

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**December 22, 2008**

<b>IN RE:</b>	)	
	)	
<b>ENTERGY ARKANSAS, INC.'S</b>	)	<b>DOCKET NO.</b>
<b>PROPOSED STORM DAMAGE RIDER</b>	)	<b>08-00201</b>

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**ORDER SUSPENDING STORM DAMAGE RIDER TARIFF**

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This matter came before Director Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA") at the regularly scheduled Authority Conference held on December 15, 2008, for consideration of *Entergy Arkansas, Inc.'s Proposed Storm Damage Rider* ("Petition") filed by Entergy Arkansas, Inc. ("Entergy" or "EAI") on October 17, 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 ("Arkansas 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, as well as a Capacity Acquisition Rider.

In the instant *Petition*, Entergy seeks the Authority's approval for a Storm Damage Rider ("SDR"). The SDR recovers calendar year 2008 storm restoration costs in excess of

the amount embedded in Entergy's base rates from Entergy's retail customers.<sup>1</sup> The Arkansas Commission included \$14.449 million of storm restoration costs in Entergy's most recent rate case based upon normal weather. Entergy stated that it has experienced an unusual amount of damage in 2008 resulting from high winds, tornadoes, hurricanes, ice and snow; therefore, operations and maintenance storm restoration expenses are expected to exceed the amount included in its base rates by over \$26 million.

Under the SDR, Entergy proposes to establish a regulatory asset for deferring these excess costs. The initial SDR rates are based on Entergy's actual storm restoration costs, excluding capital costs, through September 30, 2008 and the expected energy sales during calendar year 2009. The rates are subject to a revision effective the first billing cycle in July. The revision will reflect the Arkansas Commission's audit of Entergy's costs, the remaining storm restoration costs, including costs incurred during the final three months of 2008 (plus carrying costs), the results of Entergy's 2008 earnings review and the forecasted energy sales for the final six months of 2009. Entergy proposes the tariff become effective with the first billing cycle of January 2009 and remain effective until all costs are recovered. Any over-recovery of storm restoration costs will be refunded through the Energy Cost Recovery Rider.

Entergy filed its proposed SDR with the Arkansas Commission on October 15, 2008. On December 3, 2008, the Arkansas Commission General Staff, the Arkansas Attorney General and Entergy filed a *Stipulation and Settlement Agreement* ("*Settlement Agreement*") with the Arkansas Commission that resolves all outstanding issues in the Arkansas Commission docket. The primary differences between Entergy's original filing and the *Settlement Agreement* are the elimination of carrying cost recovery and the

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<sup>1</sup> *Petition*, p. 1. This filing mirrors the filing made in Arkansas.


deadlines for auditing and revising the SDR rates. The *Settlement Agreement* moves the effective date of any necessary revision to the SDR rates from the first billing cycle of July 2009 to the first billing cycle of October 2009. Revisions may be necessary due to Entergy's year end update of actual storm costs for the last three months of 2008, the Arkansas Commission Staff's audit of 2008 storm costs and Entergy's 2008 earnings analysis.

#### **FINDINGS AND CONCLUSIONS**

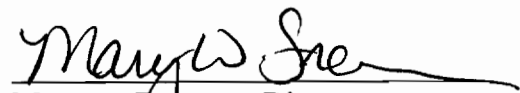
The voting panel considered this matter at a regularly scheduled Authority Conference held on December 15, 2008. The panel, desiring the benefit of knowing how the Arkansas Commission rules on the SDR, voted unanimously to suspend the SDR tariff for thirty days from the proposed effective date of December 31, 2008 to January 30, 2009.

#### **IT IS THEREFORE ORDERED THAT:**

Entergy Arkansas, Inc.'s tariff for Storm Damage Recovery is suspended for thirty days from the proposed effective date of December 31, 2008 to January 30, 2009.

  
Eddie Roberson, Director

  
Sara Kyle, Director

  
Mary W. Freeman, Director