ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
2015 Attachment O Annual Rate Update

Response of: Entergy Services, Inc.
to the First Set of Data Requests
of Requesting Party: Arkansas Cities

Filed: 5/20/16

Question No.: AC 2-1 Part No.: Addendum:

Question:

Revenue Requirement Calculations.

On or about February 19, 2016, MISO provided the following summary of the revenue requirement increase.

Return on Rate base	-	*$27.7 M increase*
Expenses/Taxes	-	*$10.0 M increase*
Revenue Credits	-	*$10.9 M decrease (translates into an increase)*
Net Revenue Requirement	-	*$48.6 M increase*

There was Divisor increase of 111, 380, which partially offset the revenue requirement increase above.

a. What is the reason for the $27.7M increase to the "Return on Rate base"? Explain the underlying calculations that justify the increase.

b. What is the reason for the $10.07M increase to "Expenses/Taxes"? Explain the underlying calculations that justify the increase.

c. Explain the $l0.9M decrease in Revenue Credits. How does this translate into an increase?

d. What is the reason for the increase to the divisor of 111,380?

Response:

Entergy Services, Inc., does not have the MISO communication referenced above and reserves its right to supplement or amend this response upon being furnished the MISO communication. Subject to that reservation, Entergy Services provides the following response:

a. The $27.7M increase in Return on Rate Base is primarily due to a $130.3M increase in net transmission plant and a $236.9M decrease in ADIT. (For the 2014 test year, ADIT was functionalized prior to allocation on a plant allocation factor. In 2013, total ADIT was allocated on a plant allocation factor.)

b. The $10.0M increase in Expense/Taxes is due to a $2.3M increase in transmission O&M, $1.7M decrease in depreciation expense, $0.1M increase in Taxes Other Than Income, and $9.3M increase in income taxes. See subpart "a" above for an explanation for the increase in income tax.

c. The $10.9M decrease in Revenue Credits from 2013 to 2014 was the result of transmission customers cancelled existing contracts or converted an existing contract to another type of service (from Schedule 7 to Schedule 9).

d. The divisor is load. It may vary substantially from year-to-year due to a number of factors but is primarily due to weather-sensitive loads and power supply contracts requiring transmission service.