BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF ENTERGY ARKANSAS, INC. FOR	)	DOCKET NO. 06-101-U
APPROVAL OF CHANGES IN RATES FOR	)	
RETAIL ELECTRIC SERVICE	)	

DIRECT TESTIMONY

OF

GREG J. GRILLO

DIRECTOR, DISTRIBUTION OPERATIONS

ENTERGY ARKANSAS, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

AUGUST 15, 2006

I. <u>BACKGROUND AND INTRODUCTION</u>

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, EMPLOYER AND JOB TITLE.

A. My name is Greg J. Grillo. My business address is 9 Entergy Court, Little Rock, Arkansas. I am employed by Entergy Arkansas, Inc. ("EAI" or the "Company") as Director, Distribution Operations.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of EAI.

Q. PLEASE STATE YOUR EDUCATIONAL, PROFESSIONAL AND WORK EXPERIENCES.

A. I joined Louisiana Power & Light Inc., now Entergy Louisiana, LLC ("ELL"), in 1984 as Distribution Design Engineer in Louisiana. From 1984 to 1994, I held various engineering and supervisory positions. In 1994, I was promoted to Manager, Gas Engineering and Operations. While serving in this position, I was responsible for integration of gas operations of New Orleans Public Service, now known as Entergy New Orleans, Inc. ("ENOI"), and Gulf States Utilities Company ("GSU") upon completion of Entergy Corporation's merger with GSU. In 1996, I was promoted to the position of Director, Service Measurement, where I was responsible for meter reading, load research and revenue protection services for the five Entergy Operating Companies.[1]

In 1997, I accepted an assignment in London, England as the Director of Special Projects for London Electricity. I held this position until 1999 when I returned to the United States to serve as Director, Distribution Operations for ENOI and ELL serving the greater New Orleans area. In 2001, I accepted the position of Director, Engineering and Operations for ELL, ENOI and EGSI Louisiana. I was named to my present position, Director, Distribution Operations for Arkansas, in February of 2002.

I was awarded a Bachelor of Science degree in Electrical Engineering in 1983 and a Masters degree in Engineering in 1989 from the University of New Orleans. In 1995 I received a Masters degree in Business Administration from Loyola University.

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES AS DIRECTOR OF DISTRIBUTION OPERATIONS.

A. As Director of Distribution Operations, I have primary responsibility for the design, construction, maintenance and operations of the electrical distribution system for EAI. This includes the development and implementation of strategies to ensure EAI provides safe, reliable and cost

[1] The Entergy Operating Companies include EAI; Entergy Gulf States, Inc. (“EGSI”); ELL; Entergy Mississippi, Inc.; and ENOI.

effective service to our customers. I am also responsible for regulatory justification of reliability strategies and for weighing the financial implications of all decisions regarding distribution operations.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My Direct Testimony will:

- discuss proposed changes to the lighting product line and other revisions related to Rate Schedule No. 10, Municipal Street Lighting Service and Rate Schedule 12, All Night Outdoor Lighting Service;
- describe proposed revisions to Rate Schedule No. 26, Additional Facilities Charge Rider;
- describe the addition to Rate Schedule No. 29, Charges Related to Customer Activity of a reconnection fee where service is reconnected at a point other than the customer's meter;
- describe proposed revisions to Rate Schedule No. 60, Extension of Facilities Policy and related changes to other tariffs; and
- describe proposed revisions to Rate Schedule No. 61, Tariff Governing the Installation of Electric Underground Residential Distribution Systems and Underground Service Connections ("Underground Policy").

The proposed Rate Schedules are included in Schedule I attached to the Company's Application.

II. PROPOSED CHANGES TO MUNICIPAL STREET LIGHTING AND ALL NIGHT OUTDOOR LIGHTING SERVICE

Q. WHAT ARE THE PROPOSED CHANGES TO MUNICIPAL STREET LIGHTING SERVICE?

A. Changes to Municipal Street Lighting Service are proposed to clarify its availability, address maintenance issues, and eliminate certain lights from the product line.

Municipal Street Lighting Service is only available for street lighting purposes. A sentence has been inserted in § 10.2, regarding availability, to clarify this and to state that the service is not available for non-street lighting purposes such as parking, temporary, resale, shared, or seasonal services.

Changes to address maintenance issues and product lines specific to Company Owned Facilities and Municipally Owned Facilities are discussed below.

Q. WHAT ARE THE CHANGES PROPOSED TO COMPANY OWNED STREET LIGHTING FACILITIES?

A. The Company proposes to eliminate a provision in § 10.4.1, Company Owned Facilities, that requires a municipality to reimburse the Company for the cost of replacing broken globes and the entire cost of replacing destroyed or damaged poles and fixtures that are used primarily for street lighting on Company owned systems. These costs will be included in the rate for Company owned municipal street lighting.

The Company further proposes to revise § 10.4.1.E, Underground and Other Nonstandard Facilities, to exclude non-salvageable materials (conduit, wire, trenching, etc) utilized in serving street lights from inclusion in the additional facilities charge and to require payment via a contribution in aid of construction ("CIAC"),[2] consistent with EAI's policy for Additional Facilities Charges governed by Rate Schedule No. 26.

The Company proposes to close several product lines to new installations because they are rarely requested by municipalities or because the fixtures have proven to be inordinately difficult to install and maintain, resulting in safety concerns. The products that would be closed to new installations include the 100 and 1,000 Watt mercury vapor lights and the 360 Watt high pressure sodium lights. The Company will continue to maintain the photocell and the lamp on these existing installed lights. When any other failure occurs, the light will be removed and the municipality may choose a replacement product from the current product line.

[2] A CIAC is a non-refundable contribution in cash or property from customers for construction purposes. The underlying principle associated with CIAC is to charge the requesting customer for the cost of installing facilities above the level authorized in the standard tariffs.

Q. WHAT CHANGES ARE PROPOSED TO MUNICIPAL STREET LIGHTING SERVICE AS IT PERTAINS TO MUNICIPALLY OWNED FACILITIES?

A. The Company proposes to maintain facilities wholly owned by the municipality at the Company's option, based on the availability of resources. The Municipality will reimburse the Company for the total material and labor cost of the maintenance, except for replacement of Company standard lamps. The Municipality will provide non-standard lamps and will supply poles and fixtures and will reimburse the Company for the total labor and equipment cost to replace or repair. The Company proposes no longer to provide this service to street lighting facilities with non-standard lamps. Provision of maintenance service under contracts in effect on the effective date of the schedule will continue through the life of the contract.

Additionally, the Company proposes no longer to make this service available to interstate or other controlled access highway lighting applications. The Company does not have the facilities or resources effectively to install and maintain the high mast type facilities used in interstate applications. Contracts executed on and after the effective date of this schedule proposal will be metered and billed under Rate Schedule No. 4, Small General Service, and the municipality will be responsible for all maintenance of these facilities. Service to such lighting systems currently under this schedule will continue per this schedule through the life of the contract.

Q. WHAT ARE THE PROPOSED CHANGES TO THE ALL NIGHT OUTDOOR LIGHTING SERVICE?

A. Changes to the All Night Outdoor Lighting Service are proposed to adjust its product line for both lights and poles and to establish a new rate schedule for subdivision owned lighting facilities in subdivisions that have an incorporated board of property owners to conduct business for the subdivision, commonly referred to as property owners associations ("POAs").

Several product lines will be closed to new installations because they are rarely selected by customers or because the lights have proven to be inordinately difficult to install and maintain resulting in safety concerns. For nightwatchers, this includes 100 and 400 Watt open bottom mercury vapor lights, 100 Watt open bottom high pressure sodium lights, and all shoebox and bronze square lights. For floodlights, this includes 400 and 1,000 Watt mercury vapor lights, 100 and 1,000 Watt high pressure sodium lights, and 250 and 1,000 Watt metal halide lights. The Company will continue to maintain the photocell and the lamp on these existing installed lights. When any other failure occurs, the light will be removed and the customer may choose a replacement product.

With regard to poles dedicated to outdoor lighting service, the Company proposes only to make available by monthly rates the 30 foot and 35 foot wood poles. All other poles will be available through the application of the additional facilities charge because they are infrequently requested. Poles subject to contracts made prior to the effective date of this schedule will be billed in accordance to those contracts.

Q. DESCRIBE THE ENERGY RATE FOR SUBDIVISION OWNED LIGHTING FACILITIES?

A. The Company proposes to add to the All Night Outdoor Lighting Service, § 12.4, Energy Rate for Subdivision Owned Lighting Facilities, for the supply of energy for outdoor lighting that is customer owned and maintained. This service is proposed to be available to platted and recorded subdivisions within a municipality where the municipality will not provide street lighting service or in platted and recorded subdivisions outside municipal corporate limits. In order to be eligible for this service, the subdivision must have an incorporated POA or board that is responsible for furnishing street lighting to the subdivision. It is further restricted to subdivisions with underground electric facilities, having at least 50 lots and requiring no less than 10 lights. The existing underground facilities must be adequate to serve the additional load or the customer must pay the installed cost of additional facilities that may be necessary.

Because this lighting is un-metered, the customer must provide a beginning and annual inventory of the connected lights, including type and wattage, and must pay in accordance with this inventory. The energy usage will be determined based on 4,000 annual burning hours. The Company may, but is not required to test meter the loads. The customer's lights must be equipped with photocell controls for dusk to dawn operation.

Q. WHAT FURTHER PROVISIONS ARE THERE FOR THIS SERVICE?

A. The Company will require that the customer provide fusing that disconnects the customer's facilities from those of the Company and that facilities are disconnected for all maintenance except lamp replacements. The customer will install, operate and maintain the fuses as part of their facilities. The customer will identify the facilities as not being Company facilities. The Company has no obligation to inspect or maintain the customer facilities. Service may be disconnected for non-payment pursuant to Commission rules and reconnection of said service will be subject to the reconnection fee for each point of connection. A new fee for service reconnected at other than the meter is proposed to be added to Rate Schedule No. 29, Charges Related to Customer Activity, as discussed later in this testimony.

III. PROPOSED CHANGES TO THE ADDITIONAL FACILITIES CHARGE RIDER

Q. WHAT ARE THE PROPOSED CHANGES TO THE ADDITIONAL FACILITIES CHARGE RIDER?

A. The changes to the Additional Facilities Charge Rider are primarily clarifications. The language in the Availability section of the rider is proposed to be revised to clarify that the rider is applicable only to those customers whose service is metered at primary voltage or greater. Previously approved versions of the Additional Facilities Charge Rider allowed customer contracts for services metered at less than primary voltages. There are a small number of these existing customer contracts for additional facilities where service is metered at less than primary voltage. The proposed rider clarifies that these contracts will continue until terminated, but the contract cannot be revised to incorporate new additional facilities. In addition, the Additional Facilities Charge Rider will be revised to clarify that the rider is not available to applications involving mixed ownership of facilities.

Lastly, the proposed Additional Facilities Charge Rider will indicate that costs for underground/overhead differentials and for non-salvageable underground facilities are not includable as additional facilities consistent with language in the Underground Policy. The rider will be revised to note that the decision as to whether to install requested additional facilities is discretionary with the Company.

IV. PROPOSED CHANGES TO CHARGES RELATED TO CUSTOMER ACTIVITY

Q. HAS THE COMPANY PROPOSED CHANGES TO THE CHARGES RELATED TO CUSTOMER ACTIVITY RATE SCHEDULE?

A. Yes. EAI proposes to add a new reconnect fee in addition to the existing reconnection fees. The reconnect fee is currently a single fee schedule with one rate for normal working hours and one rate for after normal working hours. EAI proposes to expand this fee schedule to cover two types of reconnection activity, one for reconnection at the meter and one for reconnection at a point other than the meter. This revision is being proposed because of the significant increase in costs when the reconnection cannot be accomplished at the meter, such as when the service is an unmetered application or in the case of confirmed tampering and/or theft of service. Reconnection at the meter generally does not require the skills of a qualified journeyman lineman to perform the activity nor does it require special equipment. Reconnection at a point other than the meter, such as on the pole, at the transformer or at the secondary pedestal, generally requires an employee with the qualifications and higher skill level of a journeyman lineman, more time, and additional equipment such as a bucket truck or some other method of reaching facilities that are well above ground level. Thus, the fee for reconnection at a point other than the meter should reflect the higher costs to provide the service. The same cost/fee relationship for reconnection after normal working hours would also apply.

EAI proposes to set the new reconnect fee for reconnection at a point other than at the meter at $72 during normal hours and $132 after normal working hours. See EAI Exhibit GJG-1 for the detail cost analysis.

V. PROPOSED CHANGES TO THE EXTENSION OF FACILITIES POLICY

Q. ARE ELECTRIC UTILITIES REQUIRED TO MAKE REASONABLE EXTENSIONS OF FACILITIES TO SERVE QUALIFIED APPLICANTS?

A. Yes. Rule 11.03(f) of the Arkansas Public Service Commission ("APSC" or the "Commission") Rules of Practice and Procedure requires that each utility set forth in its tariffs the conditions and circumstances under which line extensions will be made, including the methods of computing the CIAC. Other Commission requirements related to line extensions are contained in Rule 3.02. of the Special Rules – Electric and Rule 3.03. of the General Service Rules. EAI's terms and conditions are provided under its Rate Schedule No. 60, Extension of Facilities.

Q. PLEASE DESCRIBE THE CURRENT EXTENSION OF FACILITIES POLICY.

A. EAI's current Extension of Facilities Policy provides that EAI will extend its facilities for a rural residential customer, with no customer contributions or guaranteed payment requirements,[3] if the total estimated monthly revenue from that customer is expected to exceed $5.00 per half-mile of overhead single-phase primary extension. Should unusual expenses be required, EAI may establish a guaranteed payment requirement equal to 1.25 percent of the cost of those expenses per month. If the residential customer is within an incorporated municipality (urban) and the service is single-phase, no guaranteed payment or CIAC is required. The expected annual revenue for seasonal and other non-residential single-phase customers must meet or exceed 15 percent of the total construction costs annually, or the customer must guarantee, through a guaranteed payment contract, 1.25 percent of the total line extension cost monthly. As an alternative to a guaranteed payment, customers are allowed to pay the incremental line extension costs above their minimum revenue requirements through a non-refundable CIAC.

Extensions to three-phase non-residential customers must meet or exceed annual expected revenue equal to 30 percent of the total construction cost, with a guaranteed payment equal to 2.5 percent of the construction cost per month as a customer option. As with single-phase, customers are allowed to pay the incremental line extension costs above their minimum revenue requirements through a non-refundable CIAC.

[3] A guaranteed payment is a monthly bill amount excluding the Energy Cost Recovery, Nuclear Decommissioning, Grand Gulf and Municipal Franchise Adjustment Riders, and all other riders that may become effective by Commission order, and sales tax that will be paid by the customer if greater than the revenue calculated for the month in accordance with the customer's rate schedule.

Q. WHAT ARE THE PROPOSED CHANGES TO THE DISTRIBUTION EXTENSION OF FACILITIES POLICY?

A. The one-half mile per $5.00 guarantee of monthly revenues for standard service extensions for a rural residential customer, and no charge for an urban residential customer, will be replaced by an 800 foot, single-phase primary and/or secondary allowance for all residential customers without requiring CIAC or a guaranteed payment. When the extension exceeds 800 feet, the customer will be required to pay a CIAC or guaranteed payment or a combination of the two. The CIAC and/or guaranteed payment will reflect a credit equal in amount to the value of an 800 foot extension determined by expressing the 800 foot extension as a dollar amount based on the average cost per foot of the extension. Residential customers requesting three-phase service where the location qualifies for single-phase service will pay a CIAC for the difference in cost between the three-phase and single-phase extensions less the residential allowance based on the cost of a single-phase extension.

EAI proposes to discontinue the guaranteed payment option for seasonal residential and seasonal non-residential customers and require that CIAC be the only method of paying incremental line extension costs for those customers. Permanent non-residential customers will continue to pay a CIAC or guaranteed payment or a combination of the two if the estimated new revenue requirement[4] does not exceed the investment required to serve the customer.

In addition, for residential and non-residential customers, EAI proposes that all additional or unusual costs be paid by the customer in full through a CIAC only and would not be offset by the residential allowance or the estimated new revenue requirement for permanent non-residential customers as discussed above. In the existing policy these costs may have been included within the guaranteed payment calculation. Additional and unusual costs are those arising from situations not normally encountered in the course of construction of Company facilities such as excessive right-of-way clearing, easement purchases including eminent domain proceedings, difficult terrain, adverse working conditions, temporary facilities, non-optimal service routes and unnecessary removal/relocation/upgrade of facilities, as required by the customer.

Q. WHAT ARE THE REASONS FOR THE PROPOSED CHANGE?

A. The current policy places most of the investment risk initially on EAI, and ultimately all of EAI's current customers, should a customer that requested and received a line extension decide to discontinue service before the investment cost of providing service has been paid.

[4] The estimated new revenue requirement is the total estimated increase in revenue from the customer during the one-year period immediately following completion of the construction of the line extension.

The proposed policy will better balance the initial investment requirements between all other customers and the requesting customer. Changes in customer preferences such as the desire for more rural and isolated settings or to preserve scenic views are also resulting in longer extension requests of some residential customers. All other customers eventually subsidize these choices through their rates. The proposed policy would place the cost of exceptional service extensions on the customers who cause the cost to be incurred.

Q. HOW WAS 800 FEET DETERMINED TO BE THE APPROPRIATE LENGTH FOR A STANDARD SERVICE EXTENSION?

A. This distance was based on the amount of capital expenditure that is supportable by the distribution portion of the residential energy rate. This rate was applied to the average annual energy consumption for residential customers in single family housing, which produced an expected average annual revenue amount. This annual revenue amount was multiplied by a seven year payback period and then divided by the Company's average cost of overhead, single-phase construction resulting in the distance of approximately 800 feet.

Q. HOW WILL THE CIAC BE CALCULATED FOR RESIDENTIAL CUSTOMERS UNDER THE PROPOSED EXTENSION OF FACILITIES POLICY?

A. The formula for calculating the residential CIAC is as follows:

Residential Customer CIAC =
Estimated Investment
− Residential Allowance
\+ Additional or Unusual Costs

Q. HOW WILL THE CIAC BE CALCULATED FOR PERMANENT NON-RESIDENTIAL CUSTOMERS?

A. The formula for calculating the non-residential CIAC is as follows:

Non-Residential Customer CIAC =
Estimated Investment
− Estimated New Revenue/(15 percent or 30 percent)
\+ Additional or Unusual Costs

The CIAC will be calculated by crediting the total line extension costs by the customer's estimated new revenue divided by either 15 percent or 30 percent (for single-phase or three-phase service, respectively), excluding riders and taxes.

Q. HOW WILL THE CIAC BE CALCULATED FOR NON-RESIDENTIAL SEASONAL CUSTOMERS?

A. The formula for calculating the non-residential seasonal CIAC is as follows:

Seasonal Customer CIAC=
Estimated Investment
− Estimated New Revenue/(15 percent or 30 percent)
\+ Additional or Unusual Costs

For non-residential seasonal customers, the CIAC will be calculated by crediting the total line extension costs by the customer's estimated revenue divided by either 15% or 30% (for single phase or three phase service, respectively), excluding riders and taxes.

Q. DISCUSS HOW THE GUARANTEED PAYMENT PROVISION WILL BE APPLIED.

A. Permanent residential customers whose extension exceeds the 800 foot allowance or permanent non-residential customers whose revenue does not support the necessary investment may contract for a guaranteed payment, pay the difference in the form of a CIAC or some combination of the two. For the typical residential customer requesting single-phase service, a monthly guaranteed payment is calculated based on the extension cost, excluding unusual costs, less the residential allowance multiplied by 1.25 percent. For non-residential customers, a monthly guaranteed payment is calculated based on the extension cost, excluding unusual costs, multiplied by 1.25 percent for single-phase extensions and 2.50 percent for three-phase extensions. Unusual costs must be paid in advance through a CIAC.

Q. HOW WILL EAI ADDRESS EXISTING CUSTOMERS WHO HAVE GUARANTEED PAYMENTS?

A. These customers will continue under the existing policy. The new policy will only apply to customers requesting new line extensions.

Q. HOW WILL THE FOOTAGE ALLOWANCE IN THE POLICY SCHEDULE BE APPLIED TO SUBDIVISIONS?

A. All subdivision developments, whether rural or within incorporated city limits, with overhead or underground electric service, must be platted and recorded with the appropriate county clerk. The residential footage allowance will be multiplied by the number of lots to be served in the subdivision. No credit for unused allowances will be applied against additional or unusual costs. A plot of land that is not platted and recorded as a subdivision will be treated as a single, residential lot and the provisions for residential CIAC and/or guaranteed payment will be applied.

Q WHAT CHANGES WILL BE MADE IN THE PROVISIONS FOR EASEMENTS?

A. Residential customers will receive a right-of-way clearing cost credit for up to 800 linear feet at the Company's current average clearing cost per foot. The customer is responsible for clearing costs in excess of the clearing cost credit for up to 800 linear feet. No credits for unused allowances can be applied to the CIAC, guaranteed payment or unusual costs. The customer may clear right-of-way on property owned by the customer to Company specifications beyond 800 feet to avoid paying clearing costs.

Q. WHAT WILL BE THE COST IMPACTS TO EAI?

A. Under the proposed policy, EAI will continue to be responsible for the capital investment costs associated with the first 800 feet of residential construction projects. The customer will be responsible for the costs of residential line extensions in excess of 800 feet. While the impact of the revised policy is uncertain, a study conducted by EAI for the years 2003, 2004 and 2005, provided as EAI Exhibit GJG-2, estimated that an average of $2.7 million per year of additional CIAC payments would have been collected and/or supported by a guaranteed payment contract. We anticipate customers will react to the revised policy by selecting construction sites closer to existing electrical facilities to avoid paying the line extension costs in excess of the residential allowance.

Q. WHAT WILL BE THE COST IMPACTS TO THE CUSTOMER?

A. That will depend upon a customer's choice. As I stated previously, the proposed policy is expected to impact customers' behavior by encouraging customers to build closer to existing facilities to reduce or eliminate their CIAC payments. The proposal is consistent with the principle that customers who cause unusual costs should pay for those costs.

Q. WHY SHOULD THIS CHANGE TO THE EXTENSION OF FACILITIES POLICY BE APPROVED?

A. This proposal is more equitable because it eliminates inappropriate subsidies between existing customers and new customers requesting line extensions.

Q. WILL THE PROPOSED CHANGES TO THE EXTENSION OF FACILITIES POLICY AFFECT COSTS FOR UNDERGROUND SERVICE?

A. Yes. Under the current Underground Policy, customers are required to pay the difference between the cost of underground and overhead construction. The method of calculating that difference will be modified to provide for the credit associated for the 800 foot, single-phase, primary/secondary allowance.

Q. WERE THERE OTHER CHANGES MADE NECESSARY BY THE CHANGES TO RATE SCHEDULE NO. 60, EXTENSION OF FACILITIES?

A. Yes. Those rate schedules that include a section concerning the provision of three-phase service will be revised to reflect that in the event a primary line extension is necessary, the Company proposes to require the customer to reimburse the Company for the estimated construction cost of the three-phase primary extension in excess of the estimated costs of a single-phase extension in advance of construction consistent with the proposed line extension policy. This change affects Rate Schedule No. 1, General Purpose Residential Service; Rate Schedule No. 2, Optional

Residential Time-of-Use; and Rate Schedule No. 5, Nonresidential General Farm Service.

VI. PROPOSED CHANGES TO THE COMPANY'S UNDERGROUND POLICY

Q. DESCRIBE THE CHANGES PROPOSED TO THE UNDERGROUND POLICY.

A. The most significant changes to this overall policy are related to the changes to the Extension of Facilities Policy. Changes are also proposed to address language and responsibility clarifications, the addition of subdivision owned lighting, clarified requirements for customer-owned services and the addition of a provision for an annual process to review the differential cost table and file for approval of updated costs.

The Extension of Facilities Policy proposes to institute an 800 foot allowance for permanent residential customers. Under the proposed Underground Policy, customers that request underground service, which is generally more costly to install, will be required to pay in the form of a CIAC the differential cost between overhead and underground construction with a credit for the value of the 800 foot allowance calculated based on the Company's current average cost per foot of an overhead line extension. There will be no credit for unused extension allowance and the allowance will not apply to unusual costs. Non-residential customers not subject to the allowance will pay the entire differential cost.

Residential customers choosing to install, own and maintain their own underground services would be required to install a meter pedestal within five feet of the Company's padmount transformer, secondary pedestal or transformer pole. This establishes a clear indication of ownership when maintenance or repair may become necessary in the future.

The revised policy also proposes that differential costs between overhead and underground installations included in the table in § 61.9 be reviewed annually, and, if warranted, an update filed along with the annual update process proposed for the Charges Related to Customer Activity Rate Schedule, or filed separately if there are no Charges Related to Customer Activity Rate Schedule changes. The purpose of the addition of this annual update is to avoid the significant changes in differential costs that occur when these cost are not evaluated frequently. In addition, the differential costs included in the table in § 61.9 in the proposed Underground Policy have been updated to reflect current costs.

Q. DOES EAI PROPOSE ANY OTHER CHANGES TO THE UNDERGROUND POLICY?

A. Yes. In conjunction with the schedule for All Night Outdoor Lighting Service, it is necessary to add proposed language for providing for street lighting where the municipality does not contract for it or there is no municipality. The subdivision may elect to be served under the proposed

Energy Rate for Subdivision Owned Lighting Facilities included in the All Night Outdoor Lighting Service Rate Schedule or by the Small General Service Rate Schedule for metered services.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

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EAI EXHIBIT GJG-1

COST ANALYSIS SUPPORTING PROPOSED RECONNECTION FEE

Entergy Arkansas, Inc

Reconnection Fee Electric Service - Not at Meter - (Normal Business Hours - Each Reconnect Location)

Line	A	B	C	D	E	F	G	H	I	J
	Entergy - Arkansas	2006 Vehicle Rate ($/Minutes)	Travel Time (Minutes)	Transportation Costs ($)	Direct Site Time (Minutes)	Clerical Time (Minutes)	Total Direct Time (Minutes)	2005 Wage Rate ($/Hour)	Labor Costs	Total Cost
	Formula for Calculations			BxG					(H/60)xG	D+I
1	Clerical - Customer Service Center					6	6.0	$ 16.98	$ 1.70	$1.70
2	Journeyman Serviceman	0.3385	10.0	$10.16	20		30.0	$ 27.20	$ 13.60	$23.76
3	Clerical - Customer Accounting Services					3	3.0	$ 17.09	$ 0.85	$0.85
4	Sub-totals used in summary			$10.16					$ 16.15	$26.31
5							Payroll Overhead	58.49%		$9.45
6							Total Costs of Reconnect			$35.76
8							Total Costs of Disconnect			$35.76
9							Total Costs of Disconnect and Reconnect			$71.52
		(Based on yearly cost to operate vehicle)			(Based on average time at job site)			(Based on salary for classification)		

Entergy Arkansas, Inc

Reconnection Fee Electric Service - Not at Meter *(After Hours - Each Reconnect Location)*

Line	A	B	C	D	E	F	G	H	I	J
	Entergy - Arkansas	2006 Vehicle Rate ($/Minutes)	Travel Time (Minutes)	Transportation Costs ($)	Direct Site Time (Minutes)	Clerical Time (Minutes)	Total Direct Time (Minutes)	2005 Wage Rate ($/Hour)	Labor Costs	Total Cost
	Serviceman 2 hr OT call Alternative									
	Formula for Calculations			BxG					(H/60)xG	D+I
1	Clerical - Customer Service Center					6.0	6.0	$ 16.98	$ 1.70	$1.70
2	Journeyman Serviceman	0.3385	20	$10.16	120		120.0	$ 40.80	$ 81.60	$91.76
3	Clerical - Customer Accounting Services					3.0	3.0	$ 17.09	$ 0.85	$0.85
4									$ 84.15	$94.31
5							Payroll Overhead (straight time)	58.49%		$33.31
6							Payroll Overhead (overtime)	7.50%		$2.04
7							Total Costs of Reconnect			$129.66
9							Total Costs of Disconnect	(@ normal hrs)		$71.52
10							Total Costs of Disconnect and Reconnect			$201.18
	Serviceman already on OT - Actual Cost									
	Formula for Calculations			BxG					(H/60)xG	D+I
10	Clerical - Customer Service Center					6.0	6.0	$ 16.98	$ 1.70	$1.70
11	Journeyman Serviceman	0.3385	10	$10.16	20		30.0	$ 40.80	$ 20.40	$30.56
12	Clerical - Customer Accounting Services					3.0	3.0	$ 17.09	$ 0.85	$0.85
13									$ 22.95	$33.11
14							Payroll Overhead (straight time)	58.49%		$9.45
15							Payroll Overhead (overtime)	7.50%		$0.51
16							Total Costs of Reconnect			$43.07
18							Total Costs of Disconnect	(@ normal hrs)		$71.52
19							Total Costs of Disconnect and Reconnect			$114.59

Line	Sources of Work:	% of Time Sources Used	Cost / Reconnect		Weighted Average Cost
27	Serviceman 2 hr OT call	20%	$201.18	See above	$40.24
28	Serviceman already out on OT call - Actual Cost	80%	$114.59	See above	$91.67
30		100%			
31	Weighted Average Cost Per After Hours Reconnect				$131.91

Entergy Arkansas, Inc.

Payroll Loading Rates - 2005

Line		Straight Time	Overtime
1	Incentive (Bargaining)	2.10%	0.00%
2	Benefits	25.86%	0.00%
3	Taxes	7.50%	7.50%
4	Subtotal	35.46%	7.50%
5	Non-Productive	17.00%	0.00%
6	Composite Loading Rate	58.49%	7.50%

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<u>EAI EXHIBIT GJG-2</u>

ANALYSIS OF EXTENSIONS WITH RESPECT TO

PROPOSED CHANGES IN RATE SCHEDULE 60

Entergy Arkansas, Inc.
Single Phase Residential Overhead Extensions
Summary of Impact of Revised Line Extension Policy

All Extensions

Year	Number of Extensions	Total Extension Length	Average Extension Length
2003	6,128	2,182,485	356.1
2004	5,487	1,818,425	331.4
2005	5,840	2,006,894	343.6

Year	Number of Extensions	Total Extension Length	Average Extension Length	Average Cost to Customer	Total Customer Contribution
300 Feet & Under					
2003	4,067	610,360	150.1	$ -	None
2004	3,757	561,679	149.5	$ -	None
2005	3,959	584,887	147.7	$ -	None
300 to 800 Feet					
2003	1,531	727,272	475.0	$ -	None
2004	1,316	622,609	473.1	$ -	None
2005	1,393	658,147	472.5	$ -	None
Totals For Extensions 800 Feet & Under					
2003	5,598	1,337,632	238.9	$ -	None
2004	5,073	1,184,288	233.4	$ -	None
2005	5,352	1,243,034	232.3	$ -	None
800 to 1,320 Feet					
2003	304	311,178	1,023.6	$1,677.09	$509,835.00
2004	260	269,005	1,034.6	$1,759.76	$457,537.50
2005	283	287,528	1,016.0	$1,620.00	$458,460.00
1,320 to 2,640 Feet					
2003	167	291,254	1,744.0	$7,080.27	$1,182,405.00
2004	110	199,656	1,815.1	$7,612.91	$837,420.00
2005	161	275,084	1,708.6	$6,814.47	$1,097,130.00
2,640 to 5,280 Feet					
2003	52	189,713	3,648.3	$21,362.45	$1,110,847.50
2004	38	128,422	3,379.5	$19,346.45	$735,165.00
2005	36	127,075	3,529.9	$20,473.96	$737,062.50
Over 5,280 Feet					
2003	7	52,708	7,529.7	$50,472.86	$353,310.00
2004	6	37,054	6,175.7	$40,317.50	$241,905.00
2005	8	74,173	9,271.6	$63,537.19	$508,297.50
Totals For Extensions over 800 Feet					
2003	530	844,853	1,594.1	$80,592.67	$3,156,397.50
2004	414	634,137	1,531.7	$69,036.62	$2,272,027.50
2005	488	763,860	1,565.3	$92,445.62	$2,800,950.00
				Average	$2,743,125.00

CERTIFICATE OF SERVICE

I, Steven K. Strickland, do hereby certify that a copy of the foregoing has been served upon all parties of record this 15th day of August 2006.

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Steven K. Strickland