MISO TOs Annual Rate Update

Accounting Changes

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| Company: | Entergy Services filing on behalf of EAI, EGSL, ELL, EMI, ENOI, and ETI |
| Test Year: | December 2014 |

II.D.8. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):

a. Identify any Accounting Changes, including

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| i. | The initial implementation of an accounting standard or policy |
|  | * None for 2014 |
| ii. | The initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction |
|  | * In the final audit report in Docket No. FA13-4-000, an audit of Southwestern Public Service Company, the Audit Staff reported a finding with respect to “Accounting for Regulatory Fees and Expenses” that provides, in pertinent part, as follows:   **“**Since NERC fees are costs incurred in establishing and enforcing reliability for the Bulk-Power System, SPS should have recorded them in Account 561.8, as required by the USofA. Instructions to Account 561.8 state that the account shall include “costs incurred for system planning of the interconnected bulk electric transmission system.”  Prior to the FERC’s guidance, Entergy recorded NERC fees in FERC Account 560. Following FERC’s guidance, in 2014 Entergy recorded NERC fees in FERC Account 561.8 rather than Account 560. |
| iii. | Correction of errors and prior period adjustments that impact the revenue requirement |
|  | * In 2014, Entergy Mississippi corrected an error in the revenue requirement allocation for a joint transmission owner, resulting in additional revenues recorded in Accounts 456136, 456137, 456138, and 456139. |
| iv. | The implementation of new estimation methods or policies that change prior estimates |
|  | * In March 2014, Entergy began recording charges related to coordinating community relations and educational services activities in Customer Service Account 910. Prior to March 2014, Entergy recorded these costs in Account 930.2. * In January 2014, Entergy Arkansas, Inc. began recording the amortization of previously deferred storm costs recorded in Account 228100 to Accounts 571 and 593. The amortization of carrying charges associated with the storm costs deferral recorded in Account 228101 are being amortized to Account 407364. Prior to 2014, carrying charges for storm deferral amortization were included in the storm reserve and recorded in Account 924. |
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| v. | Changes to income tax elections |
|  | * None for 2014. |

b. Identify items included in the formula rate at an amount other than on a historic cost basis (e.g., fair value adjustments)

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|  | * Forecasted transmission capital additions for the up-coming test year are included in the projected Attachment O revenue requirement but are trued-up in the subsequent Attachment O revenue requirement. |

c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the formula rate

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|  | * Entergy Gulf States, L.L.C. and Entergy Louisiana, LLC merger transaction costs were excluded from the formula rate * Entergy Louisiana, LLC – Algiers and Entergy New Orleans, Inc. merger transaction costs were excluded from the formula rate * Entergy/ITC transaction costs were excluded from the formula rate |

d. Provide, for each item identified pursuant to items II.D.8.a - II.D.8.c of these protocols, a narrative explanation of the individual impact of such changes on charges billed under the formula rate.

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|  | II.D.8.a.iv – Accounting Changes: New estimation methods or policy changes   * See the descriptions for each individual change as it includes sufficient detail to assess the formula rate impact. |
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