	Annual Energy (mwh)	L200-L201-L202	24,811	38,870	28,843	14,854	3,993	
204	Energy Ratio	Op Co L203 / System L203	22.28%	34.91%	25.90%	13.34%	3.58%	
205	ER							
206	<u>12 CP - Load Responsibility Ratio</u>							
207	Company Monthly Coincident Peak Loads (12 mo avg)	Jan '07 ISB Att 4 **	3,999,182 13.6	5,885,729 13.6	4,332,461 13.6	2,473,806 13.6	663,122 13.6	
208	Demand Ratio	Op Co L207 / System L207	23.04%	33.52%	24.97%	14.25%	3.82%	

Notes:
* Excludes amount associated with Hurricanes as follows: EGS - \$20,096,000 ELL - \$167,384,000. EMI - \$53,850,000. ENO - \$59,063,000
** Jan. ISB contains the Load Data as of Dec. 31 the previous year

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-29)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

Entergy Arkansas, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190191 & 190192	IPP Advances	5,104,723
190251	Removal Cost - Fed	392,918
190252	Removal Cost - State	54,147
190887	FED ADIT on State Tax Accrual	9,902,689
Total Ratemaking Balance		<u>15,454,477</u>
190111	Intrst/Tax-Tax Deficienci-Fed	1,229,340
190112	Intrst/Tax-Tax Deficienci-St	244,297
190131	Ggi-Arrc-Over/Under Rcv-Fed	(2,062,107)
190132	Ggi-Arrc-Over/Under Rcv-St	(420,860)
190151	Taxable Unbilled Revenue-Fed	5,148,293
190152	Taxable Unbilled Revenue-St	1,026,783
190191	Customer Deposits-Fed	8,756,778
190192	Customer Deposits-State	1,822,728
190191 & 190192	IPP Advances	(5,104,723)
190205	Accrued Seri Refund - Fed	(14,584,889)
190206	Accrued Seri Refund - State	(2,898,788)
190241	Deferred Fuel/Gas-Fed	(699,963)
190242	Deferred Fuel/Gas-St	(154,921)
190261	Obsolete Inventory - Fed	(420)
190262	Obsolete Inventory - State	1,049
190311	Decommissioning-Fed	10,109,271
190312	Decommissioning-State	1,960,733
190213	Minimum Pension Liab - Fed	100,825,382
190214	Minimum Pension Liab - State	20,026,432
190341	Accrued Dues & Contrib-Fed	(88,917)
190342	Accrued Dues & Contr-St	(17,661)
190391	Contract Def Revenue-Fed	12,249
190392	Contract Def Revenue-State	2,463
190451	Incentive-Fed	6,873,886
190452	Incentive-State	1,373,728
190455	Teamshr Over/Under Accrual-Fed	(5,417,964)
190456	Teamshr Over/Undr Accrual-Stat	(1,075,801)
190461	Sale-Coal Handling Equip-Fed	(44,707)
190462	Sale-Coal Handling Equip-St	(9,382)
190463	Bldg S/L Tax Gain-Fed	63,028
190464	Bldg S/L Tax Gain-State	11,844
190465	Ano Bldg Sale-Fed	252,971
190466	Ano Bldg Sale-State	50,009
190513	Entergy Stck Invstmnt Plan-Fed	21,543
190514	Entergy Stock Invstmnt Plan-St	4,266
190517	Long-Term Incentive Comp-Feder	661,525
190518	Long-Term Incentive Comp-State	132,129
190519	Stock Options - Federal	(17,891)
190520	Stock Options - State	(3,336)
190521	Tax Gain-W Markham S/C-Fed	(11)
190522	Tax Gain-W Markham S/C-State	(52)
190523	Stock Options Exercised-Fed	(1,616,708)
190524	Stock Options Excerised-St	(337,535)

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Entergy Arkansas, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190531	Deferred Director'S Fees-Fed	742,712
190532	Deferred Director'S Fees-St	147,507
190603	Rate Refund-Federal	(3,870)
190604	Rate Refund-State	9,675
190607	Transition Costs - Federal	(3,453)
190608	Transition Costs - State	8,626
190609	Sale Of Epa Allowances - Fed	200,307
190610	Sale Of Epa Allowances - St	40,546
190613	Severance Accrual - Federal	113,105
190614	Severance Accrual - State	25,691
190615	AP Accruals Federal	10,972,205
190616	AP Accruals - State	2,179,021
190701	Fas 109 Adjustment - Fed	(6,648,215)
190702	Fas 109 Adjustment - State	648,049
190881	Adit-Nol Carryforward-Fed	186,072,244
190883	Adit-Contribution Cf	1,563,563
190995	Acc Def In Tax-Fed-Ftc	2,400
Total Other		<u>322,124,204</u>
Total Account 190		<u><u>337,578,681</u></u>

Entergy Arkansas, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
282111	Liberalized Depreciation-Fed	(518,357,755)
282112	Liberalized Deprec - State	(85,427,576)
282117	Section 481A Adj Fed	(18,975,692)
282118	Section 481A Adj State	(3,738,315)
282139	Constr Fund Interest-Fed	878,994
282140	Constr Fund Interest-St	179,725
282141	Cost Of Money On Aecc - Fed	(803,124)
282142	Cost Of Money On Aecc - St	(149,254)
282167	Taxes & Pensions Cap.- Fed	(2,805,210)
282168	Taxes & Pensions Cap - State	(357,715)
282175	Afdc Book Only Gross - Fed	(25,572,038)
282176	Afdc Book Only Gross - State	(5,108,335)
282211	Nuclear Fuel - Federal	(6,358,690)
282212	Nuclear Fuel - State	(1,313,396)
282217	Coal Car - Fed	(18,131,432)
282218	Coal Car - State	(3,597,927)
282221	Fiber Optics-Fed	(842,681)
282222	Fiber Optics - State	(167,352)
282223	Repairs & Maint Exp - Federal	(17,537,516)
282224	Repairs & Maint Exp - State	(3,505,853)
282311	Int Inc Pol Control Bonds-Fed	753,445
282312	Int Inc Pol Control Bonds-St	149,630
282341	Interest - Deferred Pay - Fed	(477,412)
282342	Interest - Deferred Pay - St	(88,782)
282351	Tax Int (Avoided Cost)-Fed	22,675,037
282352	Tax Int (Avoided Cost) - St	4,689,548
282371	Cont In Aid Of Constr - Fed	14,337,591
282372	Cont In Aid Of Constr - State	2,971,963
282381	Construction Power - Fed	(34,102)
282382	Construction Power - State	(6,306)
282391	Ises Book Deprec Cap - Fed	(364,327)
282392	Ises Book Deprec Cap - State	(65,426)
282461	Computer Software Cap - Fed	(23,920,765)
282462	Computer Software Cap - State	(4,803,336)
282465	Ises Synchronization Adj - Fed	(870,549)
282466	Ises Synchronization Adj - St	(162,232)
282481	Full Norm Of Prod Plant - Fed	(3,662,016)
282482	Full Norm Of Prod Plant - St	(764,687)
Total Ratemaking Balance		<u>(701,333,868)</u> ✓
282281	Sfi Coal Program - Fed	(93,053)
282421	Gg1-Arrc-Cur Recvry Def-Fed	111,451,581
282422	Gg1-Arrc-Cur Recvry Def - St	20,814,303
282423	Gg1-Arrc-Inventory Def - Fed	(111,464,224)
282424	Gg1-Arrc-Inventory Def - St	(20,778,236)
Total Other		<u>(69,629)</u>
Total Account 282		<u><u>(701,403,496)</u></u>

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ENTERGY ARKANSAS, INC.
ROUGH PRODUCTION COST EQUALIZATION
ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3%
FOR YEAR ENDED DECEMBER 31, 2006

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE
2552	ACCUM DEFERRED ITC 3%	2

Entergy Gulf States, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190173	Interest Capitalized-Federal	(3,375)
190174	Interest Capitalized - State	(352)
190181	Contrib In Aid Of Constr-Fed	18,443,582
190182	Contrib In Aid Of Constr-St	2,861,366
190191 & 190192	IPP Advances	8,731,781
190253	Removal Costs - Fed	15,863,430
190887	FED ADIT on State Tax Accrual	(12,890,207)
Total Ratemaking Balance		<u>33,006,225</u> ✓
190111	Intrst/Tax-Tax Deficienci-Fed	(89,522)
190112	Intrst/Tax-Tax Deficienci-St	(9,552)
190151	Taxable Unbilled Revenue-Fed	21,136,116
190152	Taxable Unbilled Revenue-St	3,278,662
190161	Property Ins Reserve-Fed	(110,585,734)
190162	Property Ins Reserve-State	(17,156,429)
190171	Inj & Damages Reserve-Fed	1,132,818
190172	Inj & Damages Reserve-State	175,222
190191	Customer Deposits-Fed	31,278,368
190192	Customer Deposits-State	3,479,899
190191 & 190192	IPP Advances	(8,731,781)
190211	Unfunded Pension Exp-Fed	(7,665,108)
190213	Minimum Pension Liab - Fed	53,372,067
190214	Minimum Pension Liab - State	8,755,599
190221	Fas 106 Other Retire Ben-Fed	18,896,266
190222	Fas 106 Other Retire Ben-State	2,929,795
190241	Deferred Fuel/Gas-Fed	(35,900,190)
190242	Deferred Fuel/Gas-St	(5,521,667)
190311	Decommissioning-Fed	(3,858,029)
190312	Decommissioning-State	58,955
190317	Fas 143 - Federal	9,286,505
190318	Fas 143 - State	1,542,809
190331	Accrued Medical Claims-Fed	1,339,472
190332	Accrued Medical Claims-State	207,808
190341	Accrued Dues & Contrib-Fed	(2,582)
190342	Accrued Dues & Contr-St	(405)
190351	Uncollect Accts Reserve-Fed	375,461
190352	Uncollect Accts Reserve-St	71,668
190391	Contract Def Revenue-Fed	244,892
190392	Contract Def Revenue-State	37,995
190397	Def. Misc. Services - Fed	49,610
190398	Def. Misc. Services - State	7,697
190443	Waste Site Clean Up Costs Fed	225,511
190444	Waste Site Clean Up Cost State	78,487
190451	Incentive-Fed	439,375
190452	Incentive-State	68,169
190455	Teamshr Over/Under Accrual-Fed	169,343
190456	Teamshr Over/Undr Accrual-Stat	26,271
190467	Gain-Nelson 1&2 Sale - Fed	(539,913)

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Entergy Gulf States, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190468	Gain On Sale Nelson-State	(182,972)
190513	Entergy Stck Invstmnt Plan-Fed	18,952
190514	Entergy Stock Invstmnt Plan-St	2,942
190517	Long-Term Incentive Comp-Feder	979,149
190518	Long-Term Incentive Comp-State	151,912
190519	Stock Options - Federal	(89,409)
190520	Stock Options - State	(9,541)
190523	Stock Options Exercised-Fed	(1,876,639)
190524	Stock Options Excerised-St	(200,230)
190531	Deferred Director'S Fees-Fed	(270,806)
190532	Deferred Director'S Fees-St	(42,021)
190561	Def Compensation - Fed	6,596,857
190571	Def Pymt Trust-Fed	603,969
190603	Rate Refund-Federal	(6,955,508)
190604	Rate Refund-State	(1,079,103)
190607	Transition Costs - Federal	27,684,276
190608	Transition Costs - State	4,295,016
190609	Sale Of Epa Allowances - Fed	1
190613	Severance Accrual - Federal	(1,597,989)
190614	Severance Accrual - State	(247,916)
190621	O&M Recapture-Fed	(100,465)
190622	O&M Recapture-State	(220)
190631	Outage Accrual-Fed	(933,515)
190632	Outage Accrual-State	(134,399)
190653	Retroact. Rate Red Cont - Fed	107,378,450
190654	Retroact. Rate Red Cont - St	15,175,738
190655	W/O-Plant Held Fut Use - Fed	7,664,930
190656	W/O-Plant Held Fut Use - St	817,835
190701	Fas 109 Adjustment - Fed	53,209,665
190702	Fas 109 Adjustment - State	7,640,784
190731	Adit Wholesale Fed	4,207,049
190732	Adit Wholesale Stat	258,620
190881	Adit-Nol Carryforward-Fed	288,961,538
190883	Adit-Contribution Cf	1,034,859
190995	Acc Def In Tax-Fed-Ftc	141,142
Total Other		<u>481,706,880</u>
Total Account 190		<u><u>514,713,104</u></u>

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**Entergy Gulf States, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
281121	Start Up Costs-Fed	(45,099)
281122	Start Up Costs-State	(6,299)
281123	Start Up Costs-Fed-Retail	(1,976,920)
281124	Start Up Costs-State-Retail	(307,664)
281731	Start Up Costs-Wholesale - Fed	(87,657)
281732	Start Up Costs-Wholesale-State	(3,297)
Total Ratemaking Balance		<u><u>(2,426,936)</u></u> ✓
Total Other		<u><u>0</u></u>
Total Account 281		<u><u>(2,426,936)</u></u>

Entergy Gulf States, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
282111	Liberalized Depreciation-Fed	(458,846,154)
282116	Liberalized Deprec-State-Whlse	(2,347,734)
282117	Section 481A Adj Fed	(17,296,270)
282171	Interest Cap - Afdc - Fed	(25,894,339)
282172	Interest Cap - Afdc - State	(4,017,319)
282183	Nonbase - Federal - Retail	(6,089,785)
282185	Nonbase - Federal - Whlse	(2,051,113)
282203	Nuclear PInt Deprec-Fed-Retail	(334,511,968)
282205	Nuclear PInt Deprec-Fed-Whsale	(22,194,642)
282206	Nuclear Plant Deprec-St-Whsale	(3,156,658)
282211	Nuclear Fuel - Federal	(10,520,603)
282212	Nuclear Fuel - State	(1,633,537)
282221	Fiber Optics-Fed	(512,784)
282222	Fiber Optics - State	(61,898)
282223	Repairs & Maint Exp - Federal	(28,050,596)
282224	Repairs & Maint Exp - State	(4,351,860)
282311	Int Inc Pol Control Bonds-Fed	1,171,800
282312	Int Inc Pol Control Bonds-St	181,796
282351	Tax Int (Avoided Cost)-Fed	20,531,959
282352	Tax Int (Avoided Cost) - St	3,185,401
282461	Computer Software Cap - Fed	(41,467,406)
282462	Computer Software Cap - State	(6,424,521)
282515	Spec Assigned-Fed Ws	(1,643,561)
282523	Big Cajun-Fed	(2,031,237)
282535	Adl Straight Line-Fed Ws	(1,223,118)
282543	Reg Asset-Spec Assign-Fed	9,695,584
282731	Adit - Wholesale - Fed	(2,841,245)
282732	Adit - Wholesale - St	(312,688)
Total Ratemaking Balance		<u>(942,714,496)</u> ✓
282701	Fas 109 Adjustment - Fed	624,585
282702	Fas 109 Adjustment - State	(138,277)
282703	Fas 109 Adj - Fed - Retail	(358,093,597)
282704	Fas 109 Adj - State - Retail	(134,868,264)
282705	Fas 109 Adj - Fed - Whlse	1,085,664
282706	Fas 109 Adj - State - Whlse	1,515,171
282713	Fas 109 Adj -Fed-Retail-Abeyed	(48,756,180)
282723	Fas 109 Adj -Fed-Retail-Disall	(52,334,790)
282733	Fas 109 Adj -State-Retail-Unre	(28,888,594)
Total Other		<u>(619,854,282)</u>
Total Account 282		<u>(1,562,568,778)</u>

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ENTERGY GULF STATES, INC.
ELECTRIC ONLY
ROUGH PRODUCTION COST EQUALIZATION
ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3%
FOR YEAR ENDED DECEMBER 31, 2006

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE
2552	ACCUM DEFERRED ITC 3%	(475)

Entergy Louisiana, LLC
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190181	Contrib In Aid Of Constr-Fed	4,641,261
190182	Contrib In Aid Of Constr-St	756,956
190191 & 190192	IPP Advances	4,871,374
190251	Removal Cost - Fed	41,694,481
190252	Removal Cost - State	6,789,063
190887	FED ADIT on State Tax Accrual	1,289,596
Ratemaking Balance		<u>60,042,731</u> ✓
190111	Intrst/Tax-Tax Defienci-Fed	751,809
190112	Intrst/Tax-Tax Defienci-St	121,406
190161	Property Ins Reserve-Fed	(66,825,907)
190162	Property Ins Reserve-State	(10,791,358)
190171	Inj & Damages Reserve-Fed	4,063,144
190172	Inj & Damages Reserve-State	656,142
190191	Customer Deposits-Fed	14,467,497
190192	Customer Deposits-State	2,336,287
190191 & 190192	IPP Advances	(4,871,374)
190205	Accrued Seri Refund - Fed	(8,157,562)
190206	Accrued Seri Refund - State	(1,317,324)
190211	Unfunded Pension Exp-Fed	(21,449,190)
190212	Unfunded Pension Exp-State	(3,463,732)
190213	Minimum Pension Liab - Fed	54,018,071
190214	Minimum Pension Liab - State	8,723,111
190215	Supplemental Pension Plan-Fed	20,925
190216	Supplemental Pension Plan-St	3,360
190221	Fas 106 Other Retire Ben-Fed	28,805,578
190222	Fas 106 Other Retire Ben-State	4,651,672
190241	Deferred Fuel/Gas-Fed	1
190261	Obsolete Inventory - Fed	42,636
190262	Obsolete Inventory - State	6,885
190307	Sale/Leaseback-Fed	66,315,283
190308	Sale/Leaseback-State	22,330,776
190311	Decommissioning-Fed	2,336,700
190312	Decommissioning-State	496,118
190331	Accrued Medical Claims-Fed	2,072,197
190332	Accrued Medical Claims-State	334,628
190341	Accrued Dues & Contrib-Fed	5
190342	Accrued Dues & Contr-St	6
190351	Uncollect Accts Reserve-Fed	699,538
190352	Uncollect Accts Reserve-St	112,967
190361	Nsep Expenses-Fed	(52)
190362	Nsep Expenses-State	(10)
190381	La Energy Serv. - Fed	261,590
190382	La Energy Serv. - State	42,243
190391	Contract Def Revenue-Fed	113,866
190392	Contract Def Revenue-State	18,385
190397	Def. Misc. Services - Fed	(4)
190398	Def. Misc. Services - State	2
190421	Environmental Reserve-Fed	1,345,619

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**Entergy Louisiana, LLC
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
190422	Environmental Reserve-State	217,297
190451	Incentive-Fed	(1,292,671)
190452	Incentive-State	(208,748)
190455	Teamshr Over/Under Accrual-Fed	1,511,786
190456	Teamshr Over/Undr Accrual-Stat	244,128
190517	Long-Term Incentive Comp-Feder	781,233
190518	Long-Term Incentive Comp-State	126,167
190519	Stock Options - Federal	38,936
190520	Stock Options - State	6,289
190523	Stock Options Exercised-Fed	(488,295)
190524	Stock Options Excerised-St	(78,845)
190531	Deferred Director'S Fees-Fed	(99,965)
190532	Deferred Director'S Fees-St	(16,147)
190603	Rate Refund-Federal	3,248,861
190604	Rate Refund-State	524,646
190613	Severance Accrual - Federal	(1,281,888)
190614	Severance Accrual - State	(207,007)
190701	Fas 109 Adjustment - Fed	31,951,130
190702	Fas 109 Adjustment - State	(6,436,219)
190882	Adit-Nol C/F - State	98,301,768
190995	Acc Def In Tax-Fed-Ftc	145,415
Total Other		<u>225,259,805</u>
Total Account 190		<u><u>285,302,537</u></u>

**Entergy Louisiana, LLC
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
282111	Liberalized Depreciation-Fed	(475,120,324)
282117	Section 481A Adj Fed	(13,922,198)
282121	W3 Nuclear Plant Deprec - Fed	(356,901,083)
282151	Pensions Capitalized - Fed	(1,602,874)
282152	Pensions Capitalized - State	(191,213)
282161	Taxes Capitalized - Fed	(2,878,951)
282162	Taxes Capitalized - State	(344,139)
282171	Interest Cap - Afdc - Fed	(15,345,797)
282172	Interest Cap - Afdc - State	(2,478,132)
282191	Wf3 Nuclear Fuel Deprec - Fed	(9,421,015)
282223	Repairs & Maint Exp - Federal	(24,325,786)
282224	Repairs & Maint Exp - State	(3,928,243)
282311	Int Inc Pol Control Bonds-Fed	980,979
282312	Int Inc Pol Control Bonds-St	158,413
282351	Tax Int (Avoided Cost)-Fed	15,353,407
282352	Tax Int (Avoided Cost) - St	2,457,347
282461	Computer Software Cap - Fed	(17,582,488)
282462	Computer Software Cap - State	(2,839,322)
Total Ratemaking Balance		<u>(907,931,419)</u> ✓
Total Other		<u>0</u>
Total Account 282		<u><u>(907,931,419)</u></u>

ENTERGY LOUISIANA, LLC
ROUGH PRODUCTION COST EQUALIZATION
ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3%
FOR YEAR ENDED DECEMBER 31, 2006

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE
2552	ACCUM DEFERRED ITC 3%	0

Entergy Mississippi, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190181	Contrib In Aid Of Constr-Fed	9,619,925
190182	Contrib In Aid Of Constr-St	1,481,629
190191 & 190192	IPP Advances	8,183,458
190251	Removal Cost - Fed	(4,085,573)
190252	Removal Cost - State	(614,742)
190887	FED ADIT on State Tax Accrual	(5,026,587)
Total Ratemaking Balance		<u>9,558,111</u>
190131	Ggi-Arrc-Over/Under Rcv-Fed	2
190132	Ggi-Arrc-Over/Under Rcv-St	1
190151	Taxable Unbilled Revenue-Fed	3,661,586
190152	Taxable Unbilled Revenue-St	550,615
190161	Property Ins Reserve-Fed	(14,484,035)
190162	Property Ins Reserve-State	(2,178,065)
190171	Inj & Damages Reserve-Fed	1,632,514
190172	Inj & Damages Reserve-State	245,505
190191	Customer Deposits-Fed	13,060,116
190192	Customer Deposits-State	1,963,930
190191 & 190192	IPP Advances	(8,183,458)
190205	Accrued Seri Refund - Fed	(17,015,873)
190206	Accrued Seri Refund - State	(2,558,777)
190211	Unfunded Pension Exp-Fed	(5,391,534)
190212	Unfunded Pension Exp-State	(810,763)
190213	Minimum Pension Liab - Fed	32,660,985
190214	Minimum Pension Liab - State	4,911,426
190215	Supplemental Pension Plan-Fed	209,163
190216	Supplemental Pension Plan-St	31,454
190221	Fas 106 Other Retire Ben-Fed	(13,873)
190222	Fas 106 Other Retire Ben-State	(2,083)
190241	Deferred Fuel/Gas-Fed	(21,716,955)
190242	Deferred Fuel/Gas-St	(3,265,710)
190281	Standard Coal Plant-Fed	133,430
190282	Standard Coal Plant-State	20,065
190331	Accrued Medical Claims-Fed	1,018,720
190332	Accrued Medical Claims-State	153,193
190341	Accrued Dues & Contrib-Fed	(32,799)
190342	Accrued Dues & Contr-St	(4,933)
190351	Uncollect Accts Reserve-Fed	204,874
190352	Uncollect Accts Reserve-St	30,808
190391	Contract Def Revenue-Fed	119,066
190392	Contract Def Revenue-State	17,904
190421	Environmental Reserve-Fed	219,100
190422	Environmental Reserve-State	32,941
190451	Incentive-Fed	342,672
190452	Incentive-State	51,529
190455	Teamshr Over/Under Accrual-Fed	(89,359)
190456	Teamshr Over/Undr Accrual-Stat	(13,438)
190511	Equity Own 2-Fed	366,530
190512	Equity Own 2-State	55,118

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Entergy Mississippi, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190513	Entergy Stck Invstmnt Plan-Fed	(13,208)
190514	Entergy Stock Invstmnt Plan-St	(1,989)
190517	Long-Term Incentive Comp-Feder	409,351
190518	Long-Term Incentive Comp-State	61,555
190519	Stock Options - Federal	54,686
190520	Stock Options - State	8,228
190523	Stock Options Exercised-Fed	(1,480,343)
190524	Stock Options Excerised-St	(222,612)
190531	Deferred Director'S Fees-Fed	25,970
190532	Deferred Director'S Fees-St	3,901
190541	Taxable Relocations-Fed	57,549
190542	Taxable Relocations-State	8,653
190561	Def Compensation - Fed	21,876
190603	Rate Refund-Federal	19,933
190604	Rate Refund-State	2,996
190609	Sale Of Epa Allowances - Fed	33,034
190610	Sale Of Epa Allowances - St	4,970
190613	Severance Accrual - Federal	9,570
190614	Severance Accrual - State	1,441
190701	Fas 109 Adjustment - Fed	13,663,370
190702	Fas 109 Adjustment - State	1,304,411
190881	Adit-Nol Carryforward-Fed	20,439,831
190883	Adit-Contribution Cf	666,318
190995	Acc Def In Tax-Fed-Ftc	11,807
Total Other		<u>21,022,891</u>
Total Account 190		<u><u>30,581,001</u></u>

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**Entergy Mississippi, Inc.
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
282111	Liberalized Depreciation-Fed	(275,601,132)
282112	Liberalized Deprec - State	(33,299,211)
282117	Section 481A Adj Fed	(5,373,011)
282118	Section 481A Adj State	(807,974)
282125	Excess Deprec Reserve - Fed	360
282161	Taxes Capitalized - Fed	(560,100)
282162	Taxes Capitalized - State	(56,891)
282171	Interest Cap - Afdc - Fed	(9,120,457)
282172	Interest Cap - Afdc - State	(1,371,504)
282223	Repairs & Maint Exp - Federal	(9,965,819)
282224	Repairs & Maint Exp - State	(1,498,619)
282351	Tax Int (Avoided Cost)-Fed	11,446,818
282352	Tax Int (Avoided Cost) - St	1,741,074
282461	Computer Software Cap - Fed	(13,468,059)
282462	Computer Software Cap - State	(2,025,273)
Total Ratemaking Balance		<u>(339,959,798)</u> ✓
282281	Sfi Coal Program - Fed	(134,768)
Total Other		<u>(134,768)</u>
Total Account 282		<u><u>(340,094,566)</u></u>

ENTERGY MISSISSIPPI, INC.
ROUGH PRODUCTION COST EQUALIZATION
ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3%
FOR YEAR ENDED DECEMBER 31, 2006

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	BALANCE
255	ACCUM DEF INV TAX CREDIT	0

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Entergy New Orleans, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006

Account	Account Description	DEC 2006
190181	Contrib In Aid Of Constr-Fed	30,492
190182	Contrib In Aid Of Constr-St	(29,637)
190251	Removal Cost - Fed	1,473,911
190252	Removal Cost - State	233,802
190887	FED ADIT on State Tax Accrual	(4,588,409)
Total Ratemaking Balance		<u>(2,879,841)</u> ✓
190161	Property Ins Reserve-Fed	(31,884,799)
190162	Property Ins Reserve-State	(5,148,925)
190171	Inj & Damages Reserve-Fed	1,806,770
190172	Inj & Damages Reserve-State	291,766
190191	Customer Deposits-Fed	145,705
190192	Customer Deposits-State	23,529
190205	Accrued Seri Refund - Fed	(5,021,016)
190206	Accrued Seri Refund - State	(810,818)
190211	Unfunded Pension Exp-Fed	3,079,968
190212	Unfunded Pension Exp-State	491,395
190213	Minimum Pension Liab - Fed	21,045,708
190214	Minimum Pension Liab - State	3,398,567
190215	Supplemental Pension Plan-Fed	284,973
190216	Supplemental Pension Plan-St	46,298
190221	Fas 106 Other Retire Ben-Fed	2,297,282
190222	Fas 106 Other Retire Ben-State	370,981
190331	Accrued Medical Claims-Fed	457,126
190332	Accrued Medical Claims-State	73,819
190341	Accrued Dues & Contrib-Fed	(54,001)
190342	Accrued Dues & Contr-St	(8,724)
190351	Uncollect Accts Reserve-Fed	2,678,671
190352	Uncollect Accts Reserve-St	432,565
190391	Contract Def Revenue-Fed	25,882
190392	Contract Def Revenue-State	4,179
190416	Lease - Rental Expense - St	7,104
190421	Environmental Reserve-Fed	35,719
190422	Environmental Reserve-State	5,789
190443	Waste Site Clean Up Costs Fed	619
190444	Waste Site Clean Up Cost State	100
190451	Incentive-Fed	257,666
190452	Incentive-State	41,611
190513	Entergy Stck Invstmnt Plan-Fed	4,853
190514	Entergy Stock Invstmnt Plan-St	788
190517	Long-Term Incentive Comp-Feder	274,872
190518	Long-Term Incentive Comp-State	44,388
190519	Stock Options - Federal	81,850
190520	Stock Options - State	13,215
190523	Stock Options Exercised-Fed	(605,314)
190524	Stock Options Excerised-St	(97,745)
190531	Deferred Director'S Fees-Fed	79,721
190532	Deferred Director'S Fees-St	12,869

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**Entergy New Orleans, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
190603	Rate Refund-Federal	3
190604	Rate Refund-State	(1)
190609	Sale Of Epa Allowances - Fed	1,053
190610	Sale Of Epa Allowances - St	169
190613	Severance Accrual - Federal	(156,020)
190614	Severance Accrual - State	(25,194)
190701	Fas 109 Adjustment - Fed	9,489,437
190702	Fas 109 Adjustment - State	835,323
190881	Adit-Nol Carryforward-Fed	32,582,644
190883	Adit-Contribution Cf	333,001
190995	Acc Def In Tax-Fed-Ftc	761,440
Total Other		<u>38,006,861</u>
Total Account 190		<u><u>35,127,020</u></u>

**Entergy New Orleans, Inc.
Electric Only
Accumulated Deferred Income Taxes
For Year Ended December 31, 2006**

Account	Account Description	DEC 2006
282111	Liberalized Depreciation-Fed	(75,493,345)
282112	Liberalized Deprec - State	(12,341,125)
282117	Section 481A Adj Fed	(1,504,031)
282118	Section 481A Adj State	(242,865)
282171	Interest Cap - Afdc - Fed	(3,824,257)
282172	Interest Cap - Afdc - State	(617,566)
282223	Repairs & Maint Exp - Federal	(1,424,492)
282224	Repairs & Maint Exp - State	(230,034)
282351	Tax Int (Avoided Cost)-Fed	1,572,255
282352	Tax Int (Avoided Cost) - St	254,709
282461	Computer Software Cap - Fed	(5,486,239)
282462	Computer Software Cap - State	(885,946)
Total Ratemaking Balance		<u><u>(100,222,936)</u></u> ✓
Total Other		<u><u>0</u></u>
Total Account 282		<u><u>(100,222,936)</u></u>

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-30)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

ORIGINAL

SKADDEN, ARPS, SLATE, MEAGHER & FLORENCE

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- TORONTO

August 13, 2004

Hon. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: *Offer of Settlement*
Entergy Services, Inc., Docket No. ER03-753-000

Dear Secretary Salas:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2003), Entergy Services, Inc., on behalf of the Entergy Operating Companies (together "Entergy"),¹ hereby submits this Offer of Settlement in full resolution of all matters at issue in this proceeding (the "Settlement Offer"). The terms of the Settlement Offer, along with the changes to Service Schedule MSS-4 of the Entergy System Agreement,² were negotiated and agreed to among Entergy, the other Settling Parties in this case,³ and FERC Trial Staff.

This proceeding relates to certain limited revisions to Service Schedule MSS-4 of the Entergy System Agreement, which revisions were filed on April 18,

¹ The Operating Companies are Entergy Arkansas, Inc. ("EAI"), Entergy Gulf States, Inc. ("EGS"), Entergy Louisiana, Inc. ("ELI"), Entergy Mississippi, Inc. ("EMI"), and Entergy New Orleans, Inc. ("ENO").

² The System Agreement is a FERC-approved rate schedule filed with and subject to the exclusive jurisdiction of this Commission. Attached to the Entergy System Agreement are seven Service Schedules that govern, among other things, the allocation of certain costs associated with the integrated operations of the Entergy System.

³ In addition to Entergy, the other Settling Parties are the Arkansas Public Service Commission, the Louisiana Public Service Commission, and the Council of the City of New Orleans.

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2003. On June 10, 2003, the Commission issued an order accepting and suspending the amendments to Service Schedule MSS-4, subject to hearing, and establishing hearing procedures. This proceeding was coordinated with, but not consolidated with, four related dockets involving the approval of eight Power Purchase Agreements ("PPAs") among affiliated Entergy companies.⁴ A hearing in these PPA dockets commenced on June 28, 2004. This Settlement Offer relates to and resolves the issues set for hearing in the above-referenced proceeding, Docket No. ER03-753-000.

On June 22, 2004, following a settlement conference held on June 21, 2004, the Settlement Judge assigned to this proceeding, Judge William J. Cowan, issued an order noting that the Settling Parties had reached an agreement in principle to resolve this proceeding. Judge Cowan recommended the continuation of the settlement judge procedures in order to allow the parties to complete the settlement documents, which documents are attached hereto. Accordingly, Entergy, on behalf of the Settling Parties, respectfully requests that this Settlement Offer, along with all attachments, be accepted for filing and forwarded to Presiding Judge Lawrence Brenner for certification to the Commission as a contested settlement.

Contents of Filing

Included with this transmittal letter are the following materials:

- **An Explanatory Statement provided pursuant to Rule 602(c)(ii).**
- **The Offer of Settlement regarding Service Schedule MSS-4.**
- **A clean version of the revised Service Schedule MSS-4.**
- **A black-lined version of MSS-4, showing the changes made since the version submitted on April 18, 2003.**
- **A Form of Notice suitable for publication in the *Federal Register* (in hard copy and on diskette in Microsoft Word format).**
- **A draft Commission letter order approving the Settlement (in hard copy and on diskette in Microsoft Word format).**

⁴ Docket Nos. ER03-583-000, ER03-681-000, ER03-682-000, and ER03-744-000. *et al.*

Hon. Magalie R. Salas
August 13, 2004
Page 3

Deadlines for Comments

Pursuant to 18 C.F.R. §§ 385.602(d) and 385.602(f), any comments on this Settlement Offer must be filed with the Secretary by September 2, 2004. Reply comments must be filed with the secretary by September 13, 2004.

A copy of this Settlement Offer is being served on all parties on the official service lists in Docket No. ER03-753-000 and Docket Nos. ER03-583-000, *et al.*

Respectfully submitted,

William S. Scherman / JAS

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Associate General Counsel
Entergy Services, Inc.
639 Loyola Avenue
New Orleans, LA 70113

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Entergy Services, Inc.

)

Docket No. ER03-753-000

**OFFER OF SETTLEMENT REGARDING
SERVICE SCHEDULE MSS-4**

The Settling Parties¹ in this proceeding and FERC Trial Staff either support or do not oppose the following Offer of Settlement ("Settlement Offer") concerning the MSS-4 issues. This Settlement Offer resolves all outstanding issues in Docket No. ER03-753-000 and the parties will waive cross-examination on MSS-4 issues.

Attached to this Settlement Offer is a revised clean and black-lined MSS-4 showing the changes from the MSS-4 filed on April 18, 2003 (hereinafter, the "Revised MSS-4").

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(1) As a starting point for this Settlement Offer, the Settling Parties and FERC Trial Staff agree to use the revised version of MSS-4 submitted as part of ESI's May 11, 2004 rebuttal testimony in the above docket, which document has been identified for hearing as Exhibit ETR-136. Additional changes have been made to this Exhibit ETR-136 as described below. The Settling Parties and FERC Trial Staff either support or do not oppose this version of MSS-4.

¹ The Settling Parties are Entergy Services, Inc., the Arkansas Public Service Commission, the Louisiana Public Service Commission, and the Council of the City of New Orleans.

(2) Section 40.01 has been revised to provide "the" basis rather than "a" basis unless the parties agree on a method that results in a lower rate. Section 40.01 now reads as follows: "The purpose of this Service Schedule is to provide the basis for making a unit power purchase between Companies and/or the sale of power purchased by another Company, unless an alternative basis is agreed to by the parties subject to the approval of the Commission and the regulatory agencies of the purchasing and selling Companies under otherwise applicable law and which provides a lower monthly capacity charge than the charge determined pursuant to Section 40.06 or Section 40.09 of this Service Schedule MSS-4."

(3) MSS-4 has been modified to compute the capacity charge on a monthly basis rather than on an annual basis. To this end, Section 40.02(c) has been deleted. In addition, the following sections have been modified to reflect this monthly computation:

- (a) Section 40.04 has been revised;
- (b) Section 40.05 has been revised;
- (c) Section 40.06 has been revised; and
- (d) Section 40.08 has been revised.

Moreover, Section 40.08 has been revised to state that bills for service under MSS-4 shall be issued within 45 days following the end of the service month and shall be payable within 10 days of receipt.

(4) In Section 40.04(c) and 40.04(g), the language "(consistent with the accounting relating to SFAS 143 approved by the retail regulator having jurisdiction

over the Designated Generating Unit, unless the FERC determines otherwise)" has been added.

(5) In Section 40.04(e), a comma has been added between "Distribution" and "General."

(6) In Section 40.04(h) and 40.04(i), the allocation is based on labor.

(7) In Section 40.05(a), a typographical error was corrected to refer to the range of FERC Accounts starting with account 500 not 501.

(8) Section 40.05(c) has been expanded to include applicable directly assigned decommissioning expense in the depreciation expense variable DGUDE.

(9) In Section 40.05(i), the allocation is based on labor.

(10) Section 40.06 has been revised to include the amortization of investment tax credit.

(11) The cost of capital components set forth in Section 40.06 were redefined to reflect values on a monthly basis.

(12) In Section 40.06, General Note (b) has been clarified to include an explanation of plant ratios consistent with a monthly computation.

(13) Section 40.09 has been clarified to define a Designated Power Purchase, to clarify that any party making such a purchase is entitled to receive, in each hour, the capability and the same proportion of energy, and to add a reference to Section 4.14 of the System Agreement. A purchase can be from affiliated or non-affiliated entities.

(14) This Settlement Offer is binding only for purposes of this proceeding. Nothing in this Settlement Offer shall constitute an admission by any party of the

correctness or applicability of any claim, defense, rule of interpretation of law, allegation of fact, principle or method of ratemaking or cost-of-service determination in any other proceeding. This Settlement Offer is made upon the explicit understanding that it constitutes a negotiated agreement with respect to the MSS-4 issues in this proceeding. The Settling Parties and FERC Trial Staff shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost-of-service determination, or design or rate schedule, or terms and conditions of services, or the application of any rule or interpretation of law that may underlie, or be thought to underlie this Settlement Offer. In any future negotiation or proceedings (other than any proceeding involving the honoring, enforcement, or construction of this Settlement Offer), the Settling Parties and FERC Trial Staff shall not be bound or prejudiced by this Settlement Offer.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-31)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

1800 M Street, N.W.
Washington, D.C. 20036-5869
202-467-7000
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OFFICE OF THE SECRETARY

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FEDERAL ENERGY
REGULATORY COMMISSION

Morgan, Lewis
& Bockius LLP
COUNSELORS AT LAW

January 18, 1996

Ms. Lois D. Cashell
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Offer of Partial Settlement - Entergy Services, Inc., Docket No. ER95-112-000

Dear Ms. Cashell:

Pursuant to Rule 602, Entergy Services, Inc. ("Entergy Services"), as agent for Arkansas Power & Light Company, Gulf States Utilities Company, Louisiana Power & Light Company, Mississippi Power and Light Company, and New Orleans Public Service Inc., hereby tenders for filing an original and fourteen copies of an Offer of Partial Settlement ("Settlement") that would resolve certain issues in Docket No. ER95-112-000.

The settlement package consists of: 1) the Offer of Partial Settlement; 2) an Explanatory Statement; 3) a Revised Appendix C to the Network Integration Service Transmission Tariff; 4) a Revised Appendix E to the Point-to-Point Transmission Service Tariff; 5) an outline of the specific issues resolved by the settlement; and 6) guidelines for the treatment of redispatch costs under the Network Integration Transmission Service Tariff.

Entergy Services requests that the Secretary transmit this Offer of Partial Settlement to presiding Administrative Law Judge Bruce L. Birchman, so that he may take initial and reply comments on the offer, and ultimately certify it to the Commission for acceptance.

The Settlement is expected to be executed by several of the active parties; others have indicated their intention to support the Settlement in comments. Entergy Services will file additional original signature pages when they are received from the parties. In accordance with Rule 602(d), Entergy Services hereby informs all participants that initial comments on the Settlement are due Wednesday, February 7, 1996 and reply comments are due Monday, February 19, 1996.

FERC DOCUMENTED

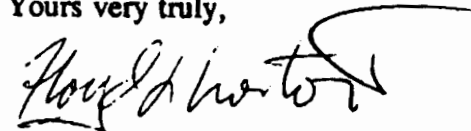
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Morgan, Lewis
& Bockius LLP

Ms. Lois D. Cashell
January 18, 1996
Page 2

Yours very truly,

A handwritten signature in cursive script, appearing to read "Floyd L. Norton IV", with a large, sweeping flourish extending from the end of the signature.

Floyd L. Norton IV

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Entergy Services, Inc.

)

Docket No. ER95-112-000

OFFER OF PARTIAL SETTLEMENT

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, Entergy Services, Inc. ("Entergy Services"), as agent for Arkansas Power & Light Company ("AP&L"), Gulf States Utilities Company ("GSU"), Louisiana Power & Light Company ("LP&L"), Mississippi Power & Light Company ("MP&L"), and New Orleans Public Service Inc. ("NOPSI") (collectively, "the Operating Companies"), together with the other signatories, hereby submits this Offer of Partial Settlement ("Settlement II") to resolve certain contested issues in this proceeding.

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ARTICLE I

A. REVISED TARIFF RATES, TERMS AND CONDITIONS

1. This Offer of Partial Settlement modifies the rates, and on a limited basis, certain terms and conditions for transmission services by the Operating Companies as set forth in the Network Integration Service Transmission Tariff ("Network Tariff") and the Point-to-Point Transmission Service Tariff ("Point-to-Point Tariff") (collectively the "Revised Tariffs") filed with the Presiding Administrative Law Judge in this proceeding on September 1, 1995 as an Offer of Partial Settlement ("Settlement I"). On October 17, 1995, the

Presiding Administrative Law Judge certified Settlement I to the Commission, and it is currently pending Commission approval.^{1/}

Settlement I was intended to resolve issues related to the terms and conditions of service and to identify remaining issues to be litigated. Those issues that were set to be litigated in the proceeding were as follows: (i) issues concerning rates and charges; (ii) market power issues; (iii) implementation issues; (iv) the appropriate definition of the "transmission system"; and (v) issues surrounding the availability of partial integration service.^{2/}

Settlement II reflects further settlement of rate issues, one implementation issue, partial settlement of a second implementation issue and the appropriate definition of "transmission system." The settled rate issues pertaining to the Network Tariff are reflected in the Revised Appendix C to the Network Tariff attached hereto as Attachment 1, and the settled rate issues pertaining to the Point-to-Point Tariff are reflected in the Revised Appendix E to the Point-to-Point Tariff attached hereto as Attachment 2, (collectively, "Revised Appendices"). A discussion of the specific issues resolved by Settlement II, and reflected in Appendices C and E in part, is attached hereto as Attachment 3. Attachment 4, relating to redispatch costs is also attached. The current procedural schedule reflects that the hearing scheduled to commence on January 31, 1996, is to address the remaining issues not resolved by Settlements I and II.

^{1/} Entergy Services, Inc. "Certification of Uncontested Offer of Partial Settlement." Docket Nos. ER95-112-005, et al. (October 17, 1995).

^{2/} The issues to be litigated were set forth by category in a Supplemental Joint Stipulation of Issues filed on November 21, 1995 ("Joint Stipulation").

Upon Commission approval of Settlement II, the revised rates, terms and conditions established hereunder, which are to be subject to refund pending final resolution of all other issues remaining in these proceedings, are to be given effective dates of January 1, 1995 for the Network Tariff and January 9, 1995 for the Point-to-Point Tariff.^{3/} Refunds, however, will not be made until the final resolution of issues in the case. On December 13, 1995, Entergy Services filed revised Network and Point-to-Point Transmission Service Tariffs in Docket No. ER96-586-000. The effect of that filing is simply to revise the terms and conditions of the Docket No. ER95-112 tariffs to make them consistent with the Commission's Pro Forma Tariffs.^{4/} That filing will not affect the rates set forth in Settlement II.^{2/}

2. The parties agree that the billing rates set out in Table 1 below, which reflect the application of the revised rate formulas set out in Attachments 1 and 2 to 1994 data, shall be used for applicable billing purposes under the NST and the TST, respectively, for services rendered on and after the first day of the month immediately following the date this

Settlement II is accepted by the Commission. The billing rates in Table 1 shall continue in

^{3/} January 1 and January 9 reflect the effective dates of Entergy Services' tariffs originally filed in this docket on October 31, 1994.

^{4/} Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Service By Public Utilities And Transmitting Utilities, Recovery Of Stranded Costs By Public Utilities And Transmitting Utilities, IV FERC Stats. & Regs. ¶ 32,514 (1995). Appendices B and C contain the Commission's Pro Forma Point to Point Transmission Service Tariff ("Pro Forma PPTT") and Pro Forma Network Integration Service Transmission Tariff ("Pro Forma NIST") (collectively "Pro Forma Tariffs").

^{2/} The inclusion of a rate for losses in Docket No. ER96-586-000, however, supplements the Settlement II rates which do not include a rate for losses. The rate for losses is not part of Settlement II.

effect until redetermined as described below. Annual redeterminations of the billing rates will be made on or about May 1 of each year based on data for the immediately prior calendar year in accordance with the provisions of Attachments 1 and 2 to this Offer of Partial Settlement. After final determination of the rates in this proceeding, the Company will submit determinations of the billing rates under the rate formulas ultimately approved by the Commission in this proceeding for all appropriate test years, including, but not limited to 1993, 1994 and 1995.

(See Table 1 below)

TABLE 1

NST

Bulk Transmission System Revenue Requirement	\$141,921,785.00/year
Local Transmission Service Rate	
AP&L	\$ 0.67/kW-month
GSU	\$ 1.17/kW-month
LP&L	\$ 0.41/kW-month
MP&L	\$ 0.83/kW-month
NOPSI	no potential customers

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TST

Long-term Firm Transmission Service Rate	\$ 1.06/kW-month
Short-term Firm Transmission Service Rate	
Monthly Firm Rate	\$ 1.08/kW-month
Weekly Firm Rate	\$ 0.249/kW-week
Daily Firm Rate	\$ 0.050/kW-day
Hourly Firm Rate	\$ 0.00312/kWh
Hourly On-Peak Non-firm Transmission Service Rate	\$ 0.00312/kWh
Hourly Off-Peak Non-firm Transmission Service Rate	\$ 0.00148/kWh

ARTICLE II.

A. RESERVATIONS

1. Upon approval by the Commission, this Settlement shall resolve in whole, or in part as indicated in Attachment 3, the following issues identified in the Joint Stipulation:

- a. Rate Issues: A.1, A.2, A.3, A.4, A.5, A.6, A.7, A.8, A.10, A.11, A.14, A.17, A.18, A.19, A.20, A.21, A.22, A.23, A.24, A.25, A.26, A.28 (portion), A.29, A.30, A.32, A.33, A.34, A.35, A.36, A.37, A.38.c&d, A.39, A.40, A.41, A.42, A.43, A.44, and A.45.
- b. Implementation Issues: C.1.b.(portion); C.1.c.

Issue C.1.b is partially settled with respect to Ralph R. Mabey, Chapter 11 Trustee for Cajun Electric Power Cooperative, Inc. ("Cajun") only, and the issue is fully resolved with respect to all other parties. Cajun's remaining issue concerns which transactions should qualify for reimbursement of redispatch costs.

- c. Definition of "Transmission System": D.1, D.2, D.3, and D.4.

The remaining issues under the Joint Stipulation will be litigated in this proceeding.^{6/} It is specifically understood and agreed that Settlement II represents a negotiated agreement for the sole purpose of the partial settlement of Docket No. ER95-112-000, and no signatory or participant, including Entergy Services, shall be deemed to have approved, accepted, agreed, or consented to any fact, concept, theory, principle, or method relating to jurisdiction,

^{6/} The following issues, which are no longer in the case, have already been struck by the Presiding Judge: original B.16, removed from issues list by Presiding Judge on October 25, 1995 (*see* Tr. 183-84); revised B.16, removed from issues list by Presiding Judge on November 29, 1995 (*see* Tr. 242); B.17, removed from issues list by Presiding Judge on October 25, 1995 (*see* Tr. 192); A.38.a, removed from issues list by stipulation of the parties on October 25, 1995 (*see* Tr. 198, 294, 317); B.1 through B.8, addressed by Presiding Judge on January 11, 1995 (*see* Tr. 404).

prudence, reasonableness, cost of service, cost classification, cost allocation, rate design, tariff provisions, or other matters underlying or purported to underlie any of the resolution of the issues provided for herein. The Commission's approval of Settlement II shall not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

2. It is also specifically understood and agreed that the provisions of Settlement II relate only to the matters specifically referred to herein and no party waives any claim or right which it may otherwise have to any matters not expressly provided for herein.

3. Notwithstanding the resolution of the issues as set forth in Settlement II, nothing herein shall be deemed to constitute a "settled practice" as that term was interpreted and applied in Public Service Commission of New York v. FERC,⁷¹ or be the basis for any decision with regard to the burden of proof in any litigation as to any such matter.

4. Settlement II is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (1995), and in conformity with Rule 602(e) (18 C.F.R. § 385.602(e)), unless and until Settlement II is approved by the Commission in its entirety without modification, Settlement II shall be privileged and shall not be admissible in evidence in this or in any other proceeding, provided, however, that all or any portion of the Revised Tariffs are admissible in evidence in this proceeding to facilitate the litigation of the issues reserved for hearing in this proceeding.

⁷¹ 642 F.2d 1335, 1346-51 (D.C. Cir. 1980), cert. denied, 454 U.S. 879 (1981).

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-32)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.

12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storerooms and store offices.
15. Brooms, brushes, sweeping compounds and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.
23. Transportation expense on inward movement of stores and on transfer between storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

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Note: A physical inventory of each class of materials and supplies shall be made at least every two years.

165 Prepayments.

This account shall include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and shall be kept or supported in such manner as to disclose the amount of each class of prepayment.

171 Interest and dividends receivable (Major only).

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

Note A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

Note B: Interest and dividends receivable from associated companies shall be included in account 146, Accounts receivable from associated companies.

172 Rents receivable (Major only).

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

Note: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222. Reacquired Bonds.

225 Unamortized premium on long-term debt.

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt—Credit. (See General Instruction 17.)

226 Unamortized discount on long-term debt—Debit.

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefor, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

Special Instructions for Current and Accrued Liabilities. Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof: except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due, and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

227 Obligations under capital lease—noncurrent.

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, account 120.6, Nuclear Fuel under Capital Leases, or account 121, Nonutility Property.

Special Instructions to Accounts 228.1 Through 228.4

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

228.1 Accumulated provision for property insurance.

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

228.2 Accumulated provision for injuries and damages.

enters into the determination of net income.

C. A utility shall record the change in the fair value of a derivative instrument liability related to a fair value hedge in this account, with a concurrent charge to a subaccount of the asset or liability that carries the item being hedged. The ineffective portion of the fair value hedge shall be charged to the same income or expense account that will be used when the hedged item enters into the determination of net income.

251 [Reserved]252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

253 Other deferred credits.

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the utility by the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: Such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, account 407.3, regulatory debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: All regulatory liabilities established through the use of account 407.3 shall be credited to account 407.4, regulatory credits, and in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.

D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

255 Accumulated deferred investment tax credits.

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of electric utility property to which the tax credits relate or such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers, the proportionate restorations to income shall be credited to account 420.

C. Subdivisions of this account by department shall be maintained for deferred investment tax credits that are related to nonelectric utility or other operations. Contra entries affecting such account

authorized the amount in the latter account to be amortized by charges to electric operations.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited, when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited, when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

special instructions, accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

Note 1: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note 2: Taxes specifically applicable to construction shall be included in the cost of construction.

Note 3: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

Note 4: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant account.

Note 5: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

9. Payment of court costs, witness fees and other expenses of legal department.

10. Postage, printing and stationery.

11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See electric plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

Items

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.

2. Supervision fees and expenses paid under contracts for general management services.

Note: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

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924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

Items

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.

2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance, for similar protection.

3. Special costs incurred in procuring insurance.

4. Insurance inspection service.

5. Insurance counsel, brokerage fees, and expenses.

Note A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

Note B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed (store expenses in the case of Nonmajor utilities), or appropriate materials account.

(2) For Major Utilities, transportation and other general equipment to appropriate clearing accounts that may be maintained. For Nonmajor utilities, transportation and garage equipment, to account 933, Transportation Expenses.

(3) Electric plant leased to others, to account 413, Expenses of Electric Plant Leased to Others.

(4) Nonutility property, to the appropriate nonutility income account.

(5) Merchandise and jobbing property, to Account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

Note C (Major only): The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in property insurance work may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. For Major utilities, it shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

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B. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

Items

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages, for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-33)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

(Cite as: 119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.))

C

119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.)

FEDERAL ENERGY REGULATORY
COMMISSION

*1 Commission Opinions, Orders and Notices

Before Commissioners: Joseph T. Kelliher,
Chairman; Suedeen G. Kelly, Marc Spitzer, Philip
D. Moeller, and Jon Wellingshoff.

Entergy Services, Inc.

ER07-684-000

ORDER REJECTING PROPOSED SYSTEM
AGREEMENT AMENDMENT

(Issued May 25, 2007)

1. On March 30, 2007, Entergy Services, Inc. (Entergy), on behalf of the Entergy Operating Companies, submitted an amendment to the Entergy System Agreement (System Agreement). As discussed below, the Commission finds that the proposal is unjust and unreasonable and therefore rejects the proposed amendment.

I. Background

2. On June 14, 2001, the Louisiana Public Service Commission (Louisiana Commission) filed a complaint pursuant to section 206 of the Federal Power Act (FPA). [FN2] The Louisiana Commission alleged that the System Agreement, a rate schedule that includes various service schedules governing, among other things, the allocation of certain costs associated with the integrated operations of the Entergy system, no

longer operated to produce rough production cost equalization.

3. In Opinion No. 480, [FN3] the Commission found that rough production cost equalization had been disrupted on the Entergy system. Opinion Nos. 480 and 480-A approved a numerical bandwidth of 11 percent of the Entergy system average production costs in order to maintain rough equalization of production costs among the Entergy Operating Companies and required annual filings beginning in June 2007. [FN4] The Commission stated that the bandwidth would be implemented prospectively and would be effective for calendar year 2006, and clarified in Opinion No. 480-A that any equalization payments would be made in 2007 after a full calendar year of data became available. [FN5]

4. On April 10, 2006, Entergy submitted a compliance filing to implement the directives of Opinion Nos. 480 and 480-A. The compliance filing included proposed revisions to Service Schedule MSS-3 [FN6] that had not been ordered by the Commission in Opinion Nos. 480 and 480-A. In its order accepting the compliance filing, [FN7] the Commission rejected these non-compliant amendments and denied, as beyond the scope of the compliance filing, Entergy's request to make adjustments to the methodology reflected in Exhibits ETR-26 and ETR-28. The Commission explained that Entergy must comply with the requirements of Opinion Nos. 480 and 480-A, including the requirement to follow the methodology set forth in Exhibits ETR-26 and ETR-28. The Commission also stated that Entergy should make a section 205 filing if it desired to make any changes to the methodology in Exhibits ETR-26 and ETR-28.

II. Entergy's Filing

*2 5. Entergy proposes to amend section 30.12 of Service Schedule MSS-3, which provides the formula for determining each Operating Company's

(Cite as: 119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.))

actual production costs. [FN8] Entergy states that Exhibits ETR-26 and ETR-28 reflect the results of gas hedging by some Operating Companies in specific jurisdictions, which have historically been recorded in FERC Account 501, Fuel. Entergy notes that consistent with Exhibits ETR-26 and ETR-28, the formula for determining fuel expenses found in section 30.12 includes Account 501. However, Entergy states that last year it began recording hedging results in Account 557, Other Expenses. Thus, Entergy now proposes to amend the definition of Production O&M Fuel Expenses recorded in FERC Accounts 501, 518, and 547 to include the term "and Net Hedging Costs as recorded in Account 557" so that the section 30.12 formula continues to capture the hedging results.

6. Entergy requests that the proposed revisions be allowed to go into effect without suspension or hearing and that any waivers be granted to allow the revisions to take effect no later than 60 days after the filing date. Entergy requests an effective date of May 29, 2007.

III. Notice of Filing and Responsive Pleadings

7. Notice of Entergy's filing was published in the *Federal Register*, 72 Fed. Reg. 17,548 (2007), with comments, protests or interventions due on or before April 20, 2007. The Arkansas Public Service Commission (Arkansas Commission), the Mississippi Public Service Commission (Mississippi Commission), the Louisiana Commission, and the City Council of the City of New Orleans (New Orleans) filed notices of intervention.

8. On April 9, 2007, the Arkansas Commission, the Mississippi Commission, the New Orleans, and the Louisiana Commission filed a joint request for extension of time to file protests and comments. On April 10, 2007, the Commission granted an extension of time to file protests and comments until April 27, 2007. Louisiana Energy Users Group, Occidental Chemical Corporation, and Calpine Corporation filed timely motions to intervene. The Louisiana Commission and the Arkansas Commission filed protests and comments. The Arkansas Electric Energy Consumers (AEEC) filed a timely motion to intervene and protest. On

May 14, 2007, Entergy submitted an answer to the protests.

9. The Louisiana Commission argues that Entergy changed its substantive methodology for calculating production costs without the Commission's prior approval. Specifically, it asserts that Entergy changed its accounting for 2006 fuel hedging gains and losses so as to remove these costs from FERC Account 501 and from the methodology used in Exhibits ETR-26 and ETR-28. It contends that Entergy is attempting to put fuel hedging costs "in play" and subject to potential refunds under section 205 when the costs should be subject to equalization. Such a change of accounting constitutes a substantial modification in Entergy's methodology for comparing the Operating Companies' production costs, which the Louisiana Commission argues is in violation of Opinion No. 480, the *Compliance Order*, and the Commission's accounting regulations. Therefore, it contends that while the Commission should preserve the inclusion of natural gas hedging costs in the formula, the Commission should also direct Entergy not to change its accounting for the hedging costs.

*3 10. The Louisiana Commission argues that Entergy's filing should be treated not as a section 205 filing, but rather as an amended compliance filing. It further argues that the Commission should ensure that Entergy's tariff conforms with the *Compliance Order* and its accounting conforms with the Commission's regulations.

11. The Louisiana Commission asserts that Entergy's unilateral change of accounting removes more than \$100 million in fuel hedging losses from an account included in the production cost formula approved by the Commission, *i.e.* Account 501. According to the Louisiana Commission, Entergy began experiencing significant losses in its natural gas hedging program in 2006 that would affect the System Agreement bandwidth remedy payments. In response, Entergy decided in September 2006 to change its accounting to move hedging losses from Account 501 to Account 557. [FN9] Further, the Louisiana Commission states that the unilateral change violates the Commission's directive that Entergy not make changes to the methodology in Exhibits ETR-26 and ETR-28. [FN10] It also contends that Entergy's failure to seek accounting

(Cite as: 119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.))

guidance from the Commission violates the Commission's regulations. [FN11]

12. Additionally, the Louisiana Commission argues that Entergy is wrongly transferring the fuel hedging costs. It states that for hedges, the ineffective portion (losses) of the hedge should be reflected in the same income or expense account that will be used when the hedged item enters into the determination of net income. [FN12] Because the hedged item is natural gas and all natural gas costs are accounted for in Account 501, the Louisiana Commission argues that the only way to reflect the ineffective portion of a cash flow hedge is to include the gains and losses from the hedging in the same account.

13. The Louisiana Commission also argues that the application of the accounting change to the 2006 remedy period is an impermissible retroactive ratemaking. It states that Entergy's internal decision to change the accounting was not made until September 2006, at which time most of the gas hedging losses for the year had already been incurred by Entergy.

14. AEEC states that it cannot determine whether Entergy's filing is just and reasonable because Entergy failed to provide sufficient information. AEEC argues that the Commission should allow parties to conduct appropriate discovery and should order a hearing. AEEC also requests that the proceedings in this and several other dockets [FN13] related to the System Agreement be consolidated for efficiency.

15. The Arkansas Commission states that it supports, in principle, Entergy's proposal to amend the definition in section 30.12 because this modification would be consistent with Exhibits ETR-26 and ETR-28. However, the Arkansas Commission proposes one modification to the amendment. It contends that the hedging losses amount to approximately \$140 million, but that none of those hedging losses are on Entergy Arkansas' books because it does not have a hedging program. Thus, the Arkansas Commission argues that Entergy Arkansas should not suffer the consequences of the recent hedging losses without benefiting from the earlier hedging gains. It proposes that the hedging gains or losses utilized

for bandwidth purposes be a five-year average of the gains and losses recorded in Account 557.

IV. Discussion

A. Procedural Matters

*4 16. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

17. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2) (2006), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept Entergy's answer and will, therefore, reject it.

B. Commission Determination

18. The Commission's accounting rules for hedging are addressed in General Instruction No. 24, Accounting for Derivative Instruments and Hedging Activities. General Instruction No. 24 states that gains and losses, or ineffective portion, from hedge transactions "be reflected in the same income or expense account that is used when the hedged item enters into the determination of net income." In this case, the hedged item is natural gas which is reflected in Account 501, therefore the gains or losses on gas hedges are to be charged or credited to Account 501, as appropriate. The purpose of providing hedges is to manage the price volatility associated with natural gas burned at power stations. Accordingly, we will reject Entergy's proposed amendment to its System Agreement.

19. Additionally, we will require Entergy to revise its procedures to ensure that Account 501 is used to record gains and losses on gas hedges that are used to manage the price volatility associated with natural gas burned at power stations. In addition, we will require the Entergy Operating Companies to resubmit their 2006 FERC Form No.

(Cite as: 119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.))

1, within 30 days from the date of this order, to properly report the balance for Account 501 and Account 557. Because we are requiring Entergy to use Account 501 to record gas hedging results rather than Account 557, we reject the Arkansas Commission's request to implement a five-year average of the hedging costs.

20. Further, we will deny AEEC's request to consolidate the instant proceeding with Docket Nos. ER07-682-000, ER07-683-000, EL07-48-000 and EL07-52-000. Generally, we consolidate cases where there are common issues of law and fact for purposes of settlement, hearing and decision. [FN14] Here, we are not instituting hearing or settlement judge procedures and, accordingly, consolidation is not warranted.

The Commission orders:

(A) Entergy's proposed amendments to the Entergy System Agreement are hereby rejected, as discussed in the body of this order.

(B) Entergy is hereby directed to revise its accounting procedures for recording gains and losses on gas hedges, and to resubmit the Entergy Operating Companies' 2006 FERC Form No. 1, within 30 days from the date of this order, as discussed in the body of this order.

*5 By the Commission

(SEAL)

Kimberly D. Bose
Secretary

FN1. The Operating Companies are Entergy Arkansas, Inc. (Entergy Arkansas), Entergy Gulf States, Inc. (Entergy Gulf States), Entergy Louisiana LLC (Entergy Louisiana), Entergy Mississippi, Inc. (Entergy Mississippi), and Entergy New Orleans, Inc.

FN2. 16 U.S.C. § 824e (2000).

FN3. *Louisiana Public Service Comm'n v. Entergy Services, Inc.*, Opinion No. 480, 111 FERC ¶ 61,311 (2005) (Opinion No. 480), *aff'd*, *Louisiana Public Service Comm'n v. Entergy Services, Inc.*, Opinion No. 480-A, 113 FERC ¶ 61,282 (2005) (Opinion No. 480-A).

FN4. Opinion No. 480, 111 FERC ¶ 61,311 at P 138-39.

FN5. Opinion No. 480-A, 113 FERC ¶ 61,282 at P 54.

FN6. Service Schedule MSS-3 includes a methodology for pricing energy exchanged among the Operating Companies and provides for an after-the-fact, hour-by-hour allocation of the cost of energy from an Operating Company whose generation provided energy in excess of that company's load to an Operating Company that produced less than its load. Entergy has also included the formulas for implementing the rough production cost equalization bandwidth remedy required by Opinion No. 480 in Service Schedule MSS-3.

FN7. *Louisiana Public Service Comm'n v. Entergy Services, Inc.*, 117 FERC ¶ 61,203 (2006) (*Compliance Order*).

FN8. An Operating Company's production costs are the sum of the company's actual variable production costs and actual fixed production costs.

FN9. The Louisiana Commission states that Entergy Louisiana and Entergy Gulf States sought approval from the Louisiana Commission for a natural gas hedging program for the purpose of stabilizing the cost of fuel used in generating electricity. The Louisiana Commission accepted these initiatives and the Mississippi Commission accepted a similar proposal for Entergy Mississippi. However, when the Louisiana Commission learned that Entergy intended to change its accounting for fuel hedging costs, it prohibited Entergy Louisiana and

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(Cite as: 119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.))

Entergy Gulf States from making accounting changes. It states that Entergy was unable to produce any documents to justify its accounting change. Louisiana Commission Protest at 8.

FN10. *Compliance Order*, 117 FERC ¶ 61,203 at P 69.

FN11. *See System Energy Resources, Inc.*, Opinion No. 333, 48 FERC ¶ 61,321 (1989).

FN12. *See* 18 C.F.R. Part 101 General Instruction 24(E).

FN13. The other dockets mentioned by AEEC include Docket Nos. ER07-682-000 and ER07-683-000, which also incorporate proposed changes to Service Schedule MSS-3. AEEC also lists Docket No. EL07-48-000, which involves a petition for declaratory order by Entergy seeking to have a generator, constructed or purchased by an Operating Company to serve system load, found to be in the public interest and declared a System Resource with costs reflected in the System Agreement formula rates. The fourth docket is Docket No. EL07-52-000, and involves a complaint by the Louisiana Commission to revise Service Schedule MSS-3 to exclude intermittent load from the allocation of capacity costs among the Operating Companies and to revise the pricing of energy from the Vidalia hydroelectric plant.

FN14. *See, e.g., Cal. Indep. Sys. Operator Corp.*, 109 FERC ¶ 61,391, at P 45 (2004) ; and *Cleco Power LLC*, 118 FERC ¶ 61,074, at P 32 (2007).

119 FERC P 61192, 2007 WL 1521098 (F.E.R.C.)
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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-34)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
Docket No. ER07-956-001

Response of: Entergy Services, Inc.
to the Third Set of Data Requests

Prepared at the Direction of: Bruce M.
Louiselle

of Requesting Party: Louisiana Public Service
Commission

Question No.: LPSC 3-7

Part No.:

Addendum:

Question:

For each of Entergy's nuclear units (ANO Unit 1, ANO Unit 2, Waterford 3, River Bend, and Grand Gulf) please provide the following:

- a. The current retirement date for the unit.
 - b. The date on which a life extension filing was made with the NRC for the unit. If no such filing has been made, please so state.
 - c. The date on which a life extension was approved by the NRC for the unit and the term of the life extension.
 - d. For any unit for which a filing for life extension has been made and not yet approved by the NRC, the expected date on which such approval is currently expected by Entergy.
 - e. For any unit for which no life extension filing to the NRC has yet been made, the current expected date on which Entergy plans to make such a filing.
 - f. If the response to part (e) above is that Entergy has no such plan to file for a life extension for a unit(s), please provide an explanation of why Entergy does not plan to file with the NRC for a life extension.
-

Response:

- a. ANO Unit 1 – May 20, 2034 (includes renewed license term, original license expiration was 2014)
ANO Unit 2 – July 17, 2038 (includes renewed license term, original license expiration was 2018)
Waterford 3 – December 18, 2024

River Bend – August 29, 2025
Grand Gulf – November 1, 2024

- b. ANO Unit 1 – January 31, 2000
ANO Unit 2 – October 14, 2003
Waterford 3 – No filing made
River Bend – No filing made
Grand Gulf – No filing made
- c. ANO Unit 1 – June 20, 2001
ANO Unit 2 – June 30, 2005
- d. Not applicable. There are no license renewal applications for these units that are currently being reviewed by NRC.
- e. Waterford 3 – August 2011
River Bend – January 2011
Grand Gulf – January 2010
- f. Not applicable. Entergy has filed or has plans to file a license renewal application for all of these units.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC., et al.) DOCKET NO. ER07-956-000

EXHIBIT __ (LC-35)

OF

LANE KOLLEN

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ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

FEBRUARY 2008

Energy Compliance Filing
FERC Case No ER07-956-001
LPCS Adjustments to Compliance Model Inputs-ANO 1 & 2 and GG Life Extensions
(000's)

Source: LPSC 5-1 and Form 1

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	EAI ANO Unit 1	EAI ANO Unit 2	EAI ANO Common	EAI ANO Total	90% SERI Grand Gulf 1
Gross Plant at 12/31/05	787,015,966	1,067,481,252	203,712,767	2,058,209,985	3,167,602,817
A/D at 12/31/05	(363,654,900)	(474,106,362)	(74,913,143)	(912,674,405)	(1,549,491,014)
NBV at 12/31/05	423,361,066	593,374,890	128,799,624	1,145,535,580	1,618,111,803
Gross Plant at 12/31/06	825,741,103	1,130,826,421	207,984,716	2,164,552,240	3,201,234,993
A/D at 12/31/06	(360,109,985)	(543,950,771)	(91,314,134)	(995,374,890)	(1,636,880,640)
NBV at 12/31/06	465,631,118	586,875,650	116,670,582	1,169,177,350	1,564,354,353
Years to Depreciate with License Renewals	(1) 29	33	33		39
Annual Depreciation Rate	0.0183	0.0171	0.0194		0.0132
Average Gross Plant During 2006	806,378,535	1,099,153,837	205,848,742	2,111,381,113	3,184,418,905
Annual Depreciation Using Depreciation Rate Based on Service Life Extensions	14,745,954	18,751,321	3,994,377	37,491,652	41,889,322
Deprec. Expense Included in Compl. Filing - Form 1	(2)			70,884,008	98,055,713
Depreciation Expense Reduction				(33,392,356)	(56,166,391)
EAI Depr Exp Reduction				(29,877,142)	(20,219,901)
EGS Depr Exp Reduction				(1,050,524)	(7,863,295)
ELL Depr Exp Reduction				(924,300)	(18,534,909)
EMI Depr Exp Reduction				(616,089)	(9,548,287)
ENO Depr Exp Reduction				(924,300)	
EAI Rate Base Increase				14,938,571	
EGS Rate Base Increase				525,262	
ELL Rate Base Increase				462,150	
EMI Rate Base Increase				308,044	
ENO Rate Base Increase				462,150	

(1) Used license termination dates from ESI response to LPSC-3-7 for ANO 1 and 2 and added 20 years to RB, W3, and GG compared to Dec 31, 2005

(2) Page 219 in Form 1 listed Total Nuclear Depr Exp of \$70,884,008.

(3) ANO Ownership Percentages based on Average ANO 1 and 2 Promod database percentages. EAI - 89.473% EGS 3.146% ELL 2.768% EMI 1.845% ENO 2.768%

(4) Rate base increase represents approximately 50% of the reduction in depreciation expense.

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Entergy Compliance Filing
 FERC Case No. E-07-956-001
 LPSC Adjustments to Compliance Model Inputs-RB Life Extensions
 (000's)

Source: Resp to APSC 2-7 EGS 2006 FRP Filing

	Per FRP EGS River Bend	Per Form 1 EGS River Bend
Gross Plant at 12/31/05	3,242,696.482	3,242,696.481
A/D at 12/31/05	(1,429,090.866)	(1,659,450.710)
NBV at 12/31/05	<u>1,813,605.616</u>	<u>1,583,245.771</u>
Gross Plant at 12/31/06	3,252,261.497	3,252,261.497
A/D at 12/31/06	(1,489,173.325)	(1,707,819.956)
NBV at 12/31/06	<u>1,763,088.172</u> (2)	<u>1,544,441.541</u>
2006 Depreciation for RB - FRP Reported Book Dep	63,658.808	51,945.595
2006 Depreciation for RB Utilizing 60-Year Life - LA Rates	47,320.306	
LA Retail Included in \$47.3 million Above Estimated	24,000.000	
TX Retail Old Rates Rounded Up	40,000.000	
TX Retail New Rates	23,000.000	
Difference in TX Retail Rates- Depr Exp Reduction	(17,000.000)	
Rate Base Increase - 50% of Depr Exp Reduct	<u>8,500.000</u>	

(1) Per Sch. AJ 4H-4 in 2006 FRP Filing
 (2) Difference between FRP Filing and Form 1 represents RB Abeyed Costs

Submission Contents

Exhibits to the Direct Testimony and Exhibits of Lane Kollen kollenexhibits.pdf.....	1-94
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