

**TECHNICAL CONFERENCE – ENTERGY SERVICES, INC.
NEW ORLEANS, LOUISIANA
JULY 30, 2004**

**SUMMARY OF REMARKS OF RICKY BITTLE, ON BEHALF OF
ARKANSAS ELECTRIC COOPERATIVE CORPORATION**

- **All of Entergy's activities should be viewed as a package, not separately.**
 - Market power (Docket Nos. ER91-569, ER97-1064)
 - Pricing of transmission
 - Incremental pricing
 - Cost impact on others (Docket No. ER04-638)
 - ICT
 - WPP
 - Potential monopsony power
 - Transmission access
 - AFC (Docket No. ER03-1272)
 - Generator Regulation Service (Docket No. ER04-901)

- **Participation by Entergy in the SPP RTO is a better option than the ICT proposal.**
 - Justifications for Entergy participating in SPP (October 2000) are still valid today.
 - Participation in the SPP RTO would further regional competitive wholesale generation markets, by:
 - expanding the markets available to buyers and sellers within the region for a single transmission charge, *i.e.*, transmission rate pancaking would be eliminated.
 - minimizing seams problems such as inconsistent ATC postings, differing scheduling practices.
 - resulting in coherent regional planning which, over time, could remedy transmission constraints that prevent economic transactions between and among SPP member systems.
 - Participation by Entergy in the SPP RTO would result in independent operation of:
 - OASIS
 - ATC calculation
 - Planning and expansion
 - Interconnections
 - SPP RTO comes with services of independent market monitor.
 - SPP RTO has independent board, open stakeholder process.

- **Because the ICT will not be sufficiently independent, Entergy's ICT proposal does not address Entergy's ability to discriminate against competitors by virtue of retained control over its transmission system and related functions.**
 - For most of its assigned functions, the ICT would have "Oversight" authority – merely the right to have an opinion.
 - The distinction between Oversight and Decisional authority is the ITC's ability to require compliance.
 - Although the ICT eventually would have "Decisional" authority over Reliability Coordinator services, that authority is neither well-defined nor exclusive.
 - Entergy's proposed contractual arrangements with the ICT would have the inherent effect of undermining the independence of the ICT.
 - Overall, the limited authority Entergy proposes to confer on the ICT would add very little benefit in terms of independence while imposing on transmission customers another layer of administrative costs.

- **Precedent if followed by others produces duplicate facilities and personnel.**
 - It is more economical to share costs and spread the costs over more consumers.
 - It is based on a single entity.

- **Transmission pricing problems.**
 - Who are the free riders?
 - Transmission additions come in lumpy increases.
 - Barriers to entry.

- **Grandfathered agreements.**
 - Negotiated as captive customers of TO.

- **Regional planning is needed.**
 - Access to regional generation markets.