

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File - Case No. EA-2012-0321, Application of Entergy Arkansas, Inc. Requesting a Certificate of Convenience and Necessity to Own, Acquire, Construct, Operate, Control, Manage and Maintain Certain Electric Plant Consisting of Electric Transmission and Distribution Facilities within Dunklin, New Madrid, Oregon, Pemiscot, and Taney Counties, Missouri, and/or other Relief.

FROM: Dan Beck, Energy Department – Engineering Analysis

<u>/s/ Daniel I. Beck    06/26/12</u> Energy Unit / Date	<u>/s/ Nathan Williams    06/26/12</u> Staff Counsel's Office / Date
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SUBJECT: Staff Memorandum

DATE: June 26, 2012

## **OVERVIEW**

The Staff of the Missouri Public Service Commission (“Staff”) submits the instant Memorandum regarding the Application of Entergy Arkansas, Inc. (“EAI”) for alternatively, (1) a Missouri Public Service Commission (“Commission”) Certificate of Convenience and Necessity (“CCN”) authorizing EAI to own, acquire, construct, operate, control, manage and maintain its existing Missouri-based electric transmission and distribution facilities within Dunklin, New Madrid, Oregon, Pemiscot, and Taney Counties, Missouri, as well as a proposed new interconnection point to be constructed to its existing transmission system at a proposed new substation in Pemiscot County, Missouri, per section 393.170, and sections 386.020(14) and (15), RSMo 2000, (2) a Commission determination that EAI already has all the authority it needs from the Commission to perform these activities that the granting of a CCN would authorize, or (3) that the Commission decline jurisdiction in this matter on the grounds that the

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described facilities and operations are within the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), or otherwise decline jurisdiction. The Application meets the filing requirements of 4 CSR 240-3.060 and 4 CSR 240-3.105. EAI requests and Staff recommends the Commission waive the 60-day contested case notice requirements of 4 CSR 240-4.020, as well as the reporting requirements of 4 CSR 240-3.175 and 4 CSR 240-3.190. EAI requests that the Commission issue an Order in this case that would allow the new transmission line to be built and operable by September 1, 2012. Staff counsel addresses this September 1, 2012 date in Staff’s filing pleading.

EAI is a corporation existing and organized in the State of Arkansas, its principal place of business being at the Metropolitan National Bank Building, 425 West Capitol Avenue, Little Rock, Arkansas, 72201. As illustrated in Appendix 2 in its Application, EAI is authorized to do business within the State of Missouri.

EAI is not required to file annual reports with the Commission nor is it required to pay assessment fees. Staff is not aware of any pending actions or unsatisfied judgments against EAI concerning customer service or rates occurring within three years of this filing.

On March 27, 2012, the Commission issued an Order informing any party who desired to intervene in this case to file such application by April 16, 2012. No party has filed an application to intervene. On April 17, 2012, the Commission issued an Order directing the Staff to file a recommendation or status report in this case by May 17, 2012. Staff filed a status report on May 17, 2012, stating its intention to file a recommendation by June 14, 2012. Staff filed a second status report on June 14, 2012 stating its intention to file a recommendation by June 26, 2012.

## DISCUSSION

EAI previously provided retail and wholesale electric service in Missouri, doing business as Arkansas Power and Light Company (“AP&L”), a subsidiary of Middle South Utilities, now Entergy Corporation. In 1990, AP&L requested to transfer its retail customers and sell the associated facilities utilized in its provision of retail service, to Union Electric Company (“UE”), currently known as Ameren Missouri, in Case No. EM-91-29. Nearly a year later, AP&L revised this earlier request in favor of transferring a small portion of these aforementioned retail customers and selling the associated facilities to Sho-Me Power Corporation (“Sho-Me”) in Case No. EM-91-404. In both cases, AP&L included a list of facilities of which it explicitly stated its intention to retain ownership of comprising certain transmission and distribution facilities which were and are used to provide wholesale electric service in Missouri to various cities and electric cooperatives subject to the jurisdiction of the FERC. The Commission consolidated these cases and issued an Order in September 1991 granting, “That Arkansas Power & Light Company be authorized hereby to sell, transfer and assign to Union Electric Company all of its franchise, works, and system as well as all of its assets, real estate, leased property, easements, and contractual agreements associated with its *retail electric service* in Missouri subject to the jurisdiction of this Commission...as well as its certificates of convenience and necessity issued by this Commission pursuant to which it provides *retail electric service* in this state associated with the assets authorized to be sold...” *Re Arkansas Power & Light Co.*, 1 Mo.P.S.C.3d 96, 103, Case Nos. EM-91-29 and EM-91-404, 1991 WL 498651, *Report and Order* (1991) (Emphasis added).

Later in the Order, the Commission states, “That That Arkansas Power & Light Company be authorized hereby to sell, transfer and assign to Sho-Me Power Corporation its works and system as well as its assets, real estate, leased property, easements and contractual agreements associated with its provision of *retail electric service* in and near the Cities of Alton and Thayer, both in Missouri and in Taney County, also in Missouri, as well as that portion of its certificate of convenience and necessity issued by this Commission associated with its provision of retail electric service via these assets. *Re Arkansas Power & Light Co.*, 1 Mo.P.S.C.3d 96, 103-04, Case Nos. EM-91-29 and EM-91-404, 1991 WL 498651, *Report and Order* (1991) (Emphasis added).

Furthermore in the Order, the Commission states, “That upon the closing of the transactions authorized herein, the certificates of convenience and necessity issued by this Commission to Arkansas Power & Light Company or to its predecessors in interest, to the extent any of such certificates or portions thereof are not transferred to Union Electric Company or to Sho-Me Power Corporation, shall be cancelled.” In addition, the Commission “...relieved [AP&L] of its obligations as a public utility to render service in its service area in Missouri pursuant to tariffs approved by this Commission and certificates of convenience and necessity issued to it by this Commission.” *Re Arkansas Power & Light Co.*, 1 Mo.P.S.C.3d 96, 105, Case Nos. EM-91-29 and EM-91-404, 1991 WL 498651, *Report and Order* (1991).

EAI has continually, and is currently, utilizing these facilities retained by AP&L to provide wholesale service to cooperatives and municipal electric systems in Missouri. A list of facilities, transmission lines with their corresponding length in circuit miles, and substations with associated equipment, is included in Attachment 1 of this Memorandum.

This list matches the list of retained facilities that AP&L included in the 1990/1991 cases involving the transfer/cancellation of the CCNs associated with the historic provision of retail service in Missouri. A map depicting these lines and substations is included as Attachment 2.

The existing transmission line facilities of EAI are divided into three distinct geographical regions. The Bootheel includes facilities in Dunklin, Pemiscot and New Madrid Counties. “End-use” electric service to customers in these counties is provided by electric cooperatives, municipals, and Ameren Missouri. The six (6) transmission lines and three (3) substations (Hayti South, Portageville, and Jim Hill) of EAI are required to maintain the existing electric reliability to electric customers in this region, regardless of the “end-use” supplier.

The Oregon County facilities include two (2) transmission lines and two (2) substations (Thayer South and Thayer North) of EAI. “End-use” electric service to Oregon County is provided by an electric cooperative and the Thayer municipal utility. The EAI transmission lines and substations are required to maintain the existing electric reliability to electric customers in this county but are also critical to supplying electricity to the city of Thayer since Thayer does not own transmission facilities. Although no investor owned electric utilities serve Oregon County, these EAI facilities are connected to investor owned facilities, including a line that begins in Oregon County and terminates with Ameren Missouri’s system near the Taum Sauk plant and therefore affects the reliability of the Ameren Missouri system.

The Taney County facilities of EAI consist of a transmission line that terminates at the Ozark Beach substation of The Empire District Electric Company (“Empire”),

which is located adjacent to the Ozark Beach Dam (also commonly called “Powersite Dam”). The Ozark Beach Dam forms Lake Taneycomo and is where the Ozark Beach hydroelectric generation station is located. “End-use” electric service to Taney County is provided by Empire and by an electric cooperative. The EAI transmission line is required to maintain the existing electric reliability to electric customers in this county, but is also an important north-south link between southwestern Missouri and northwestern Arkansas.

One of these wholesale customers, Associated Electric Cooperative, Inc. (“AECI”) has requested a new interconnection point to one of these transmission lines, specifically the Blytheville, Arkansas to Hayti, Missouri 161 kV transmission line. This interconnection will be made from this transmission line to a new substation in Pemiscot County, near Steele, Missouri intended to be built by M&A Electric Power Cooperative (“M&A”), as depicted in Appendix 5 of the Application.

M&A is acquiring any easements necessary in order to build the substation and interconnection with EAI’s transmission line and will give EAI any rights-of-way it would require to construct and own the interconnection point. M&A is building this substation to provide another transmission source for its 69 kV sub-transmission network in this area of Pemiscot County, Missouri. This area of southeast Missouri is currently served by a single 69 kV sub-transmission line.

AECI has conducted analytic studies recently that have revealed multiple low voltage and thermal loading problems during single and/or multiple contingencies on M&A’s network in this area. Noting that load shedding would be required in response to

several contingencies analyzed, AECl was especially concerned with load that may take days to restore without the requested facility additions.

AECl identified this proposed new substation location and associated interconnection point to be the least cost alternative to address a number of operational issues and improve reliability and enhance voltage stability in this area of southeast Missouri. Other alternatives would require the construction of multiple miles of new transmission lines, lines that would be radial and not necessarily loop fed. The advantage of a loop fed line is the availability of an alternate source to possibly energize the associated line upon the loss of the normal source, in the aftermath of a storm for example. EAI personnel told Staff of conducting analyses of its own to ensure available capacity exists on this transmission line and the EAI system to fulfill M&A's and/or AECl's requested needs.

This area of southeast Missouri, which is often referred to as the Bootheel, also has municipal utilities and an investor owned electric utility serving customers in Pemiscot and Dunklin Counties. Specifically, Kennett and Malden are municipal electric utilities in Dunklin County and Ameren Missouri serves customers in Dunklin and Pemiscott Counties. The electric systems of the cooperatives, municipals and Ameren Missouri are interconnected in the Bootheel, so a change to one system will almost always have some effect on the other systems' reliability. Staff discussed the planned upgrades with Ameren Missouri personnel. Ameren Missouri has not done any modeling of the proposed changes, but Ameren Missouri personnel expect that the overall reliability in the Bootheel will be improved. Based on Staff's discussions with EAI and Ameren Missouri, although the primary beneficiaries of this proposed interconnection

and substation are the cooperative and municipal customers, Ameren Missouri's customers will also benefit from the proposed project.

M&A will acquire all necessary easements to complete this project. M&A will build the substation, with the associated high voltage terminals built to meet the specifications of EAI as illustrated on Appendix 6 attached to the Application. EAI will build the interconnection to its existing 161 kV Blytheville, Arkansas, to Hayti, Missouri transmission line with the high voltage terminals in the new substation. Following construction, M&A will cede to EAI the easements associated with these interconnection points and associated equipment as illustrated in Appendix 7 of the Application. This interconnection will not be utilizing public rights of way, and therefore no approval from any governmental body is necessary for its construction, maintenance and operation per Rule 4 CSR 240-3.105(1)(C).

### **SUMMARY**

As noted above, EAI's predecessor, AP&L, requested to sell and/or transfer its retail customer base and associated facilities, CCNs, etc., to Union Electric Company and Sho-Me in 1990 and 1991, respectively. In these filings, AP&L requested that the Commission cancel all CCNs or portions thereof to the extent they were not transferred to UE or Sho-Me, and AP&L included a list of electric transmission and distribution facilities of which it intended to retain ownership to serve electric cooperatives and cities. These facilities which AP&L retained have been and continue to be utilized in providing wholesale electric service to cities and electric cooperatives in Missouri. AECI, a generation and transmission cooperative, has requested EAI provide a new transmission interconnection point to a proposed new substation in Pemiscot County to be built by



M&A in order to address reliability issues. In this Application, EAI is requesting and Staff supports the issuance by the Commission of a CCN to own, acquire, construct, operate, control, manage and maintain certain electric plant consisting of existing electric transmission and distribution facilities within Dunklin, New Madrid, Oregon, Pemiscot, and Taney Counties, Missouri, and a new proposed interconnection point to its existing transmission system at a proposed new substation in Pemiscot County because these existing transmission facilities are beneficial to the reliability of electric service to retail customers in these same Missouri counties and the new proposed interconnection point to the existing EAI transmission system at a proposed new substation in Pemiscot County will add further reliability of electric service to retail customers in the Boothill.

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

In the Matter of the Application of )  
Entergy Arkansas, Inc. for a Certificate of )  
Convenience and Necessity Authorizing it )  
to Own, Acquire, Construct, Operate, )  
Control, Manage and Maintain Certain )  
Electric Plant Consisting of Electric )  
Transmission and Distribution Facilities )  
Within Dunklin, New Madrid, Oregon, )  
Pemiscot and Taney Counties, Missouri )  
and/or for Other Relief. )

File No. EA-2012-0321

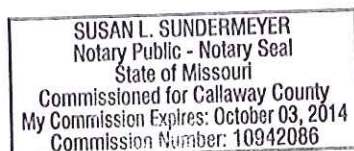
**AFFIDAVIT OF DANIEL I. BECK**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

Daniel I. Beck, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Daniel I. Beck

Subscribed and sworn to before me this 26<sup>th</sup> day of June, 2012.



  
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Notary Public

**ENTERGY ARKANSAS, INC.****MISSOURI PROPERTIES – Transmission Line Facilities****BOOT HEEL**

<b>Line No.</b>	<b>T-Line Name</b>	<b>Total Line Length (Miles)</b>	<b>Line Length in Missouri (Miles)</b>	<b>Notes</b>
601	Hayti South to Jim Hill	26.88	26.88	161 kV, Single Pole Concrete
601.1	Hayti South to Hayti North	0.06	0.06	161 kV, Wood H-Frame
603	Hayti South to AECl New Madrid SES	27.78	27.78	161 kV, Wood H-Frame/Lattice Steel/Single-Pole Steel
701/602	Blytheville I-55 to Hayti South	20.79	16.03	161 kV, Single-Pole Concrete
706/600	AECC Rector North to Jim Hill	14.22	1.37	161 kV, Single-Pole Concrete
713/608	Texas Eastern Pumping Station #8 to Jim Hill	10.4	1.41	115 kV, Wood H-Frame

**OREGON COUNTY**

<b>Line No.</b>	<b>T-Line Name</b>	<b>Total Line Length (Miles)</b>	<b>Line Length in Missouri (Miles)</b>	<b>Notes</b>
609	Thayer South to Thayer North	1.35	1.35	69 kV, Single Wood Pole
612/613	AECC Mammoth Spring to Thayer South	8.68	0.65	161 kV, Wood H-Frame

**TANEY COUNTY**

<b>Line No.</b>	<b>T-Line Name</b>	<b>Total Line Length (Miles)</b>	<b>Line Length in Missouri (Miles)</b>	<b>Notes</b>
907.5	Omaha SS to Ozark Beach	15.0	11.81	161 kV, Wood H-Frame

**MISSOURI PROPERTIES – Substation Facilities**

<b>Substation Name</b>	<b>Voltage</b>	<b>Notes</b>
Hayti South	161 kV	161 kV switchyard, 161 kV buses, breakers and switches
Portageville	161/33 kV	161 kV operating bus and switches
Jim Hill	161/115 kV	161, 115, and 34 kV switchyard, buses, breakers and switches, 1.5 mile 34 kV line to St. Francis, 3.0 mile 34 kV line to Campbell (de-energized)
Thayer South	161/69 kV	161 and 69 kV switchyard, 161 and 69 kV breakers and switches, 161/69 kV autotransformer
Thayer North	69 kV	69 kV terminal, bus and switches, autotransformer, 4 kV switches

Attachment 2  
Is Deemed  
Highly Confidential  
In Its Entirety