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3           **TRANSCRIPT OF PROCEEDINGS**

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8           **Entergy Services, Incorporated**

9           **2006 RFP Bidders Conference**

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16           **10:00 a.m. - February 23rd, 2006**

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18           **Sam Houston Room**

19           **Houston Airport Marriott at**

20           **George Bush Intercontinental**

21

22 Houston, Texas

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1                   PROCEEDINGS

2                   MR. KAHAL: My name is Matt Kahal.

3 I am a consultant to the Louisiana Public Service

4 Commission staff.

5                   This morning, what we have is a LPSC

6 staff-sponsored technical conference, even though

7 Entergy very kindly made arrangements for the room.

8 To my left is Melissa Watson. Melissa is the staff

9 counsel for the Louisiana Public Service Commission

10 who's been assigned to our work on this RFP under

11 Louisiana Public Service Commission rules.

12                   The staff has the responsibility for

13 doing some oversight on the RFP process that

14 electric utilities in Louisiana conduct.

15                   We want to thank Entergy for making

16 these arrangements. This afternoon, after the

17 conclusion of the LPSC technical conference,

18 Entergy's going to be conducting its own bidders

19 conference. And to the extent I think that there's

20 something of a division of labor here, the division

21 of labor is that the LPSC technical conference is

22 really designed to address the technical issues

23 associated with the RFP, technical, regulatory

24 issues.

25           It's mostly going to be Entergy's

1 show. They're going to provide an overview of how  
2 they plan on conducting their solicitation, answer  
3 questions and so forth.

4           The afternoon, I think, more goes to  
5 I guess what I would call bidding mechanics, the  
6 electronic submission process and things of --  
7 procedural stuff of that sort that is sort of  
8 less -- it's going to be very important to you-all  
9 in terms of your participation in this, but is, you  
10 know, not -- since I'm not a bidder, I'm saying that  
11 up-front, it's kind of less interesting to me. But  
12 so that will be their show this afternoon.

13           This is the state commission's  
14 technical conference this morning. And thank  
15 you-all for coming.

16           I would like to start this off by  
17 doing introductions for everyone in the room. There  
18 will be a sign-up sheet that will be circulated, and  
19 we'd appreciate it if you'd put your name and  
20 affiliation on the sign-up sheet, e-mail and phone  
21 numbers, just so in case we need to contact you.

22           As far as the introductions go, I'd  
23 like Entergy to -- the Entergy people to introduce  
24 themselves first and I would also ask when they  
25 introduce themselves, if they could also identify

1 their function with the RFP. And then we'll go  
2 around the room to the market participants.

3 MR. MOHL: Okay, Matt. Thanks.

4 Just couple housekeeping items here.

5 We will be serving lunch today, and we'll probably  
6 be taking a break at some point this morning because  
7 we do have a court reporter here who's going to need  
8 to take a breath. But you will be served lunch.

9 Also, be sure to see Laura Berryman,  
10 if you haven't done so already, to get parking  
11 stamps. She's got stamps that will validate your  
12 parking. As Matt said, please use the sign-up  
13 sheet. And if anyone doesn't know, restrooms are  
14 down and to the right.

15 With that, my name is Bill Mohl.  
16 I'm the vice president of commercial operations for  
17 Entergy Services. Basically, in that role, I've got  
18 executive responsibility for the RFP itself.

19 MR. WALZ: My name is Tony Walz.  
20 I'm the director of planning analysis. I have  
21 responsibility for long-range planning for the

22 Entergy utility group, and I'll be responsible for

23 the evaluation of the proposals.

24 MR. DEGEORGE: I'm Charles DeGeorge.

25 I'm manager of supply, planning and analysis. I'll



1 be involved in conducting the economic evaluation of  
2 the RFP.

3           MR. STRENGTH: I'm Mark Strength.  
4 I'm the manager of supply procurement. We have, I  
5 guess, line responsibility for development and  
6 execution of the RFP itself.

7           MS. BENSON: I'm Betty Benson, and I  
8 don't work for Entergy. I'm one of the independent  
9 monitors, and my colleagues -- I'm going to ask them  
10 to introduce themselves -- from Potomac Economics  
11 are also the rest of the independent monitor team.

12           My particular responsibilities have  
13 to do with the process related to the entire RFP,  
14 and I'll be talking to you a little bit more about  
15 what that entails later so I can I ask you folks  
16 to... David?

17           MR. PATTON: I'm David Patton. I'm  
18 president of Potomac Economics. We're the  
19 evaluating independent monitor. I have Robert  
20 Sinclair and Michael Chiasson here with me from our  
21 firm, and we're dealing primarily with the economic

22 evaluation of the -- of the bids.

23 MR. SUFFERN: I'm Matt Suffern with

24 Entergy legal regulatory.

25 MR. MORAN: I'm Tom Moran. I'm the

1 VP of credit risk management for Entergy. I'm  
2 involved in developing the RFP and most of the  
3 evaluation.

4 MR. BURTON: And I'm Cory Burton. I  
5 work for Mark Strength in supply procurement.

6 (Audience members introduce  
7 themselves.)

8 MR. KAHAL: Thank you, everyone.

9 Another logistical question. I think that we  
10 have -- do we have a telephone call-in setup --

11 MR. MOHL: Yes, we do.

12 MR. KAHAL: -- working now?

13 Is there anybody on the phone.

14 (Pause.)

15 MR. KAHAL: Okay. I guess nobody  
16 called in. Okay.

17 MR. MOHL: We did get that sent out,  
18 so if you did have anybody that wanted to  
19 participate via phone, we did get that e-mailed out.  
20 We didn't have any specific requests, but we tried  
21 to distribute that.

22 MS. DALRYMPLE: We got it posted on

23 the website.

24 MR. MOHL: So if there's anyone back

25 at home that you wanted to participate, you could

1 ask them to look at the website and call in.

2           MR. KAHAL: Right. If any of you  
3 have any colleagues that wanted to call into this,  
4 you could -- you might want to let them know that  
5 the call-in is working.

6           I want to start out just talking for  
7 a few minutes, because most of the presentation is  
8 going to be done by -- by Entergy. But -- and I'm  
9 sure that most of the questions that you-all have,  
10 you're going to be directing toward Entergy; but  
11 feel free to also direct questions to us, the LPSC  
12 staff people, as to what regulatory attitudes might  
13 be about some of these things and how we feel  
14 about -- so feel free to address questions to us  
15 also.

16           I want to be begin with an apology.  
17 Normally, our standard practice is to have these  
18 technical conferences located at the commission  
19 offices in Baton Rouge, and normally, that's what we  
20 would do. Given what happened to me and to  
21 Melissa's travel yesterday, we think maybe we should

22 have done that. We had a great deal of difficulty

23 getting here.

24           But we realize that with what's

25 going on, travel to Baton Rouge has gotten pretty

1 difficult, and we know that a lot of the people who  
2 attend these technical conferences are in the  
3 Houston area anyway. And so out of -- out of  
4 practicality, we decided to coordinate this with  
5 Entergy's bidding conference and do it all in one  
6 place. We thought that would be more convenient.

7           If it does create a hardship for any  
8 of you having it here, we apologize for that.

9           Let me just give you a one- or  
10 two-minute quick tour of the regulatory framework  
11 that we have in Louisiana. Probably, a lot of you  
12 already are familiar with it, but some of you may  
13 not be. So this is going to be at the 30,000-foot  
14 level, and so if you have questions about that,  
15 about our regulatory requirements, just ask  
16 questions.

17           In addition, the general orders that  
18 govern this process, they're available on the  
19 website. I'm not sure I could find them, but I know  
20 Melissa can, so that will tell you the exact  
21 requirements.

22            This RFP, from our standpoint -- I  
23 realize it's a systemwide RFP, but from our vantage  
24 point and with Louisiana representing almost 50% of  
25 the Entergy system, Louisiana has competitive



1 procurement rules; that is, with certain exceptions,  
2 we require our utilities to use the competitive  
3 wholesale market for obtaining power supplies.

4           Now, that doesn't prevent the  
5 company from building on its own, and, in fact,  
6 there is a proposal for -- on the part of the  
7 company to do just that; but the rules do require  
8 that even in the event where a company does propose  
9 to build its own capacity, the market should have a  
10 full and fair opportunity to compete against that  
11 and beat it and come up with something better.

12           In addition, of course, I think that  
13 even in the case of the self-build, it's only a  
14 relatively small portion of what Entergy's actually  
15 seeking. They're seeking up to 2,000 megawatts of  
16 capacity in this RFP. Their self-build proposal is  
17 for about 500 of that requirement.

18           Our competitive procurement rules  
19 require competitive procurement for anything that's  
20 over 35 megawatts, for anything that's -- any  
21 resource that's longer than one year. So this RFP

22 is definitely covered under our rules.

23           This process also requires an

24 independent monitor in the event that the RFP allows

25 for affiliate bidding, which this RFP does. I might

1 add that the last RFP that Entergy did in 2004 did  
2 not allow for affiliate bidding. This one does.

3           Or in the event of a self-build  
4 proposal, there also must be an independent monitor,  
5 and that's why the Potomac folks and Betsy are here,  
6 although Entergy, I guess, as a matter of policy,  
7 has always used an independent monitor in its RFPs.

8           Our competitive bidding rules, which  
9 we affectionately call the market-based mechanism  
10 order, works in tandem with another general order,  
11 the 1983 general order, which requires that any  
12 capacity resource, be it a purchase power contract  
13 other than economy energy or a self-build power  
14 plant, must be certified by the Louisiana  
15 commission.

16           Now, obviously, that doesn't really  
17 matter, I guess, if, you know, one of the -- let's  
18 say one of the contracts they acquire in this RFP is  
19 assigned to another company, such as Entergy  
20 Arkansas or Entergy Mississippi. But if any portion  
21 of that goes to a Louisiana company, Entergy

22 Louisiana or Entergy Gulf States, it must be

23 certified by this commission.

24           The way we view this is that this

25 RFP process that we're conducting now is really the

1 front end of a certification process. That is, it's  
2 our desire to really get all of the issues and  
3 controversies and disagreements and things like  
4 that -- we want all of that to be worked out and  
5 vetted through a proper competitive process, so that  
6 by the time we get to an actual certification  
7 proceeding where they have to make a filing and an  
8 application for commission approval, by the time  
9 they make that filing, we, as the staff of the  
10 commission, we want to be totally comfortable with  
11 what Entergy is submitting; and so that way,  
12 approval can take place relatively quickly.

13           We just got through a process like  
14 that with Cleco and I have to tell you, you know,  
15 they had an RFP process that was about a year-long  
16 process in which there was lots and lots of staff  
17 involvement and oversight and so forth. And by the  
18 time they filed, there was very little controversy.

19           I mean, there was no doubt, either  
20 on our part or on the part of any intervenors in the  
21 case, as to whether the projects -- and they were

22 contracts and a power plant -- should be approved.

23           Now, Entergy being Entergy and

24 utilities being utilities, when they make these

25 filings, generally file for more than just approval

1 of the power plant. They're going to also probably  
2 file for rate-making treatments and stuff like that,  
3 where we can argue about numbers and argue about how  
4 much money they should get. I mean, that's fine,  
5 and, you know, we're usually able to work that out.

6           And that may not be of interest to  
7 you-all. You-all just -- if you succeed in doing a  
8 deal with Entergy, your interest is in having a  
9 regulatory process that goes smoothly, a regulatory  
10 process that goes quickly, and let us worry about  
11 the rate-making and stuff like that. That's really  
12 not your problem.

13           We have also gotten feedback from  
14 commissioners in Louisiana that they don't really  
15 want a protracted process of approval of these  
16 resources and these certification cases. We had one  
17 case that, unfortunately, went on for about two  
18 years. They don't want to see that. They want to  
19 see these things get done really in a matter of a  
20 few months, and so do we, and so should you.

21           That's the rationale for the way

22 that we set this up. It's kind of informal, the  
23 process that we're dealing with now. This is not a  
24 docketed proceeding or anything like that. It's  
25 informal oversight.



1           In fact, I don't know if it really  
2 comes through in the language of the RFP, but from  
3 our standpoint, as the LPSC staff, we view this as a  
4 stakeholder process. We want your input. We want  
5 your thoughts. You see ways of improving the RFP,  
6 you see ways of facilitating market participation in  
7 this, you know, let us know; and we'll work with  
8 you.

9           That's not to say that we're here to  
10 carry your water. We're here for the rate payers,  
11 but effective participation and an effective  
12 competitive process, we believe, is in concert with  
13 the interests of the rate payers.

14           Also let me just say one other thing  
15 with regard to the way this process works. It's a  
16 whole lot better if we have your input up front now.  
17 I don't mean necessarily today, but while we're  
18 dealing with this RFP, which is in draft form.

19           We'd much rather have your input  
20 today than for you to come back eight months or a  
21 year from now when we're in the middle a

22 certification case, and then at that point tell us

23 there's something about this process that you didn't

24 like.

25           It's your right to do that, but

1 that's really not the most efficient way, because,  
2 really, at that point, by the time we're in a  
3 certification case, there's a sense in which these  
4 contracts or projects have a lot of momentum, and  
5 they're hard to stop.

6           Melissa and I will sign the sign-in  
7 sheet as well. You should always feel free to  
8 contact me informally, if there's things about this  
9 process that trouble you or you have questions, and  
10 feel free to contact the independent monitors as  
11 well. That's their job.

12           The draft RFP that Entergy filed on  
13 January 31st is a draft. It's to be finalized, I  
14 think, April 17th. We're kind of comfortable with  
15 that schedule. If anybody has any thoughts on that  
16 schedule, though, let us know.

17           The draft itself, staff has had the  
18 opportunity to have at least some limited input up  
19 to this point on the RFP, so some of our opinions  
20 and reactions to it have gotten incorporated into  
21 the draft that was filed on January 31st.

22                   And I know that the independent  
23 monitors, both Betsy and the Potomac folks, have had  
24 a lot of input into the fashioning of this draft;  
25 but it is just a draft, and it's still subject to

1 change, if there are things in it that you find are  
2 either unclear or flawed.

3           There's a question-and-answer  
4 process that's described in the RFP. If you would  
5 rather submit your questions to us and have us  
6 submit them to Entergy rather than submitting them  
7 directly to Entergy, that's fine. We're happy to do  
8 that. We're going to have our own questions that we  
9 submit to Entergy.

10           Hopefully, Entergy will be able to  
11 post the answers on the website relatively quickly.  
12 There's a comment process that Entergy is  
13 conducting, but if you decide to file, to submit --  
14 I don't want to use the word "file." It's too  
15 formal-sounding.

16           If you decide to submit written  
17 comments, we would appreciate it if you would submit  
18 them to us as well, Melissa and me, because we are  
19 going to submit our own comments, and when we submit  
20 our own comments, we want your input so we can  
21 incorporate your comments into our comments.

22 I may be overstating it, but I'd  
23 like to think that the LPSC staff, the regulators,  
24 can have some influence over this process in the  
25 shaping of the RFP.

1           The RFP document as it stands now  
2 reflects a process, really, that went on last year.  
3 There was a collaborative process. I know that some  
4 of you in this room did attend some of those  
5 collaborative meetings and were involved.

6           There were some agreements reached  
7 in that collaborative that related to this RFP on  
8 certain issues. Staff filed a report with the  
9 commission in December of 2005, describing that  
10 process, the collaborative process, documenting the  
11 meetings, documenting what went on, and documenting  
12 the agreements that were reached.

13           Those agreements, I believe, are  
14 reflected in this RFP document, but, you know, there  
15 are obviously still, probably, details to be worked  
16 out on that.

17           If any of you don't have a copy of  
18 this report -- it was circulated to all the parties,  
19 but if any of you don't have a copy of this report  
20 and would like it -- is it available on the website?

21 I don't know. If not, I mean, we can e-mail it.

22 MS. WATSON: I think it was filed.

23 MR. KAHAL: It's on the website?

24 MS. WATSON: I think. I'll have to

25 verify.



1           MR. KAHAL: We'll check and see if  
2 this is on the website, if you'd like a copy of  
3 this. But it identifies some agreements between  
4 collaborative participants; and, really, the  
5 protagonist on this was Calpine.

6           This whole process came out of a  
7 stipulation that was reached between Entergy and the  
8 staff in Calpine, although there are many other  
9 merchants that participated in these meetings as  
10 well.

11           And there were agreements reached  
12 that are reflected in this RFP, and it -- it's  
13 influenced the shaping of this RFP.

14           There's one thing, I think, new  
15 about what we're doing here today, and that is,  
16 we've had technical conferences on other Entergy  
17 RFPs. As I understand it, there are going to be  
18 representatives of the Entergy transmission business  
19 unit, is that right, Bill, here today?

20           MR. MOHL: Yes, that's correct.

21           MR. KAHAL: And they're going to be

22 available -- I don't know what their presentation is

23 going to be, but they're going to be available here

24 to answer questions.

25           And I think that's going to be

1 extremely helpful, because we've had a lot of  
2 meetings where transmission questions have come up  
3 and Bill and his group has said, "Well, this is what  
4 we think is going on in the transmission side, but  
5 we don't really talk to them because of the  
6 order 888 separations and so forth."

7           And so there's kind of been a  
8 certain degree of speculation as to exactly what the  
9 transmission group is doing and how they're doing  
10 it, and now you can hear it right from the horse's  
11 mouth. We don't have to speculate or guess as to  
12 how they're doing it, because the transmission side  
13 is an extremely important part of this process, and,  
14 fortunately, we've had a lot of input on that from  
15 the Potomac folks.

16           So, really, this is your chance to  
17 be asking the transmission folks questions that you  
18 might have as to things like how and on what  
19 schedule they do their system impact studies, you  
20 know, what's in their databases for the models that  
21 they use and so forth.

22           Let me relay to you certain concerns  
23 that commissioners at the Louisiana Public Service  
24 Commission have expressed. I was asked to give a  
25 progress report on the RFP at the monthly meeting

1 that was held yesterday in Baton Rouge.

2           The commission and certain  
3 commissioners are focusing very closely on the issue  
4 of reliability must-run. This is something that  
5 staff has been focusing on.

6           The issue is as follows, and then  
7 there's some information on this in the RFP: The  
8 Entergy system has an annual power supply output of  
9 about 115 million megawatt-hours a year. Of that,  
10 about 22 million is oil and gas, almost all of which  
11 is from the company's high-cost units; that is,  
12 units with high heat rates, these older units which  
13 the commissioners affectionately called clunkers.

14           The commission and staff -- and  
15 this comes from us as well as the commissioners --  
16 are very, very interested in facilitating the market  
17 being able to compete against those older units, the  
18 market being able to substitute relatively efficient  
19 gas-fired generation with the wonderful heat rates  
20 that these new CCGT units have for the 11,000 or so  
21 heat rate units from these older steam units.

22                   And we measure progress in getting  
23 that generation down, so that's a major, major  
24 concern that the commission has voiced with regard  
25 to this RFP and wants to see this RFP try to address

1 it, wants to see, to the extent possible, that the  
2 market has a chance to substitute its generation for  
3 Entergy's inefficient generation.

4           Now, part of my message to the  
5 commission is it's all well and good to take bids,  
6 but one of the things I think that's going to have  
7 to be done to make progress in this area is to  
8 upgrade the transmission system.

9           I don't know how we reduce the  
10 generation from these units, because a lot of these  
11 units have to run because there's transmission  
12 reliability must-run constraints.

13           A second area that the commission is  
14 very interested in, and it's kind of related to the  
15 first area, is last year staff completed and  
16 submitted to the commission a retirement study,  
17 looking at the feasibility of retiring some of  
18 Entergy's old generation and substituting new  
19 generation capacity from the market.

20           To be clear about Entergy's RFP, the  
21 2,000 megawatts that they're talking about is 2,000

22 megawatts needed to meet the requirements that  
23 they've identified their -- I guess their criterion  
24 is something like a 17% reserve margin. That's  
25 under the assumption that nothing is retired.



1           Beyond that -- and there's some  
2 brief statements in this RFP that beyond that --  
3 that's the first priority is to meet that need, but  
4 beyond that, Entergy is willing to go beyond its  
5 2,000 megawatts to the extent that market bids are  
6 sufficiently attractive that they warrant and  
7 justify on an economic basis shutting down some of  
8 the existing capacity.

9           Now, Entergy hasn't said how much,  
10 and they shouldn't say how much, because it's  
11 bid-dependent. So we have two messages: One to  
12 Entergy is to actively and vigorously pursue that,  
13 and our message to the market is, sharpen your  
14 pencils, because we'd like to see real attractive  
15 bids that allow that to happen.

16           And with that, I'll turn this over  
17 to Entergy. Bill, your folks, I know, have  
18 presentations.

19           MR. MOHL: Yes.

20           MR. KAHAL: Do you guys just want to  
21 run through your presentations, or do you want to

22 take questions during your presentation, or

23 afterwards?

24 MR. MOHL: Let me just address a

25 couple issues.

1           As far as the presentation goes,  
2 we'd like to get through the presentations and what  
3 we've typically done in the past is asked folks to  
4 fill out the questions and then we'll have a Q&A  
5 session afterwards.

6           However, if there's something on a  
7 slide as we're going through it that you just need  
8 clarification on, feel free to ask. If it's going  
9 to be a more detailed or comprehensive question,  
10 just so we can ensure that we get all the  
11 information to all the bidders and get that question  
12 in writing, we'd like to get it in writing. We'll  
13 respond as best we can.

14           And I think we caveat that that to  
15 do things on the fly sometimes, they're not thorough  
16 or we may make a mistake, so the official answer  
17 will be provided in writing on the website  
18 afterwards, and we'll endeavor to have that done by  
19 very early next week.

20           Just a couple comments, Matt, before  
21 we start with the presentation. You had indicated,

22 you know, the approval of the asset is one thing and  
23 the approval of the rate-making is another, and I  
24 just kind of wanted to clarify that we've always  
25 been pretty specific that nothing closes until we

1 get both of those issues resolved.

2           So I just want to make that a point  
3 of clarification, that everything is contingent on  
4 cost recovery.

5           MR. KAHAL: We'll all have our  
6 reservation of rights, Bill, so --

7           MR. MOHL: I just wanted to make  
8 sure that was clear.

9           I would also echo Matt's statement  
10 on participation in this process. You know, we've  
11 been doing this since the fall of 2002. It's been  
12 an evolving process, and we've tried to make  
13 modifications.

14           I think the recent market  
15 collaborative was an indication of our desire to  
16 work with folks, but I can't emphasize enough how  
17 important it is for you to get your issues out up  
18 front as opposed to after the fact.

19           You know, we may not always agree on  
20 issues, but we are making a sincere effort here to  
21 try to make sure that you understand where we're

22 coming from and we address all of your questions.

23           So whether it's through staff,

24 whether it's through the IMs, whether it's through

25 the Q&A process, I really encourage you to

1 participate, ask questions, voice complaints, point  
2 out issues; it would certainly be appreciated.

3           As far as the format, just briefly,  
4 what we intended to do was we've got a presentation  
5 we go through, then we'll go through a Q&A session,  
6 then we'll break for lunch, we'll see how we're  
7 doing.

8           We have got several representatives  
9 from the TBU group who are scheduled to be here  
10 sometime around lunch. Right now, we've got them  
11 slotted for 1:00 o'clock. They're going to go over  
12 a brief discussion of the system impact study  
13 process, and just a little forewarning is, you know,  
14 as it relates to TBU questions or OASIS questions,  
15 we'll likely punt a lot of those to them for when  
16 they're here, so they can address those issues  
17 directly.

18           As we've tried to make it clear,  
19 we're no different than you guys in terms of dealing  
20 with them, so as Matt pointed out, sometimes things  
21 aren't perfectly clear.

22 I think with that, then, we will go

23 ahead and kind of get started through the

24 presentation.

25 Okay. This is just the list of



1 agenda items that I just kind of went over. We'll  
2 have various participants from Entergy and the IMs  
3 participate in this overall presentation. We've  
4 already kind of gone through our introductions.

5 I would point out that this is a  
6 little bit different. You know, we've made a change  
7 in the independent monitors, and that, again, was  
8 part of the market collaborative process. There  
9 were concerns expressed about continued use of  
10 Lexicon, and so that was part of the agreement we  
11 reached.

12 And we actually decided to break it  
13 into two phases, so Betsy Benson is really here to  
14 help us out with a lot of the process-oriented  
15 issues. I think she's really your main contact as  
16 it relates to direct communication with the IM.  
17 Betsy was involved in the Cleco RFP and has  
18 certainly helped us work through some of the issues.

19 And then, of course, we have the  
20 Potomac group, who's really focused on the economic  
21 evaluation. Okay.

22                    On slide 5 -- I'm not going to read  
23 through this. You know we've been through these  
24 procurement processes. As Matt indicated, we're  
25 looking for up to a couple thousand megawatts out of

1 this RFP, a thousand megawatts of load-following,  
2 and a thousand megawatts of solid fuel.

3           We've got a variety of different  
4 mechanisms we use to go out and purchase resources  
5 in the market. Typically, these RFPs involve  
6 resources that are one year of term or longer. And  
7 as you see in this RFP, we're really just seeking  
8 long-term resources.

9           As we go further through this, we  
10 will be supplementing this RFP with another RFP in  
11 the fall of 2006 to look at more intermediate-term  
12 resources, which would be very similar to what we  
13 did in the fall of 2004 RFP, which actually didn't  
14 get completed until early '05.

15           In this RFP, we'll be looking for  
16 either purchase-power type resources based on life  
17 of unit or acquisitions or ownership positions of  
18 the generating facilities.

19           Those of you who continue to do  
20 business with us on a short-term basis, we've also  
21 got a process that's really handled by our energy

22 management organization as it relates to daily,  
23 weekly, hourly, monthly type purchases. As many of  
24 you are aware, that group is headed up by John  
25 Hurstell.

1           We're not addressing any of those  
2 types of purchases in this conference. Those are  
3 handled on a little bit less formal basis by our  
4 operations folks.

5           As Matt mentioned, one of the things  
6 that we're looking at in this RFP is a self-build  
7 option at our Little Gypsy site. As we discussed  
8 before, we think it's prudent to make sure we have  
9 options on a go-forward basis to make sure we're  
10 prepared to have the ability to install resources  
11 which best meet the needs of our customers.

12           Those resources will be  
13 market-tested through this, and, actually, we're  
14 required to submit those proposals to the IMs and  
15 the staff ahead of the receipt of any proposals that  
16 come from the market itself.

17           A lot of you may wonder -- you know,  
18 I think you get both sides of the table in terms of  
19 this process overall. As Matt mentioned, this is  
20 really in conjunction with the market-based  
21 mechanisms order. Although this is a system RFP,

22 we've been very careful to make sure that we meet

23 the requirements of the market-based mechanisms

24 order.

25           And you can see that there's

1 numerous notification requirements, review  
2 requirements, independent monitor. A lot of issues  
3 regarding code of conduct, especially as it relates  
4 to competitive affiliates and any self-build teams  
5 that we may have as it relates to a proposed  
6 self-supply option, as well as documentation of how  
7 we're going to evaluate a lot of this information.

8           And so we've endeavored in this RFP  
9 to really try to become more transparent in some of  
10 our evaluation processes. I'll be the first to  
11 point out that we're not going to give out all of  
12 the information we use to evaluate a resource. We  
13 don't think that's in the best interest of our  
14 customers. But we do really want to try to make  
15 sure you understand the processes that we are going  
16 through and the approach we're taking to evaluation.

17           The other thing I would mention is  
18 that we spend a lot of time with staff in this  
19 process, and so some of the stuff that, you know, we  
20 may not be able to go into detail with you on, for a  
21 variety of reasons, we really do spend a lot of face

22 time with Matt and Melissa and their team to make

23 sure they understand it and that the IMs are

24 comfortable with it and understand it, as well.

25           One other nuance with this RFP is



1 that we actually are collecting bid fees. We've  
2 tried to avoid that as it relates to the  
3 limited-term products because we just view it as  
4 being somewhat prohibitive when people are trying to  
5 bid one to three years.

6           Sure, as you can appreciate, as we  
7 look at longer-term resources, there's a lot more  
8 involved in the evaluation process, so we're really  
9 trying to defer some of those costs that we have,  
10 specifically with the independent monitor, as it  
11 relates to bid fees.

12           Both Matt and I have mentioned on  
13 several occasions the market collaborative. As Matt  
14 indicated, as a result of the Perryville  
15 acquisition, we agreed to enter into a collaborative  
16 process with market participants and the staff. And  
17 you can see that we've got a list of companies that  
18 actually participated in that collaborative.

19           And, actually, that collaborative  
20 was very beneficial. I think we at least got a head  
21 start on a lot of the issues that we've faced on the

22 RFP or problems that people have had with the RFP.

23 I won't go through the list of names here, but as

24 you can see, many of those folks are in the room

25 today.

1           I thought we'd briefly hit some of  
2 the issues or some of the resolutions reached by the  
3 participants. This is a kind of a Reader's Digest  
4 version of Matt's report and, hopefully, consistent  
5 with his report.

6           One of the things was the timing of  
7 the next RFP. We had hoped to get the RFP out in  
8 late 2005, but due to the events of Katrina and Rita  
9 we were sidetracked in the latter half of the year,  
10 but we were still able to get that notice put out  
11 the end of November and got the RFP posted on  
12 January 31st of this year as we have -- as we  
13 promised. We did change IMs, as I mentioned.

14           We also worked with the market  
15 participants in that process to really try to be  
16 more transparent as it relates to some of our  
17 transmission evaluation processes. And as you'll  
18 see, we've tried to provide more information to you  
19 to allow you to evaluate your proposal similar to  
20 the way we will evaluate it at -- within the RFP  
21 evaluation process.

22                    Again, I just want to point out  
23 that, you know, we are not affiliated with TBU and  
24 so we use the information provided by TBU on the  
25 OASIS site in our evaluation process. And

1 Mr. Kellough, who is our manager of transmission  
2 engineering, has also provided some tools that would  
3 help you calculate upgrade costs and that type of  
4 thing.

5           So, hopefully, you'll have a little  
6 bit better idea how we're looking at it and be able  
7 to at least make some calculations that would be  
8 comparable to ours.

9           Credit and collateral requirements,  
10 we had numerous participants want some changes in  
11 how we handled credit and collateral. Through the  
12 collaborative process, we tried to implement some  
13 new policies and procedures, which Mr. Moran will  
14 address later today.

15           We agreed that we'll consider some  
16 different forms of collateral, at the request of the  
17 merchants; and our methodology for evaluation of  
18 credit exposure and that type of thing is also  
19 something we revisited.

20           As a result of that, I think we're  
21 also looking at some of our credit requirements that

22 we'll put in place for the next RFP, which will be

23 the limited-term or intermediate-term RFP, which

24 will be in place later this year.

25 Debt imputation. Debt imputation is

1 a hot topic, and so it's something that we don't  
2 think we can completely ignore. But we did agree  
3 that we are not going to have any debt imputation as  
4 we go through our initial screening process of  
5 proposals. And that's one of the items that we will  
6 follow up with staff on in more detail, is how it  
7 actually will apply in the later phases of  
8 evaluation.

9           Again, we understand this is a  
10 concern for many counterparties, so we want to be  
11 more inclusive than exclusive, so we're not going to  
12 use that in our first screening phase, but we will  
13 have to address it in the latter phases of  
14 evaluation.

15           RFP planning information, we had  
16 several folks who wanted us to provide more  
17 information, and so I believe we accommodated that.  
18 We tried to be consistent or at least provide, at a  
19 minimum, the same amount of information that Cleco  
20 had provided in their RFP. Several members referred  
21 to that as a good standard approach.

22           In fact, I think we probably have  
23 even gone beyond that. So, again, please review  
24 that, and, hopefully, that provides you sufficient  
25 information to understand some of our planning



1 processes, our resource needs, et cetera.

2           Power plant retirement, this has  
3 been an ongoing issue as far as retirement of our  
4 units. This RFP is not specifically designed to  
5 handle retirement of the units, but as Matt  
6 indicated, we are going to evaluate opportunities to  
7 potentially displace some of our units.

8           There's a separate evaluation or  
9 separate project or docket going on at the LPSC  
10 which is really attempting to try to combine some of  
11 the generation aspects of retirement as well as the  
12 transmission system itself and some of the needed  
13 upgrades.

14           But we are trying to take a look at  
15 opportunities to displace some of your units, and,  
16 again, that will be something that we will discuss  
17 in probably more detail with staff and will probably  
18 have more information with that as we go through  
19 this process.

20           We've also had a status report on  
21 the "Downstream of Gypsy" project. As you can

22 imagine, with "Downstream of Gypsy," we've been  
23 impacted by Katrina as well, so that's brought into  
24 question some of the needs for resources in that  
25 area as well.

1           The last issue was probably one of  
2 the biggest issues that we've had in the discussions  
3 in the market collaborative, and that's product  
4 types. A lot of merchants have stressed interest in  
5 more intermediate-term products. As you're aware,  
6 we've really been fairly disciplined in our  
7 after-approach to products in that we looked at one-  
8 to three-year proposals and we've looked at  
9 life-of-unit proposals.

10           What we agreed to as a result of the  
11 collaborative is that in this RFP, you'll have the  
12 ability to bid proposals of intermediate terms;  
13 however, as Mr. Walz will later discuss, those  
14 proposals will be normalized to make them consistent  
15 with life-of-unit processes.

16           Now, we did agree that we are going  
17 to look at the next RFP, limited-term RFP, which  
18 will occur in the fall of this year, and potentially  
19 consider some longer-term products besides the one-  
20 to three-year, which we've historically went out to  
21 procure.

22           As I indicated, while, you know,  
23 everyone may not have gotten everything they wanted,  
24 I think it was indicative of an effort that we could  
25 work together and come to an agreement on a lot of

1 issues which have been kind of outstanding.

2           As far as this RFP, there's a couple  
3 of things I want to go through. Obviously, we've  
4 got a self-build option of Little Gypsy that we will  
5 be proposing in the Amite South region of our  
6 system.

7           One thing I wanted to point out is  
8 we included the potential for a combined-cycle  
9 self-supply project in Arkansas when we posted the  
10 draft RFP. That is now off the table, so there's no  
11 self-supply project for Entergy Arkansas. We will  
12 be reviewing the bids for that, and we'll have no  
13 self-supply option to be compared against.

14           As Matt mentioned, the competitive  
15 affiliates are allowed to participate in this RFP.  
16 I mentioned the issue on the proposal submittal  
17 fees.

18           We've also removed any minimum  
19 requirement for bidders to participate in the RFP,  
20 so there's no minimum credit requirements for folks  
21 to be able to participate.

22            Now, as we move through the process,  
23 obviously, there will be various credit and  
24 collateral requirements in order to proceed through  
25 the process. But, again, in an effort to try to be

1 more inclusive than exclusive, we've removed that  
2 minimum requirement.

3           Last item is just to make it  
4 perfectly clear that proposals from QFs will not be  
5 provided any form of preference. We view that  
6 everyone has the same opportunity to bid into this  
7 process and that it's in the best interest of our  
8 customers to procure those resources that are the  
9 most economical. So we are not going to give any  
10 preference to QFs. It will be a level playing field  
11 for all participants.

12           I thought I'd quickly just go  
13 through the fall 2004 RFP results. This is at the  
14 request of staff to give a little bit of a  
15 postmortem on where we stand, kind of to-date as far  
16 as RFPs.

17           You can see the fall 2004 RFP was  
18 really only for limited-term resources. We had very  
19 good response. Once again, we had 83 proposals, 15  
20 bidders, 18 different resources representing about  
21 7400 megawatts of capacity. This just provides a

22 comparison so you can get a feel for, you know, how

23 that compares to previous RFPs. And so it's been a

24 very good response.

25           One of the things that we've really



1 tried to do in an effort to be a little more  
2 efficient is break these RFPs up a little bit. We  
3 found that early on when we tried to do all the  
4 different products, it's, to be honest, a little bit  
5 overwhelming to handle all those different types of  
6 products and it's difficult to select, you know,  
7 products of varying terms simultaneously.

8           So by breaking this out into a  
9 long-term RFP and then having a separate RFP for  
10 limited-term, I think is going to allow us to be  
11 able to respond to it a little more quickly, get  
12 things closed a little more quickly and really make  
13 the best resource choices for our customers.

14           So out of the fall RFP, if you look  
15 on page 15, you can see that we picked up about  
16 1250 megawatts. I believe that was through six  
17 different contracts with counterparties, so, really,  
18 it was a very successful RFP. We had great  
19 participation, executed contracts with numerous  
20 counterparties.

21           You can see in total since the

22 inception of the RFP process, we've executed 17

23 different contracts with 11 different counterparties

24 for about 3500 megawatts.

25           Page 16 is just a little bit of

1 general information that shows kind of the trend  
2 where Entergy's been heading as a system in terms of  
3 amount of energy we've been purchasing versus the  
4 amount of energy we've been generating. And you can  
5 see, you know, we've seen a steady increase. The  
6 trend is definitely headed in the right direction in  
7 terms of our purchases.

8           When you look at 2004-2005, 2005 is  
9 a little bit higher, but you have to remember we had  
10 some significant events occur on the system that had  
11 an impact on the amount of generation we had,  
12 specifically as it relates to some of the  
13 hurricanes. So as we move forward, you know,  
14 hopefully we'll see that trend continue to improve  
15 and be able to do more business with you folks.

16           With that, I'm going to turn it over  
17 to Betsy Benson, and Betsy's going to give a little  
18 bit of an overview of the independent monitors and  
19 some of the safeguards that we've put in place.  
20 Some of them are similar to what we've done in the  
21 past. Some of them may be a little bit different or

22 revised from previous practice.

23 MS. BENSON: Thanks, Bill.

24 Hello everybody. It's nice to see

25 some of you that I know, and I look forward to

1 getting to know some others of you, as well.

2           I wanted to, just before talking a  
3 little bit about the process aspects of the RFP, to  
4 just reinforce something that Matt noted briefly,  
5 and that is that since about mid December, my  
6 colleagues at Potomac Economics -- Dave Patton, Bob  
7 Sinclair and Mike Chiasson -- and I have actually  
8 been working very closely with Entergy on the draft  
9 RFP document that was posted on the website on  
10 January 31st, not only from a procedural standpoint  
11 but also from the standpoint of the methodologies  
12 that have been put in place with respect to the  
13 evaluation of the bids that will come in.  
14 Evaluation methodologies with respect to the  
15 technical and economic and transmission aspects.

16           So we, I think, share, all of us at  
17 this point, an interest in making sure that the  
18 process that Entergy undergoes during these next  
19 months is fair and as transparent as it can possibly  
20 be, because I think we all recognize that without  
21 the market's belief that the process is such, it

22 really is not going to be the kind of competitive

23 environment that we all need.

24 I probably will, to some degree,

25 also echo a number of points that both Matt and Bill

1 made, but that's only because we really believe  
2 them.

3           And as we go through here, I just  
4 want to emphasize again that this document that is  
5 posted on the website, which is a pretty complex  
6 document of many different documents, is in draft  
7 form, and I would, again, urge you-all to please  
8 read it and to take seriously the opportunity to  
9 comment through the website, ask questions, express  
10 concerns.

11           In the market-based mechanism RFPs  
12 that I've been involved in before here -- in  
13 Louisiana -- I guess we're not in Louisiana today --  
14 in Louisiana, which I think most of you know with  
15 Cleco, I will say that -- and I've seen from the  
16 Entergy documents that those bidders who took  
17 advantage of the opportunity really did have an  
18 influence on helping shape the document.

19           Obviously, Bill has also noted here  
20 today that there are lots of efforts that Entergy  
21 has undertaken since the end of its last RFP which

22 have also helped shape the document.

23           Please, however, don't be like one

24 bidder that I spoke with several years ago who

25 indicated to me that he really didn't care about the



1 document while it was in draft form, he only cared  
2 about it when it was in final form, because that was  
3 really the only thing that he would go from.

4           While that, on its face, I guess, is  
5 logical, what he really was missing, of course, was  
6 the opportunity to have an influence on what the  
7 document says. So please do take advantage of that.

8           It's already been indicated that  
9 Entergy has set up its independent monitoring  
10 activities a little differently this year. They  
11 have retained two different independent monitors.  
12 My principal responsibilities are for process,  
13 Potomac Economics. My colleagues in the back, who  
14 will be available to respond to questions later on,  
15 should you have any, will be principally responsible  
16 for the evaluation aspects.

17           I also wanted to indicate, however,  
18 that this bifurcation has not relieved either one of  
19 us from the responsibility of understanding the RFP  
20 process and evaluation as an organic whole. Indeed,  
21 we are obligated to do so under the requirements of

22 the market-based mechanisms order. So, in fact, we

23 both accept that responsibility very seriously.

24 I think you know the basic

25 responsibilities. We really are responsible for

1 overseeing the development, the evaluation and the  
2 selection, contract negotiation from beginning to  
3 end with respect to the RFP.

4           I want to note in particular this  
5 slide, comments on the scope of work for the  
6 independent monitors, which has been developed and  
7 which is posted on the RFP website.

8           Along with the RFP documents, I  
9 would urge you to read it. It's quite a complete  
10 document, describing what it is that our  
11 responsibilities will be. It is also in draft form.  
12 Should you wish to make comments on it, again, I  
13 would urge you to do so. We think, of course, that  
14 it's excellent at this point, but we always are  
15 looking for input, should you wish to make any.

16           In terms of the process safeguards  
17 themselves, I think you're familiar with many of  
18 these in terms of the subject matters. There are  
19 extensive codes of conduct, some of which, of  
20 course, exist due to responsibilities of regulatory  
21 bodies. Others that have been put in place with

22 respect to affiliates, affiliate rules, transmission

23 issues.

24 All of those codes of conduct are --

25 well, there's actually a link on the RFP website for

1 them, should you wish to peruse them to get a sense  
2 of the specific responsibilities that individuals  
3 working on the evaluation of the RFP will be  
4 responsible for.

5           Additionally, however, this is  
6 somewhat of a complex animal because as was noted  
7 earlier, there needs to be a separation between the  
8 proposal evaluation teams themselves and any  
9 activity, in this case, between the proposal  
10 evaluation and any activity related to self-build.

11           And as has been noted here, and you  
12 know if you've looked at the RFP, Entergy is  
13 proposing a project at the Little Gypsy site, so  
14 this will work in a very similar fashion to the way  
15 in which Entergy will deal with affiliates.

16 Essentially, there will be separations; information  
17 will be completely separated.

18           And one of the responsibilities that  
19 I've had in working with Entergy over the past  
20 couple of months is really to make certain that we  
21 have those protocols set up in such a way that we do

22 have that separation.

23               So the actual assignment to the

24 evaluation team is one of the responsibilities that

25 I will be monitoring over the course of the RFP.

1 I would also like to call your  
2 attention to, if you really want to see specifically  
3 how data and information will be handled, please  
4 read Appendix G in the RFP, which is the appendix  
5 that deals with data confidentiality. And it's  
6 really a very thorough discussion of how data will  
7 be handled, both in the course of the regular RFP  
8 and also in terms of self-build proposals, since  
9 there will not be a self-supplied proposal.

10 So, again, I'll be available to take  
11 questions later, but I wanted particularly to note  
12 Appendix G for your review.

13 In terms of communicating now  
14 through the rest of the RFP, the principal and,  
15 indeed, at this point, the only real contact that  
16 you can have with Entergy ESI is really through the  
17 RFP administrator.

18 Is Laura still in the room?

19 Laura introduced herself before, but  
20 this is the person who is at the end of the RFP  
21 website link. She sat down again. And she's an

22 individual who's done this -- Laura, how many times?

23 Three times previously?

24 MS. BERRYMAN: This is my third.

25 MS. BENSON: She's very experienced



1 at this. And she's, as far as I know, been someone  
2 that at least a number of you've gotten to know  
3 electronically. Whether you've gotten to know her  
4 directly, I don't know.

5           But she's the individual who really  
6 handles all the questions and answers, and Matt had  
7 noted earlier that the question-and-answer process  
8 is something that is underway.

9           A number of you have already taken  
10 the opportunity to submit questions, and with the  
11 exception of one question that Laura just discussed  
12 with me this morning, I think all of them have been  
13 turned around and are posted on the website.

14           So that really is the mechanism that  
15 we use. We use it for a couple of reasons.  
16 Obviously, the confidentiality is one reason. We  
17 also use it to make certain that every bidder has  
18 the opportunity to receive the same information,  
19 both in terms of the questions and the answers that  
20 go out.

21           And Bill had noted earlier in the

22 conversation the fact that we are asking you to  
23 submit your questions in writing here today, but  
24 we're also attempting to make certain that the  
25 responses here today, while accurate, will also --

1 some of them may need to be redone on the website  
2 simply because of the technical nature of the  
3 question or the complexity of the question.

4           So the website -- I guess my final  
5 point in this -- is really what governs in terms of  
6 responses to questions.

7           And Entergy will endeavor, and I  
8 will endeavor with them, to make certain that we  
9 have very quick turnaround on these questions and  
10 answers.

11           I guess the corresponding sign to  
12 this is we want to make it clear to you that any  
13 unauthorized contact with anybody from ESI  
14 associated with the RFP is something that you may  
15 not do, and they know that they may not do it with  
16 you, but please do not make an attempt to learn  
17 something, if you will, off kilter.

18           Again, I think most of you have  
19 participated in the RFP in the past, so you know how  
20 that works and, essentially, I think it works quite  
21 well.

22           I wanted to also just note a couple  
23 of things in addition to these things which are  
24 written down, and that is that the comment and  
25 question deadline that is set up in the RFP is

1 March 17th, which is three weeks from tomorrow, so  
2 please take seriously that deadline.

3           If you have a difficulty with a  
4 deadline, obviously you're free to express that as  
5 well. I mean, again, emphasize that this is all in  
6 draft form. But in attempting to move this process  
7 forward, what Entergy has done is establish a  
8 deadline for substantive questions and answers, and  
9 that deadline is March 17th.

10           The final RFP, then, is scheduled to  
11 be issued on April 17th. And from that point, then,  
12 we go to the next bullet point on here. There opens  
13 what is called the RFP hotline, which is essentially  
14 the process monitored, again, by Laura, that deals  
15 with technical questions about actually submitting  
16 your bids.

17           And I will refrain from discussing  
18 anything more related to that until -- actually, I'm  
19 not going to do it, but Entergy will do it this  
20 afternoon when they talk about the actual bid  
21 submission procedures.

22 In terms, in general, of the data  
23 segregation and how Entergy handles this, when you  
24 submit a notice that you are going to submit a bid,  
25 you will get a bidder identification number; you

1 will get a proposal identification number, depending  
2 upon the number of proposals that you submit; and  
3 you will get a plant identification number, or  
4 numbers, depending on the number of plants off which  
5 you intend to source.

6           So the reason that I'm telling you  
7 this, and this will be described in greater detail,  
8 is that to the extent possible, we work very hard to  
9 limit access to identifying information only to  
10 those with a need to know. And identifying  
11 information actually only needs to be known by a  
12 very small number of people, including myself and  
13 the RFP administrator. There's some other --  
14 there's some other possibilities as we move further  
15 in the process, but we'll talk about that later.

16           The point being that we limit data  
17 distribution only to those RFP teams which are  
18 separate teams on a need-to-know basis, so every  
19 team does not have all the information from your  
20 proposals.

21           The proposals are set up to separate

22 transaction information, to set up fuel information,  
23 to set up credit information, to separate economic  
24 information; and all that information goes to  
25 separate teams. No team has access to all that



1 information, and that's done for a very purposeful  
2 reason.

3           Overseeing this when the bids come  
4 in are the RFP administrator, but also I'm  
5 overseeing it to make certain, beyond what gets  
6 wiped out electronically in terms of redaction, that  
7 everything that identifies a bid specifically is  
8 redacted.

9           And you'll notice in the documents,  
10 which are all the Appendix C documents, which  
11 actually contain all of the forms that you submit,  
12 that it references throughout the RFP -- and, again,  
13 I know this will be gone into in more detail this  
14 afternoon, but I think it's worth noting just a  
15 couple of times -- that you are asked, please, to  
16 take care not to, in various other places of your  
17 proposal, mention your plant by name.

18           If you do, however, do that, know  
19 that I will be reading them to make certain that  
20 those things come out of there, because we're  
21 generally not interested in revealing that

22 information to the extent that it's not necessary

23 for people to receive.

24           So it is Entergy's expectation that

25 they won't have a lot of discussion with bidders

1 during the initial evaluation process. However, I  
2 will say I know and you know that there are reasons,  
3 sometimes, where you need to get clarification or  
4 additional information.

5           And the Entergy evaluation people  
6 will retain the right to contact bidders, but they  
7 will do so, again, via the RFP administrator and  
8 they are, again, asking that you direct any  
9 questions that you may have during this process to  
10 the RFP administrator.

11           And I will be looming there as well,  
12 I guess, which is the point of that last bullet  
13 point.

14           The questions and answers, I think,  
15 basically, I've really kind of identified the  
16 fundamental reason for that. You can read this  
17 slide, but I want to just mention to you that this  
18 collaborative process which Matt mentioned, which  
19 Bill mentioned, really is in high gear now between  
20 now and the next three weeks, so please do take  
21 advantage of that.

22 I guess this last thing says you  
23 must submit questions in writing. Please submit  
24 your questions in writing today so we'll have a  
25 record for it. And as Bill has noted already, we

1 will post the responses to these questions on the  
2 website, as well as, we hope, adequately responding  
3 to them today.

4           And I think this last point is just,  
5 again, another point that Bill made, which is that  
6 the written responses may be somewhat different in  
7 form to what you receive today, simply because there  
8 may be the need to add additional information.

9           So I will leave you with just one  
10 final request, that, again, you please take  
11 seriously the opportunity to collaborate on this,  
12 not only in terms of the RFP documents -- and there  
13 are many of them -- but also in terms of the  
14 independent monitors' scope of work.

15           And I look forward to responding to  
16 any questions that you have, as I know my colleagues  
17 from Potomac do later in the presentation, so thank  
18 you very much.

19           MR. MOHL: Okay. Thanks Betsy. I  
20 think we're still okay to keep going with that. I'm  
21 going to turn it over to Tony Walz to talk a little

22 bit about our resource plan.

23 MR. WALZ: Thank you, Bill.

24 The objective for me in this section

25 is to offer an explanation of some aspects of the

1 strategic supply resource plan, which is our  
2 long-range resource plan in the Entergy system, as  
3 it relates to the particular products that we're  
4 seeking in this RFP.

5           The system's SSRP, a strategic  
6 supply resource plan, is really a set of principles  
7 and planning objectives that result in a long-term  
8 resource strategy for the Entergy system generation  
9 portfolio.

10           There are six basic supply  
11 objectives that drive the resource needs of the  
12 Entergy operating companies, and those are:  
13 Reliability, having enough capacity to meet the peak  
14 demand of our customers; production cost for the  
15 baseload role, and we define baseload requirements  
16 as the load expected to exist in 85% or to  
17 be exceeded in 85% of the hours annually; production  
18 cost for the load-following supply requirement;  
19 generation, portfolio enhancement; and then of  
20 particular importance in this RFP, risk mitigation -  
21 price stability, which relates to avoiding

- 22 volatility in price, both for purchase power and of
- 23 fuel sources; and then risk mitigation for supply
- 24 diversity, which involves mitigating the risk around
- 25 supply disruptions resulting from concentrated



1 risks.

2           The system has an overall  
3 requirement, reliability requirement, of roughly  
4 25,000 megawatts, and that's including our reserves.  
5 As you see in this table, the portfolio presently  
6 includes about 23,400 megawatts for 2007. The  
7 remaining requirements in 2007 are 1500 megawatts.  
8 That's what we need, remaining to procure, and  
9 that's growing over time with our load. Our load's  
10 increasing at about -- resulting in an increase of  
11 requirement of about 500 megawatts per year.

12           It's important to recognize that the  
13 SSRP anticipates 1500 to 3,000 megawatts of  
14 short-term and limited-term products that will be  
15 acquired, procured through the ongoing RFP efforts.

16           Our planning process, as shown in  
17 this chart, looks to our load shape to guide our  
18 assessment of the functional requirements. And this  
19 slide provides a view of the 2006 functional  
20 requirements.

21           Baseload resources -- and, again,

22 we're defining that as the requirements needed to  
23 meet our load levels that are expected to be  
24 exceeded in 85% of the hours. Our requirement for  
25 baseload is a little over 10,000 megawatts. The

1 portfolio includes just under 7500 megawatts of  
2 baseload, leaving, roughly, a deficit of 3,000  
3 megawatts.

4           We're expecting baseload resources  
5 to run in most hours; and, accordingly, those  
6 resources would be expected to have an availability  
7 and a dispatch cost consistent with that  
8 expectation.

9           The Entergy system also has a  
10 significant requirement for load-following  
11 resources. There's over a 10,000-megawatt  
12 difference between the upper end of our baseload and  
13 our peak load; and, in particular, we have a need  
14 for what we are defining as high-capacity  
15 load-following resources, and that's defined by the  
16 load expected to be exceeded in 50% of the hours.  
17 This is where we would expect CCGTs to fit in.

18           We have a requirement of a little  
19 over 1700 megawatts for high-capacity  
20 load-following. The portfolio presently includes  
21 about 1,000 megawatts.

22 AUDIENCE QUESTION: What do you

23 define as "intermediate"?

24 MR. WALZ: It's the difference

25 between the 50% mark and about 15%.

1 AUDIENCE QUESTION: Okay.

2 MR. WALZ: This slide summarizes  
3 some of the key considerations in the procurement  
4 design of the products in this RFP. Again, we've  
5 got a total reliability need in '06 for long-term  
6 control resources of about 1400 megawatts, and our  
7 need is growing with load, roughly 500 megawatts a  
8 year.

9 Again, the SSRP anticipates that we  
10 will include 1500 to 3,000 megawatts in the  
11 portfolio in limited-term and short-term products  
12 acquired from ongoing RFPs. In terms of the type of  
13 resources we're seeking, we're seeking both baseload  
14 and load-following. The baseload requirement, we  
15 have, again, about a 3,000-megawatt deficit going  
16 into '06, and we're seeking CCGT resources to  
17 address load-following requirements.

18 Another key consideration in the  
19 design of these products in this solicitation is the  
20 desire to address fuel stability issues and to  
21 reduce our correlation to gas-fired generation, and

22 that's a fact, obviously, in the solid fuel product.

23           Finally, just to summarize the two

24 products that we're seeking, they're CCGT resources,

25 primarily designed to provide or address our

1 load-following supply requirements and the  
2 production cost associated with load-following, also  
3 portfolio enhancement objectives and, of course,  
4 reliability.

5           And then there's the solid fuel  
6 product, which is primarily designed to address our  
7 production cost baseload supply requirements and  
8 fuel price stability, as well as risk mitigation in  
9 the supply diversity objective.

10           We are thinking about these two  
11 products as distinct products, and do not intend to  
12 compare them against each other in the RFP  
13 evaluation. So we are looking for both products.  
14 And we think of them separately because they address  
15 distinct and different resource objectives, planning  
16 objectives.

17           The solid fuel resource provides us  
18 with the baseload production cost that we're looking  
19 for as well as the risk mitigation around our fuel  
20 diversity. The CCGT resource can't do that, but it  
21 offers us the production cost economics with a

22 load-following role.

23 MR. MOHL: Okay. Thanks, Tony.

24 I think with that, I'll turn it over

25 to Mr. Strength, who will walk through some of the



1 various detailed aspects of this RFP.

2 MS. BENSON: Actually, I  
3 neglected -- I apologize. I neglected to emphasize  
4 one thing that's on the slide, but I wanted to just  
5 mention it.

6 In addition to contacting Laura, if  
7 any of you wishes, you may contact me directly, and  
8 my contact information is listed in the RFP in  
9 Section 1.2. Thank you.

10 MR. STRENGTH: The purpose of my few  
11 minutes is just to go over a few highlights and key  
12 dates, and we'll go, briefly, over the product  
13 packages and the product descriptions as well.

14 Betsy's mentioned the March 17th  
15 deadline to get your written feedback, particularly  
16 related to the product packages here, if there's any  
17 clarifications we need to meet. The final RFP is on  
18 or about April 17th.

19 You'll notice there's two different  
20 deadlines, as Tony mentioned. CCGT proposals is  
21 kind of on one track, and solid fluid proposals are

22 on the other track. CCGT final proposals are due  
23 May 5th, close of business; and solid fuels are due  
24 May 19th. The May 19th date is one week later  
25 than's what in the current draft right now. It was

1 May 12th, but it's now been moved to May 19th.

2           The other difference in this RFP,  
3 although we're still using the same electronic  
4 bidder registration, during this time frame, you  
5 also have to register your proposals at that same  
6 time. Cory's going to go into the details on that  
7 later, but that's one key point we wanted bidders to  
8 be aware of.

9           Also, as we've mentioned before,  
10 this is for long-term resource proposals, but as  
11 you'll see in the product descriptions, if you bid  
12 something less than the desired delivery term, it's  
13 not rejected as nonconforming.

14           We've got the list of potential RFP  
15 participants. Everybody's welcome to participate  
16 and we'll point out again, Entergy competitive  
17 affiliates are allowed to participate in this  
18 process as well.

19           The next slide goes through a little  
20 bit of an overview of the timeline. Perhaps, it's  
21 easier to visualize this than what's in the written

22 document. It shows some of the key dates. We've  
23 got the final RFP issued about April 17th and right  
24 after that, bidder registration opens up and goes  
25 through the end of the week that ends on the 21st.

1           For payment of proposal submittal  
2 fees, all those are due -- we'll talk about that,  
3 also, in detail later, but all those are due prior  
4 to the actual submission of the proposal, so those  
5 are due on the 27th. And then you'll see that we've  
6 got the two separate timelines for the CCGT proposal  
7 due date and solid fuels.

8           Further down the timeline, it gives  
9 you an idea of the communications we'll have for  
10 selection of the preliminary short list for both  
11 types of products, when we think we'll get the final  
12 selection and execution of definitive agreements.

13           I'll point out that all these dates  
14 are subject to change; however, probably, those  
15 toward the right half of the graph are more subject  
16 than those on the front end.

17           Tony's talked about a couple of  
18 different types of products that we're looking for,  
19 and this just gives a general description of what  
20 we're talking about when we talk about  
21 load-following, when we talk about baseload solid

22 fuel.

23           You know, load-following, what we're

24 really talking about here is the unit's ability to

25 cycle on a daily basis and be able to dispatch

1 across a range of the unit's capability. AGC is  
2 helpful, certainly contributes to that  
3 load-following role, but it's not required.

4           And another key attribute when we  
5 talk about load-following is a sufficient and  
6 adequate fuel supply that can meet the dispatch  
7 requirements associated with the schedule.

8           On solid fuel, we typically tend to  
9 think of that as coal, lignite, nuclear, pet coke,  
10 but we've also included in this definition other  
11 thermal technologies that we may not be as aware of,  
12 as long as that provides a guaranteed fuel price;  
13 and we've also included renewables in this  
14 description.

15           Again, as Tony mentioned, baseload  
16 resources we expect to be available and run in most  
17 hours.

18           We're going to go through a little  
19 bit of overview of the product packages. There's  
20 five of those, PPAs and acquisitions. And I'll  
21 point out that these are just overviews and that the

22 term sheets really contain the key terms and  
23 conditions for each of these, so you're encouraged  
24 to read those for the specific requirements.  
25           The first couple of product packages



1 are what we call load-following CCGTs, A and B. The  
2 primary difference here is who provides the fuel.  
3 Product Package A, the seller provides the fuel.  
4 Again, we're talking about a day-ahead type  
5 scheduling, also with intraday rights.

6           We prefer a start date -- I guess  
7 the start dates are allowed to no later than  
8 June 1st of 2009, although we prefer it to start as  
9 early as June 1st, 2007. We prefer a 20-year  
10 delivery term, although we'll accept other delivery  
11 terms.

12           The capacity quantity here, what  
13 we're really looking for, again, is load-following,  
14 and we envision at least kind of a one-on-one type  
15 configuration to give us that dispatch range;  
16 however, we realize certain people may have  
17 preexisting obligations or host load requirements,  
18 and we'd be willing under this product to take a  
19 portion of a unit. However, we're not obligated to  
20 assume any of those type of host load requirements  
21 or responsibilities.

22           The pricing for this is made up of  
23 an option premium, and you'll see that you have  
24 three different options on pricing the option  
25 premium. One is a fixed amount for the entire term.

1 You can also bid a base year in an escalation  
2 amount, or the third option is what we'll call  
3 proposal-defined option premium, where you can  
4 specify a specific dollar amount for each year of  
5 the delivery term.

6           You've got to bid the fixed heat  
7 rate, and it's tied to a gas price index. And we  
8 ask you to tie that to either Henry Hub or the  
9 Houston Ship Channel.

10           The variable O&M payment and fixed  
11 startup payment are also bidder inputs. You're also  
12 allowed to escalate those via an escalation index.  
13 I think it's CPI or PPI that's in the package.

14           Again, Product Package B, the  
15 primary difference has to do with the fact that this  
16 is a tolling arrangement where the buyer's going to  
17 provide the fuel. The key here is that we really  
18 need the facility to have a sufficient metering for  
19 both the fuel supply and electrical output that we  
20 can segregate our portion of the facility or our  
21 unit.

22           That's particularly important for  
23 facilities that have more than one unit, so we need  
24 sufficient metering there to make it work.  
25           Again, scheduling rights, day ahead,

1 intraday, same delivery terms, same type of start  
2 date. Here, again, since we're tolling, we're  
3 looking for the full unit, whether that be a  
4 one-on-one or a two-on-one, or whatever the  
5 configuration. But it's the full capacity of the  
6 unit we're looking for.

7           Same type of options when you bid in  
8 the option premium. Here, we look for a guaranteed  
9 heat rate type -- several points along the curve,  
10 and it's guaranteed within a bandwidth of plus or  
11 minus 3%. Similar to what we've had in our previous  
12 type of RFP arrangements. Again, very low on a  
13 fixed start-up payment as well.

14           Product Package C is just an  
15 outright acquisition of a CCGT, 100% ownership of  
16 the full unit, and it's based on a single fixed --  
17 one single fixed payment that's inclusive of all the  
18 unit and ancillary attributes. Same start date;  
19 looking for June 1st, 2007, or up to June 1st of  
20 2009.

21           One more. Product Package D is the

22 baseload solid fuel. This is a long-term, 30-year  
23 delivery term product. We envision scheduling --  
24 probably baseloading the schedule would be expected,  
25 but with the ability to change that on an intraday

1 basis as necessary.

2           These need to be start dates on both  
3 this PPA and the acquisition no later than  
4 December 31st of 2012. Capacity quantity here,  
5 you'll notice is 50 megawatts, so we envision that's  
6 a portion of a unit. It's not necessarily the full  
7 unit, obviously.

8           Option premium, here again, you have  
9 the same ability to bid in the option premium how  
10 you choose. There's three different ways. Looking  
11 for the bid in the fixed heat rate multiplied by the  
12 fuel price, and there's a variable O&M component in  
13 this as well.

14           On the fuel, the seller provides the  
15 fuel under these types of contracts. And in the  
16 case that it's not one of the coal, pet coke,  
17 lignite or nuclear, if it's some other type of  
18 technology, we would expect requesting a guaranteed  
19 fuel price to be bid in, and a guaranteed energy  
20 price, if it's a renewable.

21           And the last product package is

22 Product Package E, and it's an outright acquisition  
23 of a baseload solid fuel unit or a partial ownership  
24 position in the generating unit. End of 2012 would  
25 be the expected required commercial operation date.



1 And, again, this is would be a single fixed payment.

2 As Matt and Bill have alluded to,  
3 all the definitive agreements here are conditioned  
4 upon appropriate regulatory approval. And realizing  
5 the timing of the RFP and some of the start dates  
6 here, we've got the potential for a short-term  
7 bridge agreement in the term sheets to allow for us  
8 to negotiate commencement of delivery prior to the  
9 actual full approval of the contract.

10 Here, since this stresses again that  
11 we're not posting model contracts or PSAs, so the  
12 term sheets really contain the detailed terms and  
13 conditions that we would expect to negotiate and  
14 execute final definitive agreements from, and we  
15 really encourage you to read those details and ask  
16 questions or submit those questions. Okay.

17 MR. MOHL: Okay. Thanks Mark.

18 We doing okay over there?

19 THE REPORTER: Uh-huh.

20 MR. MOHL: All right. Let's go  
21 ahead and introduce Charles DeGeorge, who will

22 discuss the proposal evaluation process.

23           MR. DEGEORGE: The portion that I'll

24 be discussing is the evaluation process that we will

25 be using in this RFP.

1           The primary objective is to identify  
2 the proposals that have the greatest benefit to the  
3 Energy system customers. And the highest benefits  
4 are realized through proposals that simultaneously  
5 meet the supply objectives that Tony described, also  
6 minimize total production cost, as well as satisfy  
7 the reliability criteria.

8           The evaluation process has been  
9 designed to be fair, impartial and consistently  
10 applied. An overview of the process is shown in  
11 this diagram. As Betsy mentioned, only the  
12 information that the economic evaluation team needs  
13 to perform the evaluation will be provided to the  
14 economic evaluation team.

15           All of the conforming proposals will  
16 go into Stage 1, and you'll see that we show EET,  
17 and that stands for the economic evaluation team.  
18 During that stage of the process, the EET will  
19 receive information from TAG, which is the  
20 transmission analysis group, on the deliverability  
21 evaluation of the proposals.

22           That information will be combined  
23 with the economics of the proposals to develop a  
24 preliminary short list. From there, we'll move into  
25 Stage 2, where we will evaluate the proposals on a

1 net system benefit basis, and we will also receive  
2 information from the FET, or the fuel evaluation  
3 team, to develop the final short list.

4           On page 47, we talk about the  
5 separate evaluations that Tony alluded to. The two  
6 evaluations will be performed simultaneously, to the  
7 extent possible, but they will be separate and  
8 distinct processes. They will proceed on different  
9 schedules, and the tools and assumptions may differ.

10           Primarily, this is due to the fact  
11 that we see the solid fuel evaluation requiring a  
12 longer evaluation period that will allow time for  
13 proposals that are in the development stage to be  
14 further refined, acknowledges that the different  
15 projects may be in various stages of development,  
16 and then also factor in the development risk in this  
17 portion of the evaluation.

18           Stage 1 of the screening analysis  
19 will be conducted using a spreadsheet model. We  
20 will be ranking and comparing the proposals on a  
21 comparable basis with the figure of merit being

22 levelized dollars per megawatt hour over the  
23 relevant time period. We will be using a 20-year  
24 period for CCGT proposals and 30-year period for  
25 solid fuel proposals.

1           Operating assumptions will reflect  
2 point-of-view assumptions that are consistent with  
3 the roles each of the products are intended to fill,  
4 and that would be the high-capacity load-following  
5 role for the CCGT proposals and a baseload role for  
6 the solid fuel proposals.

7           This stage of the evaluation will  
8 include a consideration of deliverability, benefits  
9 and costs. Also note that the transmission and  
10 deliverability is designed to be inclusive, meaning  
11 that we will include additional proposals rather  
12 than to exclude them from moving further on. And  
13 I'll have additional slides later on that will  
14 describe the deliverability in more detail.

15           The result of this Stage 1 screening  
16 analysis will be a preliminary short list, separate;  
17 one for the CCGT proposals, and one for the solid  
18 fuel proposals.

19           Moving on to Stage 2 of the  
20 evaluation, the detailed evaluation, in this stage  
21 we will use product costing simulations to assess

22 the proposal's ability to complement the existing

23 portfolio resources.

24           Figure of merit in this stage of the

25 evaluation will be the net present value benefit of



1 the proposal divided by the megawatts added. Again,  
2 we will be evaluating this over the relevant time  
3 periods; 20 years for the CCGT proposals, 30 years  
4 for the solid fuel proposals.

5 We will also consider a detailed  
6 fuel evaluation during this stage of the process,  
7 and that deals with the supply and transportation  
8 reliability of the fuel.

9 As was discussed earlier, we will  
10 not consider debt imputation during Stage 1, but in  
11 Stage 2 we will consider the effects of imputed debt  
12 for PPA proposals. We will evaluate the PPA  
13 proposals both with and without this consideration  
14 of imputed debt.

15 As Bill mentioned earlier, we have  
16 made provisions for a normalizing term adjustment,  
17 if necessary. All the CCGT proposals will be  
18 normalized to cover the time period January 1, 2007,  
19 through December 31st, 2026. For solid fuel  
20 proposals, the term will go all the way to  
21 December 31st, 2036.

22           If a proposal begins later than the  
23 begin date or ends prior to the termination date,  
24 other resources will be used to fill in the void.  
25 We also have provisions to consider any terminal

1 value of the proposals.

2           The result of this Stage 2

3 evaluation will be a final short list, one for the

4 CCGT proposals and a second for the solid fuel

5 proposals. And I would mention that a description

6 of the evaluation process is provided in detail in

7 Appendix E1.

8           Moving on to talk about the

9 deliverability evaluation in more detail, Lee

10 Kellough will be leading up this portion of the

11 evaluation. He is responsible for the transmission

12 assessment group, and the information described in

13 the next few slides with regard to the

14 deliverability evaluation is covered in detail in

15 Appendix E2.

16           Overall, the proposals are

17 ultimately expected to qualify as long-term network

18 resources on the Entergy system.

19           As Bill noted earlier, through the

20 market collaborative, there was a desire for

21 additional transparency in the transmission

22 evaluation, and so we have made provisions in this

23 RFP for the bidders to have access to the same

24 information that our TAG, our transmission

25 assessment group, will use; and that information

1 will be the load flow models and upgrade cost  
2 estimator.

3           This information, both the bidder as  
4 well as the TAG, will use to identify whether  
5 potential constraints may exist for a proposal, to  
6 estimate the transmission cost associated with any  
7 upgrades, and to identify any potential mitigation  
8 alternatives.

9           The bidders will also have an  
10 opportunity to provide their best recommendation to  
11 alleviate each of the potential constraints. In  
12 turn, TAG will consider the validity and the cost of  
13 any bidder-proposed mitigation alternatives in  
14 developing delivery cost adders for each of the  
15 proposals.

16           For each of the candidate proposals,  
17 the TAG will submit an SIS, a system impact study,  
18 to Entergy's transmission business unit. And as  
19 Mr. Kellough pointed out earlier, there is a  
20 separation between the TAG and the transmission  
21 business unit.

22                    These will be submitted formally  
23 through the OASIS process and we have allowed  
24 time -- you will have noticed from the slide that  
25 Mr. Strength presented on the timeline, we have

1 allowed time for these system impact studies to be  
2 submitted and the results to be available in order  
3 to factor those into the economic evaluation.

4           However, if for any reason we do not  
5 receive the results in time, the economic evaluation  
6 team will rely on the information developed by the  
7 TAG in order to develop the preliminary short list.

8           The initial transmission analysis,  
9 all the conforming proposals will be submitted  
10 through this process or evaluated in this process;  
11 and this portion of the process is designed to be  
12 inclusive, meaning that we're not going to use it to  
13 exclude anybody. We will use it to include any  
14 proposals that we may have not included based solely  
15 on economics.

16           What the TAG will do during this  
17 portion of the evaluation will be to identify which  
18 proposals exhibit relatively fewer potential  
19 constraints. They will also identify which of the  
20 four major planning regions that a proposal is  
21 located in, and then they will identify a total

22 benefit that may be derived from a proposal.

23           And that benefit could be due to one

24 or more of the following things: The ability to

25 relieve a reliability must-run constraint, the



1 ability to provide counterflow on a constrained  
2 transmission element or interface, and the ability  
3 to delay approved transmission projects.

4           This information will be provided to  
5 the EET, the economic evaluation team, and will be  
6 used to develop the preliminary CCGT short list and  
7 preliminary solid fuel short list.

8           In the detailed transmission  
9 evaluation portion that TAG will provide, we will  
10 look at the leading proposals at that point in  
11 developing the candidate proposals. TAG will, for  
12 this subset of proposals, identify any potential  
13 alternatives to alleviate constraints that could  
14 preclude a resource from qualifying as a long-term  
15 network resource.

16           There are four mitigation  
17 alternatives that TAG will consider. First in the  
18 long term would be transmission upgrades. In the  
19 short-term as well as long-term, delisting of  
20 existing network resources will be considered. And  
21 then only in the short term will counterflow

22 portfolio section and active transmission management

23 be considered. And these will be used along with

24 the delisting only to bridge the gap until a

25 long-term mitigation alternative can be put in

1 place.

2           The outcome of this evaluation will  
3 be a development of a delivery cost adder for each  
4 of the viable mitigation alternatives. TAG will  
5 then determine -- and, again, if the SIS results are  
6 received in time, TAG will factor this information  
7 into development of the delivery cost adders.

8           At the end of this process, TAG will  
9 determine the lowest-cost mitigation alternatives or  
10 combination of mitigation alternatives to qualify a  
11 proposal as a long-term network resource, and this  
12 associated delivery cost adder will be provided to  
13 EET in developing the preliminary short list for  
14 CCGT proposals and solid fuel proposals.

15           With that, I'd like to turn it over  
16 to Mr. Moran to talk about credit.

17           MR. MORAN: Thank you, Charles.

18           As we were developing the credit  
19 requirements for this long-term RFP, as Bill had  
20 mentioned earlier, it was part of the market  
21 collaborative effort, and there were several things

22 that we were trying to include as we put this

23 together.

24           First, to echo what we'd said

25 before, we're trying to be as inclusive as possible

1 to get as many possible bids in here as we can, so  
2 we're trying not to exclude or prohibit anybody from  
3 bidding in this RFP process on the basis of credit.  
4 That does not mean there's no credit or collateral  
5 requirements, but as we go through the economic  
6 phase in evaluating, it's not until we get to the  
7 short list phase that the credit requirements will  
8 come into play.

9           We've also been urged in the  
10 collaborative process to have some flexibility in  
11 collateral types; and in this RFP, we are going to  
12 look at some different types of collateral.  
13 Specifically, we will consider liens and the quality  
14 of those liens as part of the package, putting  
15 collateral together.

16           The other thing in a sense of trying  
17 to keep the requirements the same for all of the  
18 bidders, from the initial submission stage through  
19 the preliminary short list, all through to the  
20 letter of intent stage, the requirements will be the  
21 same for each of the bidders, and we'll go through

22 that as we go through the next slides here.

23           The credit requirements at the time

24 of the proposal, when you submit the proposal, there

25 will be no requirements at that point. There will

1 be none at the point of the preliminary short list.

2 There will be a letter of credit requirement for all

3 bidders upon the execution of a letter of intent.

4           And after the letter of intent, as

5 we get to the definitive agreement stage, the

6 requirements are going to be: For solid fuel

7 proposals, there will be a \$20 million collateral

8 requirement per 100 megawatts for solid

9 pharmaceutical, whether long-term PPA or

10 acquisition. And for a CCGT, that requirement will

11 be \$10 million.

12           I alluded to the forms of collateral

13 that we'll look at to fulfill this requirement per

14 100 megawatts, and they may include a combination of

15 guarantees, letters of credit, cash, liens on assets

16 and the quality of those liens being part of the

17 package; and we'll also consider other acceptable

18 solutions that have been suggested by the bidders.

19           I do encourage everyone here and

20 also with their credit teams to look at the more

21 detailed explanations we have laid out in the

22 document in Appendix F, and encourage you to go  
23 through those with your teams as you're putting your  
24 bids together.

25           In a little bit more detail on the



1 timeline, at the time that the bids are submitted,  
2 we will -- on the credit evaluation team, we will  
3 assign a bidder credit rating based on public  
4 ratings, if they're available; but if not, we will  
5 assign a rating to each entity and for all the  
6 proposals, and we will do that as they are received.

7           Based on these ratings, and you can  
8 see this in detail in Appendix F, there will be a  
9 maximum uncollateralized supplier exposure for each  
10 bidder based on that rating.

11           At the preliminary short list stage,  
12 and during the due diligence period, as bids make  
13 their way through to the preliminary short list, we  
14 will discuss with bidders what forms of collateral  
15 they propose to use to support the 10 to \$20 million  
16 amounts that will be required for each bid. We'll  
17 talk about it at the short list stage.

18           At the final short list, and then as  
19 we go to the letter of intent, each bidder,  
20 regardless of their rating, will need to put up a  
21 \$2 million letter of credit that will be returned

22 upon execution of the definitive agreement.

23           In the letter of intent itself, we

24 will lay out specifically what types of

25 collateral -- of the package that we looked at here,

1 what will be expected to be part of the final  
2 package for collateral in the definitive agreement.

3           And in the definitive agreement,  
4 we'll lay out specifically what dollar amount, and  
5 we'll work together on what dollar amount will be  
6 acceptable for each. So, for example, when we get  
7 to the letter of intent stage, we may say that there  
8 would be some combination of a guarantee and a lien  
9 and a letter of credit that may be acceptable.

10           In the definitive agreement, we'll  
11 lay out specifically what the dollar values for each  
12 of those components would be.

13           Again, this is an overview of what  
14 the requirements are. We'd recommend that, with  
15 your credit teams, that you look at the Appendix F  
16 and go through it before you put your bids together  
17 and also to let us know if there's any questions on  
18 that.

19           And I believe Cory Burton will  
20 follow me now.

21           MR. MOHL: Thanks Tom.

22 I think Cory's going to go through  
23 an overview of the submittal process at this point,  
24 and then he'll go into more detail on an actual  
25 proposal submittal example a little bit later on in

1 the day.

2 MR. BURTON: Thank you. All right.

3 Here's just a high-level example of  
4 the process that we'll be going through. Again,  
5 once the RFP is posted April 17th, which will be a  
6 Monday, you'll have the balance of that week, that  
7 Tuesday through Friday, to go ahead and download  
8 that bidder registration form off the website, fill  
9 it in and send it in.

10 If you've done this in the past, you  
11 know it's all done electronically. So once you send  
12 it back in, we have an automated process to make  
13 sure all the fields were filled out appropriately,  
14 all the contact information is there, et cetera.

15 If it's filled out correctly, then  
16 we will send you a confirmation notice with all of  
17 your bidder ID, plant ID, proposal ID information.  
18 If there's a field missing or something was entered  
19 incorrectly, we will send you a rejection notice  
20 that will explain which fields were improperly  
21 filled in.

22                   Once that registration is confirmed  
23 and you get that confirmation e-mail, everybody will  
24 need to go ahead sign and execute the bidder  
25 registration form and fax that back to us. At that

1 point, we will send you invoices, one or more,  
2 depending on the number of proposals you submit, for  
3 the proposal submittal fees.

4           You will then have up until Thursday  
5 of the following week to remit those fees. You  
6 cannot submit a proposal until you've paid all of  
7 your fees up ahead of time.

8           All right. That gets us to the  
9 bottom section, to the proposal submission. We'll  
10 have one week for the CCGTs. Two weeks later will  
11 be the solid fuel proposal submission period.

12 Again, you'll download the form off the website,  
13 fill it out, submit it electronically.

14           Again, we have a process that will  
15 check it to make sure everything was filled out  
16 appropriately. If so, you'll get a confirmation, at  
17 which point you're basically done, if you've signed  
18 up for the signature ID function. If it's rejected,  
19 then, of course, it will show you on the rejection  
20 e-mail which fields were filled out incorrectly. Go  
21 ahead and make the changes and submit it again until

22 you get your confirmation.

23           If you're having any problems with

24 the software itself, with the downloading, things

25 like that, you can contact our RFP administrator.



1 She can help you with any type of technical issues  
2 there.

3           We would encourage you not to wait  
4 until the last minute to get this done. Don't wait  
5 until that Friday at 4:30 to send it in because  
6 there could be a minor glitch one way or another, so  
7 please get that stuff in as quickly as possible.

8           Once we have completed the proposal  
9 submission period, on our side, we separate the  
10 proposal submission form information. There will be  
11 sections for transmission, fuel, and other areas.  
12 Like, for example, transmission, our transmission  
13 group only needs to see the transmission  
14 information; same thing for the fuel groups.

15           It's all done just so everything's  
16 fair and impartial. Each analysis group only sees  
17 what they need to see and nothing more. And the  
18 independent monitors will review what each  
19 evaluation team actually gets to see.

20           Again, we mentioned that this will  
21 be the first time we have proposal submittal fees.

22 In the bidder registration phase, once you send us  
23 the executed form, we will remit those invoices to  
24 you electronically within two business days, and  
25 you'll have until, I believe, Thursday of that

1 following week to get that back to us.

2           Again, the fees are by plants, and  
3 so if you register two proposals off the same plant,  
4 the first proposal will be priced at \$5,000. Any  
5 additional proposal made off that same existing  
6 plant will be priced at \$1,000.

7           I'll go into more detail after the  
8 Q&A and the TBU group runs their programs. If  
9 you've done this electronic function in the past,  
10 you're certainly still welcome to stay. I highly  
11 recommend it for people who haven't gone through  
12 this process.

13           I'll run through a bidder  
14 registration form as well as a proposal submission  
15 form at that time.

16           Thank you.

17           MR. MOHL: Okay. Thanks, Cory.

18           Matt, if it's all right with you, I  
19 would suggest maybe we -- I think we're ready to  
20 have lunch brought in, and it's about noon. And  
21 that would give everyone a chance to take a break,

22 get a bite to eat and also put some of their

23 questions together, and then we can pick this back

24 up at, say, 12:30 or so.

25           MR. KAHAL: Bill, that's fine. I

1 don't know if you had a preference between having  
2 questions first from the market participants or  
3 staff.

4 MR. MOHL: I'd like to take your  
5 questions first, right after lunch.

6 MR. KAHAL: Okay. I'm fine with  
7 that. I just wanted to warn everybody we have a  
8 fairly long list of questions.

9 MR. MOHL: Sure. Sure. And then if  
10 we have to, we've got the TBU folks to accommodate.  
11 But I think after that stimulating presentation,  
12 everyone probably needs to get up and get a cup of  
13 coffee and something to eat.

14 So let's go ahead and do that. And  
15 Laura will be sure that everyone has some of the  
16 forms to put your questions and answers down, and  
17 we'll pick back up at 12:30.

18 (Recess taken, 11:59 a.m. to  
19 12:49 p.m.)

20 MR. KAHAL: Folks, in order to move  
21 things along, please continue eating, but while

22 you're eating, I'm going to be posing my questions,  
23 and some of these are more in the line of comments,  
24 to these guys. And the only thing I would ask of  
25 them is not to talk when their mouth is full.

1           Just one other housekeeping matter.  
2 Some of you may have come in a little late this  
3 morning, including some of the Entergy transmission  
4 folks. Some of you may have just come in for lunch;  
5 I don't know. But if you have not signed the  
6 sign-in sheet, please do. It's our way of taking  
7 attendance.

8           I don't know where the sign-in sheet  
9 is. I guess Laura is in charge of it back in the  
10 back. So at some time before you leave today, if  
11 you would sign the sign-in sheet, I'd appreciate it.

12           MR. MOHL: Matt, the only other  
13 thing I'd add is if y'all have questions, please  
14 write them down and give them to Laura as well, so  
15 we can address them a little bit later.

16           MR. KAHAL: Right. And as I  
17 mentioned before, some of you have a preference for  
18 submitting your questions confidentially. I mean, I  
19 know Entergy has said it will give questions  
20 confidential treatment. We don't want confidential  
21 treatment for our questions, but if you do, if you'd

22 rather submit them to the staff and have us submit  
23 them to Entergy, that's fine. It's kind of  
24 unnecessary, since they indicated they'd treat them  
25 confidentially anyway, but however you want to



1 handle it.

2 Bill, I'm going to start in. You  
3 have your whole group up there, and you can pretty  
4 much decide who wants to answer these questions.

5 MR. MOHL: Okay.

6 MR. KAHAL: The first question I  
7 have is: On the intermediate RFP, have you guys  
8 decided on timing, both timing and sort of the  
9 design parameters?

10 MR. MOHL: We have decided that we  
11 will issue that draft RFP on September 30th. We  
12 have not finalized the product types that will be  
13 included in that RFP.

14 MR. KAHAL: Okay. If you're going  
15 to submit the draft on September 30th, does that  
16 mean you'll be giving the 60-day notice on --

17 MR. MOHL: Yeah. We will follow --

18 MR. KAHAL: -- June 30th, I guess?

19 MR. MOHL: We'll be following the  
20 MBM guidelines to make sure that we meet all the  
21 notification requirements.

22 MR. KAHAL: Okay. Thank you.

23 And by the way, all these questions,

24 Bill, we will get them typed up and actually turned

25 into real questions and submitted to you --

1 MR. MOHL: That's fine.

2 MR. KAHAL: -- after we get back to  
3 the office. That will probably be on Monday.

4 These questions are in no particular  
5 logical order. That's a casualty of our  
6 transportation problems yesterday, so I apologize  
7 for the lack of logical order to these.

8 But your past strategic supply plans  
9 have had the AEIWBL tranches for 2006, 2009. I  
10 can't remember how many megawatts that is. It was  
11 several hundred. Is that still part of your SSRP,  
12 or how is that being treated?

13 MR. MOHL: Yeah, I'll defer to Tony  
14 and let him describe what we've got in there.

15 MR. WALZ: The question is on the  
16 subsequent tranches of the baseload resources?

17 MR. KAHAL: Yes.

18 MR. WALZ: Yes, they're still being  
19 considered in the SSRP, so those are sort of  
20 placeholder transactions until they're actually  
21 completed.

22 MR. KAHAL: Right. And for those,  
23 do you have to get Arkansas commission approval?  
24 MR. WALZ: That's correct.  
25 MR. KAHAL: And that hasn't been

1 granted yet, right?

2 MR. WALZ: No, it has not.

3 MR. KAHAL: I guess this is probably  
4 more in Tony's area, but the transmission people  
5 also might want to comment on this a little bit  
6 later. But the question is that -- we've had some  
7 discussions about this, but what's the company's  
8 current outlook with regard to the E&L load, the  
9 effect of this on the Amite South constraints, and  
10 also the return to service of the Michoud plant?  
11 Have decisions on that been made? You guys  
12 completed your assessments, and where does that  
13 stand?

14 MR. WALZ: The evaluation of whether  
15 to return, and when, Michoud units is an ongoing  
16 effort, so a decision will be made for this summer.  
17 That's still an option for the summer that hasn't  
18 been decided.

19 MR. KAHAL: Okay. That sounds like  
20 you need to make that decision within the next two  
21 to three months.

22 MR. WALZ: For this summer, we

23 would, yes.

24 MR. KAHAL: Yeah. Okay. Because my

25 assumption is that the returning it to service would

1 be a significant capital investment.

2 MR. WALZ: I'm not sure that that's  
3 accurate.

4 MR. KAHAL: Neither am I. That's  
5 why I was asking. Okay.

6 MR. WALZ: I'm just not that close  
7 to the numbers.

8 MR. MOHL: Matt, I guess the answer  
9 to the other part of your question is: Right now,  
10 we expect that load to be about half, 50% of normal.  
11 So, you know, typically, we peak at somewhere around  
12 12, 1300 megawatts, and so we're going to be  
13 somewhere in the 50 to 60% range on a comparable  
14 basis for the summer.

15 MR. KAHAL: Bill, your IRP indicates  
16 over the next several years your incremental needs  
17 are going to be somewhere around 5,000 megawatts,  
18 going out until the end of the decade. Really, this  
19 IRP does anticipate resources that may not come  
20 online until the end of the decade, so it's  
21 basically over this time frame.

22           Your RFP is for 2,000. Can you  
23 explain the difference between your identified need  
24 and the size of this RFP?  
25           MR. MOHL: Sure. As in the past, we



1 take more of an incremental approach to purchasing  
2 the resources, and so it's not practically feasible  
3 for us to go pick up 5,000 megawatts at this point  
4 in time.

5           Our intent and what we think is a  
6 reasonable approach is to take that in  
7 1,000-megawatt increments. Obviously, we said we'd  
8 consider potential displacement of other resources,  
9 but although it's not been formally approved by the  
10 operating committee, we're anticipating another  
11 long-term RFP in 2007 to seek additional long-term  
12 resources.

13           MR. KAHAL: Okay. So it's more a  
14 matter of just what's manageable in terms of what  
15 you can do --

16           MR. MOHL: And you've got to keep in  
17 mind we'll be managing up to four, five, six  
18 long-term transactions, and so we think it makes  
19 more sense to take that on in reasonable size  
20 transactions and limit the number and then go out to  
21 the market again.

22                   And I would also mention that we,  
23 you know, will continue to supplement our portfolio  
24 with the limited-term resources and short-term  
25 resources, as we have in the past.

1           MR. KAHAL: The next question I have  
2 is on debt imputation. And I'm not going to put you  
3 on the spot on debt imputation, but this is partly a  
4 question, partly a comment on debt imputation,  
5 because it's a much debated issue among this group,  
6 and it's an issue over which staff has got some  
7 serious concerns as well.

8           I think that we're happy with the  
9 way you're handling it for now, but I think it would  
10 be useful -- and this is just something that we're  
11 going to request, that you provide kind of a  
12 numerical example of how you're going to deal with  
13 debt imputation, because there are a lot of sort of  
14 discretionary parameters involved, so we can just  
15 work through an example some people would know.  
16 We'll be making that as a request.

17           Just as a comment on debt  
18 imputation, and part of the reason why we have some  
19 concerns about it is our recent experience with  
20 Cleco, in their RFP where Cleco also employed debt  
21 imputation. Staff asked them to do their valuation

22 analysis with and without because it wasn't

23 something that we reached final agreement on.

24           The outcome of the RFP, the bid

25 rankings in the RFP at the end of the day were not

1 affected by debt imputation. However, one problem  
2 that we ran into is -- and this is something that we  
3 stressed with Cleco, is that for their self-build,  
4 we said, "Whatever you do on your self-build, when  
5 you stick your self-build into the RFP process, do  
6 not low-ball it; that is, make sure that you have  
7 at-construction estimates that you're entirely  
8 comfortable with that you can meet."

9           And I think they took that to heart.  
10 They came back and they submitted construction cost  
11 estimates that they, quote/unquote, "bid into their  
12 RFP." They subsequently obtained EPC estimates for  
13 the project that turned out to be about 1 to 2% --  
14 it was very, very close -- about 1 to 2% lower than  
15 their construction cost estimate that they bid into  
16 the RFP. So far, so good.

17           Then the hurricanes came along. The  
18 current hurricanes had the effect of changing pretty  
19 drastically or significantly, let me say,  
20 construction cost estimates. And they found that  
21 after they reassessed the cost situation because of

22 the cost pressures resulting in the construction  
23 market and so forth, that they ended up with an EPC  
24 contract that was about 5% higher than their bid.  
25           You know, the lesson is -- and this,

1 I think, reinforces what a lot of people from the  
2 market have been saying, and that is that our  
3 approach is to give self-build cost-of-service  
4 treatment and, you know, there are certain risks  
5 that rate payers are exposed to. And so it's a  
6 balancing act and it's something that we're  
7 struggling with. It's something to be mindful  
8 about.

9 MR. MOHL: We're well aware of that.  
10 In fact, we know that construction -- you know,  
11 labor costs have gone up, even some commodity costs  
12 have gone up, as it relates to inputs to build a  
13 facility.

14 MR. KAHAL: Exactly. And we don't  
15 fault Cleco for that. I don't think they could have  
16 reasonably anticipated that. But, you know, it's --  
17 there are just some risks that, you know, you face  
18 from self-build that you might avoid under PPAs.

19 MR. MOHL: And back to your  
20 reference on debt imputation, I mean, it's one of  
21 issues we'll plan to work with you very closely on

22 to make sure you know what the position is and work

23 through it, and we'll be more than happy to post

24 that example.

25 MR. KAHAL: Okay. Great. We



1 appreciate that, and we'll be making that as an  
2 explicit request.

3           We're going to also have some other  
4 requests. We're going to be requesting some data to  
5 update -- I guess some of the stuff that was in  
6 Appendix H.

7           Tony, I think that's your part of  
8 the RFP.

9           You had data going through 2004. I  
10 think that we're going to ask for some data that  
11 goes through 2005. Particularly, we're interested  
12 in data that deals with the operation of your  
13 existing gas units. And you can look at that and  
14 decide, you know, whether we're crossing the line  
15 into confidentiality or not and then we can deal  
16 with that.

17           On the solid fuel, I have a question  
18 about your solid fuel bidding procedures. The solid  
19 fuel, do you allow bidders to submit bids for  
20 portions, entitlement portions of a unit? For  
21 example, can a bidder bid in 200 megawatts out of a

22 400-megawatt unit.

23 MR. MOHL: Yes.

24 MR. KAHAL: Okay. I couldn't tell

25 from the RFP.

1 MR. MOHL: We'll check that, but I  
2 think we tried to be careful to make sure we  
3 specified that was part of the process, by percent  
4 ownership or under a PPA.

5 MR. KAHAL: Okay. But I guess,  
6 then, would you be precluding joint ownership? I  
7 mean, in other words, if somebody has a 400-megawatt  
8 unit and said, "We want to sell you a 50% undivided  
9 share," is that something they could do?

10 MR. MOHL: Yeah, I don't know if  
11 it's specified in percentage, but I think we said we  
12 would allow and consider joint ownership.

13 MR. KAHAL: Joint ownership of  
14 interest.

15 MR. MOHL: Yes.

16 MR. KAHAL: Okay.

17 I guess this applies more to the  
18 CCGT. The PPA versus toll, these are options that  
19 you have in your RFP. Does Entergy have a  
20 preference between PPA versus toll?

21 MR. MOHL: Well, frankly, we do. To

22 the extent we can get a toll and it's in a location

23 that works in with our gas supply portfolio, it just

24 provides us more optionality in terms of operation

25 of the facility.

1           You know, typically under a PPA, you  
2 don't have the same dispatch flexibility, and  
3 there's a lot more prior notification required to  
4 schedule those resources.

5           MR. KAHAL: And is that accounted  
6 for as part of the evaluation process?

7           MR. WALZ: Matt, it would probably  
8 be accounted for as a qualitative consideration, but  
9 not necessarily as an economic one.

10          MR. KAHAL: Right. So there's no  
11 scoring formula or anything like that for it?

12          Yeah, I've got a similar question  
13 with regard to preferences. Your RFP indicates a  
14 preference for Amite South and WOTAB resources. Can  
15 you explain how you factor that into the bid  
16 ranking?

17          MR. DEGEORGE: I guess it's in two  
18 stages. In Stage 1, what we'll get is information  
19 from the TAG in which of the four regions a proposal  
20 is located; and in that stage, we're trying to be  
21 inclusive. So based on strictly looking at the

22 economics, if a proposal in one of the constrained  
23 regions had not been included, we would consider  
24 whether or not being in one of those regions  
25 warranted including it.

1           In the Stage 2 analysis, when we're  
2 doing production cost simulations, the resource will  
3 be modeled within the constrained area and the  
4 production costing simulation will consider the  
5 merit based on the location.

6           MR. KAHAL: And, Bill, I read your  
7 RFP as indicating that solid fuel projects and CCGT  
8 projects do not compete with each other. And I  
9 guess for the group, I just wanted to confirm that  
10 that's correct; and secondly, to invite comments  
11 from the group on this at some point, whether they  
12 think that's proper or not.

13          MR. MOHL: Sure. I'll defer to Tony  
14 and let him go over that specifically and why we're  
15 approaching it that way.

16          MR. WALZ: It is correct, and the  
17 reason is that we view the two products as  
18 responding to different planning objectives. We see  
19 the solid fuel project as meeting or addressing  
20 baseload production cost economics as well as fuel  
21 diversity objectives, and we see the CCGT as

22 responding to load-following production cost

23 objectives.

24           So because they are two distinct

25 products responding to two different sets of



1 objectives, we're not planning to compare the two.

2           MR. KAHAL: Bill, when the RFP lays  
3 out the procedural schedule that you have, you know,  
4 you give this date for the LPSC technical  
5 conference, but you have sort of a placeholder for  
6 the technical conferences of other regulatory  
7 jurisdictions. Have any of the other regulatory  
8 jurisdictions scheduled technical conferences?

9           MR. MOHL: No, Matt, they haven't at  
10 this time.

11           As you may be aware, the Arkansas  
12 Public Service Commission just recently issued some  
13 resource planning guidelines. We've been in contact  
14 with our regulatory staff to try to schedule some  
15 discussions with Arkansas. But at this time, I have  
16 not met with them, and they've not given us any  
17 schedule in terms of an official technical  
18 conference.

19           MR. KAHAL: Right. So at this  
20 point, any meetings that you would have be like  
21 bilateral meetings just with the staff?

22 MR. MOHL: Yeah. It's probably  
23 appropriate for us to spend some time with them  
24 one-on-one and just educate them about the RFP  
25 process and what we've got in place. And then if

1 they feel there's a need for a technical conference,  
2 then they would decide that.

3 MR. KAHAL: Okay. Good.

4 I'm really proving my point here  
5 that there's no logical order to these questions.  
6 I'm going to throw another one at Tony, and this is  
7 just a real question I have about the way you've  
8 laid out the plan and your planning needs, and that  
9 is: There doesn't seem to be any role, as far as I  
10 can tell, in the RFP, and I'm really uncertain about  
11 the role, in fact, in your plan, for having  
12 quick-start combustion turbines.

13 You're certainly not seeking that,  
14 and just, you know, based on my limited knowledge of  
15 your system and so forth, I would have thought that  
16 that would be something that you would have a need  
17 for, because I know you don't have much quick-start  
18 capacity.

19 I mean, that was one of the -- what  
20 I thought was one of the really favorable attributes  
21 of Perryville, was that it gave you some of that,

22 because the quick start allows you to respond  
23 quickly to load without having to commit a unit.  
24 MR. WALZ: Well, Matt, you're right.  
25 We've not envisioned seeking that in this RFP.

1 We're focused on the baseload and the load-following  
2 resources because we believe they have the greatest  
3 influence on our production costs, and also because  
4 we think that's where we have the greatest need.

5           We have a lot of resources in the  
6 intermediate category that are capable of providing  
7 peaking reserve type capacity, so, you know, at this  
8 point in time, we're not specifically seeking  
9 combustion turbines.

10           Although, you know, we would put  
11 those into a load -- assuming that the heat rates  
12 were attractive, we'd consider those as a type of  
13 load-following resource.

14           MR. KAHAL: Tony, have you guys  
15 analyzed the benefits of having quick-start  
16 capacity, or more than you have? Because I think  
17 you only have, maybe, about 2 or 300 megawatts of  
18 it.

19           MR. WALZ: I don't think we've done  
20 any specific analysis to address that.

21           MR. KAHAL: Okay. Well, this may be

22 something we can talk about further at this point,  
23 but it's my impression there's a lot of this stuff  
24 out there in the market that, you know, might be  
25 giving you attractive bids. In fact, I think that

1 you probably have acquired some of it in your past  
2 RFPs.

3 MR. MOHL: Yes, that's correct.

4 MR. KAHAL: This next item is going  
5 to be part comment, part question again, and it has  
6 to do with statements in your RFP that as part of  
7 your best and finals process for the short list,  
8 which you guys seem to insist is one word, but,  
9 anyway --

10 MR. MOHL: That was Kristin  
11 Dalrymple.

12 MR. KAHAL: I know it's Kristin.

13 The language in the RFP says that  
14 the best and finals cannot be an increase in price,  
15 and certainly the staff is strongly in favor and is  
16 going to be very vigilant about, you know, ensuring  
17 there's no gaming going on in the process, of people  
18 putting in low-ball bids to get on the short list,  
19 you know, and then gaming that by then raising bids.

20 But it does raise a couple of  
21 questions that I have. One is -- and this is based

22 upon my reading of -- I guess it's Appendix E1, and

23 that is it appears, at least for your solid fuel --

24 I'm not really sure about your CCGT. But solid

25 fuel, it seems to allow bidders to put in cost



1 estimates and then update them later. I mean,  
2 that's how I read it.

3           And if that is the case, I'm not  
4 sure how that fits in with this because that would  
5 seem to allow them increases as part of best and  
6 finals. Could you clarify that, how that's going to  
7 work?

8           MR. MOHL: Sure. You know, one of  
9 the things that we're continuing to work on is the  
10 issue that you brought up earlier, is we've noticed  
11 since the hurricanes in discussions with our fossil  
12 operations folks that the cost of labor has  
13 fluctuated significantly.

14           So our intent is, to your point,  
15 that we don't want gaming, so we don't want somebody  
16 low-balling a bid, getting on the short list and  
17 then turning around and increasing their bid.

18           However, we're trying to work  
19 through how we can structure it such that we allow  
20 for real increases in issues such as labor or steel.  
21 And so to be perfectly honest, we don't have that

22 completely worked out, but that's the direction

23 we're headed. Now, how we get there, we obviously

24 will have some more discussions with you, but that's

25 the intent.

1           MR. KAHAL: Right. I understand it,  
2 and I agree with you that I think that there can be  
3 legitimate reasons why a bid changes.

4           MR. MOHL: Right.

5           MR. KAHAL: And it's a matter of  
6 policing what's legitimate and what isn't.

7           MR. MOHL: Right.

8           MR. KAHAL: You know, and what's  
9 legitimate and what's gaming.

10          MR. MOHL: Right. And, you know,  
11 there's indexes you can use --

12          MR. KAHAL: That's what the  
13 independent monitors are for, I think.

14          MR. MOHL: That's exactly right. I  
15 think we're on the same page. We just honestly have  
16 to work through a little bit better way to structure  
17 that.

18          We don't intend for somebody to put  
19 a bid in and then have their labor costs go up and  
20 tell them, you know, "Too bad, so sad." But on the  
21 other hand, we don't want -- which we've experienced

22 in the past, we don't want somebody coming in and  
23 then changing the terms of the deal after they're on  
24 the short list just to extract more value from us.

25 MR. KAHAL: Right. But I think you

1 can understand, though, sort of the disconnect  
2 between the strong language that's in the body of  
3 your RFP --

4 MR. MOHL: I can appreciate that.

5 MR. KAHAL: -- and what's in

6 Appendix E1.

7 MR. MOHL: I can appreciate that.

8 We will work to get that clarified and improved.

9 MR. KAHAL: Again, you know, I'm

10 shamelessly jumping around, but this is another

11 process question, and that is that there's

12 discussion in the RFP about the comment process.

13 We've talked about it a bit this morning.

14 The question I have for you, for the

15 Entergy panel is whether -- you know, the bidders

16 submit their comments to you, they submit them to

17 us, we submit our comments, maybe some of the other

18 regulatory commissions as well. Is Entergy going to

19 respond in writing to these comments that are

20 submitted?

21 MR. MOHL: Yeah, I believe we've --

22 I think early on we did not, but I believe it's our

23 intention to respond to the comments.

24           MR. KAHAL: And we would encourage

25 that because I think it creates a paper trail on the

1 process.

2 MR. MOHL: Sure.

3 MR. KAHAL: And it helps close the

4 loop on issues.

5 MR. MOHL: I understand.

6 MR. KAHAL: You may want to look at

7 what SWEPCO did in their RFP because they did

8 respond -- I mean, theirs was kind of more

9 limited --

10 MR. MOHL: They did or didn't?

11 MR. KAHAL: They did. They

12 responded to bidders' comments and staff comments.

13 MR. MOHL: Right. Well, we will

14 make every effort to do that.

15 MR. KAHAL: This is maybe a bit of a

16 Tom Moran question. I don't know. Is there any

17 restrictions on bankrupt entities participating in

18 the RFP, any special requirements?

19 MR. MORAN: We would not preclude

20 any bankrupt entities from bidding in, but they'd

21 have the same collateral requirements, the 10 and

22 the \$20 million thresholds that they'd have to meet  
23 with some mix of the acceptable collateral, but they  
24 would not be precluded from bidding.

25 MR. KAHAL: Is there an



1 authorization issue or something with bankrupt  
2 entities or, you know, do they have to get  
3 permission from a bankruptcy judge or --

4 MR. MORAN: Well, I would think they  
5 would need to go through the bankruptcy court in  
6 order to get any bid proposed to us, but as long  
7 as -- from a -- they have the authority to give us  
8 the bid, we would not preclude them from bidding.

9 MR. MOHL: I think you're right,  
10 Matt. I think it would require bankruptcy court  
11 approval to make that bid.

12 MR. KAHAL: Right. But I guess from  
13 your standpoint, what I'm hearing is you kind of  
14 regard that as their problem and, you know, a bid's  
15 just a bid and it's kind of up to them to jump  
16 through their own hoops. Is that fair?

17 MR. MOHL: That's correct.

18 MR. KAHAL: With regard to the  
19 \$2 million collateral that's required for entering  
20 into LOIs, Bill, is this something new, or has this  
21 been used in previous RFPs?

22           MR. MOHL: This is actually  
23 something new, and I can let Tom address that issue,  
24 but that's part of some of the new credit  
25 requirements.

1           MR. MORAN: Right. And that is  
2 actually the first stage where we have any specific  
3 requirement from one of the bidders. And the point  
4 where that's going to come into play is when we sign  
5 the letter of intent.

6           It's the final short list stage, so  
7 really it will only affect the bidders who we're  
8 looking to get to a definitive agreement with. It's  
9 not at an interim stage. And to answer your first  
10 question, yes, it is a new requirement that we have  
11 not had in the past.

12          MR. KAHAL: Well, this is going to  
13 be a touchy question: In the event of default that  
14 triggers the letter of credit, the turning into cash  
15 to you guys, whose money do you think this is? Do  
16 you think it's yours, or do you think it's ours?

17          MS. FREESE: Matt, can we think  
18 about that? I know you can't.

19          MR. KAHAL: It's multiple choice,  
20 Karen.

21          MS. FREESE: I suspect that that's

22 going to have issues around how that money was  
23 treated in developing the company's revenue  
24 requirement and how it would be accounted for in  
25 the RFPs.

1 MR. KAHAL: Okay. We just wanted to  
2 raise it. That's all.

3 MS. FREESE: I hear you.

4 MR. MOHL: You just like to stir it  
5 up, don't you?

6 MR. KAHAL: Yes, I do.

7 Just let me raise -- and this is, I  
8 think, more in the line of comment. It's closer to  
9 being a comment than a question. Retention of  
10 information on the RFP, it's addressed on page 37 of  
11 the main RFP document. And there's a reference to  
12 Entergy -- ESI intends to retain all proposal  
13 information through all regulatory approvals.

14 Just kind of a comment: We're going  
15 to interpret "proposal information" very broadly to  
16 relate to any documentation relating to all  
17 decisions in evaluations of proposals; that is, not  
18 proposal information just being what's submitted to  
19 you guys.

20 So, you know, we're asking you to  
21 keep a very complete paper trail through the

22 regulatory approvals.

23 MR. MOHL: Okay.

24 MR. KAHAL: Along with this on

25 page 37 -- and, again, this is closer to being a

1 comment than a question. I'll try to find a  
2 creative way, maybe, to turn this into a question,  
3 but the reservation of rights on the company having  
4 the rights to procure resources outside the RFP  
5 process, just the comment that we're not  
6 particularly wild about that, you know.

7           MR. MOHL: It's very clear in  
8 Louisiana how that works, so I don't think that will  
9 be an issue. However, other jurisdictions provide a  
10 little more flexibility. We may want to take  
11 advantage of that.

12           MR. KAHAL: Right. Well, I mean, we  
13 provide some flexibility too.

14           MR. MOHL: No. No. I didn't mean  
15 that as an insult. But they do allow -- obviously,  
16 that's how we got Attalla done.

17           MR. KAHAL: Exactly. And just to  
18 clarify for the group, we have no say over, you  
19 know, if something is going entirely to another  
20 jurisdiction.

21           MR. MOHL: Right.

22 MR. KAHAL: We wish you the best of

23 luck. That's all we can say.

24 MR. MOHL: No. I understand.

25 MR. KAHAL: Let me pick on the



1 independent monitors for a moment.

2 MR. MOHL: Oh. Good.

3 MR. KAHAL: I'm not putting them on

4 the spot. As Betsy indicated, there's a draft of a

5 work plan, I guess, scope of work, for the

6 independent monitors. I've looked at it. I've

7 looked through it. I think it's extremely

8 comprehensive. Hey, if there's something missed,

9 you know, I wouldn't know what it is because it

10 looks pretty comprehensive to me. But it's still

11 out there for comment, as Betsy indicated.

12 But a couple things to add to that

13 or to clarify with that. One is that the

14 independent monitors don't work for staff, but they

15 work with staff.

16 You know, in fact, staff expects to

17 work very closely with the independent monitors. If

18 the circumstances arise, we would hope that staff

19 and the independent monitors could gang up on these

20 guys. If we have a problem with what they're doing,

21 that can be an effective way of getting things done.

22           We are going to try to work out with  
23 the independent monitors some sort of reporting  
24 protocol so that the independent monitors keep some  
25 sort of a paper trail on what they're doing. And so

1 they're involved on more of a day-to-day basis than  
2 we are as staff, so that we sort of track progress  
3 and have a system of identifying problems and that  
4 sort of thing.

5           That's probably not really indicated  
6 in their scope of work, but we're going to try to  
7 sit down and work that out with them.

8           In addition, just to clarify for  
9 everyone here, the independent monitors will  
10 potentially be participating in regulatory  
11 proceedings. The independent monitors will not be  
12 testifying on behalf of Entergy as Entergy  
13 witnesses.

14           In fact, Betsy has submitted  
15 testimony in a recent Cleco proceeding as an  
16 independent monitor. Her testimony was submitted on  
17 behalf of -- not on behalf of staff. It was  
18 submitted by staff. She's really kind of an  
19 independent witness, with staff being the entity  
20 that entered her testimony in.

21           I think -- Betsy, correct me if I'm

22 wrong -- but the utility had no review rights of the

23 testimony or your report that you put in; is that

24 correct?

25 MS. BENSON: That's correct. And,

1 actually, technically or specifically, my testimony  
2 was submitted at the request of staff.

3 MR. KAHAL: Right.

4 MS. BENSON: And I think that's the  
5 way it worked, also, with your independent monitor  
6 in the past, so no. In this case, Cleco didn't see  
7 it before it was filed.

8 MR. KAHAL: Right. I mean, another  
9 issue is -- and this is, you know, particularly with  
10 the recently enacted energy policy act, the FERC now  
11 has jurisdiction over asset acquisitions.

12 That's right, Kim?

13 MS. DESPEAUX: That's right.

14 MR. KAHAL: So if you do some asset  
15 acquisitions through this process, you're going to  
16 have to submit that to FERC. I think they're going  
17 to probably take a close look at it; that would be  
18 my assumption. And there's going to be a need,  
19 probably, for independent monitor testimony at the  
20 FERC.

21 We haven't worked out how that's

22 going to work. We absolutely do not want it being  
23 done on behalf of the utility, so it might be  
24 through, you know, an LPSC intervention. I don't  
25 know. We haven't gotten there.

1           Another issue, and it's of great  
2 interest to us. It may not be of so much interest  
3 to the rest of this room. We're very much  
4 interested in the process for allocating and  
5 assigning these resources to the individual  
6 operating companies.

7           It's discussed in a fashion in the  
8 RFP, I guess. What's not really made clear in the  
9 RFP is what our role is going to be in that, if any,  
10 and how we can have input into this before, you  
11 know, the -- the word comes down from the operating  
12 committee from Mt. Sinai or wherever they live, and,  
13 you know, things become sort of stuck in concrete.

14           So we're going to ask -- Bill, I  
15 think that we're going to ask how we can deal with  
16 that.

17           MR. MOHL: Sure. We can talk about  
18 that. I mean, I think we made a concerted effort  
19 last time to make sure that -- you know, the  
20 operating committee makes those decisions, but I  
21 think we sat down and went through it with you in

22 quite a bit of detail, and so we will continue to do

23 that. And if you've got feedback, you know, we'll

24 certainly take that into consideration.

25           So, I mean, I would just include



1 that as part of our ongoing collaborative process.

2 MR. KAHAL: Okay. Great. Good.

3 Tony, a question for you, and it

4 relates to -- or is it Charles? I'm not sure. But

5 it relates to the PROSYM modeling that's going to be

6 done, I guess, after, maybe, the initial screening.

7 The PROSYM model -- and, you know, I

8 think that we want to discuss the PROSYM modeling a

9 lot more with you and with the -- particularly with

10 Potomac folks offline later, but the PROSYM model,

11 has the PROSYM model been benchmarked?

12 MR. WALZ: Benchmarked to

13 interpret --

14 MR. KAHAL: Benchmarked to actuals?

15 MR. WALZ: I point out that the way

16 we're using PROSYM is to determine the relative

17 benefits of the resources. So from our standpoint,

18 what's important is: Is it capturing those benefits

19 relative between proposals? And we're very

20 confident that it is, in fact, doing that. We've

21 had experience with it in prior fees as well as a

22 number of other uses in the company.

23           MR. KAHAL: In that regard, I guess

24 one of the critical issues that I would think would

25 be, you know, whether PROSYM is capturing in its

1 economics the locational attributes of, you know,  
2 one proposal versus -- I mean, that could be a big  
3 driver.

4           MR. DEGEORGE: PROSYM does represent  
5 the constrained regions. It represents the four  
6 planning transmission regions, and the proposals  
7 will be modeled within the constrained regions. So  
8 to the extent that there is a locational value, we  
9 feel like the model is capable of determining the  
10 interaction with the existing resources and the  
11 transmission constraints.

12           MR. KAHAL: Yeah. Let me just  
13 combine that, kind of, with a final set of questions  
14 and comments I guess I have on this whole thing, and  
15 that is: Is there the potential for market  
16 resources that you might acquire through this  
17 process?

18           And it could be, you know, something  
19 existing from the market or it could be, you know,  
20 something new that's built. I mean, your Little  
21 Gypsy repowering is an example of this.

22 Can it mitigate the RMR issue, and  
23 can the modeling protocols that you put in place  
24 measure that RMR mitigation benefit? You know, are  
25 you there yet in being able to do that sort of

1 thing?

2 MR. WALZ: The answer is yes, it's a  
3 possibility that a proposal could mitigate an RMR,  
4 and we'll evaluate that.

5 MR. KAHAL: Using PROSYM or --

6 MR. WALZ: We'll adjust the RMR  
7 requirements within PROSYM to account for that. So  
8 yes, we will consider that in PROSYM.

9 MR. KAHAL: Yeah. I mean, a final  
10 comment is simply that the commission, the Louisiana  
11 commission has just jumped all over that issue.

12 We're looking for comments, I think,  
13 from the group on this issue about whether we have  
14 an RFP process that can properly accommodate the  
15 potential RMR mitigation benefits associated with  
16 obtaining new resources from the market, and that we  
17 want to make sure that this RFP is set up to  
18 properly do that and account for that.

19 Any thoughts that this group has,  
20 any creative ideas that this group has, any of you  
21 have on how we should go about doing that, we would

22 certainly welcome that. We would welcome hearing

23 your thoughts on that.

24 Bill, that's all I've got.

25 MR. MOHL: Okay. I think what I'd

1 like to do is -- we've got two visitors here.

2           MR. KAHAL: Bill, I'm sorry. There  
3 were a couple of questions that were submitted to us  
4 from the group --

5           MR. MOHL: Okay.

6           MR. KAHAL: -- that I would like to  
7 pose to you guys.

8           The first question is: Isn't it in  
9 the best interest of Louisiana rate payers to  
10 combine the retirement study, transmission analysis,  
11 hurricane recovery and short-term to  
12 intermediate-term products into one comprehensive  
13 RFP process to achieve the lowest cost set of  
14 alternatives?

15           And I guess a caveat to that is:  
16 Isn't that the right thing to do, even if it means a  
17 delay in this process? Other people, obviously, ask  
18 harder questions than I do, but...

19           MR. MOHL: Well, again, I think our  
20 point of view is it's really not practical to roll  
21 all that into one and to get it done. And our point

22 of view is, at this point in time, we're so far --

23 or very far down the road on the long-term RFP.

24 It's going to be beneficial to understand what comes

25 out of that long-term RFP before we also commit to



1 other intermediate-term resources.

2           As it relates to the impacts of the  
3 hurricanes and that type of stuff, we've largely  
4 taken a lot of that into consideration in our  
5 forecasts and our resource planning. However, there  
6 still continues to be some uncertainty about what's  
7 going to happen with that load in that area, and  
8 that's just going to be an ongoing concern. But  
9 right now, we believe we've got our arms around it  
10 sufficiently to be able to plan for that and to meet  
11 those requirements.

12           MR. KAHAL: Yeah. I mean, let me  
13 continue with this line of thought here. I mean,  
14 these questions, I think, to some extent, are  
15 intended to be rhetorical, but they're raising  
16 important points. I guess we can debate the  
17 practicality.

18           The question is -- and I'll just  
19 read it, you know, because to some degree, I think  
20 it parallels our concerns and we're struggling with  
21 the best way to go about it.

22           The question is as follows: Since  
23 transmission is the key element of this process,  
24 shouldn't the results wait for the TBU to complete  
25 its analysis?

1           And I think that the analysis that's  
2 being referred to is this ongoing -- I don't mean to  
3 put Doug on the spot, but this ongoing phase -- what  
4 we call a phase three transmission analysis that's  
5 intended to address transmission constraints,  
6 including RMR constraints. And I can't even begin  
7 to explain what the status is of that study right  
8 now.

9           And also: Wouldn't it be beneficial  
10 for Louisiana rate payers for transmission analysis  
11 to be done on a statewide basis, perhaps to include  
12 Cleco and SWEPCO -- or, presumably, this means on  
13 some regional basis, including having the SPP's  
14 involvement in the regional planning analysis?

15           Obviously, that's a reference to the  
16 ICT.

17           You know, Kim, staff supported the  
18 ICT proposal that you put forward.

19           MS. DESPEAUX: Yep.

20           MR. KAHAL: -- even though I think  
21 that the cost benefit results were not what we would

22 call robust, in part because we believed that there  
23 was a planning benefit to having SPP participation.  
24 Does anybody want to take that hot  
25 potato?

1 MS. DESPEAUX: I will tell you, just  
2 kind of responding directly to the last point you  
3 made on the ICT proposal, we did submit a pleading  
4 yesterday in response to another pleading, but in  
5 that, we urged FERC to act by April, in order to  
6 really try and get SPP integrated into the current  
7 planning cycle with the summit coming up in July.

8 And so we asked FERC to act quickly  
9 in order to kind of gain the advantages of that  
10 process, the more regional process. Whether we'll  
11 see an order, I'm not sure.

12 MR. KAHAL: I think that we're all  
13 concerned about timing. I mean, you know, I'm  
14 struggling with this. I mean, the ideal, I guess,  
15 would be to -- the ideal in a sense, in some  
16 theoretical sense, is to have transmission and  
17 generation planning integrated. We don't seem to be  
18 able to do that very well. I think that order 888  
19 codes of conduct make that very, very difficult.

20 So we've tried to conduct our own  
21 studies here in Louisiana, and they aren't broad

22 regional studies; we'll admit that. You know, we're  
23 focused on our own problems. We're focused on the  
24 Amite South. We're focused on local stuff you have  
25 here in WOTAB and so forth.

1           So this question is trying to get at  
2 the ideal, and I think we want to talk about this  
3 some more at some point. We are concerned that if  
4 we have to wait, you know, six months, a year or  
5 something to get all the regulatory approvals for  
6 the SPP, get them on board, gets this regional  
7 process done, we're looking at delaying this RFP,  
8 maybe, a year, if we do that.

9           In the meantime, we're also getting  
10 heavy pressure from the commission, you know, to  
11 move -- the commission believes and I believe that  
12 there are cost savings from the kind of process that  
13 we're involved in, the kind of RFPs that you're  
14 conducting.

15           Maybe we're not maximizing the  
16 benefits by having this separate process for RFPs  
17 and then, you know, in a parallel universe,  
18 transmission planning. We're kind of stuck with  
19 that for right now.

20           MR. MOHL: Well, I think the other  
21 thing that's important --

22 MR. KAHAL: We don't have a final

23 answer. We're struggling with that.

24 MR. MOHL: Well, the other thing

25 that's important to note is we're not filling our



1 plate completely in this RFP. And, to us, it's  
2 important to get some additional resources and as  
3 quickly as possible to benefit our customers, and  
4 that doesn't mean that we're done.

5           So there's still adequate time to  
6 work through some of these other issues. I think  
7 we've all seen how long this -- this can be very  
8 long and drawn-out, to try to come to complete  
9 agreement on a lot of this stuff. And, you know,  
10 we're just going to have to continue to work at it  
11 on a step-by-step process, and hopefully we do get  
12 there at some time. But there's going to be other  
13 opportunities.

14           MR. KAHAL: Yeah, I think it is  
15 important to emphasize this. This is not once and  
16 done, but this is part of an ongoing continuous  
17 process.

18           But I think that waiting, you know,  
19 waiting a substantial amount of time is going to be  
20 kind of problematic. Frankly, Bill, I think that  
21 we're a little uncomfortable with the time schedule

22 that's even included in this RFP that suggests that

23 you're not going to get to closing on deals until

24 some time in 2007.

25           MR. MOHL: Right. Well, I mean, you

1 know, what we've gone through, even with stuff that  
2 is already built, I mean, and there's -- obviously,  
3 there's been some things that have happened with  
4 certain situations such as Perryville, if you have a  
5 bankruptcy.

6           But even in a clean transaction --  
7 or what I refer to as clean is something like  
8 Attalla. That takes a year and a half. And, you  
9 know, now, especially with the requirement that  
10 these will require FERC approval, that's going to  
11 even take that much longer.

12           So I think time is of the essence.  
13 You know, it's kind of funny because we're in the  
14 market collaborative and late last year everyone's  
15 pushing us to move forward and they said we were  
16 waiting too long. And now that we're out there,  
17 people want -- we've got it out and now people want  
18 to wait. You know, there's no -- nothing's perfect,  
19 and we've got to take it step-by-step.

20           MR. KAHAL: You know, I think that  
21 the regulatory commissions really don't understand

22 this problem that you can't do joint generation and  
23 transmission planning.

24 MR. MOHL: Yeah.

25 MR. KAHAL: Or at least that it's

1 extremely difficult to do it.

2           These questions will be submitted in  
3 writing. Needless to say, we invite more thinking  
4 and comments on this issue, which is a critical one  
5 for where we want to go.

6           You know, to state what I said  
7 earlier, the problem is that these guys have some  
8 20-some million megawatt-hours of generation from  
9 units that are clearly out of the market, and that's  
10 what we're trying to overcome and trying to solve.  
11 And we can't solve it overnight, but we want to move  
12 as aggressively as we can on doing something about  
13 that.

14           With that, that's about all I've  
15 got.

16           MR. MOHL: Okay.

17           MR. KAHAL: I appreciate the time.

18           MR. MOHL: All right. Thank you,  
19 Matt.

20           I think we'll move to the TBU  
21 portion of the presentation, and we're fortunate

22 enough to have two individuals representing TBU here  
23 today. Doug Powell, who some of you may have talked  
24 to, is a manager of transmission planning; and  
25 Ms. Kim Despeaux, who's our associate general

1 counsel for federal regulatory affairs. I would  
2 note that Ms. Despeaux's been in various magazine  
3 articles lately.

4 MS. DESPEAUX: Don't believe  
5 everything you read.

6 MR. MOHL: But, anyway, I think  
7 they're going to walk through, briefly, the system  
8 impact study process, and then be prepared to  
9 address questions that relates to that process.

10 So with that, I'll turn it over to  
11 Doug.

12 MR. POWELL: I know this is going to  
13 be a little tough to read, but we'll zoom in.

14 This is a flowchart on our long-term  
15 transmission service process, from a request --  
16 starting from a request, going all the way through  
17 facility study.

18 What I'd like to do today is really  
19 just focus, and we'll focus on the front end of  
20 that, which is where we provide the study results  
21 back to the requesting customer, and show you how

22 that process works. And then once we go through

23 this, then we'll talk a little about how we do

24 displacement, delisting, batching of studies at the

25 request of the customer and how those processes work



1 as well.

2           You can see from this process that  
3 the requesting customer has to make a request on  
4 OASIS that comes in our SOC, which is in Pine Bluff.  
5 They'll look at that request, make sure all the data  
6 is there. If they determine that it is a long-term  
7 request, they'll evaluate, make sure that, you know,  
8 everything is proper, what resources they're  
9 requesting, where the load is, source to synch type  
10 information.

11           That information then is -- after  
12 it's validated, if it's okay, then it will go and  
13 get set up for getting a study queue, if it's a  
14 long-term study. And what that means is the  
15 requesting customer has to sign a long-term study  
16 agreement. That is sent to the customer. It's  
17 also -- we get the information in our planning  
18 department.

19           You can look at the timelines here.  
20 The timelines are what is in the tariff. We've got  
21 a running total of the timeline, and then for each

22 process, there's what's as defined in the tariff.

23 And you can see that first process is approximately

24 30 days.

25           Once we determine it's a valid

1 request, goes back and the study request is sent to  
2 the customer for them to sign. Then they have  
3 15 days to return that back to us and say that they  
4 would like to go through with the study request.

5           In executing that SISA agreement, if  
6 it is signed and sent to us, then we'll start the  
7 study process.

8           There's a lot of things that -- of  
9 information, we'll talk a little about that, on how  
10 studies are performed, batching, delisting and  
11 displacement type things in the next presentation.  
12 But all those kind of information has to come back  
13 with the study agreement. It usually comes back as  
14 a separate letter with the study agreement on how  
15 the customer wants his process study.

16           And the 60-day study process is  
17 running very close. During the storm, we got a  
18 little behind on the 60 days. We have caught up, so  
19 we're running a little under the 60 days right now  
20 on that study process.

21           The information, what we'll do is

22 we'll go through our study process, produce the SIS  
23 report. It shows if the request is valid, it shows  
24 that the request is available out there or it's  
25 denied, and that it has to go to the facility study.

1           If it's available, then it will go  
2 to the requesting party, and they have 15 days to  
3 confirm or retract their request. In that 15-day  
4 process, if it's not available, it can go into a  
5 study mode. It goes through a similar type of  
6 process where the requesting customer has to sign a  
7 facility study.

8           And these kind of group into big  
9 groups here. What we try to do in the facilities  
10 study process is for requests that have a lot of  
11 detailed information, a lot of facilities that have  
12 to be estimated, we'll actually produce a  
13 preliminary facility study estimate in order to move  
14 the process along, so the customer has a chance to  
15 look and see what kind of cost he may be looking at  
16 if the facility has to be upgraded before we go into  
17 the detailed study process where you're looking at  
18 some designs, soil borings, you know, those kind of  
19 issues which is more detailed, much more costly.

20           So we actually provide that  
21 preliminary estimate to give the customer some ideas

22 of what they're looking at in costs.

23                   And you can see that that's a

24 similar type of process. Once they get the

25 preliminary estimate, the customer has 15 days to

1 say, "Hey, move forward with the detailed study,"  
2 and it goes through the detailed study process,  
3 where they'll give an actual detailed cost with some  
4 design issues that have been looked at in more  
5 detail, right-of-way issues, if you're looking at  
6 those kind of things, if you're having to build a  
7 new line or expand a line.

8           Those are kind of what we have in  
9 our particular process and what has to go through in  
10 requests.

11           What I'd like to do next is talk a  
12 little about -- and we'll go to the next slide. In  
13 the transmission studies for new long-term network  
14 service, you have two options. You can do it  
15 incremental, or you can do it delisting and  
16 displacement.

17           The incremental is designating that  
18 the new resource is going to be an incremental  
19 resource on top of what's existing. We also ask the  
20 customer in this process to give us a list of how  
21 those resources will be dispatched. So if that new

22 resource is going to be the cheapest and it's one  
23 he's going to depend on, it will actually move up to  
24 the top in his listing of where he's going to want  
25 that to be dispatched. So those are the kind of



1 information we'll ask.

2           The delisting or displacement, the  
3 customer can request if he wants this resource to --  
4 in the long-term arena, it actually is what  
5 resources it could displace, and he'll actually take  
6 that one from his pool of network resources.

7           As I said, on the incremental study,  
8 this is where the customer has asked if it's going  
9 to be a new resource, it's going to be incremental.  
10 One of the things, if it's a long-term resource, he  
11 doesn't have enough load to cover this new resource,  
12 and we'll ask him for how he wants that in his  
13 dispatch order.

14           And so then we'll add the load based  
15 on our projected forecast, or for network service  
16 customers that have provided us a ten-year forecast,  
17 we'll use those loads to incrementally increase  
18 the -- this resource, or we'll be backing off some  
19 of his old and existing resources in that process.

20           And the delisting is a little  
21 different issue. Like I said, delisting is for the

22 long term. Delisting, we can actually get from the  
23 customer which units he would like to delist, so as  
24 we put this new resource on or group of resources  
25 on, which units he wants to back off of.

1           And you do it in two ways. You can  
2 just do it in the order that you want it dispatched,  
3 or a permanent delisting, or a delisting based on  
4 the length of service that this new resource is  
5 going to be able to perform.

6           Like I said, the displacement is an  
7 evaluation or generation in the short term. In this  
8 case, for this RFP, it's my understanding these are  
9 all long-term resources, and we'll be looking at  
10 those in the delisting, if the customer requests it.

11           Again, performing this, there's  
12 different ways that we can do it. We can get it  
13 from the customer or the customer can ask us to look  
14 at his resources and see which ones are the better  
15 ones to delist in order to make this service  
16 available.

17           We'll go down through our list, look  
18 at the distribution factor on each one of the units,  
19 and we could actually tell him which units would be  
20 the best units to delist, if that's what he would  
21 like to do.

22           One of the things that we talked a  
23 little on the rollover rights, the customer has the  
24 right to say that this new resource -- he wants to  
25 roll it over at the end of the initial request. If

1 he asks for a three-year request, he wants to roll  
2 that over, we'll actually study that in our process  
3 to make sure that that rollover is available.

4           Or he can elect that his old unit or  
5 his existing network resources will -- want to hold  
6 those rights at the end of the period, meaning that  
7 he wants to divert back to the old resource and that  
8 resource will become the network service.

9           What that does is that, in planning  
10 the transmission system, it allows us to see what  
11 units we should be planning for based on the  
12 customer's request. And, again, it would be based  
13 on when the service expires.

14           One of the things that we've done a  
15 lot for customers is batching. We expect the  
16 network service customer or the native load customer  
17 to be running his own studies, his own transmission  
18 studies. With the models that are posted out on the  
19 OASIS for him to look at, run those studies, try to  
20 determine what the best batching of those resources  
21 are, how he thinks they can best be set up as new

22 resources with a minimal transmission cost involved.

23           So based on those studies, we expect

24 the customer to come in, put them in the OASIS, let

25 us know how he wants to batch them. The only thing

1 that we require, if he's going to do batching of  
2 certain sets of units and certain delistings, they  
3 have to be in the queue following each other.

4           So he's got six resources that are  
5 out there, he wants those all batched, each one of  
6 those have to have a request, they have to be in  
7 order for us to be able to batch those together.

8           Questions? I guess, questions?

9           AUDIENCE QUESTION: Do either of the  
10 two studies you're talking about focus on the extent  
11 to which a new project would relieve an RMR  
12 requirement, and over what time frame it would?

13           MR. POWELL: The requesting party  
14 could request that and he could actually request  
15 that, "Based on these resources, we'd like to see if  
16 the RMR unit X can be" -- and we'll put that at the  
17 bottom of the dispatch order, so we'll try to remove  
18 it out of the request and try to remove any RMR  
19 requirements to that unit, so it can be requested by  
20 the customers.

21           AUDIENCE QUESTION: Would that be

22 part of the system impact study?

23           MR. POWELL: It would be part of the

24 system impact study. It would be part of this

25 request. So in his information to us on how he



1 wants to study those, he could ask that.

2 MR. KAHAL: Could I ask anyone who  
3 is posing a question to identify themselves, so we  
4 know who's asking?

5 AUDIENCE QUESTION: I'm David  
6 Patton.

7 MR. POWELL: That was David. Okay  
8 any other questions?

9 MR. KAHAL: Doug, I just have one:  
10 The slides you used, can they be made available.

11 MR. POWELL: Yes. We were going to  
12 post them on our transmission OASIS posting, and it  
13 would be the public site.

14 MR. KAHAL: Okay.

15 MS. DESPEAUX: And if you need them  
16 to be available somewhere else, we can do that.

17 MR. KAHAL: Well, I think they  
18 probably should be on the RFP website as well.

19 MS. DESPEAUX: Okay. We can do  
20 that.

21 MR. POWELL: All right. Yes.

22                   AUDIENCE QUESTION: I'll address the  
23 question to you. I'm with DTE. I'm just a little  
24 confused about the whole process, as the RFP lays it  
25 out and related to the transmission here. The RFP

1 says that we're not supposed to submit requests for  
2 studies. This morning it was stated that  
3 information would be provided or made available to  
4 us to determine constraints and costs for upgrades  
5 and that sort of thing.

6           How does this really work? I don't  
7 see how that process works.

8           MR. MOHL: Maybe I can help with  
9 that.

10           First of all, one of the things  
11 we've tried to make clear as far as the system  
12 impact study request, those will be made by Entergy.  
13 They will not be made by the individual customers.  
14 Because we're a load-serving entity, we'll be  
15 requesting that they be qualified as a long-term  
16 network resource. So you won't have to submit your  
17 request for system impact study.

18           What we've tried to do to give you a  
19 better idea of how we will be evaluating these  
20 resources is that we have provided the OASIS  
21 information -- the study, in effect, on the RFP

22 website, and we've also included a tool that will  
23 allow you to calculate the cost of various upgrades  
24 that are identified, if you would use their study  
25 through a software such as MUST in identifying the

1 various constraints.

2           So it will require some effort on  
3 your part to also take a look and run the study, but  
4 effectively, you should be looking at the same thing  
5 that we are.

6           So it's really two separate  
7 processes. We're trying to give you something in  
8 advance that allows you to evaluate it the same way  
9 we will. When I say "we," that's us on the  
10 generation side of the business that are looking for  
11 the resources. And then we will submit those  
12 proposals -- you know, the candidate proposals to  
13 TBU for an evaluation for an actual system impact  
14 study, and those will be submitted in a batch-type  
15 mode.

16           So I realize it can be a little bit  
17 confusing, but it's two different processes.

18           AUDIENCE QUESTION: I'm Mike King.  
19 In your RFP, you state that we must --

20           MR. MOHL: Can you guys do me a  
21 favor? When you ask a question, can you would state

22 your name and then give the question, just so we've

23 got it on the record?

24 AUDIENCE QUESTION: I'm Mike King,

25 and my question is: In the RFP on page 11, that

1 we're supposed to submit a request form to the TBU  
2 unit for interconnection study prior to submitting a  
3 bid?

4 MR. MOHL: That's only if you  
5 don't -- if you're not currently connected or  
6 already don't have an interconnection agreement in  
7 place.

8 AUDIENCE QUESTION: Okay.

9 MR. KAHAL: So how does that  
10 conflict with -- seems that's a conflict to what  
11 you're saying that we were not supposed to ask for.

12 MR. POWELL: That's for a  
13 brand-new -- delivery point for a brand-new unit  
14 being installed. You need to be in the  
15 interconnection queue there, but we will actually do  
16 the study. If they request that, "Hey, we've got a  
17 new resource out here, it's not connected yet," it's  
18 not in your interconnection queue, they identify it,  
19 we will actually run the study and the impact study  
20 without that being done.

21 But before it could be granted, an

22 interconnection study would have to be completed and

23 an IOA would have to be signed. So that's kind of a

24 separate --

25           AUDIENCE QUESTION: A separate



1 process?

2           MR. POWELL: Yeah, a separate  
3 process there. But not having something in the  
4 interconnection queue does not prevent them from  
5 adding that resource to their list of requested  
6 impact studies.

7           MR. MOHL: Do you understand that  
8 when they talk about the queue, it's a different  
9 queue as opposed to the system impact study queue?

10           Did you have a question?

11           AUDIENCE QUESTION: I'm Joe Deruntz  
12 with AEP. I've got really two questions. How are  
13 you going to batch the request to TBU? And when you  
14 run these preliminary studies and then have gotten  
15 back to the system impact studies, have they been  
16 comparable, or is there a big disparity? I mean...

17           MR. MOHL: Well, first of all, when  
18 we batch them, we'll batch them as a group, say, of  
19 CCGTs that we -- so they get run on an individual  
20 basis and aren't stacked one on top of the other,  
21 okay? So we'll make specific reference that --

22 AUDIENCE QUESTION: So it will be

23 one and not the other and not do them all lumped

24 together?

25 MR. MOHL: Correct.

1 AUDIENCE QUESTION: Okay.

2 MR. MOHL: Correct. The answer to  
3 your other question is: You know, we believe  
4 generally we're -- our analysis is comparable, but  
5 that's why we're asking for system impact studies as  
6 well, so that we have the opportunity to use the  
7 actual TBU studies in our final determination.

8 MR. POWELL: And a TBU study will be  
9 the one that the facilities require as part of the  
10 final decision.

11 AUDIENCE QUESTION: Bill Randle.  
12 Doug, you indicated that these studies could either  
13 be done as an incremental or delisted.

14 MR. POWELL: That's correct.

15 AUDIENCE QUESTION: And is it right  
16 to say for developing the short list for this  
17 incremental overload, that everything is going to be  
18 incremental? And are there other parameters in  
19 terms of a dispatch order or something like that are  
20 in that study request?

21 MR. POWELL: I guess what we've

22 looked at from network service customers is, we give  
23 them an option, if they do want to delist. If they  
24 want it, we say, "Look, you know, based on our  
25 studies, it's better to do a delisting for that

1 particular unit in order to make the transmission  
2 service."

3           If it's not, it's going to be an  
4 incremental based on top, but that incremental could  
5 have a dispatch order that does a simulation, you  
6 know, because if you've got more network resources  
7 than you've got load, then that unit could still be  
8 left there as a network resource, but not be used in  
9 the normal dispatch.

10           So, you know, a customer can elect  
11 to have, you know, twice as much network resources  
12 for his loads, but you only -- in running the study,  
13 we would have to try to run the study based on a  
14 dispatch that makes that particular new resource --  
15 and it could be the first one in the stacking order,  
16 it could be the tenth one in the stacking order on  
17 dispatching.

18           And if we do that in summer peak,  
19 versus off-peak conditions, you would see how that  
20 one would be run. But that's the way -- if it's a  
21 permanent delisting or a period delisting, we give

22 them that option as well.

23           AUDIENCE QUESTION: Maybe my

24 question is better posed to the customer. For

25 filling your incremental load, how would you be

1 submitting those system impact studies?

2 MR. MOHL: It just depends on the  
3 resource. There may be an opportunity to request a  
4 delist, if there was a delist opportunity to qualify  
5 that.

6 I think we specified some criteria  
7 in the RFP itself as to how we would look at that  
8 and what resources would qualify as delist. We  
9 specifically exclude our baseload resources from  
10 that, obviously, because of the benefit they  
11 provide.

12 AUDIENCE QUESTION: I'm just  
13 actually -- well, couple of questions: First is --  
14 and this goes to the way the studies are done. If  
15 there's a submittal for a 20-year PPA, and there's  
16 also an acquisition opportunity, theoretically when  
17 those are submitted, is there any difference in the  
18 way those would be evaluated?

19 MR. POWELL: Now, from a studies  
20 process, they would provide us the -- you know, the  
21 stacking order of the dispatch, and if it's a new

22 unit or if it's -- you know, if it's a purchase,

23 they would be studied the same way. There's no

24 difference in the way we do the study.

25 Does that answer your question?



1           AUDIENCE QUESTION: Did they say  
2 they're going to give you the stacking order?

3           MR. POWELL: Yeah. In looking at  
4 any network service customer or native load  
5 customer, when we do our studies, if it's an  
6 incremental, we need to know what the stacking order  
7 is. You know, if it's a resource that they want at  
8 the higher-end incremental, we'll actually try to  
9 make sure that the way the resources turn on is how  
10 they think they're going to run.

11           And so looking at our transmission  
12 service, that's where we start from, that particular  
13 order of dispatch, you know, because we're looking  
14 at both off-peak and on-peak type conditions, and  
15 we'll want to know how those turn on to see what's  
16 happening at off-peak -- you know, or seasonal type  
17 of studies as well.

18           And we'll be looking -- and only  
19 look ten years out because that's as far as out as  
20 our models go, but we'll be looking at, based on  
21 what models are out there, several different years,

22 if it's a long-term contract like a 20-year

23 contract.

24           AUDIENCE QUESTION: Okay. So you

25 have -- really, there's several technologies and the

1 same technology, you shouldn't -- there shouldn't be  
2 really any difference in the way that they analyze  
3 an acquisition versus a 20-year PPA?

4 MR. POWELL: No.

5 AUDIENCE QUESTION: And my next  
6 question was: In terms of projects that are  
7 included in your ten-year cases that you use with  
8 this type of study, are they projects that are in  
9 the construction program, or just projects that have  
10 been identified by Entergy and are in your plan?

11 MR. POWELL: The only projects that  
12 are out there that are in our models are the ones  
13 that have been approved or in our construction plan.

14 AUDIENCE QUESTION: Which go out  
15 three years?

16 MR. POWELL: The construction plan,  
17 it could go out three years or, you know, depending  
18 on what -- you know, if it's a three-year project,  
19 we could be working on it right now. That project  
20 would be included.

21 If it's a one-year project, you

22 know -- but if it's a project that's going to start  
23 three years from now and it's not approved, it would  
24 not, even though we've identified it already,  
25 because the requesting customer network resources

1 may do away with the need for that.

2           AUDIENCE QUESTION: This goes a

3 little bit off, but I think it's relative enough.

4 In terms of the ICT, if the ICT is approved in the

5 next, you know, month or two, would they be involved

6 in any of this analysis work?

7           MR. POWELL: They would actually be

8 running the impact study.

9           AUDIENCE QUESTION: They would be

10 doing all the impact study?

11           MR. POWELL: Right.

12           AUDIENCE QUESTION: This is Mike

13 King. Back to submitting this interconnection study

14 request form. If we don't have an agreement already

15 in place, how is the confidentiality handled prior

16 to the bidding process for that request?

17           MR. POWELL: From a transmission

18 perspective, all that information on the

19 interconnection study process is held confidential.

20 Even in the queue, the name and location is also

21 confidential. So until the IOA is signed, that's

22 all confidential.

23 AUDIENCE QUESTION: All right.

24 MR. POWELL: And it follows the

25 order 2003 A, B -- I think we were on B.

1 MS. DESPEAUX: Maybe C.

2 MR. POWELL: Maybe C. That's right.

3 MR. KAHAL: Bill, I guess I'll  
4 address this question to you: With regard to your  
5 Little Gypsy repowering self-build, is that going to  
6 go through the exact same process that's been  
7 described here and is described in Appendix E2? Or  
8 is there some difference as to how that's handled  
9 with respect to transmission?

10 MR. MOHL: Little Gypsy should be an  
11 equivalent replacement of an existing network  
12 resource, so no additional requests would be  
13 required. There's no increase in capacity. It's  
14 the same amount of capacity.

15 MR. KAHAL: In other words, I guess  
16 you're saying, then, that the repowering project --  
17 I mean, at least for valuation purposes, simply  
18 steps into the existing firm transmission rights of  
19 Little Gypsy unit 3?

20 MR. MOHL: That's correct.

21 MR. KAHAL: Would that be the same

22 for some alternative project that competes with

23 Little Gypsy? Let's say somebody comes along and

24 says, "I can do better than that. I can build a

25 plant in, you know, the same area, not maybe not at



1 that site. Can I have Little Gypsy 3's transmission  
2 rights?" I mean, how would that be looked at?

3 MR. MOHL: Good question. I guess,  
4 you know, we'd have to take a look at that to see.  
5 But, I mean, obviously, we're comparing the market  
6 alternatives to, you know, our self-build option.

7 MS. DESPEAUX: Right. And that's  
8 kind of like a delist. That would be an alternative  
9 to use, if it made sense economically.

10 MR. POWELL: All right. Any more  
11 questions?

12 AUDIENCE QUESTION: My name is  
13 Arthur Maxwell with BTEC.

14 Looking at some of your previous  
15 studies on constraints, must run units, I've seen  
16 where it's been suggested that capacitor lines be  
17 put in and certain plants have been asked to go must  
18 run.

19 Has any consideration been given to  
20 condensing unit technology and simple cycle units  
21 that was -- I understood in the beginning that, you

22 know, you're looking at a couple hundred megawatts  
23 of combined cycle power. Well, that limits the type  
24 of unit you're going to put in the site. I mean,  
25 it's plain to see there's only a few units out there

1 that will generate that one-on-one.

2 But then it became unclear, if you  
3 were going to entertain smaller units, maybe simple  
4 cycle condensing units might relieve some of that  
5 constraint.

6 MR. POWELL: I think that's a Bill  
7 question.

8 AUDIENCE QUESTION: Well, generation  
9 and transmission.

10 MR. MOHL: Yeah, tough question. I  
11 think as Tony indicated, we really haven't  
12 specifically evaluated the specific need for  
13 quick-start CTs as it relates to that. And, again,  
14 from a planning perspective, we're a little bit at a  
15 disadvantage based on the fact that we actually  
16 can't communicate with our TBU group.

17 MR. POWELL: Yeah. Our transaction  
18 plans are strictly based on firm transmission  
19 service that's out there today and in rolling those  
20 over, we're looking at those, and that's how we plan  
21 the system, based on what firm transmission service

22 has been granted.

23           AUDIENCE QUESTION: Just a quick

24 follow-up then: Could I assume that if we were

25 submitting proposals for the specific RFP projects,

1 that as part of that, if we submitted something that  
2 might pose some relief for a constrained area, that  
3 it would not be unwelcome?

4 MR. MOHL: I don't know enough about  
5 what you would propose to really say if it would be  
6 conforming or not. But if you wanted to ask  
7 specific questions as a follow-up, I could probably  
8 better answer that question. I hate to make a  
9 commitment now, not knowing enough about --

10 AUDIENCE QUESTION: Understood.

11 MR. KAHAL: Yeah. Let me add to  
12 that, before you get to the point of making  
13 proposals, I think that what would really be  
14 constructive is if you'd give us a write-up on your  
15 ideas and we can see if we can work them into this  
16 process before they finalize their RFP.

17 MR. MOHL: Exactly. That's right.

18 MR. KAHAL: I mean, you can send  
19 them to them, but if you'd send them to us, we'd  
20 appreciate it also.

21 MS. BENSON: Or both.

22 MR. KAHAL: Both.

23 AUDIENCE QUESTION: Yes, ma'am.

24 Maybe I'll do that.

25 AUDIENCE QUESTION: Yes, I was a

1 little bit confused -- I'm sorry, Gary Chapman.  
2 When you're evaluating the bids, are you going to do  
3 this sort of sequentially, from the standpoint of  
4 filling incremental requirements first and then  
5 looking to delist, and it's sort of both for supply  
6 as well as transmission planning, or is it going to  
7 be more of an all-at-once type of process?

8           MR. DEGEORGE: Well, I think it's  
9 important to look at the two different processes.  
10 First, there is the securing transmission service  
11 for the proposals. In that part of process, we're  
12 going to consider the potential of delisting  
13 existing network resources in order to get  
14 transmission service for the proposals.

15           In terms of whether it's considered  
16 incremental or more than incremental for the system  
17 needs, we will also consider the possibility of  
18 displacing resources to the extent that they are  
19 economic.

20           AUDIENCE QUESTION: I don't know if  
21 I got that. Is it -- are you going to do --

22           MR. MOHL: We are going to look at  
23 delisting, if we think there's a potential  
24 opportunity to delist. And we specified that  
25 criteria, I think, in the RFP itself. And if it



1 doesn't, then we would just look at it on an  
2 incremental basis.

3           MR. POWELL: All right. Thank you  
4 very much.

5           MR. MOHL: Thank you. Okay.

6           Let's see. We've got a few  
7 additional questions I will try to address here. I  
8 think we've got one credit question as well.

9           The question is: Will ESI accept an  
10 offer from a CCGT that has both baseload and  
11 load-following capacity? For example, will a  
12 non-tolling CCGT proposal of 100 megawatt baseload  
13 plus 100 megawatts of load-following capacity be  
14 thrown out as a nonconforming proposal?

15           I guess the way I would answer that  
16 is: What we're looking for from CCGTs is  
17 load-following capacity and the ability to cycle  
18 those units and follow load. So at this point in  
19 time, we're not specifically interested in looking  
20 at a 7x24 for 100 megawatts of CCGT.

21           However, we would be interested in

22 looking at the 100 megawatts of load-following

23 capacity under a, you know, purchase agreement,

24 assuming we had some flexibility in how to dispatch

25 that.

1           The glossary lists the Entergy  
2 affiliates that are not Entergy competitive  
3 affiliates. Please provide examples of Entergy  
4 affiliates that are Entergy competitive affiliates.

5           Off the top of my head, there are  
6 two. Entergy Asset Management, and then Entergy  
7 Wholesale Operations, EWO, are two examples of  
8 competitive affiliates.

9           It says: Do members of the TAG work  
10 for the TBU? If not, why not? Will TAG provide  
11 their cost estimate of transmission upgrades?

12           I think we've made it pretty clear  
13 that TAG is a part of the generation side of the  
14 business. They, in fact, do not work for TBU. Why  
15 not? There's specific codes of conduct and  
16 standards of conduct that apply to that, which  
17 actually prohibit us interacting with those folks.

18           And so let me just make it perfectly  
19 clear: The members of TAG are members on the  
20 generation side of the business. They do not work  
21 for TBU. We are under the same restrictions as any

22 other third party in communicating with TBU.

23           It says: Will TAG provide their

24 cost estimate of transmission upgrades?

25           As I indicated, we provide a tool on

1 the RFP website that will allow you to estimate  
2 those upgrades in a fashion that's comparable to  
3 what TAG will do. We, however, are not going to  
4 post all of our estimates of each proposal or make  
5 those public in any fashion.

6           It says: Appendix C,  
7 Product Package A and B term sheet section, no QF  
8 put. It says: This language does not seem to  
9 recognize that a QF may be put in power to satisfy  
10 the host steam demand. Can ESI amend the language  
11 to allow a minimum load put when the unit is not  
12 dispatched by ESI or dispatched below the minimum  
13 load output of the unit?

14           What I would suggest is that you  
15 just bid the amount that's above that QF put for us  
16 to purchase, to keep it simple. I think as we've  
17 said in some of our earlier presentations, we may or  
18 may not be willing to take on that obligation to  
19 meet the host load requirement. But I think a way  
20 around that is just to bid the excess above and  
21 beyond.

22                    These next three questions are  
23 probably -- I'll just say it in advance: I'll read  
24 the questions, but I think we're just going to have  
25 to get back to you in writing. I haven't looked

1 through the RFP.

2           It says: What is the proper process  
3 and timing for getting ESI's agreement per RFP  
4 Section 2.9 to inform another party, for example, a  
5 cogens thermal host, of a bidder's intent to submit  
6 a bid?

7           We will respond in writing to that.

8           What is the proper process and  
9 timing for parties to disclose to ESI their intent  
10 to enter into contribution or indemnity arrangements  
11 or agreements to allocate their respective  
12 obligations?

13           Again, we will respond in writing.

14           It says: If a party were in  
15 discussions to sell a facility to another party  
16 during the RFP process, what steps and mechanisms  
17 are required so that the bid's viability would  
18 survive a transfer of ownership and not be in  
19 violation of paragraph 11, "Assignability," of the  
20 proposal submission agreement?

21           We will respond in writing to that.

22 You know, one thing that we do provide as it relates  
23 to some special situations is we've got a special  
24 consideration section of the bid proposal where you  
25 may be able to detail this type of thing, and that



1 may be a proper way to address this last one.

2           But I need to sit down and get with  
3 the attorneys and make sure we get a comprehensive  
4 response back on these questions.

5           I believe we've got one question for  
6 credit, and I'll let Tom Moran address that.

7           MR. MORAN: Sure. The question is:  
8 The RFP bid winners will incur significant credit  
9 exposure to accounts receivable due from Entergy,  
10 plus mark to market. Since Entergy Services is an  
11 unrated company with no financial statements of  
12 their own, we want to know if they will provide any  
13 collateral in support of this exposure.

14           Now, to answer that question,  
15 Entergy Services acts as the agent for -- just to  
16 clarify here, as the agent for the operating  
17 companies, and the operating companies themselves do  
18 have financial information and ratings for each of  
19 those entities. That being said, we do not provide  
20 any collateral support from Entergy for that  
21 exposure.

22           However, as forms of acceptable  
23 collateral, we are looking for other solutions, and  
24 an offset of the AR may be one of those solutions  
25 that we would entertain.

1           MR. MOHL: Tom, let me just clarify  
2 one thing. When we actually enter into the  
3 agreement, the agreement itself will not be with  
4 ESI, but it will be with the specific OPCO. So  
5 right now, we're ESI as agent for the operating  
6 companies, but when we get down to a letter of  
7 intent or a definitive agreement, that will be in  
8 the name of the specific operating company or  
9 companies.

10           MR. MORAN: Along those lines is the  
11 next part of this question, having to do with the  
12 agency agreement: Can entities be added, deleted or  
13 changed without approval from the supplying  
14 counterparty?

15           And as Bill said, when we enter into  
16 the contract, we'll be specifying which operating  
17 companies will be a party to it.

18           MR. MOHL: Right. And any  
19 assignment language would be, you know, as mutually  
20 agreeable by the parties.

21           MR. MORAN: The last part of the

22 question is: Are the five utilities jointly or

23 severally liable for amounts due from Entergy

24 Services?

25 One thing to point out in this

1 question is only the four utilities are part of the  
2 RFP. Entergy New Orleans is specifically excluded.  
3 And the utilities are not jointly liable. They're  
4 severally liable.

5           Again, we'll answer that in writing  
6 as well.

7           MR. MOHL: Yes. Thanks, Tom.

8           AUDIENCE QUESTION: I have one more  
9 question. Becky Turner. I was just curious on the  
10 normalization process that you talk about for a  
11 shorter-term PPA versus an acquisition. Can you  
12 give us, you know, what you intend to do to  
13 formalize those?

14           MR. MOHL: Sure. I'll let Tony take  
15 that question.

16           MR. WALZ: We're going to evaluate  
17 every proposal within the category across the same  
18 planning horizon. So all the CCGT proposals will be  
19 evaluated over the same time period. All of the  
20 solid fuels will be evaluated over the same period.

21           If you have a proposal that begins

22 delivery after the start of that time period or a  
23 proposal that ends delivery before the conclusion of  
24 the time period, we'll make an assumption about how  
25 that power, comparable power, will be supplied.

1           And that assumption will be a supply  
2 option that provides comparable functionality, can  
3 serve a similar role as the resource that we're  
4 evaluating.

5           AUDIENCE QUESTION: So is it fair to  
6 say that that would be capped in your build  
7 economics?

8           MR. WALZ: It would be capped at  
9 that, I think is fair to say.

10          AUDIENCE QUESTION: Chuck Holt. I  
11 just have a follow-up on that question.

12          So, for example, on a solid  
13 fuel-based bid that may not have an operational date  
14 for, you know, a few years out, during that interim  
15 period, the replacement wouldn't necessarily be --  
16 it might be gas-fired, it might be combined cycle,  
17 or what?

18          MR. WALZ: First off, keep in mind  
19 that we have start dates that have to be met for  
20 each type of proposal, so you can't go out beyond  
21 that.

22 AUDIENCE QUESTION: Right.

23 MR. WALZ: And, again, the

24 predelivery resource, the resource that we're going

25 to fill in, will be something that we -- and I'm not



1 going to get into specifically what it is, but it  
2 will be something that we think provides comparable  
3 functionality and is our best alternative for doing  
4 that. And it will be the same thing applied to  
5 every proposal.

6 I feel like I haven't answered your  
7 question, but I'm not sure what I've missed.

8 AUDIENCE QUESTION: Well, do you  
9 mean -- John Cooper. Do you mean you'll replace  
10 combined cycle with combined cycle, or will you pick  
11 one resource and apply it to baseload, combined  
12 cycle?

13 MR. WALZ: No. It will be different  
14 types of resources for the different products.

15 AUDIENCE QUESTION: Okay.

16 MR. MOHL: Yes, in the back.

17 AUDIENCE QUESTION: Stephen Lehner.  
18 You mentioned in the RFP that you're in acquisition  
19 discussions with a combined cycle asset in Arkansas,  
20 and that that --

21 MR. MOHL: I believe I clarified

22 that at the beginning, that that's no longer the

23 case.

24 AUDIENCE QUESTION: That's no longer

25 the case. Okay. I just wanted to -- thank you.

1 MR. MOHL: Any other questions?

2 AUDIENCE QUESTION: I have a  
3 question for Matt, I think, if that's okay.

4 MR. MOHL: You bet.

5 AUDIENCE QUESTION: There's a  
6 LPSC --

7 MS. BENSON: Do you want to state  
8 your name for the record?

9 AUDIENCE QUESTION: I'm sorry. Bill  
10 Randle.

11 There's a LPSC technical conference  
12 scheduled for March 21st?

13 MR. KAHAL: That's correct. That  
14 conference on March 21st deals with a rulemaking  
15 regarding whether -- the primary issue is really  
16 whether QFs are exempt from the commission's MBM  
17 order.

18 AUDIENCE QUESTION: How does the  
19 timing and -- how does that meeting and the results  
20 of it factor into this RFP, if at all?

21 MR. KAHAL: I think that we don't

22 know. I think that at the time of the technical

23 conference, our plan is going to be -- is to really

24 query the parties to that case.

25           You know, there have been maybe four

1 or five parties, I think, that have, you know,  
2 submitted comments in that on how they want to  
3 handle it.

4           We're going to have the technical  
5 conference where people can put their positions on  
6 the table and so forth, and we may query the parties  
7 on whether they want an opportunity to refresh their  
8 comments based on things that transpire at the  
9 technical conference.

10           We will then submit a staff report,  
11 allow comments on that, and then the staff  
12 recommendation will go to the commission.

13           So that will -- you know, I  
14 anticipate that might be completed sometime,  
15 roughly, over the summer. But we would ask for  
16 guidance from people at the technical conference as  
17 to how they want to handle the schedule on that.

18           And then, I guess, we have to -- I  
19 can't predict what the outcome of that is going to  
20 be, so I guess I don't really see that affecting the  
21 RFP itself. The RFP itself is going to produce

22 whatever it produces.

23           What I understand the position of

24 some of the QFs to be -- I don't want to put words

25 in anyone's mouth, but suggesting it's fine if an

1 RFP produces certain results and results in certain  
2 identified market prices.

3           The position of the QFs is that if  
4 that's the case, then they believe that they're  
5 entitled under PUPRA to capacity contracts based  
6 upon the prices that are revealed as part of the RFP  
7 process.

8           That's one policy position that's  
9 been argued. For example, Occidental made that  
10 argument and was arguing that it was entitled to a  
11 long-term capacity contract at the prices that came  
12 out of an earlier RFP for the Perryville project.  
13 That was an argument that they made, and that's kind  
14 of what's going to be debated.

15           That's kind of the best answer I  
16 think I can give you right now.

17           AUDIENCE QUESTION: Thank you.

18           MR. MOHL: Matt, just to clarify, I  
19 mean, right now, our position is everyone has to bid  
20 in the RFP if they want to participate. Would you  
21 agree?

22 MR. KAHAL: There's no question that

23 that's your position, and --

24 MR. MOHL: But, I mean, right now is

25 that the message we're sending to everybody, is they



1 need to bid?

2 MR. KAHAL: Right. And it's the  
3 staff position that the MBM order is clear and that  
4 the MBM order does not provide an exemption, and at  
5 issue is whether to change that order.

6 So for the moment, until the order  
7 is changed, we're going with the order as it exists.  
8 And the question is: As a matter of policy, maybe  
9 as a matter of law as well, should the commission  
10 change that general order? You know to provide what  
11 you might call special privileges for the QFs.

12 MR. MOHL: Thanks. Okay. Let's  
13 take ten minutes. We'll take a break, and then  
14 we'll have Mr. Burton walk through some of the  
15 bidder registration and the bid submittal process.

16 (Recess taken, 2:27 p.m. to  
17 2:46 p.m.)

18 MR. KAHAL: I invited all of you  
19 guys, you know, to get in touch with us, being  
20 staff, if you have any thoughts, gripes, bitches,  
21 whatever; and in order to do that, you need our

22 e-mail addresses and phone numbers. Probably some

23 of you guys have it, from proceedings that you've

24 been involved in with us.

25           But in case you don't -- I'm looking

1 for my attorney here. But, anyway, my phone number  
2 is (410) 992-7500, and my e-mail address -- I  
3 apologize. We're kind of business-card-challenged  
4 here, but my e-mail address is  
5 mkahal@exeterassociates.com.

6 MS. WATSON: And I can be reached at  
7 the Louisiana Public Service Commission, (225)  
8 342-9888. And the e-mail address is  
9 melissa.watson@la.gov. And if you are in any way  
10 familiar with the LPSC's website, which is  
11 www.lpsc.org, you can find me on there, and it has a  
12 link directly to my e-mail.

13 But I was wanting to get the sign-in  
14 sheet and possibly follow up with an e-mail to those  
15 who signed in and left their e-mail addresses, with  
16 contact information where you can get in touch with  
17 Matt and myself. And possibly, if any of you would  
18 be interested in the commission's orders, the  
19 market-based mechanisms order and the 1983 order, I  
20 can link those as well, so you can have access to  
21 that information.

22 MR. BURTON: All right. We'll go  
23 ahead and get started now on walking you guys  
24 through an actual bidder registration form, proposal  
25 submission form, just the whole process. Just keep

1 in mind, all this information is provided in detail  
2 in Appendix D as well.

3           We walked through this earlier.  
4 Again, just real quick, the registration is the  
5 first phase. Once the RFP has been posted to the  
6 website on April 17th, at that point you can go  
7 ahead and download the bidder registration form and  
8 the proposal submission form as well. But the  
9 bidder registration form will be due by that Friday.

10           You'll go ahead and fill it out,  
11 submit it, and, of course, like I said, you'll get  
12 the confirmation or rejection, and we'll need you to  
13 execute that document at that phase there. And once  
14 you've done that, within two business days we'll  
15 send you an invoice for the proposals that you  
16 registered, and we'll require payment the following  
17 Thursday.

18           Just want to hit a couple of the  
19 highlights here. You-all have these packets.  
20 Again, just to go through the dates, registration  
21 will be the 18th through the 21st of April. Make

22 sure that you do register all proposals during that  
23 time. If you register two proposals and then after  
24 that bidder registration period is over, you want to  
25 submit three, you're not going to be able to do so

1 at that time. So figure out ahead of time how many  
2 proposals you want to register, because you won't be  
3 able to submit more than that number.

4           We have the website information  
5 here. Again, once you go out to that website,  
6 you'll just be able to click on the Word document  
7 there, you'll save it to your local drive. Make  
8 sure the macros are enabled.

9           What I've found is that once you do  
10 save it, go ahead and close out that Word file and  
11 then open it back up. That way, everything resets  
12 itself as far as the macros go.

13           A couple other points we want to  
14 make. Again, make sure you enable the macros. Once  
15 you do submit your bidder registration form, it  
16 takes about 30 minutes for our automated process to  
17 work, and you should expect an e-mail back during  
18 that time. If not, make sure that you've filled out  
19 your e-mail address correctly in the form.

20           We're not going to send the  
21 confirmation or rejection, necessarily, back to the

22 e-mail addresses that you sent the form. In the  
23 bidder contact information, you're going to fill out  
24 an e-mail address there, and that address will be  
25 the one that gets the reply.



1           Again, we'll have the RFP hotline  
2 available. Laura Berryman will run that, and it  
3 will be open during regular business hours to answer  
4 any technical questions you might have, if you have  
5 problems with the documents.

6           Again, I won't go over this because  
7 we did it earlier, but you'll have a proposal  
8 submission fee. Again, it's \$5,000 for the first  
9 proposal for a given plant, and \$1,000 for every  
10 additional proposal tied to that specific plant.

11           Here's an example of one, and this  
12 is actually in Appendix B as an illustration. Let's  
13 say you have two plants that you want to register,  
14 plant X and plant Y, and for plant X you have two  
15 proposals.

16           First one, like I said, we priced at  
17 5,000; the second one will be priced at \$1,000 --  
18 I'm sorry. You have three proposals for plant X,  
19 and so the third one would also be priced \$1,000.

20           And then you have the other plant,  
21 two proposals there. Again, the first one priced at

22 5,000, any additional one priced at \$1,000. And  
23 what we'll end up doing is you'll get a proposal ID  
24 for each proposal you register, and we will invoice  
25 you based on the number of proposals you submit.

1           So, in this particular case, this  
2 bidder would receive five invoices, because we  
3 can't -- it's just easier to do it this way instead  
4 of just sending you one invoice for \$13,000, because  
5 you may decide after the fact that, "Hey, you know  
6 what? I really don't want to submit proposal 2 for  
7 plant Y, so I'm going to only send in \$12,000."

8           Well, we don't know which proposal  
9 you didn't want to include in that particular  
10 scenario, so it's just simpler to define each  
11 invoice separately and pay it accordingly.

12           We'll go to a sample bidder  
13 registration form as it exists now. Keep in mind  
14 that these fields -- you'll fill in the gray boxes  
15 here, and next to it, it has this little symbol.  
16 That means it's a required field. So, for example,  
17 here, we'll just go through a few of these fields  
18 for you. Name of bidder, you put Company A or XYZ.  
19 That will work.

20           And go ahead and tab out of that to  
21 the next field. Basically, since this is a required

22 field here, go ahead and tab out of it. A warning  
23 box will pop up, saying, "Look, it's a required  
24 field." Make sure you fill it out before you send  
25 it in.

1           Even if you don't fill this out on  
2 the front end, you'll still be able to send it in,  
3 but you'll get a rejection e-mail later on, stating  
4 that you didn't fill out that field. So it's just a  
5 pop-up warning mechanism to say make sure you get  
6 that field filled out properly.

7           Okay. And, again, you'll fill out  
8 the remaining contact information there. The reason  
9 we need your federal tax ID or your taxpayer ID is  
10 for the invoice.

11           Let's scroll on down to the plant  
12 registration. All right. Here, you just put in the  
13 name of your plant; just plant A, for example. Put  
14 in the county or parish, as well as the state. All  
15 right.

16           Actually, we'll just register one  
17 plant in this case. But if you have multiple  
18 plants, obviously, you'll fill out plant 2, plant 3  
19 and so forth.

20           All right. Let's scroll down to the  
21 proposal registration. All right. Proposal

22 number 1, go ahead and click on product type. You  
23 have your drop-down box with the five different  
24 products which you can bid in. So you just select  
25 one of those, and in this case, in plant number,

1 that's going to tie back to the plant registration.

2 We've only registered one, so the only plant you can

3 tie it to is plant number 1 that you registered.

4           If David had put in plant number 2

5 there, a warning box would have popped up and said,

6 "Look, you haven't registered a plant number 2 yet."

7 So, again, it's just a check to make sure that you

8 filled it out correctly.

9           And you're allowed to fill out up to

10 25 proposals and up to ten plants. Go ahead and

11 scroll on down to the signature. There we go.

12           We do allow you guys to elect a

13 signature ID option. What this does is it takes the

14 place of a handwritten signature. It's just as

15 official and legal. It's a just a simpler way for

16 you guys to go ahead and fill out your information,

17 and it's defaulted to "yes." Really, where this

18 comes into play is with the proposal submission

19 forms the following week or two weeks later for

20 solid fuels.

21           But if you use the signature ID,

22 then once you fill out your proposal submission form

23 you don't have and sign and execute anything else.

24 You'll type in your signature ID along with your

25 proposal information and you're done. Otherwise,



1 you're going to have to print it, sign it and fax it  
2 on in. So it's easier for you guys.

3           And then down here, would be the  
4 name and title of the person who has the authority  
5 for this signature ID.

6           All right. Once you've filled out  
7 all that information, you'll go ahead and e-mail it  
8 back in to the e-mail address we provide. It's not  
9 available just yet. At that point, you'll get the  
10 confirmation or rejection e-mail.

11           Okay. And the reason why we have  
12 bidder ID, plant ID, proposal ID and signature ID,  
13 it's all done to protect you guys and, you know, we  
14 don't need to know your bidder names, you know, your  
15 full plant names. It helps distinguish on the  
16 evaluation groups between the information they need  
17 to have and information they don't need to have.

18 It's all done to make it all fair and impartial.

19           MR. STRENGTH: Cory, back up a  
20 couple of slides and show the confirmation.

21           MR. BURTON: Did we skip that?

22 Okay.

23 MR. STRENGTH: Yes.

24 MR. BURTON: Okay. Here's an

25 example. If you filled out your bidder registration

1 form correctly, you'll get an e-mail that looks  
2 pretty similar to this. And I'm sorry it's  
3 difficult to read. Hopefully, it's easier to read  
4 on your printout there.

5           The main take-aways there: One, we  
6 highlight that you still need to -- even if you have  
7 a signature ID, the back page of the bidder  
8 registration form has a place where you've got to  
9 sign your name and you'll put in your bidder ID.  
10 And on that confirmation, you'll see here, we will  
11 have assigned you that bidder ID, so you plug that  
12 in. And you'll also have plant identification  
13 numbers, based on the plants you registered, as well  
14 as proposal IDs.

15           So, again, once you get this, you  
16 still have to fax in the signature page there.  
17 Okay.

18           If you don't fill it out correctly,  
19 you get a rejection e-mail that looks like this.  
20 And it will show you, like, "Field 6 is blank," so  
21 we'll point you to the field where there's an error

22 and basically state what you need to do to correct  
23 that issue. Once you correct it, just resubmit it  
24 and hopefully everything will be fine and you'll get  
25 a confirmation e-mail at that point.

1           Okay. One thing on proposals, if  
2 you end up submitting your form and you do get  
3 confirmed, but then later on during the week you  
4 realize, "Oh, I want to do a few more things with my  
5 form," whether delete something or add to it, just  
6 understand that the last form you send in that gets  
7 confirmed supersedes any previous form you send in.

8           All right. Now, that gets us to the  
9 electronic proposal submission process. Again, we  
10 have two different periods for that: CCGT May 1st  
11 through the 5th, and then the few weeks later we  
12 have the solid fuels. We would ask that if you are  
13 submitting a solid fuel proposal, wait until the  
14 15th. Don't do it early. It just keeps things  
15 cleaner for us just to separate them out.

16           Again, we can't emphasize enough,  
17 make sure you submit the correct e-mail address in  
18 your form because that will be the link between you  
19 and the automated system.

20           Again, you can register up to the  
21 number of proposals registered. Even if you

- 22 registered, say, five proposals and you paid for
- 23 five proposals and you realized once you get to the
- 24 proposal submission period you only want four, you
- 25 can submit just four and you'll be refunded your

1 money on the one that you didn't submit.

2           Again, make sure you keep your  
3 bidder, plant and proposal ID. That's going to be  
4 your link. Whatever you put in the submission form,  
5 it all has to match up with how you registered it on  
6 the bidder registration.

7           And, again, we can't emphasize  
8 enough, because there's a window of time when you  
9 can do this, do it early, as early as possible.  
10 Again, you can always add to it or take away later,  
11 but you don't want to get stuck up against the back  
12 end of the time period and not have everything  
13 complete.

14           Same process as the bidder  
15 registration forms. You'll just download the form  
16 from the website, save it to your local drive, fill  
17 it out and send it back in. If you have the  
18 signature ID, you'll just put that on the form  
19 there, and you're done, as long as you get that  
20 confirm.

21           If you don't have the signature ID,

22 once you get confirmed of that registration, you'll

23 still have to sign it and fax the proposal.

24           We're going to run through one of

25 the products -- it's Product Package A, the non-toll



1 PPA -- and just show you what it looks like and how  
2 we tab through it.

3           Again, you'll have these ID codes at  
4 this point. You'll have been assigned that  
5 information. Again, if it has this symbol next to  
6 it, it's going to be a required field. And if you  
7 tab past that field without entering in information,  
8 a warning box will pop up and tell you to fill it  
9 out.

10           Right here, if you do elect a  
11 signature ID, you'll plug that information in right  
12 there. Of course, that avoids you having to sign  
13 it, and you'll do it all electronically. If you  
14 don't have the signature ID, you'll fill out this  
15 information right here. You'll just have to print  
16 it, sign it and fax it in.

17           All right. Down to the meat of the  
18 project here. Here's where you're enter in all the  
19 more detailed information of the facility itself.  
20 Some of these have drop-down boxes; most of which,  
21 though, you'll just type in the information

22 yourself. We do allow for a great deal of

23 explanation on a lot of these fields. We understand

24 that's necessary for certain things.

25           Go ahead and scroll on down to --

1 let's see. You have your economics section there.  
2 You're putting in your capacity, quantities, mins,  
3 maxes, delivery terms, things like that. Scroll on  
4 down to option premium.

5           On this one, you have a choice of  
6 three different methods of how you want to select  
7 your option premium there. And you pick the one you  
8 want, and then you fill out the appropriate fields  
9 accordingly. Okay. And then there's also a fuel  
10 section, transmission section as well, filling out  
11 the same type of thing.

12           Okay. Did y'all want to go through  
13 this piece anymore? Okay.

14           David, switch back to the  
15 PowerPoint.

16           Okay. Once you fill out your  
17 proposal submission form, again you'll send it to  
18 the e-mail address that we give you, and allow about  
19 30 minutes or so. But you filled out the form  
20 correctly, you should get a confirmation e-mail that  
21 looks just like this, where it lays out all of your

22 ID information.

23           Again, if you've used the signature

24 ID, you're done. If you don't elect the signature

25 ID option, then at this point, that's when you'll

1 sign that signature page and fax it back in.

2           Here's the rejection e-mail, very  
3 similar to the bidder registration. If there's a  
4 problem with the form, we will identify the fields  
5 at issue and explain what needs to be corrected.

6           All right. We already went through  
7 this. Go ahead. Okay.

8           Key take-aways on the bidder  
9 registration process: Make sure you get it done  
10 during this time frame here, certainly well in  
11 advance of when it is due. And even when you get  
12 the confirm on the bidder registration, you will  
13 have to sign and fax the form and send it in.

14           And, of course, bidder registration  
15 is not officially complete until you've made the  
16 proposal submittal fees.

17           And for the proposal submission  
18 process, again, you have your two different time  
19 frames based on the type of products you are  
20 submitting. Again, the key difference there is  
21 whether or not you use the signature ID; and get it

22 done early, if you can.

23           That's it. Again, here's the

24 website information, and we will have the hotline

25 available during those days.

1 Any questions?

2 AUDIENCE QUESTION: Cory, it's been  
3 requested that we could possibly show the point on  
4 the form where they can submit their transmission  
5 ideas?

6 MR. BURTON: Sure. This section  
7 here? Yeah, there's a variety of questions here  
8 where you can provide information on the status of  
9 your transmission service and various other details  
10 there.

11 AUDIENCE QUESTION: And that  
12 includes the potential delisting, displacement,  
13 et cetera or other options that the bidders may have  
14 for their best estimation for alleviating  
15 transaction constraints?

16 MR. BURTON: This one here?

17 MR. STRENGTH: No, one more.

18 MR. BURTON: Scroll down a little?

19 MR. STRENGTH: Very last bullet.

20 MR. BURTON: Okay. Right. And that  
21 one allows you -- I think that's an unlimited

22 character field, so you can explain in as much

23 detail as you want any suggestions, options you may

24 have regarding that issue.

25           You want to scroll down to special



1 considerations while we're at it? Okay. We didn't  
2 touch on this earlier, but if you have special  
3 considerations and if you've been through this  
4 process before, this is familiar. If you have  
5 special considerations, then you'll click on this  
6 box here and go ahead and fill out these boxes, if  
7 you have any other caveats that aren't addressed in  
8 the main portion of the form. Okay.

9           Any questions?

10           MS. BENSON: I have a question.

11 Will you accept questions on this prior to  
12 April 18th that come in through the website? In  
13 other words, people -- I mean, I'm hoping your  
14 answer will be yes.

15           MR. BURTON: Oh, sure. Just like  
16 people have any other questions regarding that.

17           MS. BENSON: They don't have to wait  
18 until April 18th.

19           MR. BURTON: Of course not. No.

20           MS. BENSON: Good.

21           AUDIENCE QUESTION: Would you cover,

- 22 again, just what defines a different proposal, if
- 23 you've got a unit that you're going to submit
- 24 several proposals from and maybe there are, I don't
- 25 know, variations on how you would submit quantity,

1 does each variation require a different proposal  
2 here?

3 MR. BURTON: Yes.

4 AUDIENCE QUESTION: Okay.

5 MR. BURTON: Yeah. For a material  
6 change such as quantity, then, yes, you would  
7 need -- on the bidder registration form when you  
8 fill out up to 25 proposals, that's where you would  
9 address that.

10 AUDIENCE QUESTION: Okay.

11 MR. BURTON: Anything else?

12 MS. BENSON: And term would also be  
13 another key consideration, right?

14 MR. BURTON: Sure.

15 MS. BENSON: Yes, just to make it  
16 clear.

17 MR. BURTON: Okay.

18 MR. STRENGTH: Thanks.

19 MR. MOHL: Okay. I've got one  
20 additional question that we received that I'll just  
21 go ahead and address.

22           The question is: For baseload  
23 stable fuel or solid fuel bids using coal, nuclear,  
24 pet coke or lignite, can ESI make available the  
25 forward curves for these fuels, or at least the

1 starting point fuel price?

2 We do not intend to make our price

3 curves public. We consider that proprietary

4 information. Never have shared it and don't intend

5 to share it.

6 Matt, any other comments, issues?

7 MR. KAHAL: No, Bill, that's it. We

8 don't have anything further.

9 MR. MOHL: Okay. Anybody else?

10 Well, I really appreciate y'all

11 coming out today. I know it's been a long day.

12 Hopefully, it's been helpful. Again, encourage you

13 to submit additional questions in writing. We will

14 take the questions you've given us, we'll also do

15 our best to take the transcript and pull some of the

16 questions out of it so that we can post those, and

17 we will endeavor to have that done by early next

18 week.

19 So thanks again. Have a safe trip

20 home, and I look forward to hearing from you.

21 MR. KAHAL: And we look forward to

22 receiving whatever comments you-all have, also, and  
23 whatever creative suggestions you have for improving  
24 the process and dealing with these cost problems  
25 that we have on the system.

1 COUNTY OF GALVESTON )

2 STATE OF TEXAS )

3

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5 REPORTER'S CERTIFICATION

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8 I, Michael E. Miller, RMR, CRR, Notary

9 Public in and for the State of Texas, do hereby

10 certify that the foregoing transcription is a true

11 and accurate record of the proceedings held in my

12 presence on the above-captioned date.

13

14 Given under my hand and seal of office

15 on February 26, 2006.

16

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18

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Michael E. Miller, RMR, CRR  
Notary Public in and for  
The State of Texas  
My Commission Expires: 7/9/2008

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