

Entergy Arkansas Integrated Resource Planning History - Overview

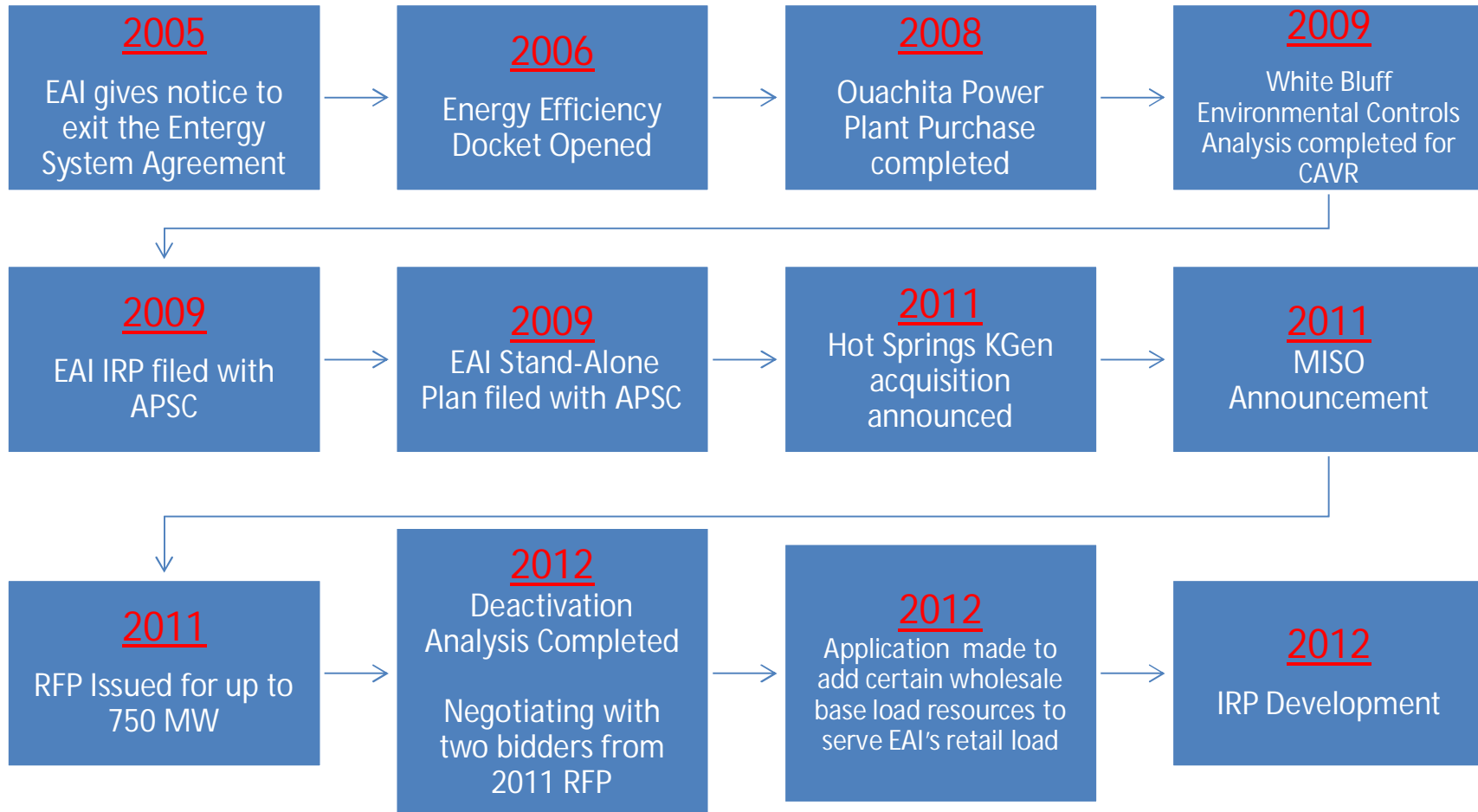
July 31, 2012



Objective

- Review resource planning activities since EAI gave notice that it would exit the Entergy System Agreement

Significant Resource Planning Events



2005 – “Notice”

- The Entergy Operating Companies have operated as a pool utilizing some form of a system agreement since 1951
- Due to the outcome of litigation at the FERC regarding the current System Agreement, EAI gave its 96-month notice to withdraw from the System Agreement on December 19, 2005
- Departure Day (D-Day) is December 19, 2013
- EAI must have in place systems to operate an electric system and sufficient capacity and reserves to serve its customers

2006 – Energy Efficiency

- In 2006, the APSC opened the energy efficiency and conservation docket (06-004-R)
- In 2007, EAI filed its first application for approval of energy efficiency programs and energy cost rate rider
- (More details to follow in Richard Smith's presentation)

2008 – Closed Ouachita Acquisition

- RFP issued in 2006
- A purchase agreement was executed by EAI in 2007 to buy the Ouachita Power facility from Cogentrix Energy, Inc.:
 - 789 MW nominal
 - Combined Cycle
- Transaction was completed in September 2008.
 - EAI owns two of the three trains in the plant
 - Entergy Gulf States Louisiana, LLC owns one train

2009 – Stand-Alone Plan

- In 2008 EAI began developing preliminary estimates of the cost and structure needed for EAI to plan and operate outside the Entergy System Agreement
- EAI filed these cost estimates with the APSC in 2009
- Technical conferences were held in 2010 regarding this option

2009 – White Bluff Environmental Controls

- EAI requested a Declaratory Order from the Commission finding that the addition of a Flue Gas Desulfurization system and Low Nitrogen Oxide Burners and Separated Overfire Air at White Bluff for compliance with the Clean Air Visibility Rule (“CAVR”) is in the public interest (APSC Docket 09-024-U)
- A petition for a variance from the October 15, 2013 compliance deadline for the CAVR was granted by the Arkansas Pollution Control and Ecology Commission in 2010
- EAI withdrew its Declaratory Order request in May 2010
- Myra Glover’s Presentation will provide more details on the current status

2011 – KGen Hot Spring Plant

- RFP issued in 2009
- EAI announces plan to purchase the Hot Spring Plant in July 2011
 - 620 MW
 - Combined Cycle
- APSC approved the acquisition on July 11, 2012
- Awaiting clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”)

2011 – MISO Announcement

- Entergy Operating Companies announced on April 25, 2011 that they intended to join MISO as a fully integrated transmission owning member
- What is MISO?
 - A Regional Transmission Organization
 - Maintains reliability of the transmission system
 - Administers a regional transmission tariff
 - Facilitates a transmission expansion planning process
 - Manages an energy market
 - Ensures that adequate resources are available to serve load

2011 – MISO (Continued)

- EAI is working towards integrating into MISO when EAI exits the Entergy System Agreement (December 19, 2013)
- EAI will continue to be responsible for planning the resources needed to meet its customer's demand

2011 – RFP Issued

- EAI issued an RFP for up to 750 MW limited term resources
- In November 2011, EAI selected two proposals for additional negotiations
- In February 2012, EAI executed letters of intent with both counterparties
- In June 2012, EAI made an application with the APSC for approval of a capacity cost recovery rider
- EAI expects to finalize definitive purchase power agreements with both counterparties in the near future

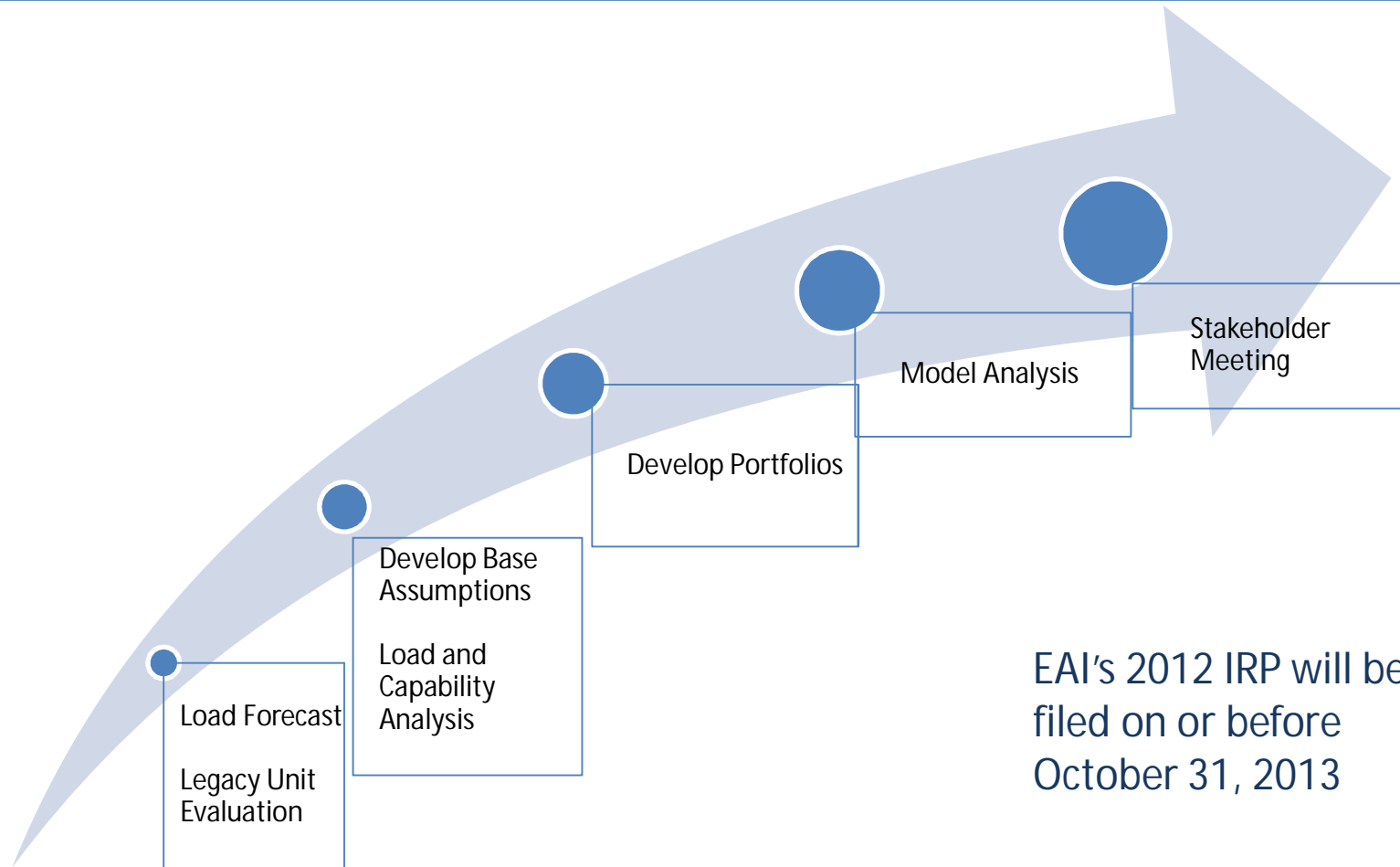
2012 Wholesale Base Load Capacity

- A portion of the generation capacity that EAI owns is not currently in retail rates
- In June 2012, EAI made an application to the APSC seeking to return a portion of this capacity to retail rates (APSC Docket No. 12-038-U):

2013:	100 MW
2014 and beyond:	186 MW
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Total	286 MW

- The capacity is fueled by nuclear and coal
 - 184 MW nuclear
 - 102 MW coal

2012 IRP Development



Questions / Comments