

WHOLESALE ELECTRIC SECTOR FUNCTIONAL PROPOSAL

ENTERGY SERVICES
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Entergy is concerned that the proposed sector division, membership and voting structures being presented for the development of wholesale electric standards do not appropriately reflect the functional and corporate integration of the electric utility industry. Nor are they fair, balanced or inclusive for the electric wholesale power industry. In particular, we believe the current proposals are exclusive rather than inclusive. This comment applies to any of the current proposals that reflect corporate ownership rather than functional participation in the industry. We would like the industry to adopt the following sector division, membership and voting methodology, based on functional division rather than corporate division.

ELECTRIC INDUSTRY – CORPORATE AND FUNCTIONAL DIVISION

The existing and near-term future electric industry is comprised of vertically integrated corporate entities, many of which perform more than one of the primary industry functions: generation, transmission, distribution, retail load service, wholesale marketing, and reliability. All of these entities perform functions directly applicable to reliability of the electric system. Corporate entities ranging from the largest investor owned utility, to G&Ts, to many of the smallest municipal corporations perform more than one of these primary industry functions. Therefore, Entergy believes the sectors, membership and voting for wholesale electric standard development should reflect functional participation in the industry, rather than corporate participation in the industry. In addition, we believe this proposed structure should be and can be incorporated in any of the existing proposals: NAESB, NERC, Puckett or EEI.

ENTERGY PROPOSAL

In particular, Entergy would prefer the industry to adopt the following sector, membership and voting structure for the wholesale electric standards organization:

Sectors

Entergy would like the industry adopt the following five sectors:

- Electric Generation Owners
- Transmission Owners
- Retail Load Service
- Wholesale Marketing
- Reliability

Membership

Corporations will self-select their own membership in each sector based on their functional involvement in the industry. The proposed criteria are that: 1) membership in any sector requires that entity have material interest in that sector, 2) the entity pays dues based on the number of sector in which it participates, and 3) parent corporations with multiple affiliates performing the same function would be limited to one vote in each sector. Each sector must have at least 10 members to be a valid sector.

Voting

Each member of each sector would have one vote.

STANDARDS APPROVAL

We would also like to re-enforce our concern regarding sector (or segment) power. The voting criteria for approval of any standard should require the number of votes for any standard should include a minimum number of voters, preferably 10 voters, and an approval of at least 50 per cent in each sector. This concept should be included in any model considered.

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Entergy Services, Inc.

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ELECTRIC WHOLESALE INDUSTRY PARTICIPANTS

- Principally Vertically Integrated Corporate Entities
 - IOUs
 - G&Ts
 - Government Entities (TVA, BPA, ...)
 - Municipals
 - Many Owners of Co-generation Plants
 - etc

WHOLESALE ELECTRIC SECTOR CORPORATE NORM

- Multi-Functional Corporate Entities
- Single Function Corporations Are Developing
- Single Function Corporations Are Not the Norm

NEW WHOLESALE ELECTRIC ENTITIES

- New Entities Typically Single Function Corporations
 - Generation - Many Generators Are Separate Corporations Under A Single Corporate Umbrella
 - Transmission - ITC Development, Corporations To Develop A Specific Transmission Project
 - RTOs - Transmission Providers

FUNCTIONAL PERFORMANCE

- Each Corporate Entity Performs One or More Function
 - Generation
 - Transmission
 - Distribution
 - Retail Load Service
 - Wholesale Marketing
 - Power System Operation
- All Entities Contribute to Reliability

STANDARD SETTING PROCESS

Sectors, Membership and Voting Should
Reflect Functional Contribution To The
Industry, Not Corporate Structure

CURRENT PROPOSALS

- Reflect Corporate Structure
- Do Not Reflect Functional Contribution
- Exclusive, Not Inclusive, Due To:
 - Sector Definitions,
 - Membership Rules For Participation In Specific Sectors, and
 - Voting Rules Where the Vote Counts (Depends on Model Under Consideration)

PROPOSED WHOLESALE ELECTRIC SECTORS

- Electric Generation Owners
- Transmission Owners
- Retail Load Service
- Wholesale Marketing
- Reliability

PROPOSED SECTOR MEMBERSHIPS

- Entities Self-Select Sector Membership
- Sector Membership Requires:
 - Entity Has Material Interest In That Sector
 - Entity Pays Dues Based On Number of Sectors Participated
- Sector Must Have At Least 10 Voting Members
- Parent Corporations and All Subsidiaries With Single Function Would Have One Membership In Total

PROPOSED SECTOR VOTING

- Each Member of Each Sector Would Have One Vote At the Level Where Voting Has Significant Impact
- At Least 10 Members In Each Sector Vote on A Specific Issue For That Sector To Be Considered A Valid Voting Sector For That Issue

APPLICATION

This Proposal Should Be Applied At The
Level At Which Voting Is Significant To
The Approval of Standards