

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of)
Entergy Arkansas, Inc., Mid South TransCo)
LLC, Transmission Company Arkansas,)
LLC and ITC Midsouth LLC for Approval of)
Transfer of Assets and Certificate of)
Convenience and Necessity, and Merger)
and, in connection therewith, Certain Other)
Related Transactions.)

File No. EO-2013-0396

In the Matter of Entergy Arkansas, Inc.'s)
Notification of Intent to Change Functional)
Control of Its Missouri Electric)
Transmission Facilities to the Midwest)
Independent Transmission System)
Operator Inc. Regional Transmission)
System Organization or Alternative)
Request to Change Functional Control and)
Motions for Waiver and Expedited)
Treatment.)

File No. EO-2013-0431

STAFF’S RESPONSE TO AUGUST 21, 2013, ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and, for its response to the Commission’s August 21, 2013, *Order Directing Filing*, states:

1. With its *Order Directing Filing* issued August 21, 2013, the Commission directed Staff to respond to the August 20, 2013, joint request of Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company and The Empire District Electric Company (collectively “Joint Movants”) for the Commission to take administrative notice of certain documents and to “delay its decision regarding the transfer of assets” from Entergy Arkansas, Inc., (“EAI”) to a subsidiary of ITC Holdings Corp.

THE REQUESTED RELIEF PERTAINS ONLY TO CASE NO. EO-2013-0396

2. As a preliminary matter, Staff points out that, as the Commission acknowledged in its May 10, 2013, *Order Directing Filing* made in Case No. EO-2013-0431, although the Commission heard Case Nos. EO-2013-0396 and EO-2013-0431 simultaneously, the two cases are **not** consolidated. Although the Joint Movants have included both case nos. in the caption of their pleading to which Staff is responding here, the relief they seek is limited to Case No. EO-2013-0396, and does not include Case No. EO-2013-0431, nor should it.

3. EAI is exiting the Entergy System Agreement in December of this year and has been coordinating with the Midcontinent Independent System Operator (“MISO”) for integration into MISO when it exits the Entergy System Agreement.

4. Case No. EO-2013-0431 is the case in Missouri where EAI is seeking for the Commission to determine on an expedited basis that it lacks jurisdiction over EAI's integration into MISO or, alternatively, that the Commission determine that EAI integrating into MISO is not detrimental to the public interest.

5. Case No. EO-2013-0431 and Case No. EO-2013-0396 are interrelated in that if an affiliate of ITC Holdings, Inc. acquires from EAI certain of its transmission assets in Missouri and become certificated by the Commission to use them in serving the public as they request the Commission to authorize them to do in Case No. EO-2013-0396, then EAI would no longer need the authorization to integrate into MISO that is the subject of Case No. EO-2013-0431.

6. Based on the Joint Movants' request Staff sees no reason for the Commission to delay its deliberations and decision in Case No. EO-2013-0431.

STAFF RESPONSES TO REQUESTS

7. The Joint Movants request the Commission to take administrative notice of certain documents after both Case Nos. EO-2013-0396 and EO-2013-0431 have been fully heard, briefed and submitted to the Commission for decision. Since the Joint Movants have laid no foundation for the authenticity of the tendered documents—they are not verified, nor has any party to Case No. EO-2013-0396 admitted their authenticity—Staff recommends that the Commission order Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC to make a filing with the Commission that discloses (1) the status of their rate mitigation plan offered for the Arkansas pricing zone adduced during the hearing, (2) the status of their applications for authority to transfer assets that are before the FERC and other states where they have assets and (3) any other material change in circumstances that affect their application in Case No. EO-2013-0396.

8. Staff neither endorses nor opposes the Joint Movants' request that "the Commission delay its decision regarding the transfer of assets until such time as the Texas and Arkansas proceedings are resolved"; however, any change in the five-year rate mitigation plan that ITC witness Cameron Bready testified would mitigate approximately 58% of the rate increase impact that would result from the contemplated transactions that are the subject of Case No. EO-2013-0396 would change the detriment-benefit analysis. Therefore, for that reason as well, the Commission should order Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC to make a filing with the Commission that

discloses the status of their rate mitigation plan offered for the Arkansas pricing zone adduced during the hearing.

WHEREFORE, Staff, in compliance with the Commission's August 21, 2013, *Order Directing Filing*, responds to the August 20, 2013, joint request of Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company and The Empire District Electric Company for the Commission to take administrative notice of certain documents and to "delay its decision regarding the transfer of assets" from Entergy Arkansas, Inc., to a subsidiary of ITC Holdings Corp. as set forth above by recommending the Commission order Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC to make a filing with the Commission that discloses (1) the status of their rate mitigation plan offered for the Arkansas pricing zone adduced during the hearing, (2) the status of their applications for authority to transfer assets that are before the FERC and other states where they have assets and (3) any other material change in circumstances that affect their application in Case No. EO-2013-0396; and advises the Commission that Staff sees no basis in the Joint Movants' request that should cause the Commission to delay its deliberations and decision in Case No. EO-2013-0431.

Respectfully submitted,

/s/ Nathan Williams

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of August, 2013.

/s/ Nathan Williams