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**Morgan, Lewis
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C O U N S E L O R S A T L A W

Floyd L. Norton, IV
202-467-7620
fnorton@morganlewis.com

December 29, 2000

David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Notice of Termination of Service Schedule MSS-2 of the System Agreement among Arkansas Power & Light Co., Gulf States Utilities Co., Louisiana Power & Light Co., Mississippi Power & Light Co., New Orleans Public Service Inc., and Entergy Services, Inc., Docket No. ER01- -000

Dear Mr. Boergers:

Pursuant to Section 35.15(a) of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. § 35.15(a) (2000), Entergy Services, Inc. ("Entergy Services"), acting as agent for Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. (collectively, the "Entergy Operating Companies"), hereby tenders a Notice of Termination of the service schedule specified as Service Schedule MSS-2 in the System Agreement among Arkansas Power & Light Co., Gulf States Utilities Co., Louisiana Power & Light Co., Mississippi Power & Light Co., New Orleans Public Service Inc., and Entergy Services, Inc. ("System Agreement").

The System Agreement, dated as of April 23, 1982, as amended, is on file with the Commission as Entergy Arkansas, Inc., Rate Schedule FERC No. 94; Entergy Gulf States, Inc., Rate Schedule FERC No. 181; Entergy Louisiana, Inc., Rate Schedule FERC No. 69; Entergy Mississippi, Inc., Rate Schedule FERC No. 262; and Entergy New Orleans, Inc., Rate Schedule

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FERC No. 8. The System Agreement was approved by the Commission in Docket Nos. ER82-483 and ER92-806.^{1/}

The System Agreement consists of seven service schedules, however, Entergy Services only intends to terminate Service Schedule MSS-2 addressing Transmission Equalization. Service Schedule MSS-2 provides the basis for equalizing ownership costs associated with inter-transmission investment.

Entergy Services is proposing to the Commission the formation of an independent transmission company ("Transco"). Transco will own the transmission assets currently owned by the Operating Companies and, therefore, Service Schedule MSS-2 between the Operating Companies will no longer be applicable or necessary. Accordingly, Entergy Services seeks termination of Service Schedule MSS-2.

Entergy Services respectfully requests that the Commission accept the Notice of Termination and allow the Notice of Termination to become effective when Transco becomes operational, which is anticipated to be January 1, 2002.

Entergy Services requests that all copies of notices and correspondence related to this filing be sent to:

Floyd L. Norton IV
Stephen M. Spina
Morgan, Lewis & Bockius LLP
1800 M Street, N.W.
Washington, D.C. 20036
(202) 467-7000

In the event that additional information is needed, please contact any of the above persons.

^{1/} In 1993, the Commission accepted an amendment to the 1983 System Agreement to add Entergy Gulf States as a party to the agreement. *See Entergy Servs. Inc. and Gulf States Utils. Co.*, 62 FERC ¶ 61,073, *reh'g denied*, 64 FERC ¶ 61,001, *order denying clarification*, 64 FERC ¶ 61,191 (1993).

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A notice of filing and a notice of cancellation suitable for publication in the *Federal Register* are attached, along with a copy of each notice on diskette.

Sincerely,

A handwritten signature in cursive script, appearing to read "Floyd L. Norton, IV".

Floyd L. Norton, IV
Attorney for Entergy Services, Inc.

ATTACHMENT 1

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 42
Superseding Original Sheet No. 42

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 43
Superseding Original Sheet No. 43

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 44
Superseding Original Sheet No. 44

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 45
Superseding Original Sheet No. 45

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 46
Superseding Original Sheet No. 46

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

First Revised Sheet No. 47
Superseding Original Sheet No. 47

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Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued on: December 29, 2000

Effective:

ATTACHMENT 2

~~SERVICE SCHEDULE MSS-2
TRANSMISSION EQUALIZATION~~

~~20.01 Purpose~~

~~The purpose of this Service Schedule is to provide the basis for equalizing among the Companies the ownership costs associated with Inter-Transmission Investment in such a manner that each Company will bear a portion of these costs proportional to its Responsibility Ratio.~~

~~20.02 Inter-Transmission Investment~~

~~A Company's Inter-Transmission Investment for the purpose of this schedule shall consist of:~~

~~(a) All of the investment in transmission lines operated at 230 kV or higher voltage to the extent that such investment is not included in billings under other agreements.~~

~~(b) Investment in transmission substations with three or more lines operated at a voltage of 230 kV or higher to the extent that such investment is not included in billings under other agreements. Investment in such substations shall include facilities down to but not including the high side disconnecting device of the transformer, 50% of common facilities, and other facilities as approved by the Operating Committee. Common substation facilities are those facilities not directly associated with any of the major power supplying voltages of the substation. They include but are not limited to land, roadway, lighting, control house, fill, fencing, supervisory equipment, etc.~~

~~(c) All lines 115 kV and higher from the owning Company's last substation to the connecting point of another Company (either Entergy System Company or nonsystem Company) not included in (a), or not included in billings under other agreements.~~

Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued On: September 21, 2000

Effective: Aug. 25, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER00-2854-000, issued August 22, 2000, 92 FERC ¶ 61,171 (2000).

Entergy Arkansas, Inc., Rate Schedule FERC No. 94
Entergy Gulf States, Inc., Rate Schedule FERC No. 181
Entergy Louisiana, Inc., Rate Schedule FERC No. 69
Entergy Mississippi, Inc., Rate Schedule FERC No. 262
Entergy New Orleans, Inc., Rate Schedule FERC No. 8

Original Sheet No. 43

~~———— The investment in a generating unit step-up transformer and associated switchgear, necessary to connect the generating unit to the lines or all buses, shall not be included in subsection (b).~~

~~———— In determining the investments above referred to under subsections (a) and (c), only those transmission line costs includable in Accounts 350, 352, 354, 355, 356, 357, 358 and 359 of the Federal Energy Regulatory Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees.~~

~~———— The investments above referred to under subsection (b) are amounts includable in the accounts listed in the preceding paragraph plus Account 353.~~

~~———— The investment in new transmission facilities included under this Service Schedule shall be added to a Company's Inter-Transmission Investment on the first day of the month following the "in service" date of the facilities. Each Company's Inter-Transmission Investment shall be revised as of the end of each month to adjust for any additions or retirements.~~

~~———— 20.02 Company Net Inter-Transmission Investment — Company Net Inter-Transmission Investment shall be the sum of the Company Inter-Transmission Investments reduced for the Accumulated Provision for Depreciation and Deferred Taxes as adjusted at each December 31.~~

~~———— 20.04 Transmission Responsibility — A Company's Transmission Responsibility shall be the sum of the System Net Inter-Transmission Investments multiplied by that Company's Responsibility Ratio.~~

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Director, Federal Regulatory Affairs
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Original Sheet No. 44

~~20.05 Transmission Equalization Payments - Each Company shall pay or receive each month, as appropriate, an amount in dollars determined by the following formula:~~

~~$$\text{Dollars (\$)} = 1/12 (\text{TR} - \text{TI}) (\text{AOC})$$~~

where:

~~TR = The Company's Transmission Responsibility as defined in Section 20.04~~

~~TI = The Company's Net Inter-Transmission Investment as defined in Section 20.03~~

~~AOC = System Average Annual Ownership Cost~~

~~20.06 Development of Company's Annual Ownership Cost (AOC_c) - The Annual Ownership Cost, expressed as a decimal, shall be determined as follows:~~

~~$$\text{AOC}_c = \frac{(\text{CM} + \text{F}) + \frac{|\text{D} + \text{I} + \text{PT} + \text{FT} + \text{OM}|}{\text{K}}}{\text{K}}$$~~

where:

~~CM = the weighted average cost of capital determined as follows:~~

~~$$\text{CM} = (\text{DR} \times \text{i}) + (\text{PR} \times \text{p}) + (\text{ER} \times \text{e})$$~~

~~DR = Ratio of Debt Capital at Dec. 31 of the previous year~~

~~PR = Ratio of Preferred Stock at Dec. 31 of the previous year~~

~~ER = Ratio of Common Stock at Dec. 31 of the previous year~~

~~i = Average embedded cost of debt capital outstanding at Dec. 31 of the previous year~~

~~p = Average embedded cost of preferred stock outstanding at Dec. 31 of the previous year~~

~~e = Return on common equity at 11.0%~~

~~F = Federal and State Income Taxes as determined from the formulas:~~

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$$F = \frac{T}{(1-T)} \times [CM - DR \times i]$$

~~T = f + s - fs when federal tax is not deductible in computing state tax, and~~

~~T = \frac{f + s - 2fs}{1 - fs} when federal tax is deductible in
computing state tax, and~~

~~f = Federal Income Tax Rate~~

~~s = State Income Tax Rate weighted on prior year jurisdictional revenues
if two or more state jurisdictions are served~~

~~K = The ratio of a Company's Net Inter-Transmission Investment and Inter-Transmission
Investment (i.e., Section 20.03 + Section 20.02)~~

~~D = Book depreciation as used by each Company expressed as a decimal of Inter-Transmission
Investment (Section 20.02):~~

~~I = Annual insurance cost expressed as a decimal of Inter-Transmission Investment (Section
20.02):~~

~~PT = Average ad valorem taxes based on preceding year's tax rates and assessments for the Inter-
Transmission Investment expressed as a decimal of Inter-Transmission Investment (Section
20.02):~~

~~FT = Corporate Franchise Tax based on preceding year's Inter-Transmission Investment expressed
as a decimal of Inter-Transmission Investment (Section 20.02):~~

~~OM = Operating and maintenance expenses plus the applicable general and administrative expenses
expressed as a decimal of Inter-Transmission Investment (Section 20.02). These combined
expenses will be determined annually by taking the applicable accounts for each Company,
related to their total transmission investment, together with the applicable general and
administrative expenses and proportioned to the direct labor expenses.~~

~~Direct - Accounts 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572 and 573~~

~~Allocable - Accounts 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931 and 932~~

Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued On: September 21, 2000

Effective: Aug. 25, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER00-2854-000, issued
August 22, 2000, 92 FERC ¶ 61,171 (2000).

~~20.07~~ Development of System Average Annual Ownership Cost

~~The System Average Annual Ownership Cost to be applied to this Service Schedule shall be developed from the following formula:~~

$$AOC = \frac{(A \times AOC_A) + (G \times AOC_G) + (L \times AOC_L) + (M \times AOC_M) + (N \times AOC_N)}{A + G + L + M + N}$$

~~where:~~

~~AOC = System Average Annual Ownership Cost~~

~~A = AP&L Net Inter-Transmission Investment~~

~~G = Gulf States Net Inter-Transmission Investment~~

~~L = LP&L Net Inter-Transmission Investment~~

~~M = MP&L Net Inter-Transmission Investment~~

~~N = NOPSI Net Inter-Transmission Investment~~

~~AOC_A = AP&L Annual Ownership Cost~~

~~AOC_G = Gulf States Annual Ownership Cost~~

~~AOC_L = LP&L Annual Ownership Cost~~

~~AOC_M = MP&L annual Ownership Cost~~

~~AOC_N = NOPSI Annual Ownership Cost~~

~~20.08~~ Adjustment for Tax Changes

~~The Transmission Equalization Payment as determined in Section 20.05 shall be adjusted to reflect the imposition of any applicable new taxes not included in the above formula, or for any increase or decrease in taxes included as of the date of this Agreement.~~

~~20.09~~ Billing Procedure

~~The billing parameters will be in effect from June 1 to the succeeding May 31, based on the preceding years results.~~

Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued On: September 21, 2000

Effective: Aug. 25, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER00-2854-000, issued August 22, 2000, 92 FERC ¶ 61,171 (2000).

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Original Sheet No. 47

~~_____ This Service Schedule MSS-2 shall be attached to and become a part of the Agreement dated the 23rd day of April, 1982 and shall be effective with said Agreement or at such later date as may be fixed by any requisite regulatory approval or acceptance for filing.~~

~~_____ Attest _____ ARKANSAS POWER & LIGHT COMPANY~~

~~_____ Original signed by _____ Original signed by
R.J. Estrada Jerry Maulden
Assistant Secretary President~~

~~_____ Attest _____ LOUISIANA POWER & LIGHT COMPANY~~

~~_____ Original signed by _____ Original signed by
W.H. Talbott J.M. Wyatt
Secretary President~~

~~_____ Attest _____ MISSISSIPPI POWER & LIGHT COMPANY~~

~~_____ Original signed by _____ Original signed by
R.J. Estrada D.C. Lutken
Assistant Secretary President~~

~~_____ Attest _____ NEW ORLEANS PUBLIC SERVICE INC.~~

~~_____ Original signed by _____ Original signed by
William C. Nelson James M. Cain
Secretary President~~

Issued by: Kimberly H. Despeaux
Director, Federal Regulatory Affairs
Issued On: September 21, 2000

Effective: Aug. 25, 2000

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER00-2854-000, issued August 22, 2000, 92 FERC ¶ 61,171 (2000).

ATTACHMENT 3

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

Entergy Services, Inc.

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Docket No. ER01- -000

**NOTICE OF FILING
(December __, 2000)**

Take notice that on December 29, 2000, Entergy Services, Inc. ("Entergy Services"), acting as agent for Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc., tendered for filing, pursuant to Section 35.15(a) of the Commission's regulations, a Notice of Termination of Service Schedule MSS-2 of the System Agreement, dated April 23, 1982, among Arkansas Power & Light., Gulf States Utilities Co., Louisiana Power & Light Co., Mississippi Power & Light Co., New Orleans Public Service Inc., and Entergy Services, Inc.

Any person desiring to be heard or to protest such filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's regulations (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before _____. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection. This filing may also be viewed on the Internet at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

David P. Boergers
Secretary

ATTACHMENT 4

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

Entergy Services, Inc.

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Docket No. ER01-

NOTICE OF CANCELLATION

Notice is hereby given that on the 29th day of December, 2000, Entergy Services' Service Schedule MSS-2 of the System Agreement among Arkansas Power & Light Co., Gulf States Utilities Co., Louisiana Power & Light Co., Mississippi Power & Light Co., New Orleans Public Service Inc., and Entergy Services, Inc., dated April 23, 1982 and filed with the Commission in Docket Nos. ER82-483 and ER92-806, is canceled.

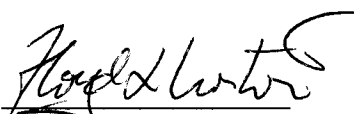
Notice of the proposed cancellation has been serviced upon the following:

Entergy Services, Inc. (acting as agent for Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc.)

639 Loyola Avenue, 70113
P.O. Box 61000
New Orleans, LA 70161

All affected State Commissions

Entergy Services, Inc.

By: 
Floyd L. Norton, IV
Attorney for
Entergy Services, Inc.

Dated: December 29, 2000