

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	January 17, 2008)	
)	
APPLICATION OF ENTERGY ARKANSAS, INC.)	DOCKET NO.
FOR APPROVAL OF CHANGES IN RATES FOR)	06-00216
RETAIL ELECTRIC SERVICE)	

ORDER ADOPTING DECISION OF ARKANSAS PUBLIC SERVICE COMMISSION

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on September 24, 2007, for consideration of Entergy Arkansas, Inc.’s (“Entergy” or the “Company”) *Application* for approval of changes in rates for retail electric power filed on August 25, 2006. Entergy’s filing with the Authority was a copy of the *Application* that had been filed with the Arkansas Public Service Commission (“APSC”) in APSC Docket No. 06-101-U.

BACKGROUND

Entergy serves approximately 667,000 customers overall and has twenty-two accounts in Tennessee. Entergy’s *Application* sought approval for a base rate increase of over eleven percent as well as cost recovery riders.¹

Entergy provided information to the TRA stating that APSC had suspended Entergy’s proposed rates and tariffs, including the rates for Entergy’s Tennessee customers, had initiated an investigation and established a procedural schedule in Order No. 3 in APSC Docket 06-101-U.

¹ On October 2, 2006 Entergy filed a Statement of Legal Advertising issued by the Arkansas Democrat Gazette stating that a billing advertisement was published on two dates, August 29, 2006 and September 5, 2006, as notice to Entergy’s customers of the requested rate change.

Further, Entergy confirmed that it would not change its rates and tariffs for Tennessee customers until the Authority had approved its requested changes.² At the November 6, 2006 Authority Conference, the panel voted unanimously to appoint the Authority's General Counsel or his designee to act as the Hearing Officer in this proceeding for the purpose of monitoring the APSC's decisions regarding Entergy's filing in Arkansas and preparing this matter for a hearing before the panel as appropriate.

On June 15, 2007, the APSC issued Order No. 10 in Docket No. 06-101-U setting out its decision regarding Entergy's request for a rate increase. The APSC determined the requested revenue increase was excessive and ordered a rate reduction of \$5.67 million. The APSC also considered and approved a non-base rate Production Cost Allocation ("PCA") rider, which is designed as an exact recovery mechanism for production costs imposed by the Federal Energy Regulatory Commission ("FERC"). Since these costs are mandated by the FERC, and both Entergy and the APSC agree that the costs are inappropriate for base rate recovery due to volatility, a cost recovery rider was determined to be the best alternative.

On August 8, 2007, Entergy filed a revised tariff with the APSC reflecting the ordered rate reduction. The filing was approved by the APSC in Order No. 16, issued August 13, 2007.³ On August 24, 2007, Entergy filed its APSC approved tariff rates in Tennessee for consideration by the Authority. Included in its filing was Entergy's new PCA Rider.

A hearing in this docket was scheduled for the September 24, 2007 Authority Conference to consider the APSC ruling that reduced Entergy's base rates and established a separate cost recovery rider mechanism in Entergy's tariff. Notice for the hearing, in which the public was invited to submit comments or participate in the hearing, was filed on September 14, 2007.

² Correspondence from William R. Morgan (October 4, 2006).

³ Correspondence from William R. Morgan (August 24, 2007).


FINDINGS AND CONCLUSIONS

The panel convened a public hearing in this matter during the regularly scheduled September 24, 2007 Authority Conference. The panel noted that it had previously appointed a Hearing Officer to monitor the APSC's decisions regarding Entergy's rate case proceeding in Arkansas. The record establishes that the APSC gathered extensive data and held evidentiary hearings in reaching its decision.

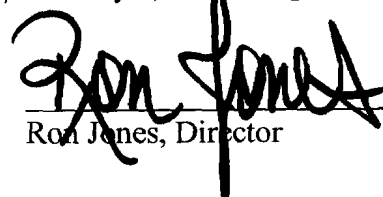
In reviewing the APSC's orders and from the record as a whole, the panel found the APSC's decision to reduce base rates and allow the PCA Rider to recover FERC imposed production costs to be just and reasonable. The panel further found that no party intervened in this docket, no comments were submitted by the public, nor did any member from the public seek recognition from the Authority during the hearing. Based on these findings, the panel voted unanimously to adopt the decision of the APSC in APSC Docket No. 06-101-U. The panel further voted to require Entergy to refile its tariffs with an effective date of September 24, 2007.

IT IS THEREFORE ORDERED THAT:

1. The decision of the Arkansas Public Service Commission in Arkansas Public Service Commission Docket No. 06-101-U, *Application for Approval of Changes in Rates for Retail Electric Service* which decreases base rates and establishes a production cost allocation rider is adopted.
2. Entergy Arkansas, Inc. shall refile its tariffs with an effective date of September 24, 2007.


Eddie Roberson, Chairman


Sara Kyle, Director


Ron Jones, Director