

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 19, 2008

IN RE:)	
)	
REQUEST OF ENTERGY ARKANSAS, INC. FOR APPROVAL OF CAPACITY ACQUISITION RIDER)	DOCKET NO.
)	08-00020
)	

ORDER APPROVING CAPACITY ACQUISITION RIDER

This matter came before Director Tre Hargett, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”) at the regularly scheduled Authority Conference held on February 25, 2008, for consideration of the *Request for Approval of Capacity Acquisition Rider (“Request”)* filed by Entergy Arkansas, Inc. (“Entergy” or “EAI”) on February 4, 2008.

BACKGROUND

Only twenty-two of EAI’s 667,000 customers live in Tennessee. As a result, most of Entergy’s system and all of Entergy’s generation are outside of Tennessee and fall under the jurisdiction of the Arkansas Public Service Commission. Nevertheless, the TRA has rate making jurisdiction over Entergy with respect to the twenty-two customers in Tennessee. In the past, the Authority has approved riders for Entergy to recover fuel costs and Federal Energy Regulatory Commission (“FERC”)-ordered payments.

In this docket, Entergy seeks the Authority’s approval for a Capacity Acquisition Rider (“CAR”). The CAR recovers from EAI’s retail customers changes in costs

associated with the Ouachita Plant Interim Tolling Agreement (“ITA”).¹ In its *Request*, Entergy explained that the ITA allows Entergy to purchase the entire output of the Ouachita Power Plant until EAI finalizes its acquisition of the 789 MW facility. On August 24, 2007, the Arkansas Public Service Commission (“APSC”) found that EAI demonstrated a shortage of capacity under its long-term control, that this shortage occurs as load following and peaking capacity and that combined cycle gas turbine appears to have the most appropriate operational characteristics for load-following resources.²

On September 4, 2007, Entergy requested the APSC approve the acquisition of the Ouachita Power Plant, the ITA, and the CAR.³ The ITA was approved on December 21, 2007, and the final version of the CAR and the tariff changes implementing it were approved on January 30, 2008 to be made effective with the first billing cycle in February 2008.⁴

FINDINGS AND CONCLUSIONS

The voting panel considered this matter at a regularly scheduled Authority Conference held on February 25, 2008. Based upon careful consideration of Entergy’s *Request* and of the entire record in this matter, the Directors voted unanimously to approve the *Request*. The panel further required Entergy to refile its tariff consistent with this Order with an effective date of March 4, 2008.

¹ Entergy Arkansas, Inc. Proposed Tariff Sheet No. 49.2.

² *Request for Approval of Capacity Acquisition Rider*, p. 1 (February 4, 2008) (referencing *Order No. 6* in APSC Docket No. 06-152-U).

³ Arkansas Public Service Commission Docket No. 06-152-U, *Order No. 11*, p. 5 (December 21, 2007).

⁴ *Request for Approval of Capacity Acquisition Rider*, p. 2 (February 4, 2008).

IT IS THEREFORE ORDERED THAT:

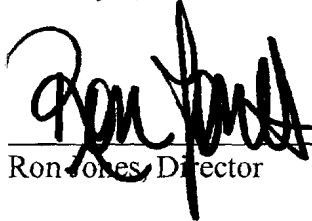
1. Entergy Arkansas, Inc.'s *Request for Approval of Capacity Acquisition Rider* is approved.
2. Entergy Arkansas, Inc. shall refile its tariff consistent with this Order with an effective date of March 4, 2008.



Tre Hargett, Director



Sara Kyle, Director



Ron Jones, Director