

**Entergy Arkansas, Inc.  
Transition Plan  
Technical Conference #2**

**July 15, 2010**

# Today's Agenda

Session	Presenter	Time
<b>Update and Overview</b> EAI Process and Schedule for Developing EAI's Transition Plan	<b>Kurt Castleberry</b>	30 minutes
<b>Status Update</b> Assessment of Strategic Options and “No Regrets” implementation Plan Activities	<b>Kurt Castleberry</b>	45 minutes
<b>Break</b>		30 minutes
<b>Overview</b> EAI Generation Supply Plan Requirements for 2014 Operations and Provisioning Plan Alternatives	<b>Charles DeGeorge</b>	45 minutes
<b>Provisioning and Implementation</b> Discussion of Provisioning Plan Alternatives and Implementation Plan Activities for EAI's Functional Requirements for Real-time Operations	<b>Matt Wolf</b>	45 minutes
<b>Status Update</b> Assessment of ICT/RTO Options and Issues	<b>Kurt Castleberry</b>	30 minutes
<b>Summary and Next Steps</b>	<b>Kurt Castleberry</b>	15 minutes

**Session 1**

**Update and Overview**

**EAI Process and Schedule for Developing EAI's Transition Plan**

**Kurt Castleberry**

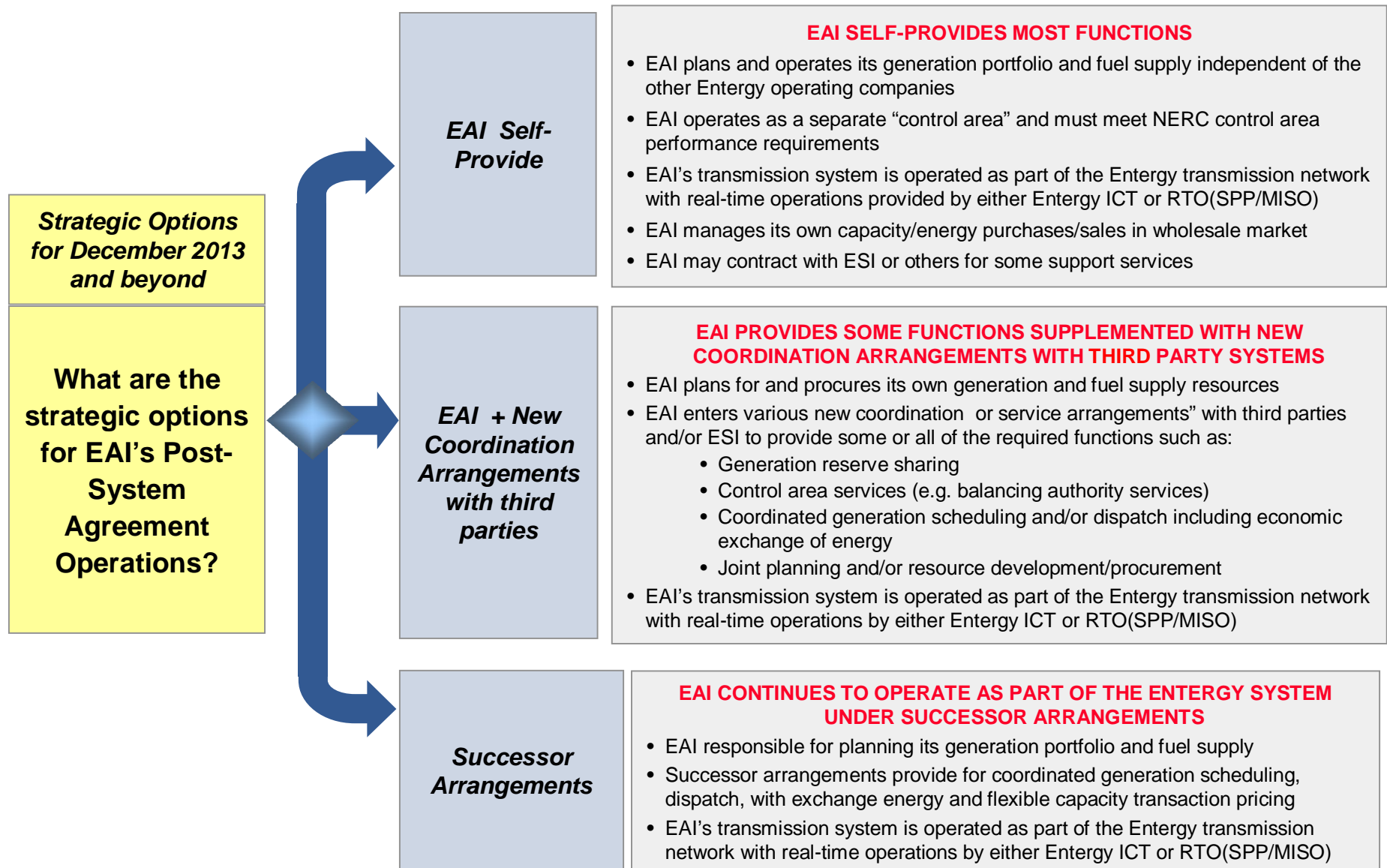
**July 15, 2010**

## **EAI Transition Plan Update**

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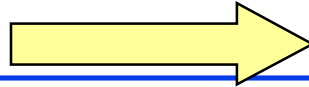
- **On schedule for 2010-2011 activities to develop Transition Plan and make decision by 4Q 2011**
- **In 2010-2011, EAI will begin implementation of some “No Regrets or Common to All Strategies” activities**
- **Currently exploring potential 3<sup>rd</sup> party arrangements and ongoing EAI wholesale arrangements**
- **Engaged in RTO study and assessments**

# Transition Plan Decision Scheduled for 4Q 2011



# EAI Transition Plan Overview

Baseline Scenario Transition Plan



Comprehensive Transition Plan

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- **EAI will define and maintain a Baseline Scenario Plan**
  - addresses initial years of post System Agreement operations (2013-2016)
  - provides a higher level of EAI self-control and a lower level of implementation risk
  - assures that EAI has a viable plan for First Day operations (December 19, 2013)
- **The Baseline Scenario Plan will evolve into a more comprehensive Transition Plan over the 2010-2011 period and will**
  - addresses the 2014-2023 period
  - is more comprehensive than the Baseline Scenario Plan for First Day operations
  - will be modified as EAI's 2010-2011 activities identify provisioning plans that enhance 2014-2023 operations or economics or reduce risks
- **The Transition Plan recommendation that will be made in 4<sup>th</sup> Qtr**
  - is expected to include some activities that cannot be implemented by December 2013, but that can be put in place in 2013-2016 for more efficient long-term operations

# EAI Transition Plan Overview

## Near-Term Focus for Development of Transition Plan

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**Transition Plan development and assessment activities for next few months will focus on three subject areas:**

**1 Provisioning plans for critical real-time First Day operations functions**

- ✓ Balancing Authority and Real-time Operations

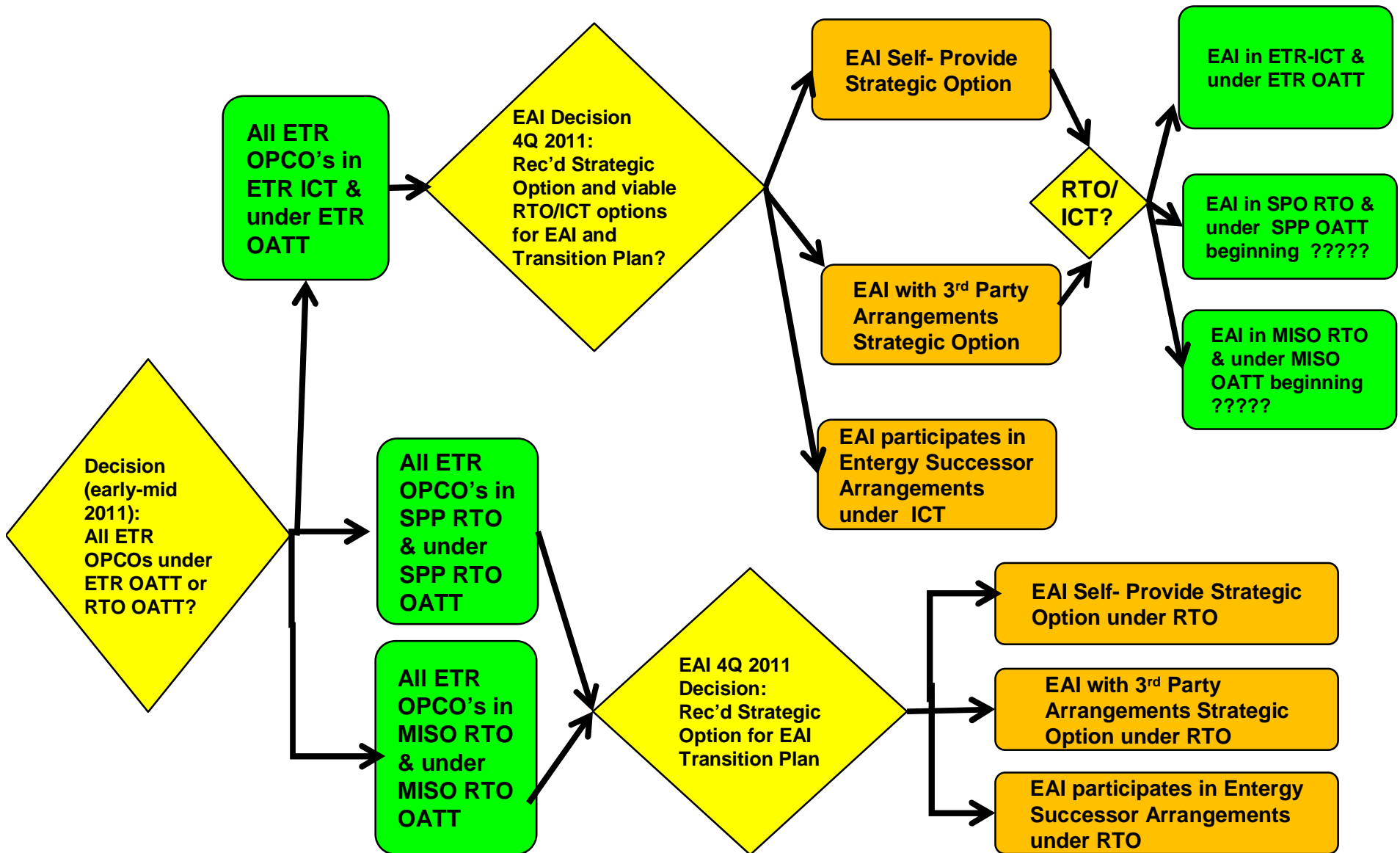
**2 Resource supply plan for the Baseline Scenario Plan**

- ✓ Critical flexible generation and fuel supply

**3 Assessment of strategic options and major uncertainties**

- ✓ Detailed understanding of each of the three major strategic options
- ✓ Implications on Transition Plan under RTO and ICT scenarios

# Overview of Possible Outcomes That Must Be Considered for EAI's Transition Plan



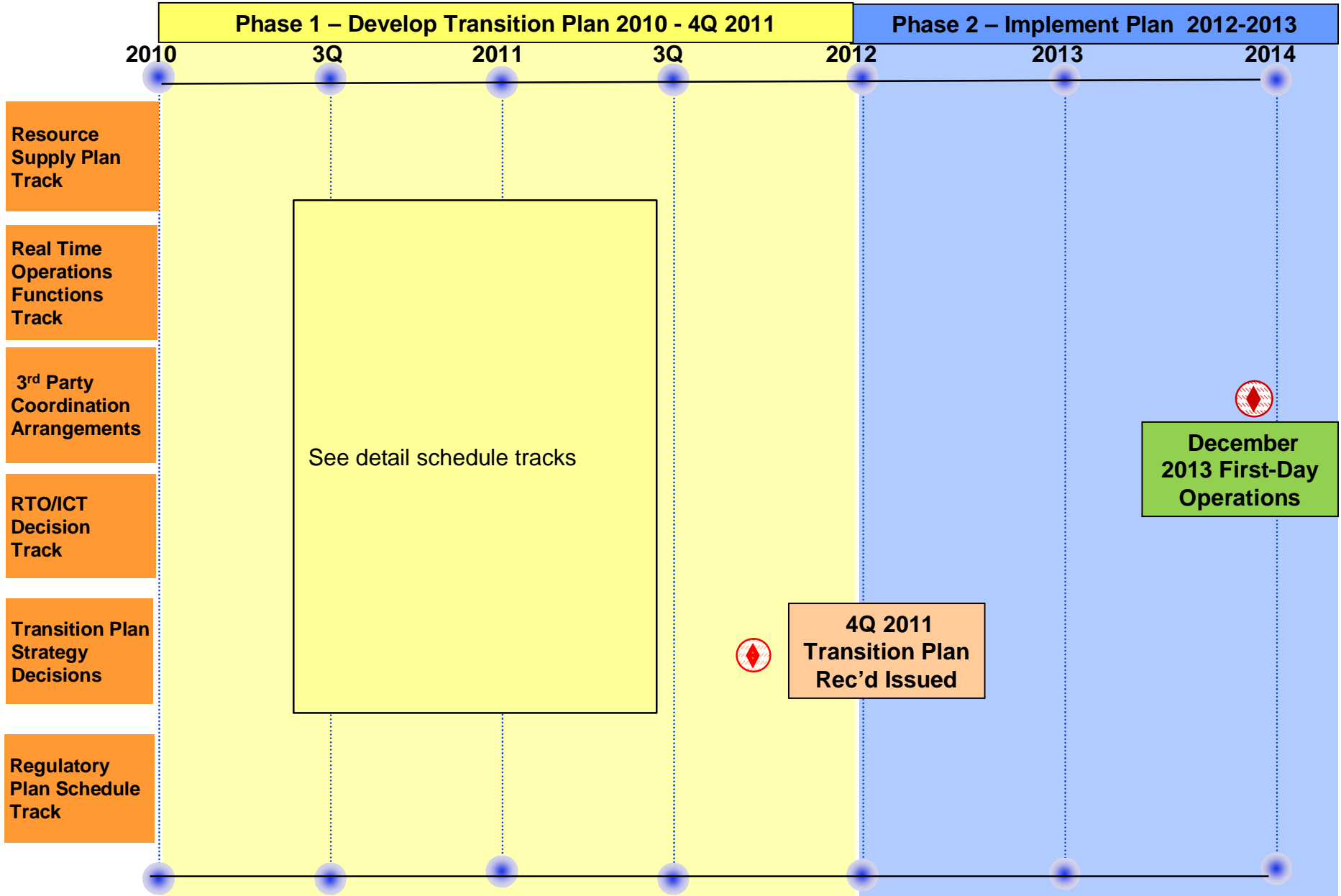
# EAI Transition Plan Overview

## Schedule and Key Events for Transition Plan Development

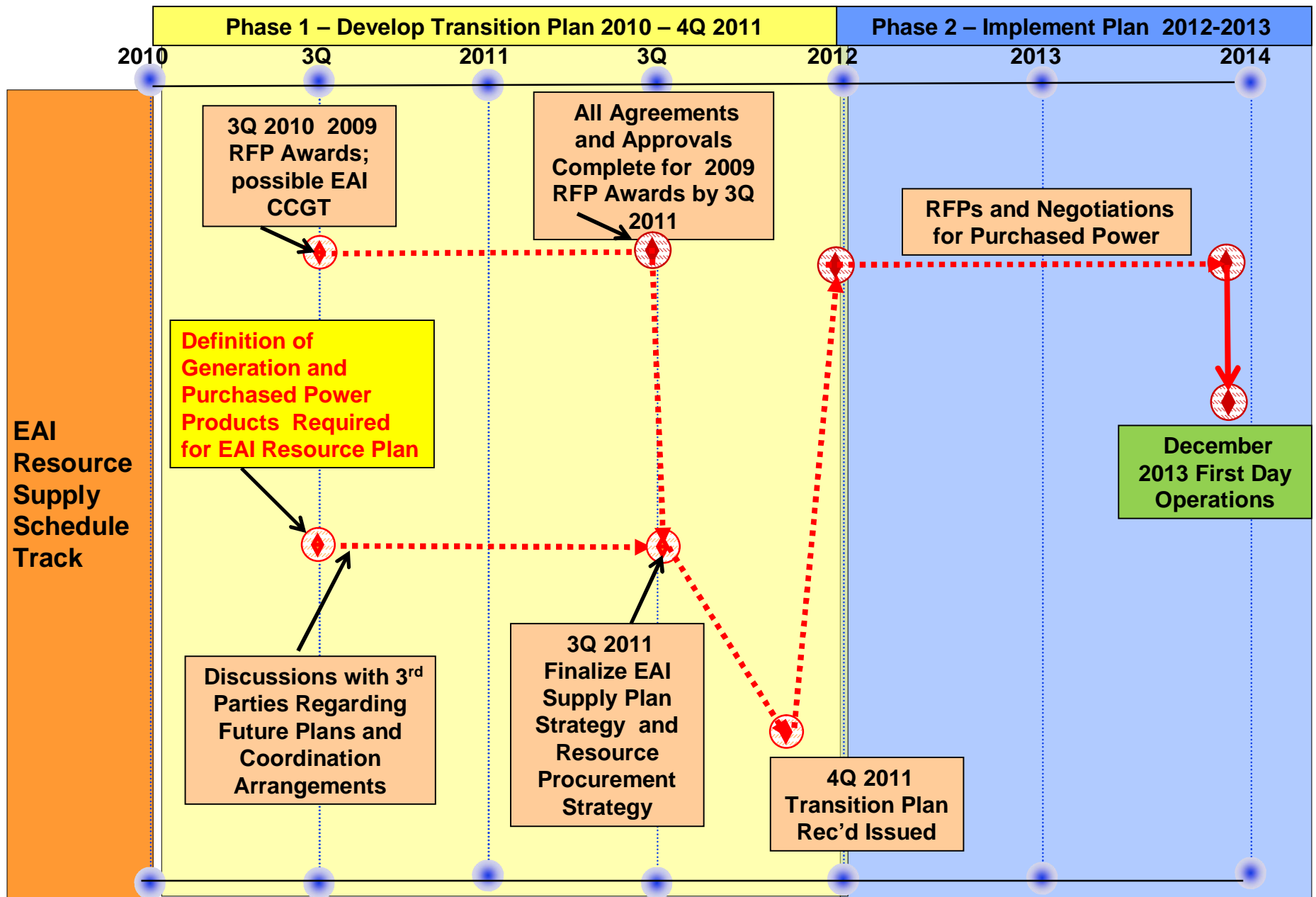
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- **Work plan and schedule for developing the Transition Plan recommendation is still on track for 4Q 2011**
  
- **EAI's project schedule is organized into several schedule tracks with key milestone events**
  
- **Critical path is still set by the currently expected implementation period for functions in the real-time operations schedule track**
  - provisions for operating EAI as part of a separate Balancing Authority (BA) and staffing real-time functions

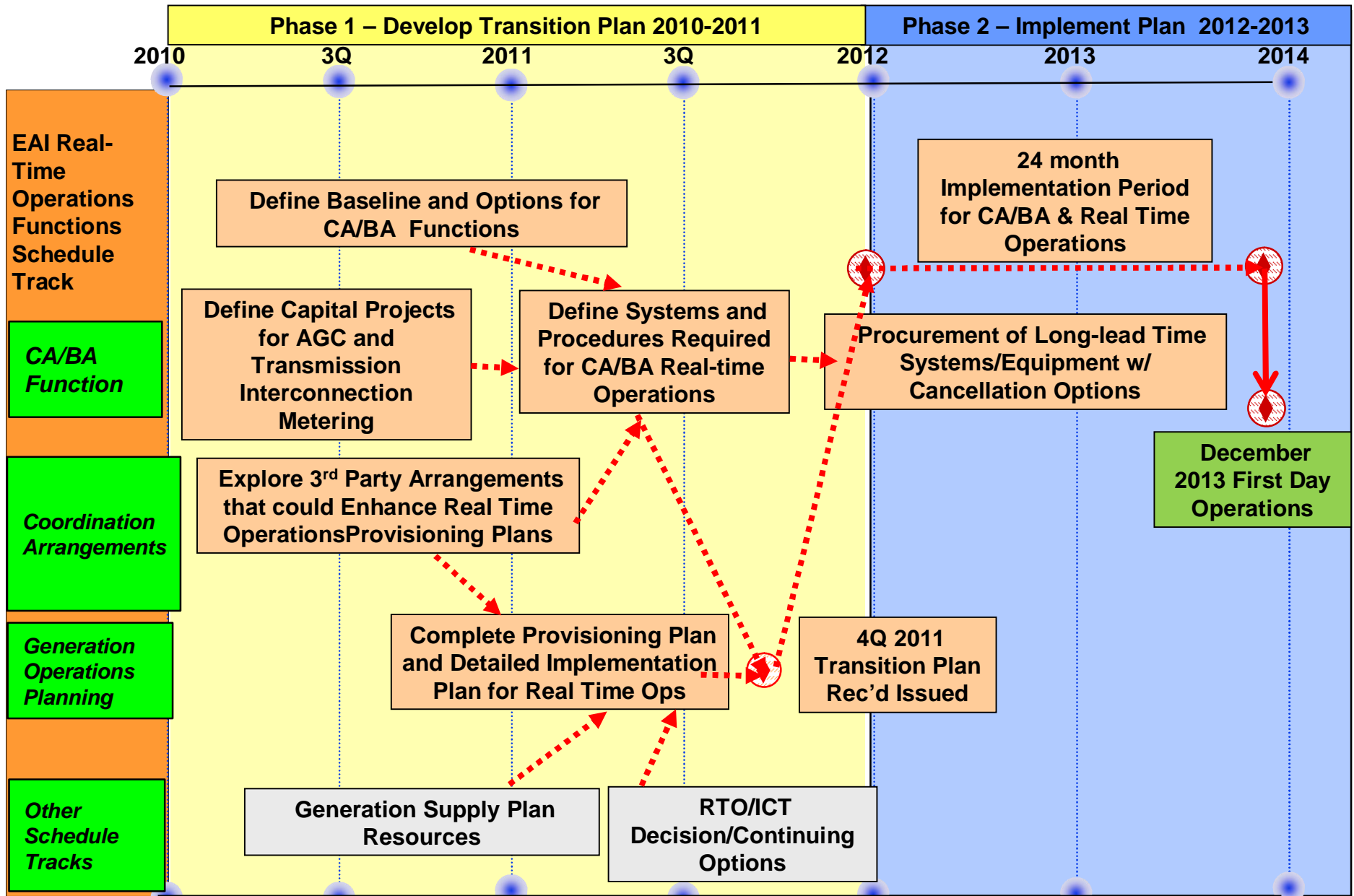
# Project Schedule Overview



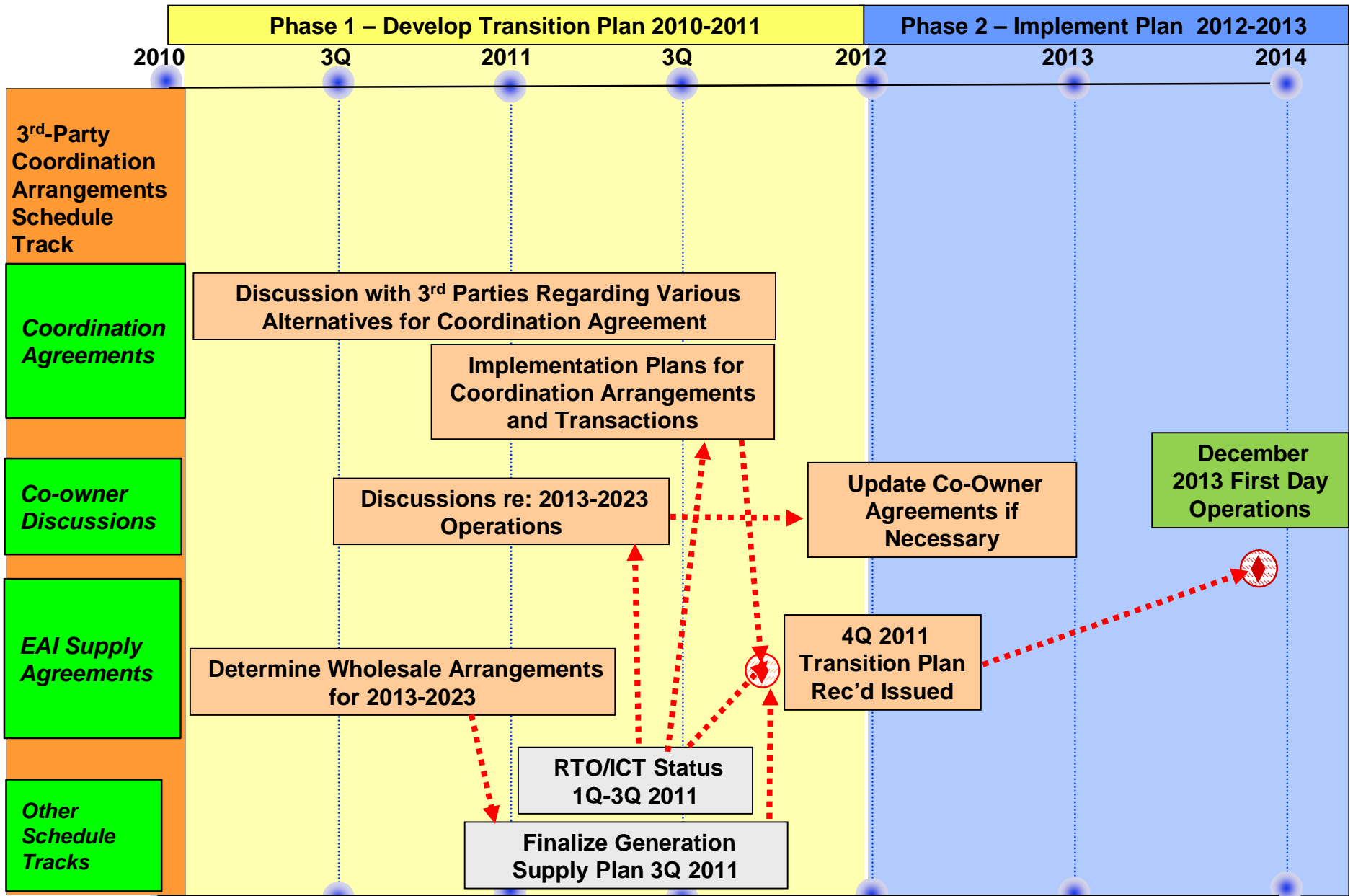
# EAI Resource Supply Schedule Track



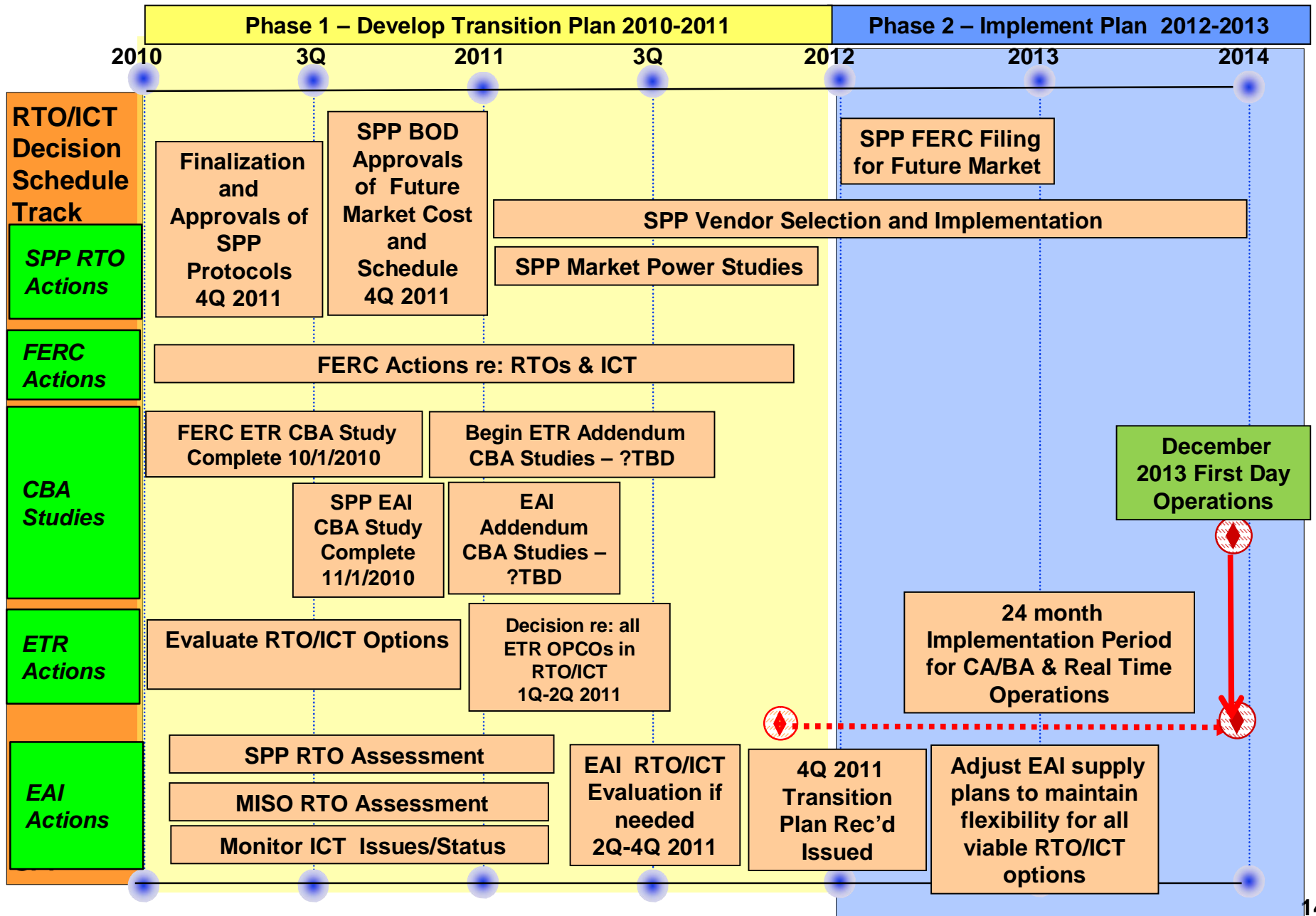
# EAI Real-Time Operations Functions Schedule Track



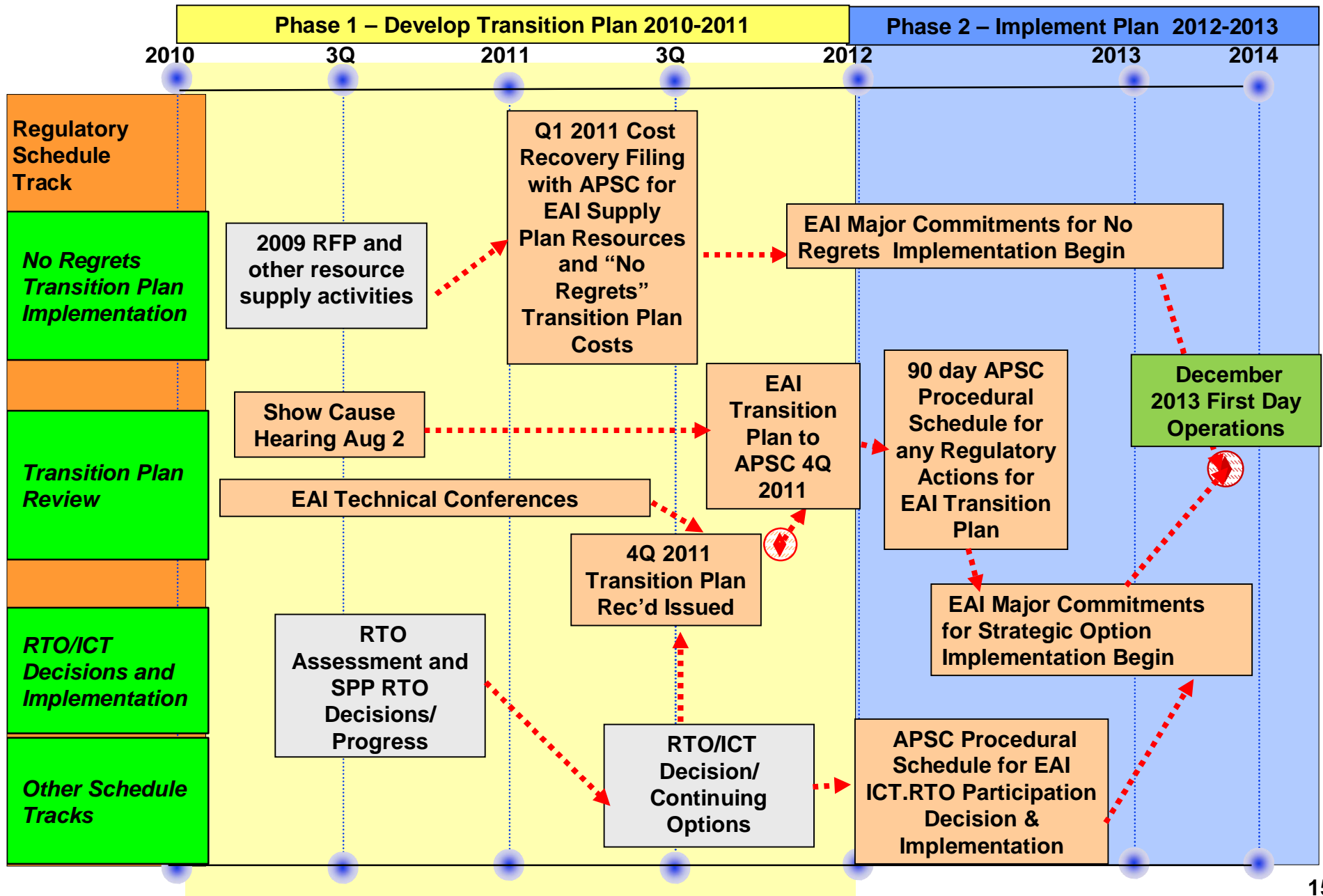
# 3<sup>rd</sup>-Party Coordination Arrangements Schedule Track



# RTO/ICT Decisions Schedule Track



# Regulatory Schedule Track



## **EAI Transition Plan Overview**

### **Process for Rough Screening Assessment of Transition Plan Strategy Alternatives and Resource Portfolio Needs**

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- **Over the next quarter, EAI will further define the evaluation framework it will use for the assessment of strategic options and the alternative provisioning plans to meet EAI's functional requirements**
- **Strategic options and alternative provisioning plans for each functional requirement will be assessed using a list of important qualitative and quantitative factors**

## EAI Transition Plan Overview

### Process for Rough Screening Assessment of Transition Plan Strategy Alternatives and Resource Portfolio Needs

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● **The evaluation process will compare and evaluate each viable strategic option scenario using specific measures of performance, including:**

- **EAI Customer Economics** – the relative impact on EAI customer revenue requirements over a defined period
- **Reliability** – the relative impact on power supply reliability
- **Implementation Risk** - complexity and risks of Transition Plan implementation
- **Exposure to Uncertainty**– the exposure to uncertainties beyond the direct control of EAI or require predictions for the future
- **Control** – the degree of EAI autonomy to make or influence decisions that are critical to EAI reliability, costs, or essential operations
- **Flexibility** – the ability for EAI to adjust to changing business environment due to unforeseen or uncontrollable future events
- **Resource Impact** - financial and human resource requirements and the opportunity for full and timely recovery of costs