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Regulatory Affairs
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2013 JAN 18 AM 10:46

January 16, 2013

T.R.A. DOCKET ROOM

Chairman James M. Allison
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Tariff Filing No. 13-00003
Entergy Arkansas, Inc. Request for Approval of Arkansas Nuclear
One, Unit 1 Interim Capacity Cost Recovery Rider

Dear Chairman Allison:

On Tuesday, January 15, 2013, Entergy Arkansas, Inc.'s (EAI) received a call from Ms. Tiffany Underwood from the Tennessee Regulatory Authority's (TRA) Utilities Division informing EAI that its request for approval of proposed new Rate Schedule No. 55, Arkansas Nuclear One, Unit 1 Interim Capacity Cost Recovery Rider (Rider ANOR) provided in EAI's application letter dated January 7, 2013, had been placed on the agenda for commissioner review during the next scheduled TRA conference on February 13, 2013. EAI's proposed new Rider ANOR reflected the requested effective date of January 30, 2013 (first billing cycle of February). Due to EAI's application and proposed new tariff being scheduled for review in February, Ms. Underwood requested we revise the effective date for EAI's proposed new Rider ANOR from January 30, 2013, to March 1, 2013 (the first billing cycle of March).

The purpose of this letter is to replace Rider ANOR, attached to EAI's January 7, 2013 letter, with the attached revised tariff reflecting revised effective date of March 1, 2013, for the TRA commissioners' review and requested approval during the conference to be held February 13. Please find attached an original and 4 copies of this proposed tariff.

If you have any questions or need additional information, please do not hesitate to call me at 501-377-5876.

Sincerely,

Laura Landreaux
Manager, Regulatory Affairs

Attachments

c: Ms. Tiffany Underwood

ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 55.1 Schedule Sheet 1 of 6
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, Inc.
Name of Company

Kind of Service: Electric Class of Service: All

TRA Tariff Filing No.:

Part III. Rate Schedule No. 55

Effective: 3/1/13

Title: **Arkansas Nuclear One, Unit 1 ("ANO 1")
Interim Capacity Cost Recovery Rider (ANOR)**

PSC File Mark Only

55.0 ANO 1 INTERIM CAPACITY COST RECOVERY RIDER

(NR)

55.1 REGULATORY AUTHORITY

The Arkansas Legislature has delegated authority to the Arkansas Public Service Commission ("APSC" or the "Commission") to regulate public utilities in the State of Arkansas, including Entergy Arkansas, Inc. ("EAI" or the "Company"). The APSC's regulatory authority over the provision of electric service applies not only in the Distribution Service area allocated to EAI by the APSC but also extends to service to customers who have been released to EAI by other electric distribution utilities, when such release for service has been approved by the Commission pursuant to Rule 7.04.(b) of the Commission's Rules of Practice and Procedure. Similarly, the Tennessee Regulatory Authority exercises such authority delegated to it by the Tennessee Legislature in areas of the State of Tennessee served by EAI.

55.2 PURPOSE

The purpose of this ANO 1 Interim Capacity Cost Recovery Rider ("Rider ANOR") is to recover, from EAI's retail customers, the acquisition of 70 MW of EAI's ANO 1 Wholesale Base Load ("WBL") capacity costs previously sold to the other Operating Companies under Service Schedule MSS-4 of the Entergy System Agreement, along with the reserve equalization effects, if any, associated with this reacquired capacity as approved by the APSC in Docket No. 12-038-U. Rider ANOR shall apply in accordance with the provisions of § 55.3 below to electric service billed under certain rate schedules, whether metered or unmetered. Rider ANOR shall be effective with the first billing cycle for the January 2013 billing month. EAI shall file to withdraw Rider ANOR at such time as the Capacity Rates set out in Attachment A, including any True-up pursuant to Paragraph 55.4 below, are recovered.

55.3 CAPACITY RATES

The capacity cost recovery rates ("Capacity Rates") shall be set forth in Attachment A to this Rider ANOR.

55.4 RATE DETERMINATION

The rate determination shall be in Compliance with the APSC's Order in Docket No. 12-038-U and shall include recovery of the 70 MW of ANO 1 capacity, as approved by the APSC, to be incurred over the 12-month period beginning on January 1, 2013. The Initial Capacity Rates, as set out in Attachment A, shall be based on the annual revenue requirement associated with ANO 1 as included in the Joint Submission of Revised Cost of Service approved by the APSC in Order No. 20 in Docket No. 09-084-U and determined by application of the Capacity Rate Formula set out in Attachment B to this Rider ANOR.

ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 55.2 Schedule Sheet 2 of 6
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, Inc.
Name of Company

Kind of Service: Electric Class of Service: All

TRA Tariff Filing No.:

Part III. Rate Schedule No. 55

Effective: 3/1/13

Title: **Arkansas Nuclear One, Unit 1 ("ANO 1")
Interim Capacity Cost Recovery Rider (ANOR)**

PSC File Mark Only

A True-up Adjustment shall be calculated for the ANO 1 WBL for calendar year 2013. This True-up Adjustment shall be reflected in the following year's Rider ANOR calculation. The True-up Adjustment shall be defined as the difference between revenues collected via Rider ANOR for the 12 months ending December 31, 2013 and actual booked costs of the ANO 1 WBL for the 12 months ending December 31, 2013 as described in Attachment B to this Rider ANOR. EAI shall file the True-up Adjustment by April 1, 2014. Any over- or under-collection shall be refunded or recovered beginning with the first billing cycle in May 2014 through the last billing cycle in December of 2014. The True-Up Adjustment shall become effective on the first billing cycle of May 2014 unless suspended by the Commission.

Capacity Rates shall be filed by the Company in Docket No. 12-038-U and shall be accompanied by a set of workpapers sufficient to document fully the calculations of the Capacity Rates.

(NR)

55.5 STAFF AND COMMISSION REVIEW

Staff shall review the filed Capacity Rates to verify that the formula in Attachment B has been correctly applied and shall notify the Company of any necessary corrections. After the Staff completes its review of the rate calculation, the Company shall make appropriate changes to correct undisputed errors identified by the Staff in its review. Any disputed issues arising out of the Staff review are to be resolved by the Commission after notice and hearing. The initial Capacity Rates shall go into effect, upon Commission approval, with the first billing cycle of January 2013.

55.6 TERM

This Rider ANOR shall remain in effect until terminated in accordance with applicable regulations or laws.

If this Rider ANOR is terminated by a future order of the Commission, the Capacity Rates shall continue to be in effect until such costs, including the True-up Adjustment, are recovered through another mechanism or until the implementation of new base rates reflecting such costs.

Rider ANOR Rates

(NR)

All retail rates and applicable riders on file with the APSC will be increased or decreased by the rates listed below, except those specifically excluded below:

Rate Class	Rate Schedules	Applicable Rate
Residential	RS, RT, REMT	\$0.000761/kWh
Small General Service	SGS, GFS, TSS, MP, AP, CGS, CTV, SMWHR	\$0.000759/kWh
Large General Service	LGS, LPS, GST, PST, SSR	\$0.299716/kW
Lighting	L1, L1SH, L4	\$0.000390/kWh

Excluded Schedules:

- Additional Facilities Charge Rider ("AFCR")
- Charges Related to Customer Activity ("CAC")
- Small Cogeneration Rider ("SCR")
- Large Cogeneration Rider ("LCR")
- ANO Decommissioning Cost Rider ("NDCR")
- Energy Cost Recovery Rider ("ECR")
- Municipal Franchise Tax Adjustment Rider ("MFA")
- Grand Gulf Rider ("GGR")
- Experimental Market Valued Energy Reduction Service Rider ("MVER")
- Experimental Energy Reduction Service Rider ("EER")
- Production Cost Allocation Rider ("PCA")
- Energy Efficiency Cost Recovery Rider ("EECR")
- Federal Litigation Consulting Fee Rider ("FLCF")
- Storm Recovery Charges Rider ("SRC")
- Pilot Real Time Pricing Service Rider ("RTP")
- Capacity Acquisition Rider ("CA")

TRA Tariff Filing No.:

Effective: 3/1/13

Attachment B to
Rate Schedule No. 55
Attachment Page 1 of 3
Schedule Sheet 4 of 6
Including Attachments

**Entergy Arkansas, Inc.
Capacity Rate Formula**

(NR)

Class Allocation & Rate Development					
Line No.	Class	Class Allocator (1)	Capacity Revenue Reqmt (\$) (2)	Projected Billing Units (3)	Applicable Rate (\$kWh or kW) (4)
	EAI Retail				
1	Residential	41.0882%	6,019	7,913,304,097 kWh	\$0.000761
2	Small General Service	23.7697%	3,482	4,590,130,206 kWh	\$0.000759
3	Large General Service	34.4526%	5,047	16,837,970 kW	\$0.299716
4	Lighting	0.6895%	101	258,703,124 kWh	\$0.000390
5	Total EAI Retail	100.000%	14,648		

Notes:

(1) The capacity costs shall be 100% retail and the Rate Class Allocator shall be each class' prorata share of the Production Demand Allocation Factor as included in the Joint Submission of Revised Cost of Service approved by the APSC in Order No. 20 in Docket No. 09-084-U.

(2) Attachment B, Page 2, Line 24 * Class Allocator

(3) Projected Billing Units

(4) Class Capacity Revenue Requirement / Projected Billing Units

**Entergy Arkansas, Inc.
Capacity Revenue Requirement
Arkansas Retail Jurisdiction (A)**

(NR)

Line No.	Description	Amount (\$000)
	I. Acquired ANO 1 WBL Capacity Costs (B)	
	Rate Base (C)	
1	Plant in Service	1,137,846
2	Accumulated Depreciation & Amortization	(564,887)
3	Working Capital Assets	20,892
4	Total Rate Base (Line 1 + Line 2 + Line 3)	593,851
5	Before-Tax Rate of Return on Rate Base (D)	7.00%
6	Return on Rate Base (Line 4 * Line 5)	41,570
	Expenses/(Revenues) (E)	
7	Operation & Maintenance Expense (F)	114,756
8	Depreciation & Amortization Expense	35,236
9	Taxes Other than Income Tax	10,002
10	Total Expenses (Line 7 + Line 8 + Line 9)	159,994
11	Total ANO 1 Plant Capacity Costs (Line 6 + Line 10)	201,564
12	Total ANO 1 Capability @ 6/30/09 (MW)	834
13	ANO 1 Capacity Cost per MW (\$/MW)	241.68
14	ANO 1 WBL Acquired Capacity (MW)	70
15	ANO 1 WBL Plant Capacity Costs (Line 13 * Line 14)	16,918
16	Reserve Equalization (Expense)/Revenue (F)	2247
17	Total ANO 1 WBL Acquired Capacity Costs (Line 15- Line 16)	14,671
	II. True-up Adjustment	
18	Revenues received from Rider ANOR for 12 months ending 12/31/13	0
19	Actual ANO 1 WBL revenue requirement for 12 months ending 12/31/13 (G)	0
20	True-up Adjustment (Line 19-Line 18)	0
21	Total Recoverable ANO 1 WBL Revenue Requirement (Line 17+ Line 20)	14,671
22	Bad Debt Rate (H)	0.4451%
23	Forfeited Discount Rate (I)	0.6017%
24	Total Rider ANOR Capacity Revenue Requirement (Line 21*(1+Line 22-Line 23))	14,648

Notes:

(NR)

- (A) Costs reflect Total Company or Retail portion as required
- (B) Initial Capacity costs associated with 70 MW of the ANO1 portion of the WBL capacity determined based on the revenue requirement per MW of ANO 1 capacity from the Joint Submission of Revised Cost of Service as approved by APSC in Order No. 20 in Docket No. 09-084-U.
- (C) Initial Rate Base values based on the balances included in the Joint Submission of Revised Cost of Service approved by the APSC in Order No. 20 in Docket No. 09-084-U.
- (D) Before-Tax RORB from the Joint Submission of Revised Cost of Service approved by the APSC in Order No. 20 in Docket No. 09-084-U.
- (E) Initial Expense values based on the balances included in the Joint Submission of Revised Cost of Service approved by the APSC in Order No. 20 in Docket No. 09-084-U.
- (F) Estimated Reserve Equalization (MSS-1) impact on retail associated with the 70 MW of the ANO 1 portion of the WBL capacity

Where:

$[(\text{EAI MW} * \text{retail split}) - (\text{System MW} * \text{EAI responsibility ratio})] * \text{cost rate } \$/\text{MW} * 12$

(MW is total capability recognizing seasonal ratings per MSS-1)

(Retail split is defined as 100% for the ANO 1 WBL)

(EAI MW is 70 MW of ANO 1 capability)

(System MW is 0 MW - ANO 1 capability already on System)

(EAI responsibility ratio and cost rate per most recent MSS-1 calculation)

(Cost rate reflects the relative long or short position of EAI under MSS-1)

- (G) For the True-up Adjustment the ANO 1 WBL revenue requirement for 2013 shall be based on Company's actual 2013 booked costs, excluding effects of Rider GMES applicable to calendar year 2013, calculated consistent with the Attachment B formula, herein, for the initial Capacity Costs. As set forth in Order No. 7 of Docket No. 12-038-U, the appropriate net plant balances used in the True-Up Adjustment shall be determined by subsequent Commission order before the True-Up adjustment is calculated.
- (H) The Retail Bad Debt Rate from Docket No. 09-084-U
- (I) The Retail Forfeited Discount Rate from Docket No. 09-084-U