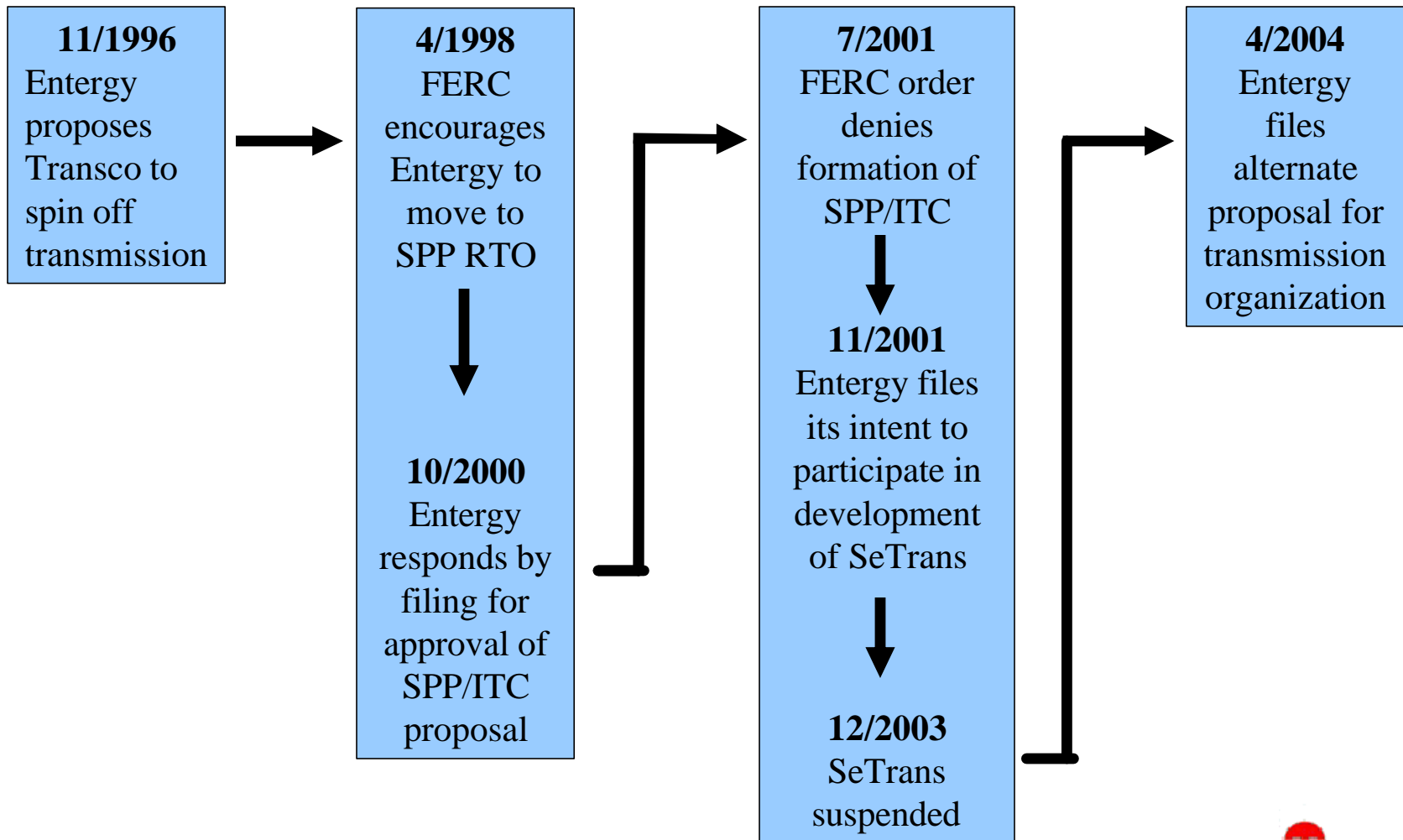


ICT Status Report

Rick Riley
Director, Transmission Policy
Entergy Services, Inc.

Entergy Power Marketers' Meeting
Houston, TX
May 5, 2005

Background



Purpose of the April 1, 2004 Filing

- Achieve greater independence and oversight over the operation of the Entergy Transmission System
- Provide greater efficiency in providing and pricing Transmission Service
- Provide FERC and the Entergy Retail Regulators with direct reports submitted by an Independent Entity regarding the operation of the Entergy Transmission System



Key Elements to the Entergy Proposal filed on April 1, 2004

- Establish an Independent Coordinator of Transmission (ICT) to provide Independent Oversight over:
 - Calculation of available transfer capability including AFCs
 - Granting of transmission service
 - Transmission Base Plan development
 - Studies for new interconnection and new transmission service requests
 - Weekly procurement process
- ICT to perform Reliability Coordination
- New Transmission Expansion and Pricing Policy
- Establish a new Weekly Procurement Process



A number of technical conferences were held throughout the summer and fall of 2004

- FERC Technical conference in New Orleans on July 29th and 30th
- MPSC held a hearing on August 25th
- FERC Technical conference in October 8th in Jackson MS
- Additional technical conference in Little Rock on November 8th

Feedback resulted in the filing of an Enhanced Proposal

- On January 3, 2005, Entergy submitted a petition for declaratory order requesting guidance on an enhanced ICT proposal.
- Entergy proposed enhancements, such as granting the ICT authority to:
 - Grant or deny transmission service
 - Calculate Available Flowgate Capability (AFC)
 - Administer Entergy's OASIS
 - Perform an enhanced regional planning function

FERC's March 22, 2005 Action

- Determined that Entergy would continue to be the “Transmission Provider” under the OATT;
- FERC agrees to Entergy’s proposed pricing policy on a two year experimental basis, subject to enhancements (specifics on enhanced functions to be performed by the ICT), monitoring and reporting conditions;
- FERC stated that the ICT should develop the initial Base Plan;
- FERC stated that Entergy should develop more specifics on the ICT’s ability to review previously incurred interconnection costs;
- And Entergy needs to fully explain the method for providing firm transmission rights to customers that pay for Supplemental upgrades



Recent Entergy Activity

- Entergy filed a letter on April 21, 2005 informing FERC that it will proceed with the ICT Plan
 - Plan is to file on or around May 27, 2005
- Entergy is currently developing the 205 filing
- Entergy also filed a motion for clarification, or in the alternative, rehearing on certain aspects of the FERC ruling:
 - Roles of the ICT and Entergy with respect to Transmission Planning
 - Start and end dates for the Initial Two-year Period of ICT Operations
 - Asked that the Commission rule after we submit our 205 filing



Entergy is seeking clarification on the Commission's ruling that the ICT must develop the Base Plan

- Entergy is seeking clarification on the manner in which these functions will be performed
- Certain intervenors are interpreting the Commission's order in a manner that would grant the ICT greater authority than that exercised by RTO's
- Entergy believes the Commission intended for the ICT to perform functions in a manner similar to an RTO

The March 22nd Order stated that the Commission expects the ICT to be installed within 60 days of the approval of the 205 filing

- Entergy wants the Commission to clarify that the ICT will not be installed until we have received all of the necessary regulatory approvals
- Entergy also requests the sunset provision be linked to the actual start date of ICT operations
 - The start up of ICT operations will require significant resources
 - The commission approved the ICT on an experimental basis, and the experiment can only begin when the ICT is in place

Next Steps

- Develop 205 filing
- Receive all necessary regulatory approvals
- ICT build-out and staffing
- Transition functions to the ICT
- ICT fully functional

