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ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF A SHOW CAUSE ORDER)
 DIRECTED TO ENTERGY ARKANSAS, INC.)
 REGARDING ITS CONTINUED MEMBERSHIP IN)
 THE CURRENT ENTERGY SYSTEM AGREEMENT,)
 OR ANY SUCCESSOR AGREEMENT THERETO, AND)
 REGARDING THE FUTURE OPERATION AND)
 CONTROL OF ITS TRANSMISSION ASSETS)

DOCKET NO. 10-011-U
 ORDER NO. 72

ORDER

Introduction

On November 28, 2011, pursuant to Ark. Code Ann. § 23-3-102, Entergy Arkansas, Inc. (EAI) filed in the above-styled docket its *Application to Transfer Functional Control of its Electric Transmission Facilities to the Midwest Independent Transmission System Operator Regional Transmission Organization* (Application).

By Order Nos. 54 and No. 68, issued respectively in this Docket on October 28, 2011, and August 3, 2012, the Arkansas Public Service Commission (Commission) provided pre- and post-Application¹ guidance to EAI regarding its plans to exit the Entergy System Agreement (ESA) effective December 18, 2013, and to become a member of the Midwest Independent System Operator Regional Transmission Organization (MISO).²

In Order No. 68 the Commission enumerated nineteen conditions³ which would need to be satisfied by EAI and MISO before the Commission could reach a finding that

¹ An evidentiary hearing on EAI's Application was conducted by the Commission on May 30-31, 2012.

² Order Nos. 54 and No. 68 are incorporated in this Order by reference as though set forth word for word herein.

³ Order No. 68 at 25-32.

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EAI's Application was in the public interest. More specifically the Commission stated as follows:

By this Order the ... Commission concludes, at this time, that it is unable to reach a finding that EAI's Application is in the public interest. However, assuming compliance by EAI and ... [MISO] of the conditions ..., and upon proper motion and proof of compliance in the form of sworn testimony by EAI and MISO officials who are expressly authorized to commit their respective organizations, the Commission will make a determination whether EAI and MISO have, in fact, complied with the conditions. Upon a finding by the Commission that EAI and MISO have, in fact, complied with the conditions, the Commission will grant conditional approval of EAI's Application, as being in the public interest, and will authorize EAI to sign the MISO Transmission Owners Agreement (TOA) and move forward with the MISO integration process. However, subsequent to the issuance of any conditional approval order, if the Commission, after notice and hearing, finds that any condition enumerated herein has been materially modified or not fulfilled, the Commission will withdraw its conditional approval and require EAI to exit MISO. Therefore, the Commission hereby defers further action on EAI's Application at this time.

Order No. 68 at 1-2.

On August 24, 2012, EAI filed *Entergy Arkansas, Inc.'s Motion for Finding of Compliance with Conditions and for Approval of Application or in the Alternative, Petition for Rehearing* (EAI's Compliance Filing). On the same date EAI also filed the Compliance Testimony of EAI President Hugh McDonald in support of EAI's Compliance Filing.

On August 31, 2012, MISO filed *Midwest Independent Transmission System Operator, Inc.'s Motion for Finding of Compliance with Conditions and Approval of Application, Motion for Clarification, or in the Alternative, Petition for Rehearing* (MISO's Compliance Filing). On the same date MISO also filed the Compliance Testimony of MISO witness Clair J. Moeller in support of MISO's Compliance Filing.

Responses to the Compliance Filing and Compliance Testimony of EAI and/or to the Compliance Filing and Compliance Testimony of MISO (identified hereafter by party and Document Number) were filed by the following parties: Conway Corporation (Conway), West Memphis Utilities Commission (West Memphis) and the City of Osceola, Arkansas (Osceola) (Document No. 932); the City of Prescott, Arkansas (Prescott) and the Hope Water & Light Commission (Hope) (Document No. 933); the City Water & Light Plant of the City of Jonesboro, Arkansas (Jonesboro) (Document No. 934); the General Staff (Staff) of the Commission (Document Nos. 935 and No. 942); the City of Benton, Arkansas (Benton) (Document No. 936); the Attorney General of Arkansas (AG) (Document Nos. 938 and No. 943); the Arkansas Electric Energy Consumers, Inc. (AEEC) (Document No. 939); the NRG Companies (NRG) (Document No. 944); the Southwest Power Pool Regional Transmission Organization (SPP) (Document No. 946); and the City of North Little Rock, Arkansas (North Little Rock) (Document No. 946).

On September 20, 2012, the Commission issued Order No. 71 which granted EAI's and MISO's alternative Petitions for Rehearing "solely for the purpose of further consideration by the Commission." Order No. 71 at 4. Also, the Commission stated its "understanding that time is of the essence in this proceeding, [and that the Commission] will endeavor to expeditiously issue its ruling on EAI's and MISO's ... [Compliance Filings] and, if necessary, on EAI's and MISO's alternative Petitions for Rehearing." *Id.*

Commission Authority

EAI is a wholly owned subsidiary of Entergy Corporation⁴ and a retail electric public utility operating within the State of Arkansas pursuant to a Certificate of Convenience and Necessity issued by this Commission. Therefore, EAI is subject to the supervisory and regulatory jurisdiction and authority of this Commission. The Commission has lawful jurisdiction and regulatory authority in this docket pursuant to, but not limited to, the provisions of Ark. Code Ann. §§ 23-1-101(9), 23-2-301, 23-2-302, 23-2-304, 23-2-402, 23-2-310, 23-3-101, 23-3-102, 23-3-113, 23-3-118, 23-4-101, 23-18-103 and 23-18-106.

Discussion and Findings of the Commission

Positions of the Parties

EAI and MISO urge the Commission to find that they have complied with the Order No. 68 conditions, as evidenced by their Compliance Filings and Compliance Testimonies, and expeditiously approve EAI's Application. The following Parties, although they do not state support or opposition to EAI's Application, urge the Commission to expeditiously issue its final ruling on EAI's Application: AECC, Prescott, Hope, Conway, West Memphis, Osceola, and Jonesboro.

In its Response to MISO's Compliance Filing, North Little Rock also states its concerns regarding MISO's governance proposal and notes MISO's statement that strict compliance with Condition 13 is outside of MISO's control and authority. In so doing,

⁴ Entergy Corporation is a multi-state holding company engaged primarily in the electric generation, transmission and distribution business at retail and wholesale through six wholly-owned electric public utility subsidiaries (called Entergy Operating Companies or OpCos) including EAI, Entergy Louisiana, LLC (ELL), Entergy Gulf States Louisiana (EGSL), Entergy Mississippi, Inc. (EMI), Entergy New Orleans (ENO) and Entergy Texas, Inc. (ETI). The OpCos are regulated at retail as follows: EAI—Arkansas Public Service Commission (Commission); ELL and EGSL—Louisiana Public Service Commission (LPSC); EMI—Mississippi Public Service Commission (MPSC); ENO—City Council of the City of New Orleans (CNO); and ETI—Public Utility Commission of Texas (PUCT).

North Little Rock states that MISO “admits that MISO cannot achieve the conditions imposed by the Commission to protect the public interest.” Therefore, North Little Rock asks the Commission to deny EAI’s Application “until such time that governance issues have been resolved.” North Little Rock Response at 1-2.

North Little Rock also states its concerns regarding locational pricing risks if EAI becomes a member of MISO. North Little Rock believes that EAI’s Lynch Generator, located within the North Little Rock city limits and electric service territory, “will set the locational marginal price (LMP) in the North Little Rock area when it is running and that North Little Rock will bear a disproportionate share of this high cost generation when compared to other entities in the EAI service territory.” However, North Little Rock states that its LMP concerns “can be alleviated by use of a single aggregate settlement location for all load serving entities (LSEs) in Arkansas. Therefore, North Little Rock urges the Commission to deny EAI’s Application “until such time that locational pricing risks have been resolved, preferable through the establishment of a single EAI Aggregate ... [Commercial Pricing] node made up of all load busses in the EAI footprint.” *Id.* at 2-3.

Benton, like North Little Rock, states similar concerns regarding LMP and urges EAI and MISO to adopt a single aggregate LMP settlement location that would include Benton and other similarly situated Arkansas Cities. Benton urges the Commission, “as soon as possible,” to grant “conditional approval” of EAI’s Application and direct EAI to sign the Transmission Owners Agreement “immediately.” Benton Response at 2. More specifically, Benton urges the Commission to:

- i. Direct EAI to include transmission customers such as Benton in its EAI Aggregate single Commercial Pricing node;
- ii. Direct MISO to demonstrate that its ARR and Financial Transmission Rights (FTRs) allocation practices will hold Benton and similar situated LSEs harmless from unhedged congestion costs in a manner comparable to existing MISO LSEs;
- iii. Direct MISO to demonstrate that Entergy's "historic practice of allowing base-case overloads to exist will not disadvantage Benton and other similarly situated LSEs by accounting for base-case overloads and redispatch conditions in the assignments of ARR and FTRs;
- iv. Direct EAI and MISO to outline specific steps they will take to reduce LSEs' exposure to congestion costs upon integration into MISO;
- v. Direct MISO to ensure that Transmission Owners, which have benefited from the "historical under-building of the Entergy system, will be called upon to partially fund any shortfall; and
- vi. Direct EAI to create necessary Load Balancing Authorities (LBA) for the EAI footprint permitting Benton to utilize LBA services as early as the end of the EAI Integration Reference Year into, but in any event no later than March 31, 2014, the current expiration date of the Benton/Constellation Energy Power Supply Agreement.

Id. at 5-6.

NRG, in its Response, reiterates that, "to date", it "has been supportive" of the Entergy OpCos becoming members of MISO based on NRG's experience with the

Entergy system, “which shows that change is needed, as well as our generally positive experience with Day 2 Markets.” Given that MISO has an established Day 2 Market, NRG states that it “has supported MISO as the favorable option” for the Entergy OpCos “subject to the condition that load serving entities such as NRG receive sufficient congestion hedges,” i.e. ARR. Therefore, NRG states that it “can only support the proposed transition [to MISO] to the extent that it does not result in a significant transfer of costs and risk from Entergy’s shareholders to other entities operating within the Entergy footprint.” NRG is “very concerned that MISO has not yet sufficiently clear rules to ensure that holders of long-term firm transmission service on the Entergy transmission system, which have been paying the fixed costs of the transmission system for decades, will receive a priority right to scarce ARR.” NRG Response at 1-2. Therefore, NRG argues that “Commission action is premature until MISO clarifies its proposed rule changes, and how it intends to account for the unique characteristics of the Entergy transmission system in both the entitlement *and* nomination phases of the ARR allocation process.” NRG asks that the Commission defer any further determinations as to whether EAI and MISO have met the Order No. 68 conditions for “at least 60 days.” *Id.* at 10.

AEEC, in its Response to EAI’s Compliance Filing, urges the Commission to “carefully consider whether and how its conditions on EAI’s membership in MISO might transfer to ITC, or any other successor company, should EAI go forward with its transmission system divestiture plans.” If appropriate, AEEC urges the Commission “to require EAI to insert appropriate conditions into any contracts EAI enters into with any potential successor [transmission] company.” AEEC Response at 3.

SPP, in its Response to MISO's Compliance Filing, points out the "flaws" in MISO's governance proposal and concludes that such proposal "clearly does not comply with *any* of the terms contained in Condition 13..." SPP Response at 4. Therefore, SPP urges that the Commission "not find that MISO has substantively complied with the conditions" and "deny MISO's petition for clarification, deny MISO's petition for rehearing, and find that EAI's Application is not in the public interest." *Id.* at 9.

The AG agrees that a "timely resolution" of EAI's Application and an "immediate determination [by the Commission] of conditions for membership [by EAI] in the MISO RTO is in the public interest. AG Response to EAI at ¶ 3. With regard to Condition 1(a), the AG, in his Response to EAI's Compliance Filing, states that "further investigation is warranted, to hear evidence to comprehensively explore the relative costs of stand-alone service contracts vis-à-vis service contracts that are shared among more than one utility, and to entertain legal arguments focusing on why shared contracts may or may not invite future FERC cost re-allocation litigation." *Id.* at ¶ 7. However, the AG urges that such future investigation "not delay EAI's integration into MISO." *Id.* at ¶ 6. In addition the AG requested clarification from EAI regarding Conditions 8, 9 and 19. Since EAI provided no specific compliance response to Condition 13 the AG addressed this condition in its separate Response to MISO's Compliance Filing. Otherwise, the AG concludes that EAI has either complied with the other conditions or its responses to such conditions are reasonable.

In his Response to MISO's Compliance Filing, the AG concludes that MISO has either complied with the conditions applicable to MISO, i.e. Conditions 2(a), 2(b), 2(c), 3, 9, 10 and 12, or that its responses to such conditions are reasonable. Regarding

Condition 13, the AG states that while MISO's governance proposals, as provided in MISO witness Moeller's Compliance Testimony, "may not precisely fit with the strict requirements of Condition 13, the AG respectfully recommends that the Commission consider them as satisfying the Commission's objectives in Condition 13." AG Response to MISO at ¶ 21.

Staff, in its separate Responses to EAI's and MISO's Compliance Filings, does not specifically address the Order No. 68 conditions. However, in response to the alternative rehearing petitions of EAI and MISO, Staff focuses on and supports the Commission's legal authority.

On September 17, 2012, EAI filed *Entergy Arkansas, Inc.'s Reply to Responses to Motion for Finding of Compliance with Conditions and for Approval of Application or in the Alternative, Petition for Rehearing* (EAI's Reply) and the Compliance Reply Testimony of EAI President McDonald. EAI's Reply focused primarily on the Responses filed by the AG, AEEC, NRG and Benton. In his Compliance Reply Testimony, Mr. McDonald confirmed the AG's interpretation of EAI's responses to Conditions 8, 9 and 19 and provided the clarification requested by the AG. McDonald Compliance Testimony at 3-4. On September 19, 2012, MISO filed *Midwest Independent Transmission System Operator, Inc.'s Reply to Intervenor's Response to the Midwest Independent Transmission System Operator, Inc.'s Motion for Finding of Compliance with Conditions and Approval of Application, Motion for Clarification, or in the Alternative, Petition for Rehearing* (MISO's Reply). MISO's reply focused on the Responses filed by SPP and NRG.

Commission Findings Regarding Compliance with Order No. 68 Conditions

Condition No. 1(a): *EAI shall negotiate individual, cost-based contracts with ESI [Entergy Services, Inc.] or any other Entergy service company, separately from the other OpCos and with no cost allocations with other OpCos. EAI shall file in this docket a renegotiated agreement(s) with ESI, along with supporting testimony, explaining how such agreement(s) satisfy the Commission's concerns.*

EAI states its understanding “that the intent of this condition is to eliminate any reasonable argument that the use of a service company by EAI creates a basis for FERC to reallocate costs among the ... [OpCos].” EAI Compliance Filing at 7. To “mitigate” such risk, EAI states that it has implemented a process that “makes clear it is not continuing to participate in joint resource planning with the other ... [OpCos] beyond the point required by the ... [ESA], and, has put in place a new mechanism, the Resource Planning and Operations Committee (RPOC) to help administer that process ... [in a way that] focuses on the needs of EAI’s customers rather than based on the collective needs of all the Entergy ... [OpCos].” *Id.* at 8-9. Further, EAI states that it “has made sure that its future interactions with ESI are not a course of conduct that would support an argument – no matter how attenuated – that EAI conducts joint generation planning with the other ... [OpCos].” *Id.* at 9. To that end, EAI states that it has revised its contracts under which ESI provides generation planning and operations services “to conform to the new, EAI-centric planning process.” *Id.* The revised proposed contract is reflected in EAI Exhibit KWC-9 filed on June 22, 2012. Such generation planning and operations services will be provided by ESI to EAI strictly on a cost-based basis and will be performed exclusively “at EAI’s direction.” *Id.* EAI also states that it will have an internal generation planning and operations staff comprised solely of EAI employees. *Id.* at 10.

With regard to EAI's proposed "cost-based" contract with ESI for administrative services, EAI states that the proposed contract, filed on June 22, 2012 as EAI Exhibit KWC-10, will require each of the OpCos, including EAI, to "pay the same rate" for administrative services "based on the factors driving the costs to be incurred; so, there is no discrepancy in the costs ESI charges the ... [OpCos] for its services. McDonald Compliance Testimony at 11. For greater certainty, EAI will request that the FERC specifically find that the use of such shared services will not, standing alone, provide a basis for reallocating production costs among the OpCos. *Id.* at 11-12.

Having examined the two proposed EAI/ESI contracts and EAI's assurances regarding the operations of the contracts, the Commission finds that EAI has substantially complied with Condition No. 1(a). However, EAI is advised to conduct its business relationship with ESI with utmost caution and prudence to ensure that the relationship is truly independent, i.e., separate and apart from the other OpCos; fully and completely directed by EAI only; and in a way that cannot reasonably be argued as a basis for cost-shifting between the OpCos. The Commission directs the General Staff to closely monitor the operation of these contracts to ensure that EAI's business relationship with ESI is conducted in accordance with the Commission's intent.

Condition No. 1(b): *All members of the RPOC [EAI Resource Planning and Operations Committee] shall be direct employees of EAI. However, if ESI employees on the RPOC are necessary solely for their technical expertise and assistance, such ESI employees shall execute a legally binding agency agreement with EAI and shall participate in RPOC activities strictly as agents of EAI with the attendant fiduciary responsibilities to EAI only and that all such services be performed under strict confidentiality.*

EAI states that it will restructure the RPOC so that it will be comprised of EAI employees only. McDonald Compliance Testimony at 15. Accordingly, the Commission finds that EAI has complied with Condition No. 1(b).

Condition No. 2: *Should EAI become a member of MISO, the following additional conditions must be satisfied to ensure that EAI is operated independently of the other OpCos within MISO:*

- a) EAI shall join MISO as a separate Transmission Owner, Load-Serving Entity, Asset Owner, and Market Participant and receive settlement statements separately and apart from the other OpCos;*
- b) EAI shall sign the MISO TOA [Transmission Owners Agreement] separately and apart from the other OpCos and vote separately from the other OpCos;*
- c) EAI shall be assigned, separately and apart from the other OpCos, to a Transmission Pricing Zone; Load Zone; Auction Revenue Rights Zone; and Local Resource Zone. EAI shall agree that the Commission, sua sponte or upon motion of any party to this proceeding, may reconsider its conditional approval of the transfer of control if FERC does not approve all of these separate EAI arrangements/zones.*

EAI states that it is in compliance with all of these conditions, including voting, with the exception of six items subject to Article II, Section IX(c) of the TOA. In those six cases, the Owner is the public utility holding company, in this case Entergy Corporation. Absent an amendment to the TOA, EAI states that it cannot vote separately and apart from the other OpCos on these six items. McDonald Compliance Testimony at 17. With regard to the required separate zone assignments, EAI states that it will propose to FERC and/or MISO that EAI be assigned to such zones separate and apart from the other OpCos. However, EAI notes that such assignments are subject to acceptance by MISO and/or FERC. *Id.*

MISO states that under the TOA and MISO's Tariff, EAI can be a separate Transmission Owner, Load Serving Entity, Asset Owner, and Market Participant and

receive settlement statements separate and apart from the other OpCos. MISO witness Moeller Compliance Testimony at 4. MISO also states that EAI can vote separately, with the six exceptions discussed above, and be in its own Transmission Pricing Zone, Load Zone, Auction Revenue Rights (ARR) Zone, and Local Resource Zone, separate and apart from the other OpCos, to the extent consistent with MISO's Tariff and subject to FERC acceptance. *Id.* at 4-5. MISO commits that it will work with EAI to take all necessary steps to comply with this Condition, including the separate Zones for EAI. *Id.* at 4.

Given the commitments of EAI and MISO, the Commission finds that EAI and MISO have substantially complied with this condition. However, EAI and MISO must follow through and ensure, to this Commission's satisfaction, that such commitments are duly adopted and incorporated in the appropriate MISO documents and tariffs and, if necessary, are approved by the FERC.

Condition No. 3: *Should EAI become a member of MISO, during the Entergy/MISO transition period, to the extent that costs are incurred for transmission projects that terminate exclusively in the Second Planning Region, EAI will not be allocated costs that exceed the benefits that EAI receives from such transmission projects;*

EAI and MISO both assure the Commission that this condition is met by the current MISO Tariff. EAI Compliance filing at 18-19, MISO Compliance Filing at 11-13. Accordingly, the Commission finds that EAI and MISO have complied with this condition.

Condition No. 4: *Should EAI become a member of MISO, EAI shall agree that it will not exit MISO without first filing an application with the Commission seeking its approval for a change of control of its transmission assets. EAI will otherwise retain all of its rights, state and federal, to appeal or seek review of or relief from the decision of the Commission.*

EAI states that it will abide by this condition subject to EAI's rights, state and federal, to appeal or seek review of or relief from the Commission's decision. McDonald Compliance Testimony at 19-20. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 5: *Should EAI become a member of MISO, EAI shall agree that the Commission, sua sponte or upon the motion of any party, may direct EAI to exit MISO under the terms of the Memorandum of Understanding or the TOA. EAI will otherwise retain all of its rights, state and federal, to appeal or seek review of or relief from the decision of the Commission.*

EAI states that it will abide by this condition subject to a finding by the Commission, after notice and hearing, of a *material adverse* impact on EAI's retail customers if EAI remains a MISO member; and subject to EAI's state and federal legal rights. *Id.* at 21, emphasis added.

As EAI is well aware, Commission decisions must: (a) be "supported by substantial evidence"; (b) not be "unjust, arbitrary, unreasonable, unlawful, nor discriminatory;" and (c) must not violate the rights of an aggrieved party under the laws or Constitution of the United States or of the State of Arkansas. To establish an absence of substantial evidence, a party on appeal "must demonstrate that the proof before the Commission was so nearly undisputed that fair-minded persons could not reach its conclusion." Further, on appeal, a party seeking to set aside a Commission decision "as arbitrary or capricious ... must prove that the action [of the Commission] was a willful and unreasoning action, made without consideration and with a disregard of the facts or circumstances of the case." *See Entergy Arkansas, Inc. v. Arkansas Public Service Commission*, 104 Ark. App. 147, 154-155, 289 S.W.3d 513, 519-520 (2008); *Commercial Energy Users Group v. Public Service Commission*, 369 Ark. 13, 15, 250 S.W. 3d 225,

228 (2007). Therefore, in any action initiated pursuant to Condition 5 the Commission will adhere to the evidentiary standards prescribed by Arkansas law.

Accordingly, the Commission finds that EAI has substantially complied with this condition.

Condition No. 6: *Should EAI become a member of MISO, EAI shall remain under the Commission's jurisdiction, to the extent not otherwise preempted by FERC, with respect to retail electric rates and all related electric facility operations, facility siting, financing, and reliability.*

EAI states that it will abide by this condition. *Id.* at 22. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 7: *Should EAI become a member of MISO, EAI shall agree that the Commission, sua sponte or upon the motion of any party to this proceeding, may, after notice and hearing, reconsider and, if necessary, reverse its approval of the transfer of control if:*

- a) The terms of FERC's approval of the modifications to the MISO Tariff to transition EAI into MISO are materially changed such that the revised terms will have a material adverse impact on EAI's retail ratepayers; or*
- b) Any of the foregoing conditions are not fully adopted, incorporated or realized.*

EAI states that it will abide by this condition subject to EAI's rights, state and federal, to appeal or seek review of or relief from the Commission's decision. *Id.* at 23. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 8: *Should EAI become a member of MISO, EAI shall not unbundle transmission or seek to make basic changes to transmission service for retail ratemaking without prior APSC approval. EAI shall negotiate a transmission service agreement with MISO that ensures that the APSC continues to determine the transmission component of the rates to serve EAI's bundled retail load.*

EAI states that it will abide by this condition as applicable only to charges under the schedules of the MISO Tariff to which the Bundled Load Exemption applies. *Id.* at 24. Further, in response to a request by the AG for clarification regarding EAI's

responses to Conditions 8 and 19, EAI states that it agrees with the AG that this Commission “has the authority to say ‘no’ to the ITC merger and prevent it, if it is not in the public interest.” McDonald Compliance Reply Testimony at 3. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 9: *Should EAI become a member of MISO, EAI shall be allocated no more than its load responsibility ratio for common transition costs, even if one or more of the other OpCos do not join MISO.*

EAI states that it will abide by this condition subject to an understanding that “[a]ctual transition costs already spent and allocated to the ... [OpCos] would not be reallocated to the remaining ... [OpCos] in the event one or more ... [OpCos] did not integrate into MISO.” McDonald Compliance Testimony at 25, EAI Compliance Filing at 24-25. All such previously incurred common costs will be allocated to the OpCos, including EAI, “using a reasonable, cost-based allocation method.” EAI Compliance Filing at 25. If one or more OpCos does not continue to pursue membership in MISO, then the common transition costs going forward will be allocated to the remaining OpCos based upon a calculation of only their [load] responsibility ratios.” McDonald Compliance Testimony at 25.

MISO states that, with regard to EAI’s allocation of MISO’s transition costs, such costs will be recovered from EAI through the MISO Tariff on a load ratio share basis or based upon injections and withdrawals of energy to the MISO transmission system. MISO Compliance Filing at 14.

Accordingly, the Commission finds that EAI and MISO have complied with this condition.

Condition No. 10: *Should EAI become a member of MISO, EAI shall ensure that it will be allocated Auction Revenue Rights at a proportional level no less than current participants in MISO and adequate to hedge congestion costs;*

EAI states that it will abide by this condition subject to the interpretation that it refers to ARR entitlements and that an “adequate” hedge does not “mean that EAI would never face congestion charges.” EAI explains that there may be instances where EAI would be subject to net congestion charges. For example, EAI states that it “may make purchases that result in payments of net congestion charges,” (i.e., the congestion charges are in excess of the congestion hedges obtained through the ARR/FTR process.) However, EAI states that it would “only make such a purchase when the expected total benefit exceeds the total expected cost.” McDonald Compliance Testimony at 26. EAI further states that it will ensure that EAI will receive “entitlements” to nominate ARR at a proportional level no less than current participants in MISO and adequate to hedge congestion costs. EAI Compliance Filing at 26.

MISO agrees with EAI’s interpretation and further states that it “will take the necessary steps to ensure that EAI will receive sufficient entitlements to nominate ... [ARR].” MISO also notes that given EAI’s base load supply arrangements that “it is highly likely that EAI will receive an allocation of ARR sufficient to comply with this condition.” However, MISO states that until EAI signs the TOA and the ARR allocations has been completed, MISO will not know the exact allocation of ARR. MISO witness Moeller Compliance Testimony at 9. MISO also notes that it is currently engaged in an open stakeholder process to revise the MISO Tariff regarding the eligibility of entities to receive ARR entitlements. MISO reply at 2.

NRG, in its Response, states that NRG “can only support the proposed transition to the extent that it does not result in a significant transfer of costs and risks from Entergy’s shareholders to other entities operating within the Entergy footprint.” NRG Response at 2. Further, MISO states that it is “very concerned that MISO has not yet issued sufficiently clear rules to ensure that holders of long-term firm transmission service on the Entergy transmission system, which have been paying the fixed costs of the transmission system for decades, will receive a priority right to scarce ARR.” *Id.* Therefore, NRG asserts that “Commission action is premature until MISO clarifies its proposed rule changes, and how it intends to account for the unique characteristics of the Entergy transmission system in both the entitlement and nomination phases of the ARR allocation process.” *Id.* at 10. Therefore, NRG requests that the Commission “defer any further determinations as to whether EAI and MISO have met ... [the conditions] for at least 60 days.” *Id.* Benton argues for substantially the same ARR protections as does NRG.

EAI replies to NRG and Benton by stating that the existing conditions of Order No. 68, including Conditions No. 2, 7, and 10, as reasonably interpreted by EAI and MISO in their respective compliance filings, are wholly sufficient to protect the interests of NRG and Benton with respect to ARR. EAI Reply at 8. MISO replies to NRG by stating that existing and proposed tariff revisions will provide load serving entities with ARR sufficient to meet their hedging needs. MISO Reply at 7.

The Commission notes that NRG’s concerns regarding the ARR process apparently have been alleviated somewhat through the MISO stakeholder process addressing ARR. The Commission takes administrative notice of a directly-related

Open Meeting of the Public Utility Commission of Texas (PUCT), conducted on October 19, 2012, in which NRG's attorney, Mr. Joe Freeland, in response to a question from PUCT Commissioner Ken Anderson directed to NRG regarding its ARR concerns, stated that "[t]he process at MISO and the ... [Financial Transmission Rights] working group is ongoing. And I think since the time [NRG's] Arkansas filing was made that a lot of progress has been made. I think at this point NRG is fairly comfortable that the MISO shareholder ... process is going to produce an outcome that is going to be workable for all of the parties. But again, we won't know, of course, until the FTR working group reaches a decision and a tariff is filed at FERC." *Transcript of Proceedings Before the Public Utility Commission of Texas, In the Matter of the Open Meeting of Friday, October 19, 2012*, at 52, lines 10-14. During the same Open Meeting, the attorney for the PUCT Staff, Ms. Shelah Cisneros, also indicated that "a considerable amount of progress has been made toward satisfying the [ARR] concerns of some of the stakeholders that have been raised. And so in that context, I think it's been effective in what we would have liked to see in terms of getting agreement of stakeholders on that issue." *Id.* at 53, lines 15-20. The Commission is encouraged that the MISO stakeholder process seems to be working well and trusts that it will lead to adequate ARR protections for EAI, NRG, Benton as well as all other affected entities.

Finally, the Commission notes that the FERC has established requirements that RTOs make congestion hedges available to load serving entities sufficient to serve their power supply arrangements used to satisfy their service obligations.⁵

⁵ See e.g., *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, 116 FERC ¶ 61,077 at 120, *Order on Rehearing*, Order No. 681-A, 117 FERC ¶ 61,201 (2006).

Accordingly, the Commission finds that EAI and MISO have, at this time, substantially complied with this condition. However, the Commission will closely monitor the ARR issue and will expect EAI to fully honor its acceptance of Conditions 2, 7 and 10 if MISO fails to satisfy the ARR expectations of the Commission as stated in Order No. 68.

Condition No. 11: *Should EAI become a member of MISO, the Commission shall retain full audit rights for costs associated with EAI's membership in MISO;*

EAI states that it will abide with this condition with the understanding that “audit rights means that EAI will provide information upon request by the Commission related to the costs incurred as a result of EAI’s participation in MISO that are reflected in ... [its] rates.” EAI Compliance Filing at 28, McDonald Compliance Testimony at 26-27. EAI qualifies its response by stating that its “assertion is not intended to grant the Commission any authority it does not currently have under state law nor give up any rights that EAI may have under federal or state law.” EAI Compliance Filing at 28.

The Commission finds that EAI has substantially complied with this condition. However, as EAI is well aware, the Commission has extensive authority to examine and audit EAI’s books and records as the Commission deems appropriate in the furtherance of any Commission investigation, formal or informal, necessary to protect the public interest. *See* Ark. Code Ann. §§ 23-2-301; 23-2-309, 310, 311; and 23-2-402, 408.

Condition No. 12: *Should EAI become a member of MISO, MISO shall provide Entergy retail regulators, during the Entergy/MISO transition period, with the same governance authority as now possessed by the ERSC, including, but not limited to, the ability to take action on transmission planning and associated cost allocation issues by a simple majority vote.*

First noting that the ERSC bylaws currently require a unanimous vote to exercise its authority, EAI states that it will “support any action by the ERSC to revise its voting

procedures” EAI Compliance Filing at 29, McDonald Compliance Testimony at 28. MISO states that “should EAI become a member of MISO, “MISO shall provide Entergy retail regulators, during the Entergy/MISO transition period, with the same governance authority as now possessed by the ERSC, including but not limited to, the ability to take action on transmission planning and associated cost allocation issues by simple majority vote.” MISO Compliance Filing at 16, Moeller Compliance Testimony at 10. Accordingly, the Commission finds that EAI and MISO have complied with this condition.

Condition No. 13: Should EAI become a member of MISO, MISO shall agree to provide to the MISO OMS, effective on the first day of the Entergy post-transition period, full legally recognized Section 205 Federal Power Act (FPA) filing rights with regard to the following regulatory activities:

- a) Determining regional proposals regarding transmission planning and cost allocation, including whether and to what extent participant funding will be used for transmission enhancements;
- b) Directing MISO to construct transmission upgrades;
- c) Choosing the approach to be used for assessing resource adequacy, if any, across the entire RTO region; and
- d) In addition:
 - i. Action by OMS will be taken by a simple majority vote of the retail regulator representatives; and
 - ii. As OMS reaches decisions on the methodology that will be used to address any of these issues, MISO shall file that methodology pursuant to Section 205 of the FPA.

EAI essentially defers to MISO’s interpretation of and response to this condition. MISO witness Moeller, in his Compliance Testimony, presents two separate, but related, proposals to address this condition. Moeller Compliance Testimony at 12-13, Exhibits A and B.

The first proposal, Exhibit A, represents an “enhanced” Transmission Planning Proposal (TPP) for the Organization of MISO States (OMS). Mr. Moeller states that the TPP “was approved by the OMS on August 16, 2012 without opposition and enjoys the support of both MISO and the MISO Transmission Owners.” Mr. Moeller further states that the TPP “is not contingent upon EAI integrating into MISO and will become effective immediately upon FERC acceptance of the revisions to Attachment FF of MISO’s Tariff necessary for implementation.” *Id.* at 13.

The second proposal, Exhibit B, involves Federal Power Act Section 205 Rights (205 Rights Proposal). Mr. Moeller states that the 205 Rights Proposal allows the OMS to request that MISO file alternative tariff provisions when MISO proposes changes to its regional transmission cost allocation methodologies involving all MISO transmission project types except Baseline Reliability Projects.

In addition, Mr. Moeller states that the 205 Rights Proposal allows OMS to request that MISO examine a change or changes in transmission cost allocation methodology, which MISO “would not unreasonably deny.” *Id.* at 13. More specifically, Mr. Moeller testified that,

This request would result in the commencement of a MISO stakeholder process. At the end of the stakeholder process, MISO will either file with FERC a new transmission cost allocation methodology, a change to an existing transmission cost allocation methodology or will provide the OMS with a written explanation of its decision not to file changes to the MISO Tariff. If MISO does not file changes to the MISO Tariff, no OMS alternative will be filed with FERC. The 205 Rights Proposal has the support of a majority of the MISO Transmission Owners. Implementation of the 205 Rights Proposal will occur through the filing of revisions to Appendix K to the TOA with FERC to be effective upon the integration of EAI’s transmission, generation and load into MISO’s markets.

Id.

While acknowledging that these proposals “differ in some respects from the conditions outlined in Order No. 68,” Mr. Moeller states that they “provide an avenue for the level of regulatory involvement in the transmission planning and transmission cost allocation consistent with that contemplated by the Commission in Condition 13” which “evidence substantive compliance with Condition 13, provided that the proposal is accepted by FERC.” *Id.*

Mr. Moeller assures the Commission that MISO “will take the steps necessary to implement the proposals provided as Exhibits A and B ..., including submission of associated filings to FERC and implementing FERC decisions.” *Id.*

North Little Rock remains concerned about MISO governance and requests that the Commission deny EAI’s Application until such time that governance issues have been resolved. SPP states that this condition has not been met and urges the Commission to find that MISO has not substantially complied with the condition. MISO responds to SPP by stating that MISO has complied with this condition and that MISO’s Day 2 markets deliver benefits.

Clearly MISO’s governance proposals do not yet fully satisfy Condition 13. However, the Commission recognizes that MISO, the MISO TOs and OMS have worked diligently to provide OMS with enhanced authority. The Commission also acknowledges that MISO’s governance proposals, when fully implemented, will significantly enhance the authority of OMS in the area of transmission planning and cost allocation. The Commission appreciates the efforts of MISO, the MISO TOs and OMS to bring about such enhancements and encourages ongoing discussions focused on further enhancements as outlined by the Commission in Order Nos. 54 and 68. At the same

time, the Commission also understands that additional governance enhancements take time to bring to fruition.

The Commission acknowledges the assistance the FERC provided in the establishment and approval of the governance authority provided by the SPP RTO to the SPP Regional State Committee (RSC)⁶ and in the formation and approval of the Entergy Regional State Committee (ERSC). The Commission also appreciates the very helpful guidance provided by the FERC in its Order 1000 regarding regional transmission planning and cost allocation.⁷ Order 1000, in part, sets out two very important requirements for future transmission planning, i.e.

- a. Each transmission provider must “participate in a regional transmission planning process that results in a regional transmission plan that is in compliance with existing FERC Order 890 transmission planning principles.” Order 1000 at ¶ 68;
- b. Such transmission planning process must “provide all stakeholders the opportunity to provide input into what they believe are transmission needs driven by Public Policy Requirements, rather than the ... transmission provider planning only for its own needs or the needs of its native load customers. *Id.* at ¶ 203.

With regard to transmission cost allocation reform, Order 1000 sets out, in part, two equally important requirements, i.e.

⁶ The RSC is comprised of regulatory commissioners from SPP’s member states, has primary responsibility for cost allocation for transmission upgrades, allocation of firm transmission rights, and approach for regional resource adequacy. SPP files with FERC the RSC’s adopted methodologies.

⁷ See *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, Docket No. RM10-23-000, 136 FERC ¶ 61,051 (July 21, 2011).

- c. Each public utility transmission provider must participate in a regional transmission planning process that has a regional cost allocation method for new transmission facilities selected in the regional transmission plan for purposes of cost allocation. The method must satisfy six regional cost allocation principles. *Id.* at ¶ 550 *et seq.*
- d. Public utility transmission providers in neighboring transmission planning regions must have a common interregional cost allocation method for new interregional transmission facilities that the regions determine to be efficient or cost-effective. The method must satisfy six similar interregional cost allocation principles. *Id.*

This Commission believes that the SPP/RSC and Entergy/ERSC governance procedures are good examples of the transmission planning and cost allocation process envisioned by the FERC in Order 1000. In its Order 1000 the FERC addressed the role of the states as follows:

Moreover, as the Commission recognized in Order No. 890, states have a critical role with respect to transmission planning.⁸ That role may be particularly important with respect to planning for transmission needs driven by Public Policy Requirements, where multiple states may be impacted by the selection (or cost) of a given transmission project needed to meet transmission needs driven by a particular state's Public Policy Requirement. Therefore, we strongly encourage states to participate actively not only in transmission planning processes in general, but specifically in the identification of transmission needs driven by Public Policy Requirements. We also note that agreements among states with respect to cost allocation may be particularly important for transmission facilities designed to meet transmission needs driven by Public Policy Requirements. States could pursue such agreements in various forms,

⁸ See Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, Docket Nos. RM05-17-000 and RM05-25-000, FERC Stats. & Regs. ¶ 31,241 at ¶ 574 (February 16, 2007).

including a committee of state regulators or through a compact among states that receives appropriate approval from Congress.

Order 1000 at ¶ 688.

Further, in its Order 1000-A⁹ FERC reiterated its support for the role of states in the transmission planning and cost allocation processes as shown in the following excerpts from Order 1000-A:

Regarding concerns about the role of state utility regulators in the regional transmission planning process, we support states' efforts to take an active role in the regional transmission planning process and encourage proposals that seek to establish a formal role for state commissions in the regional transmission planning process as well as proposals to establish cost recovery for state regulators' participation.

Order 1000-A at ¶ 290. Also,

... [A]s we ... explained in Order No. 1000 and above, our expectation is that state regulators should play a strong role and that public utility transmission providers will consult closely with state regulators to ensure that their respective transmission planning processes are consistent with state requirements. We believe this will be particularly true in the case of state-level Public Policy Requirements, where state regulators are likely to have unique insights as to how transmission needs driven by those state-level Public Policy Requirements should be satisfied.

Id. at ¶ 338. Therefore, this Commission would welcome the assistance of the FERC in the effort to further enhance the MISO/OMS governance process.

Accordingly, the Commission finds that MISO has sufficiently complied with Condition 13 for the integration process to move forward at this time. However, MISO must expeditiously file in this Docket proof that MISO's governance Proposals A and B have each been officially approved and adopted by the appropriate MISO entities.

⁹ See Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000-A, Docket No. RM10-23-001, 139 FERC ¶ 61,132 (May 17, 2012).

Condition No. 14: *Should EAI become a member of MISO, no later than three years after joining MISO and every two years thereafter, assuming EAI continues as a MISO member, EAI shall file with the Commission detailed reports providing the following information:*

- a. The quantified historical net benefits of MISO membership for EAI, as compared with stand-alone, as of the date of each of the periodic filings described above;*
- b. The projected net benefits of MISO membership for EAI, as compared with stand-alone option, for the post-transition period on a bi-annual basis beginning one year after the end of the transition period;*
- c. Any significant changes in FERC RTO policies, rules or regulations, MISO requirements, Day 2 market conditions, or other regulatory or market structure components; and*
- d. An estimate of the costs to exit MISO after the end of the five-year transition period or a specified time thereafter and to transition to a new operating environment such as a different RTO.*

EAI states that it will comply with this condition. McDonald Compliance Testimony at 30-31. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 15: *EAI's President shall continue to provide monthly reports to the Commission demonstrating EAI's progress on the following issues:*

- a) Generation planning activities;*
- b) Development of a revised ESI service agreement;*
- c) FERC Order No. 1000 compliance plans and activities;*
- d) Development of a true stand-alone option with further detail on costs, coordination agreements, transmission planning, and critical path implementation activities;*
- e) Implementation costs and deferrals;*
- f) EAI's or Entergy's filings to FERC seeking approval of the terms under which EAI will, consistent with this Order, join MISO and the outcome of FERC's rulings on the filings, including any appellate review; and*

g) Development of a new Independent Coordinator of Transmission contract.

EAI states that it will abide by this condition subject to the understanding that, where appropriate, the testimony may be sponsored by subject matter experts within Mr. McDonald's span of control who have greater knowledge, than Mr. McDonald, of the topics addressed. McDonald Compliance Testimony at 31-31. The Commission finds that EAI has substantially complied with this condition. However, it has been and remains the intent and directive of this Commission that Mr. McDonald, in his official capacity as President of EAI, directly sponsor and file such monthly testimony over his own signature. If the assistance of subject matters experts is required in the preparation of such testimony then such assistance shall be in writing and attached as direct exhibits to Mr. McDonald's testimony. The Commission expects Mr. McDonald to stand behind and assume full responsibility for any EAI testimony "sponsored by subject matter experts within Mr. McDonald's span of control who have greater knowledge, than Mr. McDonald."

Condition No. 16: *EAI shall agree that upon the issuance of any final and non-appealable order by the FERC or any Entergy retail regulatory body addressing the transfer of control of Entergy transmission assets to MISO, through stipulation or otherwise, which provides benefits to Entergy ratepayers in any jurisdiction or imposes conditions on the OpCos that would benefit the ratepayers of any jurisdiction, such net benefits and conditions will be extended to EAI ratepayers and/or this Commission to the extent necessary to achieve equivalent net benefits and conditions to EAI ratepayers and/or this Commission.*

EAI states that it will provide this "most favored nation clause." However, EAI states that its agreement to this condition is subject to the following caveat: "To the extent that any Entergy Operating Company has provided any contingencies, conditions, and benefits in exchange for cause or consideration related to such contingencies,

conditions, and/benefits, EAI must receive from the APSC comparable cause/consideration in order for the APSC to receive such benefits.” EAI Compliance Filing at 33-34, McDonald Compliance Testimony at 31-33.

In the event that any such *quid pro quo* conditions are required by any other retail regulator and have been accepted by the OpCo, EAI shall file such conditions promptly in this Docket with a detailed explanation of the terms of the condition including the *quid pro quo* requirements associated with the condition. Thereafter, this Commission will determine whether such conditions are reasonable and in the public interest to be imposed by this Commission for the protection of EAI’s ratepayers. Accordingly, the Commission finds that EAI has substantially complied with this condition.

Condition No. 17: *The Commission will address EAI’s request for deferral of its transition costs by subsequent order.*

EAI simply states that it renews its request for deferral of transition costs. As requested by EAI, the Commission will timely consider and address EAI’s request for deferral of transition costs.

Condition No. 18: *The prudence of all integration costs will be considered in a later proceeding when such costs will be incorporated into rates;*

EAI states that it agrees to this condition. Accordingly, the Commission finds that EAI has complied with this condition.

Condition No. 19: *If Entergy intends to pursue the sale of its transmission assets to ITC Holding, Inc. (ITC), then EAI forthwith shall file an application seeking Commission approval to divest its transmission assets to ITC.*

EAI stated its intent to file a joint application requesting approval of the ITC transaction at the end of September, 2012. EAI Compliance Filing at 36. EAI also

attached to the Compliance Testimony of Hugh McDonald EAI Exhibit HTM-9 which is a sworn affidavit by ITC's Chief Executive Officer, Mr. Joseph L. Welch, in which Mr. Welch affirms that ITC has "agreed to maintain a separate Arkansas transmission pricing zone, assuming EAI's request for this pricing zone is approved by FERC." Mr. Welch further affirms that "although a Transmission Owner in MISO does not determine participation decisions related to Load Zone, Auction Revenue Requirements Zone, or Local Resource Zone, ITC will not oppose the Commission's condition that EAI be assigned to such Zones, separate and apart from the other Entergy Operating Companies." Welch Affidavit at ¶ 7.

AEEC expressed its concern that the divestiture by EAI of its transmission assets "may render ineffective all of the Commission's efforts in this docket to protect EAI's ratepayers" in that ITC may or may not "be subject to any condition that the Commission imposes upon EAI in this docket, unless the Commission makes that condition explicit here." To resolve its concern, AEEC suggests that the Commission "impose an additional mandatory condition upon EAI in this docket" which would obligate EAI to insert the Commission's various MISO membership related conditions into any contracts that the company enters into with any potential successor company." AEEC Response at ¶¶ 4 and 5.

In response to AEEC's suggestion, EAI reaffirms its prior position that if the Commission, after considering all of the evidence in the EAI/ITC Transaction docket, "has serious concerns about the ITC Transaction or believes that the ITC Transaction will have an adverse effect on EAI's move to MISO, it need only find that the ITC Transaction is not in the public interest or condition its approval of the ITC Transaction

in a manner that allays its concerns about the effect of the ITC Transaction on EAI's joining MISO." EAI Reply at ¶ 8. As acknowledged by EAI, the Commission will consider within the EAI/ITC Transaction docket all conditions which AEEC believes should be included in any approval order that may be issued in that proceeding.

On September 11, 2012, EAI, Mid South Transco LLC, ITC Midsouth LLC, Transmission Company Arkansas, LLC (TCA), and ITC Holdings Corp. jointly filed in Docket No. 12-069-U an Application seeking Commission authorization to enter into a series of transactions, which if approved by the Commission, would result in the transfer of ownership of EAI's transmission assets⁹ to TCA and the certification of TCA as an Arkansas public utility with authority to own and operate such transmission assets in Arkansas. Accordingly, the Commission finds that EAI has complied with this condition.

Ruling of the Commission

As discussed above, the Commission finds that EAI and MISO have either complied or substantially complied with the Order No. 68 conditions with the exception of Condition No. 13 with which MISO has sufficiently complied for the EAI/MISO integration process to move forward on a limited basis at this time. However, the Commission's expectation is that MISO and the OMS will continue their efforts during the five-year transition period to develop and provide even greater governance enhancements for OMS as described by the Commission in Order Nos. 54 and 68. The Commission looks forward to becoming a member of OMS and participating in the ongoing governance dialogue.

⁹ Generally speaking, the "transmission assets" include facilities which are 69 kV and above, except step-up transformers located at generation plants owned by the Entergy OpCos.

Accordingly, the Commission orders and directs as follows:

1. EAI's and MISO's separate *Motions for Finding of Compliance* are granted as clarified herein. Therefore, EAI is hereby authorized to sign the MISO Transmission Owners Agreement and move forward with the EAI/MISO integration process;

2. However, final approval of EAI's Application will be held in abeyance pending satisfaction of the following directives;

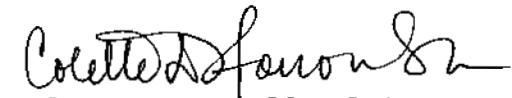
3. MISO is directed to expeditiously file in this Docket proof that MISO's governance Proposals A and B have each been officially approved and adopted by the appropriate MISO entities;


4. Upon satisfactory compliance by MISO with the immediately preceding directive, the Commission will: (a) issue an order granting conditional approval of EAI's Application subject to EAI's and MISO's ongoing compliance with the Order No. 68 Conditions as clarified by the Commission hereinabove; and (b) issue an order establishing a procedural schedule for expedited consideration of MISO's *Application for a Certificate of Convenience and Necessity* currently pending in Docket No. 11-165-U; and


5. Given that EAI's and MISO's separate *Alternative Petitions for Rehearing* of Order No. 68 were pled only in the alternative if the Commission were to decide that EAI and MISO had not adequately complied with the Order No. 68 Conditions, and given the findings hereinabove regarding EAI's and MISO's compliance with those conditions, the Commission finds that the *Alternative Petitions for Rehearing* are rendered moot by this Order.

BY ORDER OF THE COMMISSION,


This 26th day of October, 2012.

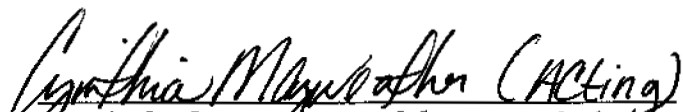

Colette D. Honorable, Chairman


Olan W. Reeves, Commissioner


Elana C. Wills, Commissioner

I hereby certify that the following order issued by the Arkansas Public Service Commission has been served on all parties of record this date by electronic mail, using the email address of each party as indicated in the official docket file.


Secretary of the Commission
Date 10/26/2012


Kristi Rhude, Secretary of the Commission