

IM Scope of Work Activities  
June 15, 2012

EXHIBIT A  
PROPOSED<sup>1</sup>  
SCOPE OF WORK ACTIVITIES  
FOR INDEPENDENT MONITOR SERVICES RELATING TO  
ENTERGY SERVICES, INC.'S  
2012 REQUEST FOR PROPOSALS FOR LONG-TERM SUPPLY-SIDE STABLE PRICE  
BASELOAD RESOURCES FOR THE ENTERGY SYSTEM

Ms. Elizabeth R. Benson has been selected to serve as the Independent Monitor ("IM") for Entergy Services, Inc.'s ("ESI") 2012 Request for Proposals for Long-Term Supply-Side Stable Price Baseload Resources ("2012 Stable Price Baseload RFP"). The 2012 Stable Price Baseload RFP would include the market testing of the Entergy Arkansas Incorporated ("EAI") wholesale baseload resources ("Self-Supply Option")<sup>2</sup> that currently are not included in EAI's retail rates to determine whether these resources are among the lowest cost long-term alternatives available to meet the System's need for baseload stable priced resources. The IM has been retained in order (1) to assist in the design, implementation and regulatory review of the 2012 Stable Price Baseload RFP solicitation, evaluation, and selection, and contract negotiation process as further described herein to ensure that it will be impartial and objective, and (2) to provide an objective, third-party perspective concerning ESI's efforts to ensure that Self-Supply Option and all proposals submitted are treated in a consistent fashion, and that no undue preference is given to the Self-Supply Option or proposals from any potential bidder. Entergy Competitive Affiliates will not be allowed to submit proposals in response to this RFP. This

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<sup>1</sup> This proposed Scope of Work Activities will be posted publicly for comment by interested parties. Pending any changes in the Scope of Work Activities that may be adopted by the IM after receiving and reviewing any such comments, this Scope of Work Activities is the basis for the IM work until such date that this Scope of Work Activities becomes final.

<sup>2</sup> EAI's Wholesale Baseload Resources include the following resources that are available as of Jan. 1, 2013 – 70 MW from Arkansas Nuclear One ("ANO") Unit One, 30 MW from Grand Gulf Nuclear Station ("GGNS") Non-Retained Share, and 59 MW from GGNS Retained Share. It includes the following resources that are available as of Jan. 1, 2014 – 70 MW from ANO Unit One and 84 MW from ANO Unit 2; Independence Unit 1 – 23 MW; White Bluff ("WB") Unit One – 39 MW; WB Unit 2 – 41 MW; GGNS Non-Retained Share – 30 MW; GGNS Retained Share – 59 MW. EAI submitted a filing with the Arkansas Public Service Commission on June 13, 2012 for approval of EAI to purchase all portions of the EAI WBL resources when they become available with the exception of the GGNS retained share. EAI has requested that the Arkansas Public Service Commission ("APSC") rule on EAI's request by November 1, 2012.

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document outlines the responsibilities and activities associated with providing independent monitoring services for the 2012 Stable Price Baseload RFP, including without limitation the process and requirements established by the Louisiana Public Service Commission ("LPSC") in the Market-Based Mechanisms Order.

Ms. Benson will serve as the IM. The responsibilities and activities associated with this role will include oversight, review, monitoring, and reporting, and are categorized into the following RFP phases:

- 1) the overall design of the 2012 Stable Price Baseload RFP;
- 2) the proposal solicitation process (2012 Stable Price Baseload RFP issuance, bidder registration and proposal submission);
- 3) the proposal evaluation process (including methods of evaluation);
- 4) the proposal selection process;
- 5) the due diligence and contract negotiation process; and
- 6) regulatory review, as needed and requested.

In carrying out these tasks and services, the IM shall have access to any ESI employee or employees of any of the Entergy Operating Companies or data, processes, analytic tools, and any and all other information regarding the Entergy System or this 2012 Stable Price Baseload RFP that she deems necessary to ensure that the 2012 Stable Price Baseload RFP process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs. The IM will have the ability to communicate directly with the regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process, subject to appropriate confidentiality safeguards being maintained.

**A. Independent Monitor (IM)**

The scope of the IM's role and engagement in each of the phases of the 2012 Stable Price Baseload RFP process includes:

**1. 2012 Stable Price Baseload RFP Development**

- a. The IM will review and comment on the proposed product specifications and planning criteria to assure that they are reasonably aligned with the Entergy System's stated resource needs and to ensure that they have not been designed to provide undue preferential treatment to any potential bidder, including the Self-Supply Option that will be market-tested in the 2012 Stable Price Baseload RFP.
- b. The IM will not evaluate or determine the Entergy System's planning criteria or its present or future resource needs.
- c. The IM will review, evaluate and comment on whether the technical product

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descriptions developed, and the types of products being solicited in the 2012 Stable Price Baseload RFP are reasonably designed to meet the overall and stated objectives of the 2012 Stable Price Baseload RFP, and to facilitate a robust response from market participants.

- d. The IM will review and comment on the key technical proposal evaluation criteria, and such other information as may be reasonably necessary to ensure that the products and/or the package of products have not been designed or packaged in order to provide undue preferential treatment to any potential bidder, including the Self-Supply Option to be market tested in the RFP.
- e. The IM will review and comment on the draft 2012 Stable Price Baseload RFP documents to ensure that all 2012 Stable Price Baseload RFP materials, procedures, and timing support a robust and fair solicitation process.
- f. The IM will review and comment on the structure of the RFP evaluation teams and the processes for protection of proposal information used by the evaluation teams and will identify any issue, concern, or deficiency in such processes and will work with ESI to address and resolve any such issue.
- g. The IM will review and comment on the proposed processes and monitor the 2012 Stable Price Baseload RFP process to ensure that they are designed to comply with all applicable Codes of Conduct, Standards of Conduct, affiliate rules, confidentiality agreements, and acknowledgment forms and agreements. The IM will not act as a conduit in communicating to any employees of ESI or its affiliates or others any information that, pursuant to the provisions of this 2012 Stable Price Baseload RFP and the relevant Codes of Conduct, agreements and documents identified herein, cannot be shared with them.
- h. The IM will make recommendations, as needed and appropriate, throughout the 2012 Stable Price Baseload RFP process in order to improve it. This will include recommending, as indicated, changes to the draft RFP and commenting on changes proposed by participating regulatory staff and market participants during the RFP consultation process, including without limitation, the process established by the LPSC in the Market-Based Mechanisms Order.
- i. The IM will review and comment on ESI's proposal evaluation methods, analysis tools and processes, data inputs and assumptions, and price and non-price evaluation criteria, including its methods and tools of analysis used in the evaluation process, and including specifically, but without limitation, the economic, transmission, and credit evaluation procedures. The IM will evaluate such methods, tools, processes, data, assumptions, and criteria from the perspective of both price and non-price factors. The IM will identify any issue,

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- concern, or deficiency in such evaluation methods, processes, data, assumptions, and criteria and will work with ESI to address and resolve any such issue.
- j. The IM will review and comment on the description of the evaluation process to be provided in the 2012 Stable Price Baseload RFP documentation to ensure that such process is accurately and appropriately described.
  - k. The IM will determine whether different inputs, scenarios and sensitivities should be analyzed by ESI in addition to those planned to be used by ESI in its own analyses. If the IM determines that such analyses will be required as part of the evaluation process, then contemporaneously with the posting of the final RFP, the IM will notify bidders via ESI's RFP website of any different analyses that the IM will require.
  - l. Prior to the receipt of third party proposals received in response to the 2012 Stable Price Baseload RFP, the IM shall be provided with the Self-Supply Option that will be market-tested in the RFP, including the projected cost of that proposal for the term that it is offered. The IM will review the projected cost of the Self-Supply Option, including the evaluation methods, analysis tools and processes, data inputs and assumptions, and price and non-price evaluation criteria, including its methods and tools of analysis used in the evaluation process, and including specifically, but without limitation, the economic, transmission, and credit evaluation procedures for the Self-Supply Option.
2. Proposal Solicitation (2012 Stable Price Baseload RFP Issuance, Bidder Registration and Proposal Submission)
- a. The IM will monitor the implementation of the 2012 Stable Price Baseload RFP to ensure that the 2012 Stable Price Baseload RFP process is administered in a way that is objective and impartial to all potential bidders and that no undue preference is given to any potential bidder or resource, including the Self-Supply Option to be market-tested in the RFP.
  - b. The IM will monitor questions submitted by prospective bidders either during the technical and bidders' conferences or via ESI's RFP website and work with ESI to ensure that timely, accurate responses are provided, consistent with appropriate confidentiality safeguards.
  - c. The IM will review Bidder Registration information from prospective Bidders and determine whether additional information is needed.
  - d. The IM will oversee receipt and handling of all proposals timely received during the proposal submission period, including submission of information pertaining to

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the Self-Supply Option.

- e. The IM will participate in any technical and bidders' conferences that may be conducted.
- f. The IM will have the ability to communicate with and respond to questions, issues or concerns of bidders during the 2012 Stable Price Baseload RFP process and will communicate these concerns, as appropriate, to both ESI and regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process.

### 3. Proposal Receipt

- a. The IM will review all proposals submitted by Bidders and determine whether the proposals meet the threshold requirements stated in the 2012 Stable Price Baseload RFP or whether additional information is needed.
- b. The IM will review the data reports generated for each area of evaluation that contain information concerning the Self-Supply Option and each proposal that is necessary for such areas of evaluation and will distribute such reports to the respective ESI evaluation team members only such information as the IM concludes at the time is specifically needed for such area of evaluation, with extraneous information being redacted by the RFP Administration Team. It is understood that the RFP Administration Team, will have access to all proposal information, as well as information concerning the Self-Supply Option. With the consent of the IM, the redacted information may be made available to ESI evaluation team members at a later stage of the RFP evaluation process should such evaluation team members have a need for the previously redacted information in order to complete the evaluation process.
- c. The IM will determine whether a non-conforming proposal should be rejected or whether, and if so how, the bidder should be permitted to cure the proposal.
- d. The IM shall have access to any documentation, processes, and other information that she deems necessary to ensure that the proposal receipt process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs.

### 4. Proposal Evaluation and Selection

- a. The IM will oversee the RFP evaluation and selection to ensure that the 2012 Stable Price Baseload RFP process is objective and impartial to all bidders and that no undue preference is given any potential bidder, including the Self-Supply

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Option to be market tested in this RFP.

- b. The IM will obtain and review, and may comment on, copies of all written communications concerning or relating to the 2012 Stable Price Baseload RFP and between ESI and bidders, including personnel responsible for the Self-Supply Option, in advance of ESI's issuance of such communications.
- c. The IM will monitor the evaluation by the ESI (System Planning & Operations) proposal evaluation teams of the transmission-related aspects of proposals and the Self-Supply Option, and will review formal quantitative and qualitative analyses performed in connection with such evaluation, including any completed studies provided by the Entergy Transmission Business Unit and/or Independent Coordinator of Transmission that are directly related to such evaluation.
- d. The IM will monitor credit evaluation of bidders and will review formal quantitative and qualitative credit analyses, as necessary, to ensure an impartial and objective process.
- e. If the IM previously has determined that additional analyses might need to be performed by ESI and has posted such notice to bidders as part of the Final RFP, then after proposals are received, the IM will determine whether different inputs, scenarios and sensitivities should actually be analyzed by ESI in addition to those on which ESI's own analyses are based. If the IM determines that such a need exists, the IM will request such analyses and review the results of them.
- f. If, during the evaluation process, ESI determines that it is necessary or appropriate to modify the evaluation process, including determining that a need exists for additional evaluation or that the timing of the evaluation should be modified or inputs or scenarios changed, the IM will review the proposed changes and provide her comments to same. The IM will notify bidders via ESI's RFP website of any different analyses that ESI will require. If the IM disagrees with such supplemental or modified evaluation processes, then the IM shall be entitled to request that, in addition to the modified analyses that ESI wishes to perform, ESI also shall perform the analysis as originally contemplated.
- g. The IM will review all written recommendations and materials to be presented to Entergy's Operating Committee concerning the evaluation and selection process associated with this 2012 Stable Price Baseload RFP, subject to any limitation that might arise concerning attorney/client privileged communications or attorney work product.
- h. The IM will review any preliminary and final proposal rankings, portfolio selections and proposal awards. The IM will review such rankings, selections and

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awards before this information is presented to the Entergy Operating Committee and/or specific Operating Committee executives. If the IM disagrees with such rankings, selections, and awards, and such disagreement is not resolved by ESI to the satisfaction of the IM, then the IM shall set forth the nature of the dispute and the view of the IM on the issue in a report that shall be presented to the Operating Committee and/or specific Operating Committee executives, as applicable

- i. The IM will not make decisions regarding selection of proposals for award; rather, those decisions shall be made by the Operating Committee consistent with the requirements of the Entergy System Agreement.

#### 5. Due Diligence and Negotiations

- a. The IM will be permitted access to information regarding the due diligence and negotiation process (including periodic updates to be provided by ESI), in whatever form the IM deems necessary, in order to ensure that it is objective and impartial to all bidders and that no undue preference is given to any potential bidder or the Self-Supply Option. The IM shall have access to any documentation, processes, and other information that she deems necessary to ensure that the due diligence and negotiations process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs.
- b. The IM will participate in all elements of negotiations between ESI and representatives for any Self-Supply Option to ensure that the process is objective, impartial, and at arms-length.
- c. The IM will monitor negotiations with third party bidders; to the extent that the IM requires additional information regarding negotiations with third party bidders where she is not in attendance, ESI will provide that information.
- d. The IM will monitor the adequacy and thoroughness of due diligence performed by ESI relating to any proposals and the Self-Supply Option.

#### **B. Interaction among the IM, Regulatory Commission Staff(s) and ESI**

1. The IM may communicate with regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process without restriction relating to this 2012 Stable Price Baseload RFP process. Such communications may be confidential as needed and do not require the participation of ESI. The Staffs of regulatory commissions participating in overseeing the 2012 Stable Price Baseload RFP process shall have unfettered access to the IM.

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2. The IM will prepare formal written reports and updates, which shall be provided both to ESI and to those regulatory commission staff(s) that request or require such reports. If such reports or updates contain information that is highly sensitive or otherwise protected, they shall be provided only pursuant to a Protective Order or confidentiality agreement acceptable to the entity(ies) whose confidential or otherwise protected information would be revealed.
3. If during the 2012 Stable Price Baseload RFP process, there are disagreements with ESI or the bidders that the IM is unable to resolve to her satisfaction, the IM will communicate such disagreement immediately to the regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process.
4. At the conclusion of the 2012 Stable Price Baseload RFP process or at the appropriate point in time (for example, at the time of the filing of a contract for which regulatory approval is sought by the utilities), the IM shall prepare one or more reports stating her conclusions regarding the 2012 Stable Price Baseload RFP process, including any suggestions for improvement. This report shall constitute the final report of the IM, but before it is provided to any third parties (including regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process who have not signed a confidentiality agreement acceptable to ESI) or otherwise made public, the IM shall submit the report to ESI for the sole purpose of redacting its confidential information in order to prepare a public version of the report. ESI will then provide the confidential version of the report to regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process and will post the public version of the report on ESI's RFP web site within 90 days after resource selection. To the extent that the report will be supplemented as a result of due diligence or contract negotiations, the additional time required to prepare such supplemental report will be determined and mutually agreed upon by the IM and ESI.
  - a. The report is to be prepared independently by the IM with no market participant or ESI entitled to review or comment upon any draft thereof prior to its publication and with no party having any right to edit or alter in any way such report (except for the redaction process identified above). During the preparation of the report, the IM will not discuss any report findings or recommendations with any market participant or ESI prior to publication, nor will any of the above entities be given an opportunity to review a pre-publication draft (except for the redaction process identified above). At her discretion, the IM may share a draft of her report with the staff of regulatory commissions participating in overseeing the 2012 Stable Price Baseload RFP process, although this is not required. At her discretion, the IM also may discuss 2012 Stable Price Baseload RFP issues and request information from regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process, market participant(s), and/or ESI, as may assist the IM in report preparation and/or in response to



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comments on the report. Nothing herein is intended to preclude the IM from seeking to verify information with ESI that is to be reflected in the IM's report.

- b. After a report is filed, ESI, regulatory commission staff(s) participating in overseeing the 2012 Stable Price Baseload RFP process, market participants, and interested persons may submit comments on the report. At her discretion, the IM may submit a revised report and/or prepare a response to those comments as to which the IM believes a response would be appropriate. Any party in a regulatory proceeding, whether or not before the LPSC, may offer the report (and any response to comments prepared by the IM) into evidence in lieu of or in addition to pre-filed testimony. Any party also may call the IM as a third party witness to testify regarding the report, the response to comments, and the 2012 Stable Price Baseload RFP process.

**C. Additional Procedures**

1. The IM will have the right, in her discretion, to maintain any documents she deems necessary regarding the 2012 Stable Price Baseload RFP processes, subject to maintaining the confidentiality of such documents in accordance with the terms of the Confidentiality Agreement to be entered into by the IM with ESI.
2. The IM will establish within her firm such ethical guidelines and appropriate screening procedures as are necessary to ensure that no present or future conflict of interest will arise in connection with responsibilities under this Scope of Engagement. If any such issues arise, those issues will be brought promptly to the attention of ESI and any regulatory commission staff that has requested such information or notification, or that is directly and actively involved in the 2012 Stable Price Baseload RFP process.