

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

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)	File 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)	

**STATUS REPORT AND
MOTION FOR CLARIFICATION OR ABATEMENT OF REPORTING REQUIREMENT
BY ENTERGY ARKANSAS, INC.**

COMES NOW Entergy Arkansas, Inc. ("EAI" or the "Company") and submits this Status Report and Motion for Clarification or Abatement of Reporting Requirement to the Missouri Public Service Commission (the "Commission") in response to the Commission's November 26, 2013 Revised Report and Order issued in the above-captioned proceeding ("*November 26 Revised Report and Order*" or "*November 26 EAI MISO Migration Order*").¹

As set forth below, in the *November 26 Revised Report and Order* the Commission sought updates from EAI regarding seams issues and concurrently opened File No. EW-2014-0156 to receive the same type of seams information from interested parties. The Commission subsequently closed File No. EW-2014-0156 on September 23, 2015, indicating that no other information was desired or requested regarding the seams issues. Accordingly, EAI requests that the Commission clarify that the closing of File No. EW-2014-0156 was also intended to relieve EAI of the need to file any ongoing

¹ *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 Transmission System Operator Inc. Regional Transmission System Organization or Alternative Request to Change Functional Control and Motions for Waiver and Expedited Treatment*, File No. EO-2013-0431 (Nov. 26, 2013).

seams updates in the instant case or alternatively that the Commission abate the need for EAI to provide such updates in this case.

I. PROCEDURAL BACKGROUND

In the *November 26 Revised Report and Order*, the Commission noted that “the case at bar expose[d] larger issues stemming from Missouri’s location on the seam between MISO and SPP.”² Accordingly, the Commission said it was “concurrently issuing with this order, an order opening a workshop docket to explore these seams issues.”³ The Commission found that, beginning on June 30, 2014 and annually thereafter until otherwise ordered by the Commission, EAI (or its successor) shall file a report concerning its perspective of the economic viability of remaining in the Midcontinent Independent System Operator, Inc. (“MISO”) Regional Transmission Organization (“RTO”), the safety and reliability of transmission service provided to customers, and the status of the Joint Operating Agreement between MISO and the Southwest Power Pool, Inc. (“SPP”).⁴ That order became effective on December 9, 2013 and declared that “this case shall be closed on December 10, 2013.”⁵

As set forth in the *November 26 EAI MISO Migration Order*, the Commission contemporaneously opened a workshop proceeding⁶ to continue its investigation of the seams issues, which proceeding was to serve as a repository for documents and

² *November 26 EAI MISO Migration Order* at 14.

³ *Id.* at 15.

⁴ *Id.* at 15-16.

⁵ *Id.* at 16.

⁶ *In the Matter of an Investigation into the Possible Methods of Mitigating Identified Harmful Effects of Entergy Joining MISO on non-MISO Missouri Utilities and Their Ratepayers and Maximizing the Benefits for Missouri Utilities and Ratepayers Along RTO and Cooperative Seams*, File No. EW-2014-0156 (Nov. 26, 2013) (“*November 26 MISO-SPP Seams Order*”).

comments.⁷ As set forth in the *November 26 EAI MISO Migration Order*, the Commission identified and sought status reports on seams issues discussed in File No. EO-2013-0431:

- Charges to transfer electricity across the seam between MISO and the SPP; and
- The methodology for evaluating, accounting for, and controlling loop flows between Missouri RTO seams due to what the Commission described as its concerns about the safety and reliability of the electric grid.⁸

In both the *November 26 Revised Report and Order*⁹ and the corresponding *November 26 MISO-SPP Seams Order*,¹⁰ the Commission invited interested parties to provide the Commission with information relevant to the MISO-SPP seams issues. The deadline for such comments by EAI was established initially in File No. EO-2013-0431 to be June 30, 2014, and annually thereafter on June 30.¹¹ However, File No. EW-2014-0156 that served as a repository for the seams documents and comments established an earlier comment date of April 1, 2014 for all interested parties.¹² That date was later extended to July 1, 2014.¹³

Entergy Services, Inc. (“ESI”), on behalf of the Entergy Operating Companies¹⁴ including EAI, submitted timely comments on July 1, 2014 to assist the Commission in its continued investigation. A copy of ESI’s comments are attached hereto as Exhibit A. Thereafter, the Commission issued an order on September 23, 2015 in File No. EW-

⁷ *November 26 MISO-SPP Seams Order* at 2.

⁸ *November 26 EAI MISO Migration Order* at 14-15.

⁹ *Id.* at 15-16.

¹⁰ *November 26 MISO-SPP Seams Order* at 3.

¹¹ *November 26 EAI MISO Migration Order* at 15.

¹² File No. EW-2014-0156, January 3, 2014 order at 1.

¹³ File No. EW-2014-0156, March 18, 2014 order at 2.

¹⁴ The Entergy Operating Companies include EAI; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

2014-0156 closing the file for the stated reason that the Commission had collected comments from stakeholders and found no further action was required at that time.¹⁵ However, the Commission's September 23, 2015 order in File No. EW-2014-0156 that was captioned as pertaining to "*an Investigation into the Possible Methods of Mitigating Identified Harmful Effects of Entergy Joining MISO...*" was silent as to whether the Commission desired to continue to receive comments from EAI separately in File No. EO-2013-0431.¹⁶ Although the Commission has indicated that no other information is desired or requested, out of an abundance of caution, EAI is submitting this Status Report by June 30, 2016, which is the next annual comment period following the Commission's closing of File No. EW-2014-0156 on September 23, 2015. EAI's filing of this Status Report is subject to all of the reservation of rights set forth previously in this proceeding and in File No. EW-2014-0156 with respect to the Commission's jurisdiction.¹⁷

II. STATUS REPORT

The *November 26 EAI MISO Migration Order* mentioned two seams issues addressed in File No. EO-2013-0431: charges to transfer electricity across the seam between MISO and SPP and the methodology for evaluating, accounting for, and controlling loop flows between Missouri RTO seams (i.e., what this Commission has

¹⁵ File No. EW-2014-0156, September 23, 2015 order at 1.

¹⁶ *Id.*

¹⁷ As also set forth in ESI's prior comments, ESI did not concede that the Commission has jurisdiction over EAI with respect to the seams issues. EAI is not a load-serving entity ("LSE") in Missouri and serves no Missouri retail customers. EAI owns limited transmission facilities (approximately 87 miles) in Missouri, which are used by MISO solely to provide wholesale transmission service. Further, issues identified in the *November 26 Revised Report and Order* and *November 26 MISO-SPP Seams Order* relating to MISO's through-and-out charges and loop flows between MISO and SPP were and remain within the exclusive jurisdiction of the Federal Energy Regulatory Commission ("FERC"), and FERC directly addressed those issues in proceedings in which the Commission is a party.

described as its concerns about the safety and reliability of the electric grid).¹⁸ There was significant activity at the FERC involving both of these issues. As discussed below and as this Commission is likely aware given its party status in the FERC proceedings, the resolutions and progress achieved at FERC on these matters have been positive. EAI submits that such positive progress supports EAI's perspective that it is economically viable to remain in MISO and that transmission service is being provided to customers in a safe and reliable manner.

A. Charges to Transfer Electricity Across the Seam between MISO and SPP

On February 20, 2014, FERC instituted a proceeding in FERC Docket No. EL14-19 to investigate the justness and reasonableness of the MISO regional through-and-out rate ("RTOR") for service over the portion of the MISO transmission system in the South Region of MISO (the region encompassing EAI, the other Entergy Operating Companies, and other transmission owners that joined MISO in December 2013 or thereafter). On February 25, 2016, a number of parties, including several former Entergy Open Access Transmission Tariff ("OATT") customers such as KCP&L Greater Missouri Operations Company who had raised concerns about the MISO RTOR, filed a Settlement Agreement at FERC to resolve all issues in this docket ("RTOR Settlement Agreement"). Attached hereto as Exhibit B is the Settlement Agreement filed in FERC Docket No. EL14-19. On that same date, the settling parties filed a motion for interim rate relief, which allowed MISO to begin implementing settlement rate treatment on an interim basis prior to FERC approval of the RTOR Settlement Agreement. Attached

¹⁸ November 26 EAI MISO Migration Order at 14-15.

hereto as Exhibit C is the February 25, 2016 Motion for Interim Rate Relief. The motion was approved on March 3, 2016. On June 23, 2016, FERC approved the RTOR Settlement Agreement. Attached hereto as Exhibit D is FERC's June 23, 2016 Letter Order.

B. Safety and Reliability of the Electric Grid (i.e., the Methodology for Evaluating, Accounting for, and Controlling Loop Flows between Missouri RTO Seams)

As previously explained through the ESI comments in File No. EW-2014-0156, EAI submits that loop flow issues are appropriately addressed within the framework of the MISO-SPP Joint Operating Agreement (“JOA”). Although the MISO-SPP JOA was designed to address seams issues between MISO and SPP, there was significant disagreement among the parties about the meaning of the MISO-SPP JOA and whether and, if so, how that agreement was to be revised in light of the MISO South integration in December 2013.

On December 3, 2013, the U.S. Court of Appeals for the D.C. Circuit remanded FERC’s decision in Docket No. EL11-34 that had ruled that Section 5.2 of the Joint Operating Agreement (“JOA”) between MISO and SPP required those parties to share contract paths with each other.¹⁹ On January 28, 2014, in Docket No. EL14-21, SPP filed a Complaint against MISO arguing that MISO was violating the MISO-SPP JOA by imposing market flows on SPP’s system in excess of 1000 MW or, in the alternative, that, to the extent the JOA authorizes such market flows, it was unjust and unreasonable and should be revised to require compensation for market flows above

¹⁹ *Southwest Power Pool, Inc. v. FERC*, 736 F3d 994 (D.C. Cir. 2013).

1000 MW. On that same date, SPP also filed in Docket No. ER14-1174 an unexecuted Service Agreement requiring MISO to compensate SPP for market flows that exceed 1000 MW. On February 18, 2014, in Docket No. EL14-30, MISO filed a Complaint against SPP contending that SPP transmission service invoices to MISO for market flows above 1000 MW violate the MISO-SPP JOA and the SPP OATT.

On March 28, 2014, FERC consolidated several disputes relating to energy flows between MISO South and the rest of MISO, and the JOA between MISO and SPP, and set those consolidated proceedings for hearing and settlement judge procedures.²⁰ The parties exchanged information and participated in settlement meetings.²¹

On January 21, 2016, FERC approved a settlement (“JOA Settlement”) among MISO, SPP, Associated Electric Cooperative, Inc., and other parties in the disputed cases. Attached hereto are the JOA Settlement Agreement (Exhibit E) and the FERC order approving that Agreement (Exhibit F). In addition to the flow of energy between MISO regions and the SPP-MISO JOA, the dispute also involved issues related to the Sub-Regional Power Balance Constraint (“SRPBC”) that MISO implemented to address flows above the 1,000 MW direct interconnection capability between MISO South and the rest of MISO and the temporary 3,000 MW limit contained in the second Operations Reliability Coordination Agreement (“ORCA”).

The JOA Settlement resolves disputes in multiple FERC proceedings to address restrictions on intra-regional flows between MISO South and the rest of MISO. The JOA Settlement provides for the ability to use an additional 1,500 MW South to North (for a total of 2,500 MW) and 2,000 MW North to South (for a total of 3,000 MW) above

²⁰ *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,231 (2014).

²¹ See, e.g., *Order Scheduling Settlement Conference*, Docket Nos. ER14-1174, *et al* (June 10, 2014).

the existing 1,000 MW contract path, for which MISO will pay SPP a monthly fee based on MISO's annual usage of the additional incremental MWs.²² Also the JOA Settlement replaced the ORCA and extinguished all litigation relating to the dispute over these flows. In 2014, FERC approved MISO's proposed revisions to the SRPBC provisions of its tariff to allow intra-regional flows above 1,000 MW when net production-cost savings are attainable (i.e., when redispatch costs in MISO exceed transmission charges from SPP).²³ The JOA Settlement eliminates this hurdle rate restriction on flows above 1,000 MW.

As summarized above, the JOA Settlement places agreed-upon limits on the total flows allowable between the North and South subregions of MISO and establishes an agreed-upon amount of compensation by MISO to SPP and other neighboring regions in connection with those flows. To the best of EAI's knowledge, information, and belief, the seam among MISO, SPP, and AECI within the state of Missouri has been and continues to be managed in a manner that is safe and reliable. To the best of EAI's knowledge, information, and belief, since the resolution through settlement of the above-described FERC disputes, neither MISO, nor SPP, nor AECI has raised any issue or concern related to safe and reliable operations along the SPP/MISO/AECI seam within the State of Missouri.

²² FERC Lead Docket No. ER14-1174.

²³ FERC Docket No. ER14-2445.

III. MOTION FOR CLARIFICATION OR ABATEMENT OF REPORTING REQUIREMENT

For the reasons set forth above and incorporated herein including the approval of the settlement agreements at FERC, EAI respectfully petitions the Commission to clarify or abate the reporting requirement set forth in the *November 26 Revised Report and Order*. The Commission's September 23, 2015 order in File No. EW-2014-0156 indicated that no other information is desired or requested regarding the seams issues, which include the same topics set forth in the *November 26 Revised Report and Order*. Accordingly, with this motion, EAI requests that the Commission clarify that the closing of File No. EW-2014-0156 was also intended to relieve EAI of any further and ongoing seams reporting obligations in the instant case. In the alternative, EAI requests that the Commission relieve EAI of the obligation to file annual reports as set out in Ordered Section No. 2 of the *November 26 Revised Report and Order* in File No. EO-2013-0431. Because File No. EW-2014-0156 served as a repository for documents and information related to seams issues and investigated the same seams issues raised in the instant case, EAI submits that ongoing, annual status reports are no longer necessary in this case and that the requirement of same should be abated.

WHEREFORE, Entergy Arkansas, Inc. ("EAI") respectfully requests the Commission to accept the Status Report submitted herein; to clarify that the closing of Case No. EW-2014-0156 also was intended to relieve EAI of further and ongoing reporting obligations previously set forth in the *November 26 EAI MISO Migration Order* in this case; or, in the alternative, to relieve EAI of such a reporting obligation going forward; and to grant all other proper relief.

Respectfully submitted,

/s/ William D. Steinmeier

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CERTIFICATE OF SERVICE

I hereby certify that the undersigned has caused a complete copy of the attached document to be electronically filed and served on the Commission's Staff Counsel (at staffcounsel@psc.mo.gov), the Office of Public Counsel (at opcservice@ded.mo.gov), and all counsel of record on this 30th day of June 2016.

/s/ William D. Steinmeier