

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of Entergy Arkansas, Inc.,     )  
Mid South TransCo LLC, Transmission Company Arkansas,     ) Case No. EO-2013-0396  
LLC and ITC Midsouth LLC for Approval of Transfer of Assets     )  
and Certificate of Convenience and Necessity, and Merger and,     )  
in connection therewith, Certain Other Related Transactions.     )

In the Matter of Entergy Arkansas, Inc.'s Notification of     )  
Intent to Change Functional Control of Its Missouri Electric     )  
Transmission Facilities to the Midwest Independent     ) Case No. EO-2013-0431  
Transmission System Operator, Inc. Regional Transmission     )  
System Organization or Alternative Request to Change     )  
Functional Control and Motions for Waiver and Expedited     )  
Treatment.     )

**INITIAL BRIEF OF THE MISSOURI JOINT MUNICIPAL  
ELECTRIC UTILITY COMMISSION**

COMES NOW the Missouri Joint Municipal Electric Utility Commission (MJMEUC) by and  
through their counsel, Douglas L. Healy, and for the Post Trial Brief, make the following  
arguments:

**I.     ENTERGY ARKANSAS AND ITC HAVE FAILED TO SHOW THAT THE  
TRANSFER OF FUNCTIONAL CONTROL OF TRANSMISSION ASSETS  
TO MISO OR THE TRANSFER OF ASSETS FROM ENTERGY  
ARKANSAS, INC. TO ITC IS NOT DETRIMENTAL TO THE PUBLIC  
INTEREST.**

As the Commission is familiar, the standard granting a transfer of assets is that the transfer is  
not to the public detriment. The standard is broad, and intentionally so, as it allows the  
Commission the ability to analyze any transfer of assets in its totality, and is not limited to only  
the aspects of the transfer that the Commission regulates. In the current case before the

Commission, the Joint Applicants (Entergy Arkansas, Inc, ITC, and their various affiliates) have requested that the Commission authorize transfer of wholesale transmission assets located in Missouri that serve Missouri wholesale load from Entergy Arkansas to ITC's Arkansas affiliate, and that such assets be placed into the Midcontinent Independent Transmission System Operator's (MISO) functional control.

The qualitative benefits identified by the Joint Applicants are vague, with no quantifiable dollars associated with them. While Joint Applicants stress the improvements that will be made in Arkansas, during the hearing it was obvious that the Missouri assets of Entergy Arkansas were no more than an afterthought to both Entergy Arkansas and ITC as they contemplated the transfer of assets in other states.

When Richard Riley was asked about the transmission assets at Thayer, he stated that the assets at Thayer were not significant to the Entergy transmission system, as they represented only two "little" substations.<sup>1</sup> When Cameron Bready was asked about any planned upgrades to Thayer, none were identified.<sup>2</sup> However, Mr. Bready did identify increases in transmission expenses that Thayer would be expected to pay due to the capital structure differences between Entergy Arkansas and ITC (not including rate increases due to MISO membership), even though no quantifiable benefits from the transfer could be identified.<sup>3</sup> No deficiencies in the current transmission facilities at Thayer, or in other parts of Missouri were identified by either ITC or Entergy as being needed and currently neglected. This increase in rates, driven by the double leveraged capital structure of ITC, with no corresponding improvements in service, seems to raise a question of what exactly the citizens of Thayer can expect for their money.

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<sup>1</sup> Transcript at 64:13 – 65:6

<sup>2</sup> Id at 157:24-158:3

<sup>3</sup> Id at 158:4- 158:21

Additionally, whether it is even prudent for these assets to be in any RTO (Regional Transmission Operator, such as MISO, or the Southwest Power Pool (SPP)) remains unanswered, as the Joint Applicants have only approached the Commission with one choice, and no analysis or evidence of how that choice was decided to be best for Missouri citizens. What, if any benefits, or lack of harm, that Missouri citizens should expect from such a move to an RTO have not been addressed. The Joint Applicants have repeatedly stated that they currently have no retail customers and will have no retail customers in Missouri in the foreseeable future. As such, it appears that only MISO costs will flow to Missouri citizens, with no benefits to offset such costs. Aside from the increase in return on equity from the current rate to the minimum MISO authorized return on equity, ITC companies in MISO have a record of applying for and receiving incentive return on equities from the Federal Energy Regulatory Commission, which would drive the cost associated with joining MISO to Missouri citizens even higher.<sup>4</sup>

As Commissioner Jarrett pointed out during Staff's opening statement<sup>5</sup>, there is no requirement that a utility be part of RTO. In this case, if there is a detriment to the public, it begs the question of why the assets should be placed into an RTO at all, and why Missouri citizens should bear the financial burden on behalf of third parties who will benefit.

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<sup>4</sup> Id at 155:18-156:17

<sup>5</sup> Id at 58:11 – 59:12

## CONCLUSION

This case was filed by the Joint Applicants, and they carry the burden of proof that this series of transactions is not to the public detriment. They have failed to not only provide sufficient weight of evidence to carry their burden, but have not even filed evidence as to why MISO membership is not to the public detriment, or evidence concerning the monetary benefits that Missouri citizens would see from these transactions that would outweigh any detriment. If such value was present, the Joint Applicants would have demonstrated it to the Commission. As such, Joint Applicants have failed in their evidentiary burden.

While the benefits may not have been monetarily demonstrated, the Commission saw some of the initial monetary costs associated with this transaction. The Joint Applicants continually emphasized the *de minimis* nature of this transaction compared to the Entergy system and the Entergy and ITC transaction as a whole, but Missouri citizens should not be expected to fund potential benefits in other states. What Missouri citizens are receiving for their money remains a question, and one that neither Entergy nor ITC was able to demonstrably show. The most likely item that the average Missouri citizen will ever notice from this proposed transaction is a higher monthly utility bill.

Respectfully submitted,



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Douglas L. Healy  
Missouri Bar No. 51630  
Healy & Healy, Attorneys at Law, LLC  
939 Boonville, Suite A  
Springfield, Missouri 65802  
Telephone: (417) 864-8800  
Facsimile: (417) 869-6811  
Email: dhealy@mpua.org

**ATTORNEY FOR MJMEUC**

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to all counsel of record in this case this 12th day of July, 2013.



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Douglas L. Healy