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Procedure Contains NMM REFLIB Forms: YES NO

Effective Date	Procedure Owner:	P.L. Swigart Director Financial Ops & Control Echelon	Executive Sponsor:	Theo Bunting VP & CFO – Nuclear Operations Echelon
3/31/08	Title: Site:		Title: Site:	

Exception Date*	Site	Site Procedure Champion	Title
	ANO	Marla D. Gardner	Site Business Manager
	GGNS	Angela C. Gallagher	Site Business Manager
	BRP	Pete Sabo	Site Business Manager
	IPEC	John R. Butts, Jr.	Site Business Manager
	JAF	Susan Hogue	Site Business Manager
	PLP	Pete Sabo	Site Business Manager
	PNPS	Brian Collins	Site Business Manager
	RBS	Deanna McKenzie	Site Business Manager
	VY	Jackie Johnson	Site Business Manager
	W3	John D. Hunsaker	Site Business Manager
	WPO	Jim Reagan	Mgr, Financial Controls
	ECH	P. L. Swigart	Dir, Financial Ops & Ctrl.
	NP	NA	
	HQN		

Site and NMM Procedures Canceled or Superseded By This Revision

Process Applicability Exclusion)
 All Sites: Specific Sites: ANO GGNS IPEC JAF PNPS RBS VY W3


Change Statement

No change to procedure. This revision acknowledges that Palisades and Big Rock Point have adopted this procedure. Palisades will continue to use site specific interface procedures until the corresponding Entergy interface procedure is adopted for use at Palisades.

*Requires justification for the exception

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1.0 PURPOSE


- [1] The purpose of this procedure is to provide guidance to Entergy Nuclear (EN) management and employees in the use of shared labor resources and software between sites including the charging of payroll and expenses in accordance with regulatory and legal requirements governing the Company's affiliate transactions.

2.0 REFERENCES


- [1] Entergy System Accounting Policy, "Affiliate Transactions"
- [2] Entergy System Policy, "Affiliate Interactions"
- [3] NCIS Administrative Manual, NCIS-AD-G-002, "Process for Valuing EN-S Applications for Buy-in by EN-NE"
- [4] Nuclear Management Manual Procedure, EN-QV-103, "Corporate Assessment Program"
- [5] Nuclear Management Manual Procedure, EN-OM-116, "Peer Groups"
- [6] Nuclear Management Manual Procedure, ENS-HR-128, "Temporary Job Assignments"
- [7] Nuclear Management Manual Procedure, ENS-HR-130, "Shared Resource Assignment"

3.0 DEFINITIONS

- [1] The Company – Entergy Corporation and its subsidiaries.
- [2] Entergy Nuclear (EN) – Comprises both the regulated and unregulated nuclear operations.
- [3] ESI Nuclear Employee – An employee of Entergy Services Incorporated.
- [4] Entergy Nuclear Operations, Inc. (ENOI) Employee and Entergy Nebraska Inc. (ENE) Employee – An employee of either ENOI or ENE. ENOI and ENE primarily provide services to Entergy's unregulated nuclear business.
- [5] Entergy Operations, Inc. (EOI) Employee – An employee of Entergy Operations Inc. (EOI). EOI primarily provides services to Entergy's regulated nuclear business.

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- [6] Forty (40) Hour Rule – Employees providing services within their region (i.e., EOI Employees providing services to Regulated Subsidiaries or ENOI/ENE Employees providing services to Unregulated Subsidiaries) that are planned for forty hours or less shall continue to charge time and expenses to their home site for each such temporary job assignment. The benefiting site may choose to pay expenses during RFO assignments. If the services are expected to exceed 40 hours, the “host” site pays the labor costs and expenses. Reference 2.0[6] and [7].
- [7] Industry Best Practice Sharing Rule – The nuclear industry’s practice is to share best practices and emulate successes which benefit each nuclear station. Employees participating in the industry’s best practices through involvement in peer groups (EN-OM-116) and formal assessments (EN-QV-103) will continue to charge time and expenses to their home site. (LEAF is not required.) The nuclear industry’s practice is to share best practices and emulate successes which benefit each nuclear station.
- [8] LEAF – Loaned Employee Approval Form to be completed for all EOI and ENOI/ENE employees on loan between the regulated and unregulated regions. This form is not required for peer groups, formal assessments and project teams. The Business Services Corporate Coordinator is responsible for maintaining the LEAF. See Attachment 9.3
- [9] Market Analysis Rule - If the determination of market value for a service is not possible due to lack of availability or cost effectiveness in ascertaining and documenting, the service will be performed without charge to the receiving regulated site.
- [10] Market Availability Rule – If the resources are not available in the market in a timely manner, the service will be priced at the loaded cost including expenses. The requesting manager must provide this statement on the LEAF
- [11] \$100,000 Limit Rule – If the cost of the resources procured by a Regulated Subsidiary from an Unregulated Subsidiary exceeds \$100,000, the transfer may not occur unless (a) the procurement was competitively bid under a bidding process approved by retail regulators, (b) prior retail regulatory approval was obtained, or (c) it was an emergency situation verified by the CFO- Nuclear Operations. In the case of an emergency situation, notify Regulatory Affairs in the jurisdiction(s) involved.
- [12] Regulated Subsidiary – For purposes of this procedure, Regulated Subsidiaries include EOI, Entergy Gulf States, Inc. (EGSI), Entergy Louisiana, Inc. (ELI), Entergy Arkansas, Inc. (EAI), Entergy Mississippi (EMI), System Energy Resources, Inc. (SERI), and Entergy Services, Inc. (ESI), System Fuels, Inc. and any other such similar subsidiaries as Entergy may create. Entergy Nuclear South plants are owned


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by Regulated Subsidiaries. Contact the Director, Business Services to resolve any question as to whether an entity is a Regulated Subsidiary.

- [13] SAIC – Science Applications International Corporation, Entergy Nuclear’s Information Technology contractor.
- [14] Subject Matter Expert Rule – If the resource is uniquely qualified (e.g. due to experience, Entergy procedural or applied knowledge, and/or nuclear safety access issues) the service will be priced at the loaded cost including expenses. The requesting manager must provide this statement on the LEAF
- [15] Unregulated Subsidiary – An Entergy Corporation subsidiary that Entergy has created or shall create that is not a domestic regulated electric utility or is not primarily engaged in the business of providing services or goods to domestic regulated electric utilities. Entergy Nuclear Northeast plants are owned by Unregulated Subsidiaries. Contact the Director, Business Services to resolve any question as to whether an entity is an Unregulated Subsidiary.

4.0 RESPONSIBILITIES

- [1] **Vice-President, Chief Financial Officer (CFO)-Nuclear Operations** – is responsible for the maintenance and interpretation and audits of compliance of this procedure as well as the determination of emergency situations within the context of the \$100,000 Limit Rule.
- [2] **Director, Business Services** – reports to the CFO – Nuclear Operations and is responsible for verifying the effectiveness of this procedure, informing EN personnel of the content of this procedure, appointing a Business Services Corporate Coordinator, approving the LEAF, and periodically reporting to the CFO-Nuclear Operations on the loaned labor activity between the regulated and unregulated regions.
- [3] **Supervisors/Management of EN Personnel** – are responsible for completing the LEAF and ensuring their employees correctly charge expenses and payroll to the projects on which they work.
- [4] **Business Services Corporate Coordinator** – appointed by the Director - Business Services and is responsible for maintaining the LEAF for EOI or ENOI/ENE employees loaned between the regulated and unregulated regions, designating the accounting treatment on the LEAF, ensuring proper documentation, and tracking and periodically reporting to the Director, Business Services on the loaned labor activity between the regulated and unregulated regions.

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[5] **EN Employees** – are responsible for correctly charging expenses and payroll for work to the subsidiary of the Company where they are authorized to work.

5.0 DETAILS

5.1 PRECAUTIONS AND LIMITATIONS

None

5.2 GUIDANCE ON THE USE OF AND CHARGES OF EOI, ENOI, and ENE NUCLEAR PERSONNEL

[1] EOI and ENOI/ENE personnel may support both the Regulated and Unregulated Subsidiaries. Settlement agreements with retail regulators and affiliate rules issued by regulatory agencies such as the Federal Energy Regulatory Commission (FERC) have placed specific requirements on activities between the regulated and unregulated nuclear businesses as included in this procedure.

[2] EOI and ENOI/ENE Employees must charge payroll and expenses to the Regulated or Unregulated Subsidiary that is receiving the benefit of their efforts except in cases where the Industry Best Practice Sharing Rule or the 40 Hour Rule applies.


(a) EOI and ENOI/ENE Employees participating in the industry's best practices through involvement in peer groups (EN-OM-116) or formal assessments (EN-QV-103) are subject to the Industry Best Practice Sharing Rule and will charge their home site for time and expenses.

(b) When loaning labor from one site to another site within the same region (e.g. EOI site to another EOI site or ENOI/ENE site to another ENOI/ENE site), the host (benefiting) site will pay for the payroll and employee expenses associated with hours worked in excess of 40 hours for each temporary job assignment in accordance with the 40 Hour Rule.

[3] Employees must record the correct code block elements as required by the accounting entry system (Business Unit, Department, Resource, Project, Activity and Physical Location) when charging payroll and expenses for work performed at their home site or for another site.

(a) Contact the budget coordinator, Nuclear Finance section, or the Business Services Corporate Coordinator with any questions on code block elements.

[4] Employees providing services to the Cooper Nuclear Station should contact the Manager, transition for Entergy Nebraska in addition to following this process.


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5.2.1 Additional Guidance On The Use Of And Charges For EOI Personnel To Unregulated Subsidiaries

- [1] If the EOI Employee who will provide any service to an Unregulated Subsidiary is a union member, the Site Human Resources representative should be contacted, the site collective bargaining agreement should be reviewed, and all provisions therein should be complied with.
- [2] When loaning labor from EOI to an unregulated site, a LEAF must be completed except when the Industry Best Practice Sharing Rule applies. See Attachment 9.3.
- [3] In cases where a LEAF is required, it is imperative that the loaned employee charge all payroll hours and employee expenses to the host (benefiting) site's code block elements (Business Unit, Department, Resource, Project, Activity and Physical Location) as required by the appropriate accounting entry system.
 - (a) The host (benefiting) site should be informed prior to the direct charge occurring.
 - (b) Contact the Business Services Corporate Coordinator with any questions concerning loaned labor.
- [4] Any payment to a Regulated Subsidiary for the services rendered to an Unregulated Subsidiary will include an additional 5% surcharge to the fully allocated cost of service, including labor, overhead and expenses.

5.2.2 Additional Guidance On The Use Of And Charges For ENOI/ENE Personnel To Regulated Subsidiaries

- [1] If the ENOI/ENE Employee who will provide any service to a Regulated Subsidiary is a union member, the Site Human Resources representative should be contacted, the site collective bargaining agreement should be reviewed, and all provisions therein should be complied with.
- [2] In general, services provided by an ENOI/ENE Employee to a Regulated Subsidiary will be charged at the lesser of cost or market value subject to the \$100,000 Limit Rule with the following exceptions.
 - (a) If the services fall under the Subject Matter Expert Rule or the Market Availability Rule, the service will be priced at the loaded cost including expenses and subject to the \$100,000 Limit.


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5.2.2[2] cont.

- (b) If the services do not fall under the Subject Matter Expert Rule or the Market Availability Rule but the Market Analysis Rule applies, the services will be performed without charge to the Regulated Subsidiary.
- [3] When loaning labor from ENOI/ENE to a regulated site, a LEAF must be completed except when the Industry Best Practice Sharing Rule applies. See Attachment 9.3.
- [4] In cases where a LEAF is required, it is imperative that the loaned employee charge all payroll hours and employee expenses to the host (benefiting) site's code block elements (Business Unit, Department, Resource, Project, Activity and Physical Location) as required by the appropriate accounting entry system.
- (a) The host (benefiting) site should be informed prior to the direct charge occurring.
 - (b) Contact the Business Services Corporate Coordinator for assistance with the LEAF and with any questions concerning loaned labor.

5.3 GUIDANCE ON CHARGES OF ESI NUCLEAR PERSONNEL

- [1] In accordance with service agreements, ESI may provide services to the Regulated and Unregulated Subsidiaries.
- [2] ESI Nuclear employees must charge payroll and expenses to the Regulated or Unregulated Subsidiary that is receiving the benefit of their efforts.
- (a) For services rendered to a Regulated Subsidiary, ESI will charge the fully loaded labor and expenses.
 - (b) The services rendered to an Unregulated Subsidiary will incur an additional 5% surcharge to the cost of service.
- [3] ESI Nuclear payroll and expenses incurred in support of the Unregulated Subsidiaries must never be charged to the Regulated Subsidiaries.
- [4] ESI Nuclear employees must use the specific code block elements (Business Unit, Department, Project, and Physical Location) that are established for ESI Nuclear in performing services for the Unregulated and Regulated Subsidiaries.

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5.3[4] *cont.*

- (a) Contact the budget coordinator, Nuclear Finance section, or the Business Services Corporate Coordinator for guidance on ESI code block elements for Regulated Subsidiaries.
- (b) If work is to be performed for Unregulated Subsidiaries, guidance on code block elements will be provided by the Director, Business Services under the CFO-Nuclear Operations.

5.4 CHARGING FOR SOFTWARE COSTS

- [1] Software developed by a Regulated Subsidiary and transferred for use by an Unregulated Subsidiary must be priced at the higher of fully loaded cost or market value.
 - (a) If a market value or cost is not available, the transaction is charged at the SAIC replacement cost in accordance with the procedure in Reference 2.0 [3].
- [2] Software developed by an Unregulated Subsidiary and transferred for use by a Regulated Subsidiary must be priced at lesser of cost or market.
 - (a) If a market value is not available, the transaction is charged at the SAIC replacement cost in accordance with the procedure in Reference 2.0 [3].


5.5 ASSESSMENT OF CHARGES OF NUCLEAR PERSONNEL

On at least an annual basis, CFO-Nuclear Operations will conduct an assessment of whether payroll and expenses are being charged to the correct project or organizational codes.

- [1] Assessment techniques may encompass reviews of LEAFs and billing charges and interviews with EN personnel and/or their supervisors to ascertain whether the personnel have been charging to the correct work projects.
- [2] Entergy Nuclear senior management will be apprised of the results of the annual assessment so that they may take actions, if necessary, to ensure payroll and expenses are charged to the correct legal entities.

6.0 INTERFACES

None

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7.0 RECORDS

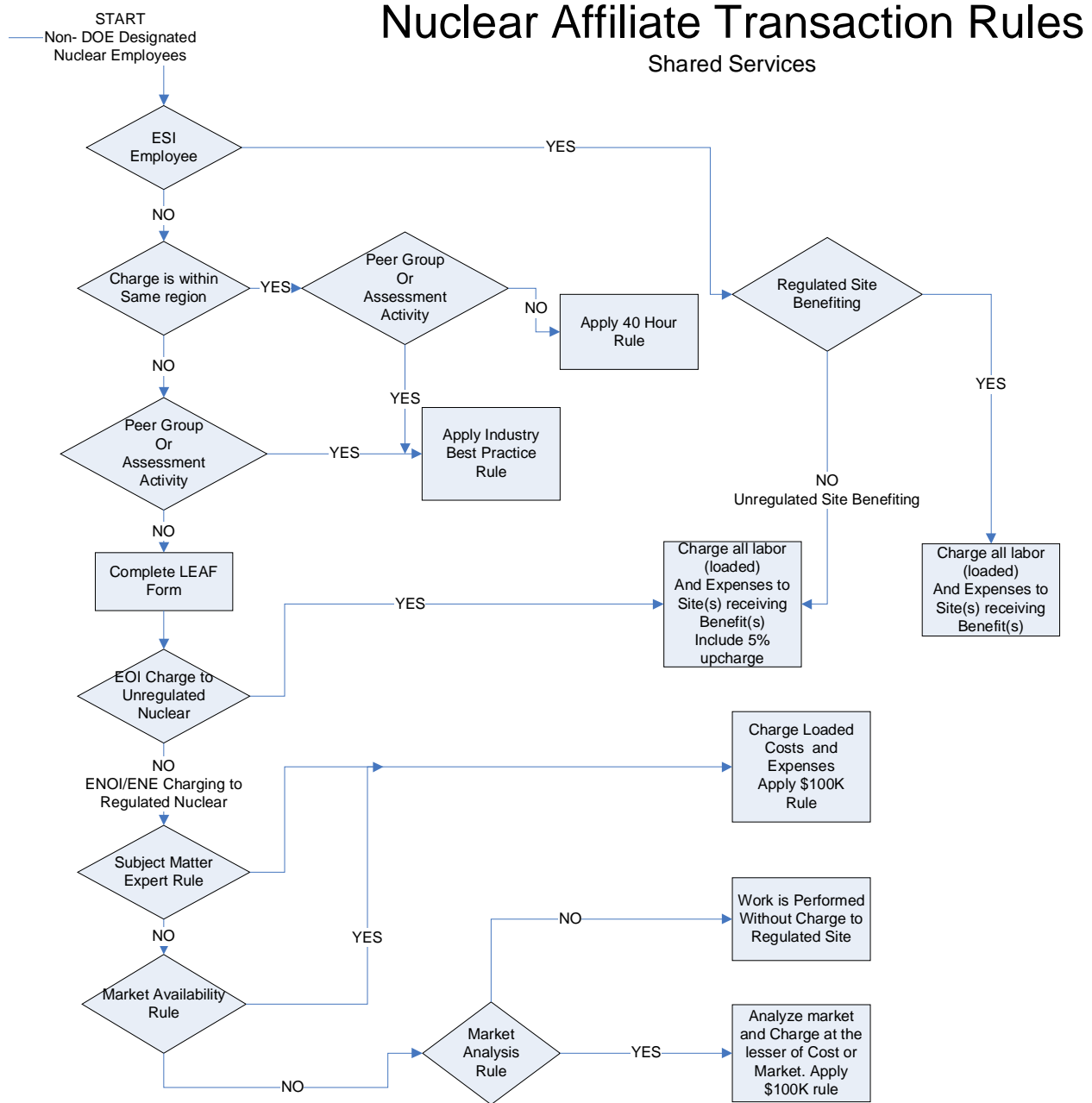
- [1] The L.E.A.F will be maintained by the Business Services Corporate Coordinator. See Attachment 9.3

8.0 OBLIGATIONS AND COMMITMENTS CROSS REFERENCE

None

9.0 ATTACHMENTS

- 9.1 Affiliate Rules Flowchart
- 9.2 Employee Examples of Charging Costs
- 9.3 L.E.A.F. - Loaned Employee Approval Form



40 Hour Exception Rule – Within the regions (ie: Regulated benefiting Regulated) – Charge Employee’s home site


Industry Best Practice Rule – Peer Group activities and assessments. – Charge Employee’s home site

Subject Matter Expert Rule – If the resource is uniquely qualified due to experience, Entergy procedural or applied knowledge, and/or nuclear security access issues, and there is NOT a market for a readily available contractor, this rule applies.


Market Availability Rule – If the resources are not available in the market in a timely manner, This rule applies.

Market Analysis Rule – If the determination of Market Value is difficult and too costly to ascertain and document, this rule does not apply.

\$100K Limit Rule– If the cost of the resource(s) exceed \$100,000, and it is an emergency, notify Regulatory Affairs in the jurisdictions involved. If it is not an emergency, limit costs to \$100,000 or competitively bid the work, or obtain prior PSC approval.

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1. **Peer Groups and Formal Assessments** – These activities have long been a practice in the nuclear industry. These activities serve to benefit the fleet plant operations by determining best practices, and driving performance to emulate that of the best nuclear sites. LEAF is not required; and the employee charges their home site. Providing assessments for a particular site not covered by the formal corporate assessment process is not covered by The Industry Best Practice Sharing Rule. The site(s) receiving the benefits of such activities should be charged, using the LEAF form if parties are working to the benefit of the other region.
2. **Formal Teams** – Formal teams established outside the peer group membership may be needed for fleet improvement activities, but also may be utilized to benefit a single plant or multiple ones. Costs of these teams must be charged to the site(s) receiving the benefits. LEAF is required if parties are working to benefit the other region.
3. **Project Teams** – These teams are funded by approved projects. Participants must charge to the project codes which reflect the site(s) receiving the benefit(s). LEAF is not required.
4. **Special Studies** – Activities like due diligence and special assessments. Parties must charge their costs to the site(s) receiving the benefits. LEAF is required if parties are working to benefit the other region.
5. **Regional Lab Services** – If centralized services are established, such as a common instrument calibration facility, the accounting for centralized services must be approved by the Chief Finance Officer’s organization.
6. **Refueling Outage Support or Support Critical to Plant Operations** – Payroll hours and expenses provided by EOI or ENOI/ENE personnel in a loaned capacity across regions should be charged to the Regulated or Unregulated Subsidiary that benefited from the services. LEAF is required.
7. **Work Assistance** (such as subject matter expertise and training) – Payroll hours and expenses provided by EOI or ENOI/ENE personnel in a loaned capacity across regions should be charged to the Regulated or Unregulated Subsidiary that benefited from the services. LEAF is required.
8. **Other** – Consult with the Business Services Corporate Coordinator for any other work situation not defined in this procedure.

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ATTACHMENT 9.3

L.E.A.F LOANED EMPLOYEE APPROVAL FORM

NOTE: This form applies to EOI and ENOI/ENE employees. ESI employees are allowed to work to benefit regulated and unregulated sites as long as they bill hours appropriately. This form is NOT required for Peer Group, formal assessments and project teams.

Date of Request: _____ LEAF Control Number _____
 Employee Name: _____ Home Site: _____ Temporary Work Site: _____
 Estimated Duration of temporary assignment: _____

Transaction Type:

- Regulated Employee working to benefit unregulated Site.
- Unregulated Employee working to benefit regulated Site.

Work Description:

Required Approval:

- COO Regulated
- COO Unregulated
- Loaning Manager

Basis for Subject Matter Expert Rule or Market Availability Rule:

 Requesting Manager Signature

Accounting Treatment:

Accounting Codes for time and expenses:

Business Unit: _____

Department: _____

Activity: _____

Project: _____

Physical Location: _____

 Signature of Business Services Corporate Coordinator

Final Review:

- Loaded Costs (add 5% for unregulated payment)
- No Cost to Regulated
- Market Analysis Required – Charge lesser of loaded costs or market
- Charge no more than \$100,000.00

 Director, Business Services