

ESI Billing Methods*
Basis for Calculation and
Types of Costs Allocated Using Billing Method

No.	Billing Method	Billing Method Family	Basis for Calculation**	Types of Costs Allocated Using Billing Method
1	23	Capability	Ratio of the domestic regulated utilities' load at time of system peak load. The load is the average twelve monthly highest clock hour demands in kilowatts of the interconnected system occurring each month coincident with the system peak load.	Costs associated with load forecast development, demand side management activity development and implementation, regulatory matter maintenance for System Agreement issues, and generating system maintenance
2	35	Customer	Twelve month average number of electric (only) residential, commercial, industrial, government, and municipal general business customers.	Costs associated with the support of electric only customer-based services
3	TTC	Customer	Based on the number of electric customers within EAI and EGSi.	Costs associated with Transition to Competition activities that should be split between EAI and EGSi.

* Billing methods used by ESI to allocate TTC costs to EGSi. Excludes direct billing methods.

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Transition to Competition Classes (\$ Net Requested)

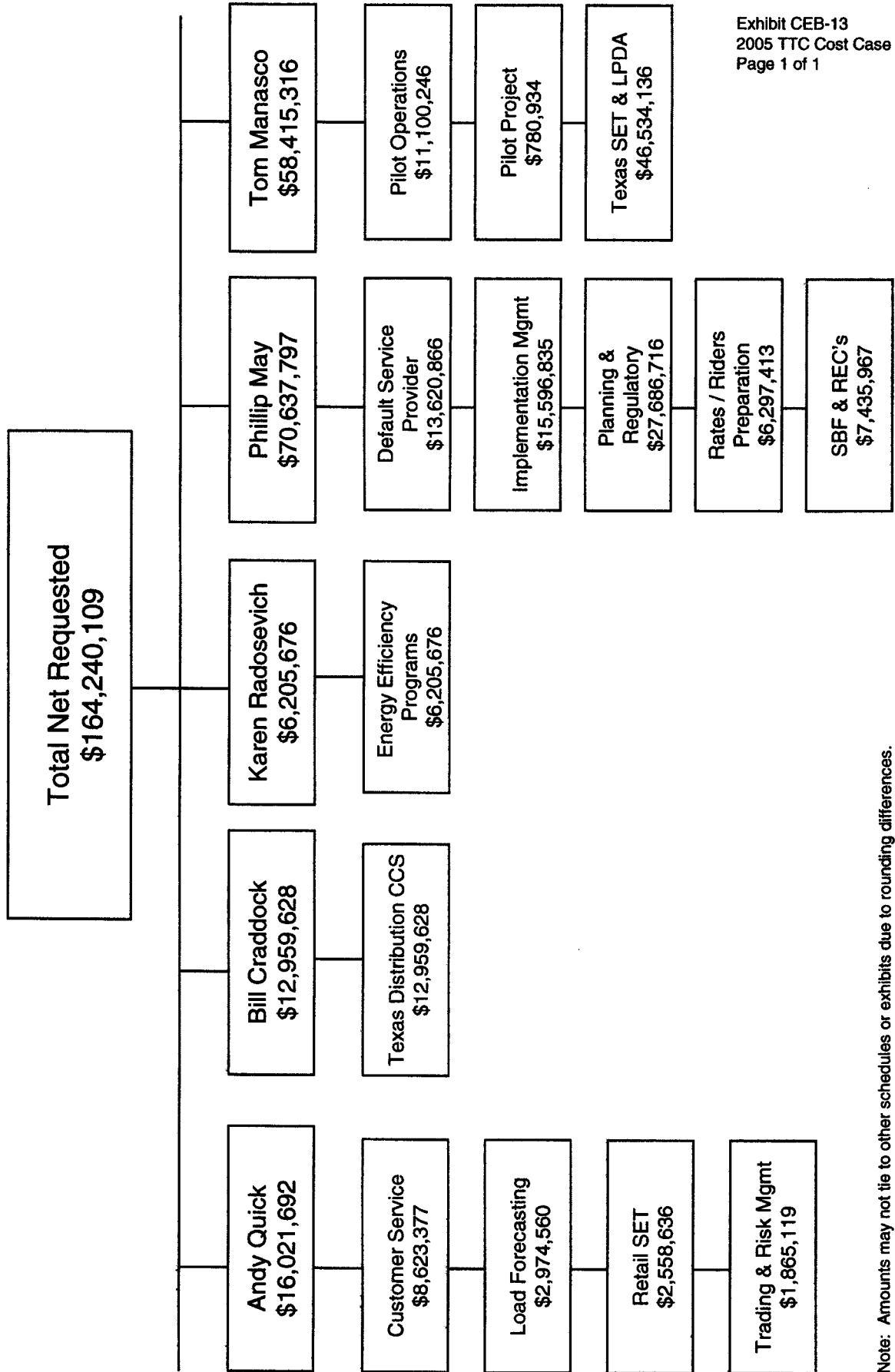


Exhibit CEB-13
2005 TTC Cost Case
Page 1 of 1

Note: Amounts may not tie to other schedules or exhibits due to rounding differences.

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Entergy Gulf States, Inc.
Pro Forma Documentation List
For the Transition Period June 1, 1999 through June 17, 2005
Amounts in Dollars

Proforma No	Description	Proforma Amount	Sponsor	Purpose
	Energy Efficiency Adjustments	332,541.15	Karen Radosevich	The purpose of this adjustment is to include energy efficiency expenditures incurred after March 31, 2005 through to the final day of the transition to competition cost period (June 17, 2005).
AJ002	Legal Adjustments	(1,422,878.56)	Phillip May	The purpose of this adjustment is to reduce TTC-related legal costs based on the recommendation of outside counsel, Kay Trostle.
AJ003	Pilot Project Code Adjustments	(5,425.78)	Tom Manasco	The purpose of this adjustment is to move charges from project code R73468 to project code TRGTPP. At the initiation of the pilot project, two employees working on the pilot project incorrectly charged time to R73468; their time should have been charged to TRGTPP.
AJ004	TTTCAT Project Code Adjustments	0.00	Tom Manasco	The purpose of this adjustment is to move charges to DTXPIL and DMMTEX from TTTCAT. In 2004, some employees who were supporting the pilot operations project incorrectly charged their time to TTTCAT. Their time should have been charged to either DTXPIL or DMMTEX.
AJ005	Remove Property Closing Entries	3,604,470.48	Tom Manasco	The purpose of this adjustment is to properly reflect the correct costs of projects FB6037, FTTCAX, and TS4651.
AJ006	Retail Transfer	1,866,362.96	Andy Quick	The purpose of this adjustment is to transfer from the Entergy Retail organization to EGSi TTC costs that were incurred to develop information systems necessary to support affiliated Retail Electric Providers expected to make available "Price to Beat" and "Provider of Last Resort" services in the Entergy Settlement area of Texas, as required by Chapter 39 of the Public Utility Regulatory Act.
AJ007	Remove ESI Billed Depreciation	(44,936.66)	Chris Barrilleaux	The purpose of this adjustment is to remove ESI-billed depreciation expense (resource 805).
AJ008	Energy Efficiency Project Reclass	-	May / Radosevich	The purpose of this adjustment is to move energy efficiency expenditures from project code TRGTRM to project code R56902 (Energy Efficiency). These charges were incurred in 1999 and early 2000, before energy efficiency project codes were established.

Amounts may not add or tie to other schedules due to rounding

Entergy Gulf States, Inc.
Pro Forma Documentation List
For the Transition Period June 1, 1999 through June 17, 2005
Amounts in Dollars

Proforma No	Description	Proforma Amount	Sponsor	Purpose
AJ009	AFUDC Adjustments	3,326,666.26	Dave Wright	The purpose of this adjustment is to record AFUDC for April - June 17, 2005. An adjustment was also made to calculate AFUDC based on the project balance amounts in the TTC filing.
AJ010	ERCOT Payment Adjustment	-	Tom Manasco	The purpose of this adjustment is to move the \$427,337.69 ERCOT payment from project code TRGTTP to D10023, which was necessary to record all ERCOT fees in the same project.
AJ011	Transition Implementation Adjustments	630,246.16	Phillip May	The purpose of this adjustment is to align project code assignments to their proper classes of cost and remove from the TTC request costs that lack adequate documentation and to properly include costs that had been improperly excluded.
AJ012	Remove MICON Consultant Costs	(97,521.60)	Tom Manasco	The purpose of this adjustment is to remove MICON charges related to the market mechanics RFP process.
AJ013	Project Corrections	-	Tom Manasco	The purpose of this adjustment is to remove a credit that was incorrectly charged to Gas for DMMTEX. This adjustment also includes a charge to TTTTCAT that should have been made to DMMTEX.
AJ014	Remove Low Income Weatherization Project Charges	(251,102.50)	Karen Radosevich	The purpose of this adjustment is to correct the code block for an expenditure that was charged to the Energy Efficiency project. Specifically, an expenditure for the TDHCA low-income weatherization program was charged to the Hard-to-Reach program budget. This adjustment removes the charge because expenditures on the TDHCA low-income weatherization program are not included in the Transition to Competition cost case.

Entergy Gulf States, Inc.
Pro Forma Documentation List
For the Transition Period June 1, 1999 through June 17, 2005
Amounts in Dollars

Proforma No	Description	Proforma Amount	Sponsor	Purpose
AJ015	CCS TX Deregulation Costs	14,946,124.77	Bill Craddock / Andy Quick	The purpose of this adjustment is to reflect costs for the following work: (1) Distribution CCS/Market Mechanics Interfaces of \$5.1 million, including AFUDC through May, 2005; (2) Retail CCS/Market Mechanics Interfaces of \$1.98 million; (3) CCS/Market Mechanics Interfaces Revisions of \$1.5 million, including AFUDC through May, 2005; (4) CCS Customer Care Functionality Unusable Work of \$5.0 million, including AFUDC through May, 2005; (5) Bill Delivery Functionality Unusable Work of \$1.4 million, including AFUDC through May, 2005.
AJ016	Reclass SBF & REC costs	(20,139.29)	Phillip May	The purpose of these adjustments is to move the costs associated with Renewable Energy Credits (RECs) and System Benefit Fund (SBF) to its own TTC class of costs.
AJ017	Add 2004 Rate Case Preparation Project Code	133,081.04	Phillip May	The purpose of this adjustment is to add costs associated with Project Code GST000 (2004 Rate Case). This project code had not been included when the TTC costs were locked for review as of March 31, 2005.
AJ018	Remove 2004 Non Capital ESI Labor Loadings	(136,098.94)	Chris Barrilleaux	The purpose of this adjustment is to remove the 2004 ESI Labor Loadings on Non-Capital projects. Prior years' Non Capital Labor Loadings had already been excluded when the TTC costs were locked for review as of March 31, 2005.
AJ019	Remove GST001 Non Contract Work for 2005	(132,533.40)	Phillip May	The purpose of this adjustment is to remove all non-Contract-related costs for project GST001 for 2005.

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DOCKET NO. _____

APPLICATION OF ENTERGY
GULF STATES, INC. FOR
RECOVERY OF TRANSITION
TO COMPETITION COSTS

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PUBLIC UTILITY COMMISSION

OF TEXAS

DIRECT TESTIMONY

OF

MARK W. NIEHAUS

ON BEHALF OF

ENTERGY GULF STATES, INC.

AUGUST 2005

SUMMARY OF DIRECT TESTIMONY OF MARK W. NIEHAUS

Mark Niehaus is a partner for the public accounting firm of PricewaterhouseCoopers LLP. In this role, Mr. Niehaus is responsible for delivering advisory and assurance services to public utilities. Mr. Niehaus has provided professional services to utilities in the areas of regulatory accounting and reporting, internal control design assessment, cost management, organizational risk assessment, and performance measurement, in addition to assurance services.

Mr. Niehaus' testimony describes PricewaterhouseCoopers' procedures performed on Entergy Services, Inc.'s Scope Statements and associated billing methods for project codes used to assign or allocate Entergy Services' costs for Entergy Gulf States, Inc. on a cost causative basis during the period June 1999 through March 2005 and his conclusions that: the Scope Statements and associated billing methods reasonably and properly assign or allocate Entergy Services' costs to Entergy Gulf States; cost assignment procedures resulted in charges to Entergy Gulf States that reasonably approximate the actual costs of services provided; costs for charges to Entergy Gulf States were no higher than the costs charged to other affiliates for similar services; the Entergy Services billing methods used to assign or allocate costs to affiliates appeared reasonable in relation to the services provided; and the established cost assignment procedures were consistently applied.

Mr. Niehaus' testimony also describes PricewaterhouseCoopers' testing of Entergy Services' transactions between June 1999 and March 2005 that

produced charges to Entergy Gulf States. PricewaterhouseCoopers' procedures performed on test period costs focused on whether the Public Utility Commission of Texas' affiliate rules requiring that the cost assignment procedures result in charges to affiliates that reasonably approximate the costs of services provided, and that the prices for services charged to, and paid by Entergy Gulf States were no higher than the prices charged to, and paid by, other for the same or similar services were met.

In its efforts, PricewaterhouseCoopers tested a selection of transactions to determine that: the established cost assignment procedures were consistently applied; the project code and billing method appeared appropriate in relation to the nature of the services provided; a cost causative correlation between the services provided and the affiliates receiving the services existed; affiliates were billed for services provided; and that the affiliates reimbursed service providers for these billed services.

DOCKET NO. _____

APPLICATION OF
ENTERGY GULF STATES, INC.
FOR RECOVERY OF
TRANSITION TO COMPETITION COSTS

DIRECT TESTIMONY OF MARK W. NIEHAUS

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EXHIBITS

Exhibit MWN-1	Review Criteria Used to Evaluate Entergy Services, Inc. Scope Statements and Billing Methods
Exhibit MWN-2	Sample Selection
Exhibit MWN-3	Sample #27
Workpapers	

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Mark W. Niehaus. My office is located at 2001 Market Street,
4 Suite 1700, Philadelphia, Pennsylvania 19103.
5

6 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

7 A. I am a partner of PricewaterhouseCoopers LLP, an international firm of
8 independent public accountants. I provide audit and advisory services to
9 several utility clients of PricewaterhouseCoopers.
10

11 Q. PLEASE PROVIDE YOUR BACKGROUND AND EXPERIENCE IN THE
12 PUBLIC UTILITY INDUSTRY.

13 A. My entire career since 1984 has been devoted to working with utility
14 clients across the United States. I have performed independent audits of
15 public utilities, from which we issue our reports on the financial statements
16 of such companies, and have directed various advisory assignments
17 ranging from internal control design and assessment, cost management,
18 and design assessment. I have also provided regulatory assistance to
19 several utility clients located in the states of New Jersey, Illinois, and
20 Texas.
21

22 Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE A REGULATORY
23 AUTHORITY?

1 A. No.

2

3 Q. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?

4 A. Yes. I am a certified public accountant in the states of Arkansas,
5 California, Delaware, Illinois, Indiana, Massachusetts, Missouri, New York,
6 Pennsylvania, and Texas.

7

8 II. PURPOSE OF TESTIMONY

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. I was engaged by the Company to:

11 ▪ Analyze the Entergy Services, Inc ("ESI") Scope Statements
12 ("Scope Statements") for project codes used to assign or allocate
13 ESI affiliate Transition to Competition ("TTC") costs to Entergy Gulf
14 States, Inc ("EGSI" or the "Company") during the period from June
15 1999 through March 2005 (the "Cost Review Period"). The purpose
16 of my analysis of the Scope Statements was to determine whether
17 the ESI billing methods used for assigning costs to EGSI properly
18 allocate ESI service company costs to EGSI on a cost causative
19 basis, and that: 1) the costs charged to EGSI were no higher than
20 the costs charged to other affiliates for similar services; 2) cost
21 assignment procedures resulted in charges to affiliates that
22 reasonably approximate the actual costs of services provided; 3)
23 methods used to assign or allocate costs to affiliates appeared

1 appropriate in relation to the nature of the services provided; and 4)
2 the established cost assignment procedures were consistently
3 applied. Based on my review, I was also asked to identify
4 deficiencies and recommend changes or improvements, if any, to
5 those ESI Scope Statements.

6 ■ Analyze the affiliate service charges associated with the transition
7 to competition billed to EGSI during the Cost Review Period by ESI.
8 PricewaterhouseCoopers' analysis of the Cost Review Period costs
9 focused on whether:

- 10 ○ Cost assignment procedures resulted in charges to affiliates
11 that reasonably approximate the actual costs of services
12 provided;
- 13 ○ Prices for services charged to, and paid by, EGSI were no
14 higher than the prices charged to, and paid by, other
15 affiliates for similar services;
- 16 ○ Methods used to assign or allocate costs to affiliates
17 appeared appropriate in relation to the nature of the services
18 provided;
- 19 ○ Cost assignment procedures were consistently applied;
- 20 ○ Affiliates were only billed for services provided; and
- 21 ○ ESI was reimbursed by affiliates for the billed services.

22

23 Q. DO YOU SPONSOR ANY EXHIBITS OR SCHEDULES IN THIS FILING?

1 A. Yes. I sponsor the exhibits listed in the Table of Contents for this
2 testimony.

3
4 Q. WERE THE TESTIMONY AND THE EXHIBITS THAT YOU ARE
5 SPONSORING PREPARED BY YOU OR UNDER YOUR DIRECT
6 SUPERVISION AND CONTROL?

7 A. Yes, they were.

8
9 Q. BRIEFLY DESCRIBE THE PROCESS USED TO SUPPORT YOUR
10 CONCLUSIONS.

11 A. PricewaterhouseCoopers' procedures were structured to: 1) evaluate,
12 using identified criteria, the reasonableness of each of the Scope
13 Statements that were used during the Cost Review Period; and 2) test
14 selected transactions.

15
16 Q. WHAT DOCUMENTS WERE REVIEWED BY PRICEWATERHOUSE-
17 COOPERS THROUGHOUT THE PROJECT?

18 A. Completion of this project required the examination of ESI-prepared
19 documentation of projects, referred to as Scope Statements, to identify the
20 business purpose and billing method used in distributing charges to ESI
21 affiliates. Completion of this project also required the examination of
22 supporting documentation such as: employee timesheets; purchase
23 orders; journal entries; invoices; and/or any other pertinent documentation,

1 including, when appropriate, discussions with employees responsible for
2 charges.

3

4

III. SUMMARY OF TESTIMONY

5 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

6 A. PricewaterhouseCoopers analyzed 57 Scope Statements. These Scope
7 Statements are summary statements which describe various projects
8 associated with EGSI's Transition to Competition. The Scope Statements
9 reviewed clearly defined the work as preparatory to a competitive market,
10 and cited appropriate billing methods. The transactions selected for
11 sampling were supported by documentation and charged in accordance
12 with the Scope Statement.

13

14 IV. ORGANIZATIONAL STRUCTURE OF ENTERGY SERVICES, INC.

15 Q. PLEASE DESCRIBE THE MANNER IN WHICH ESI IS ORGANIZED.

16 A. ESI is a wholly-owned subsidiary of Entergy Corporation ("Entergy"). It is
17 authorized by the United States Securities and Exchange Commission
18 ("SEC") as a subsidiary service company under Section 13 of the Public
19 Utility Holding Company Act of 1935 to provide services to Entergy
20 subsidiaries at cost. ESI provides support services to EGSI, and either
21 directly assigns or allocates those related costs to EGSI and other
22 affiliates based upon cost causative principles using billing methodologies
23 approved by the SEC.

1

2 Q. HOW DOES ESI TRACK THE COSTS OF THESE SERVICES?

3 A. All of the services performed by the departmental organizations within ESI
4 are identified and assigned to Project Codes that are established to
5 capture and accumulate the costs incurred in providing the designated
6 services.

7

8 Q. HOW DO THE ORGANIZATIONS FUNCTION?

9 A. Each Organization performs a range of activities and provides a variety of
10 services for the affiliate "customers." The Organizational activities or
11 services are grouped by common characteristics to capture the costs of
12 such services and are assigned to Project Codes, based on those
13 common characteristics. There were 57 Project Codes used by ESI for
14 billing to EGSI during the Cost Review Period.

15

16 Q. WHAT IS THE PURPOSE OF THE ESI PROJECT CODES?

17 A. The Project Codes function as the primary cost control element from
18 which ESI costs are assigned or allocated to the affiliates. For each
19 Project Code, there is a Project Scope Statement, which is a document
20 that contains: a description of the Project Code's use and purpose; the
21 activities associated with that particular project; the deliverables from
22 activities in the project; and justification for the Billing Method to be used
23 for directly assigning or allocating the costs accumulated in the project.

1 For example, Project Code D10023, Market Mechanics Maintenance, was
2 established to capture and manage the costs associated with performing
3 ongoing maintenance for the Distribution Market Mechanics system to be
4 used in the Entergy Settlement Area in Texas ("ESAT"). Because all work
5 was performed to prepare for Retail Open Access ("ROA") and to meet the
6 requirements of the Texas Public Utilities Commission ("PUC"), charges
7 were billed using Billing Method EGSi. This Billing Method bills all
8 charges from the Project Code directly to EGSi. As an additional
9 example, Project TRCOUB, Unbundling Tariffs and Functions, captured
10 the costs associated with separating costs by function, identifying proper
11 billing methods and developing tariffs as the jurisdictions moved towards
12 competition. Accordingly, the Billing Method TTC was used. This billing
13 method allocated all costs to both Entergy Arkansas Inc. ("EAI") and
14 EGSi based on the number of customers in each jurisdiction. At that time,
15 only EGSi and EAI were actively moving toward competition
16

17 V. SCOPE STATEMENT AND BILLING METHOD ANALYSIS

18 Q. PLEASE IDENTIFY THE EXHIBITS THAT YOU ARE SPONSORING
19 THAT RELATE TO YOUR ANALYSIS OF THE ESI SCOPE
20 STATEMENTS.

21 A. The exhibits that support my analysis of the ESI Scope Statements are:

- 22 ▪ Exhibit MWN-1 – Review Criteria Used to Evaluate Entergy
23 Services, Inc. Scope Statements and Billing Methods

1 ▪ Exhibit MWN-2 – Sample Selection

2 ▪ Exhibit MWN-3 – Sample #27

3

4 Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE ESI SCOPE
5 STATEMENTS.

6 A. ESI accumulates incurred costs (*i.e.*, employee labor, materials,
7 overheads, outside contractor costs, etc.) associated with the services
8 provided to Entergy's legal entities (including EGSI) in Project Codes. The
9 costs accumulated for ESI Project Codes are assigned (*i.e.*, directly
10 charged to a single legal entity) or allocated to several of Entergy's legal
11 entities on a cost causative basis based on the billing methods assigned
12 to the project codes. For all ESI Project Codes, there are summary
13 documents that provide information about the nature of services provided.
14 These summary documents are collectively referred to in my testimony as
15 Scope Statements.

16

17 Q. PLEASE IDENTIFY THE TYPE OF INFORMATION CONTAINED IN THE
18 ESI SCOPE STATEMENTS.

19 A. ESI Scope Statements contain the following information:

20 ▪ Project description;

21 ▪ Billing method for assigning or allocating costs to Entergy's legal
22 entities and justification for such billing method;

23 ▪ Purpose of the project;

- 1 ▪ Activities to be performed; and
- 2 ▪ Primary products and deliverables.

3

4 Q. HAVE YOU ANALYZED THE BILLING METHODS USED TO ASSIGN OR
5 ALLOCATE ESI COSTS TO EGSI DURING THE COST REVIEW
6 PERIOD?

7 A. Yes. I have analyzed the billing methods used to assign or allocate ESI
8 TTC costs to EGSI during the Cost Review Period. ESI had six billing
9 methods available for allocating ESI costs relative to the transition to
10 competition to its affiliates during this period. Company witness Chris E.
11 Barrilleaux sponsors the ESI billing methods.

12

13 Q. CAN MORE THAN ONE ESI BILLING METHOD BE USED TO ASSIGN
14 OR ALLOCATE A SPECIFIC ESI PROJECT CODE COSTS TO
15 ENTERGY'S LEGAL ENTITIES (INCLUDING EGSI)?

16 A. No. Only one ESI billing method is assigned to allocate each ESI project
17 code costs to Entergy's legal entities (including EGSI). As discussed in
18 the testimony of Company witness Barrilleaux, use of a single ESI billing
19 method ensures that all affiliates are charged the same unit cost (price) for
20 services provided under the project codes.

21

1 Q. HOW DOES THE AFFILIATE BILLING PROCESS ENSURE THAT THE
2 PRICE CHARGED BY ESI APPROXIMATES THE ACTUAL COST OF
3 SERVICES RENDERED UNDER THE PROJECT CODES?

4 A. ESI charges only the actual costs for services provided under Project
5 codes to regulated affiliates. The monthly billing process includes only the
6 costs accumulated in the project codes. There is no markup or profit
7 included in billings to the affiliated companies. The billings are based on
8 the billing method designated and described above. Accordingly, the unit
9 cost (price) charged to affiliates necessarily represents the actual costs of
10 providing such services.

11

12 Q. HOW DOES THE AFFILIATE BILLING SYSTEM ENSURE THAT COSTS
13 TO ONE AFFILIATE ARE NO HIGHER THAN COSTS TO ANOTHER?

14 A. The Billing Method ensures that costs are allocated to the respective
15 affiliates on a cost causative basis. The factors are applied consistently
16 across all Entergy System entities, thus ensuring that one affiliate does
17 not absorb more or less than its proportionate share of the related costs.
18 Therefore, the billing method insures that the price charged to one affiliate
19 is not higher than the price charged to other affiliates for the same item or
20 class of items.

21

22 Q. PLEASE DESCRIBE THE NATURE OF YOUR ANALYSIS OF THE ESI
23 SCOPE STATEMENTS.

1 A. PricewaterhouseCoopers was engaged by the Company to, among other
2 things, analyze and evaluate the ESI Scope Statements on a "stand-
3 alone" basis to determine whether the billing methods used to assign or
4 allocate ESI TTC costs to EGSi on a cost causative basis were
5 reasonable and appropriate. PricewaterhouseCoopers was also asked to
6 determine if the costs as derived from the billing methods used to charge
7 EGSi were no higher than the costs charged to other affiliates for similar
8 services. Finally, PricewaterhouseCoopers was engaged by the Company
9 to perform detailed transaction testing of ESI TTC costs assigned or
10 allocated to EGSi.

11

12 Q. HOW MANY ESI SCOPE STATEMENTS DID PRICEWATERHOUSE-
13 COOPERS ANALYZE?

14 A. PricewaterhouseCoopers analyzed each of the 57 ESI Scope Statements
15 and six associated billing methods for project codes that assigned or
16 allocated costs to EGSi during the Cost Review Period. Company witness
17 Barrilleaux sponsors the ESI Scope Statements and associated billing
18 methods.

19

20 Q. WHAT WAS THE PURPOSE OF YOUR ANALYSIS OF THE ESI SCOPE
21 STATEMENTS?

22 A. As stated previously in my testimony, the purpose of my analysis was to
23 determine whether the ESI billing methods used for assigning TTC costs

1 to EGSi appropriately assigned or allocated ESI service company TTC
2 costs to EGSi on a cost causative basis during the Cost Review Period.
3 The second purpose of my analysis was to determine whether the
4 Company's application of ESI billing methods resulted in costs for services
5 charged to EGSi that were no higher than the costs charged to other
6 affiliates for similar services.

7

8 Q. PLEASE DESCRIBE THE CRITERIA YOU USED TO EVALUATE
9 WHETHER THE ESI SCOPE STATEMENTS AND ASSOCIATED
10 BILLING METHODS USED TO ASSIGN OR ALLOCATE ESI COSTS TO
11 EGSi ON A COST CAUSATIVE BASIS WERE REASONABLE AND
12 APPROPRIATE.

13 A. The criteria used to evaluate the ESI Scope Statements are listed on
14 Exhibit MWN-1. As shown in this exhibit, three criteria were used to
15 evaluate the ESI Scope Statements. These criteria were grouped to
16 evaluate the ESI Scope Statements in terms of:

- 17 ■ Completeness – project code, project description, ESI billing
18 method (as applicable), statement of purpose, primary products or
19 deliverables, and justification for the billing method identified for
20 each ESI Scope Statement;
- 21 ■ Cost Causation – narrative text in the statement of the purpose,
22 activities performed, primary products or deliverables, and
23 justification for billing method adequately identify the activities

1 performed and associated costs incurred with their primary cost
2 drivers (*i.e.*, employees, level of effort, customers, labor, function,
3 etc.) and an explanation of why the ESI billing methods selected
4 are appropriate, reasonable, and consistent with the cost drivers
5 identified in the various sections of the Scope Statements; and
6 ■ Consistency – application of ESI billing methods consistently
7 across Entergy System entities for similar projects, activities,
8 products and deliverables, functions, or department, ensuring that
9 costs allocated to EGSI, for example, are no higher than
10 comparable costs allocated to other Entergy System entities.

11

12 Q. PLEASE DISCUSS THE RESULTS OF THE ESI SCOPE STATEMENTS
13 AND BILLING METHODS ANALYSIS.

14 A. PricewaterhouseCoopers analyzed the ESI Scope Statements used to
15 assign or allocate TTC costs to EGSI during the Cost Review Period using
16 the criteria described above. During the course of our analysis,
17 PricewaterhouseCoopers identified 16 ESI Scope Statements that
18 required further review by ESI Accounting in order to complete our review
19 and formulate our conclusions.

20

21 Q. PLEASE DESCRIBE THE COMPOSITION OF THE LIST OF ESI SCOPE
22 STATEMENTS THAT REQUIRED FURTHER REVIEW BY ESI IN

1 ORDER FOR PRICEWATERHOUSECOOPERS TO COMPLETE ITS
2 REVIEW.

3 A. The primary reason for further review was to verify the appropriateness of
4 the billing method included in the Scope Statement. In all cases, the
5 billing method selected allocated costs on the basis of all electric
6 customers or company load, as opposed to just those customers in a
7 jurisdiction considering open access. Upon further review,
8 PricewaterhouseCoopers determined that the originally assigned billing
9 method for each of these Scope Statements was appropriate during the
10 period of time it was in use.

11

12 Q. PLEASE SUMMARIZE THE CONCLUSIONS THAT YOU HAVE
13 FORMULATED BASED ON YOUR ANALYSIS OF THE ESI SCOPE
14 STATEMENTS AND RELATED (AS APPLICABLE) BILLING METHODS
15 USED TO ASSIGN OR ALLOCATE ESI COSTS TO EGSI DURING THE
16 COST REVIEW PERIOD.

17 A. The projects analyzed were established specifically to facilitate the
18 transition from a regulated environment to a retail open access
19 environment. As such, the billing methods employed by ESI directed
20 costs only to those entities considering retail open access. Several
21 projects used a Billing Method that allocated costs to other system
22 affiliates. These Billing Methods were used early in the Cost Review
23 Period when it was anticipated that other jurisdictions would pursue Retail

1 Open Access. PricewaterhouseCoopers' analysis of these projects
2 enabled us to conclude that costs allocated to EGSI were no higher than
3 costs allocated to other Entergy System entities. Pricewaterhouse-
4 Coopers considers the allocations resulting from the reviewed Scope
5 Statements and Billing Methods to be reasonable and in accordance with
6 the Texas guidelines regarding affiliated company transactions.

7

8 VI. ENTERGY SERVICES, INC. TRANSACTION TESTING

9 Q. DID PRICEWATERHOUSECOOPERS ANALYZE ESI'S ADHERENCE
10 TO ESTABLISHED COSTING PROCEDURES?

11 A. Yes. PricewaterhouseCoopers used a method of sampling known as
12 attribute sampling to evaluate whether ESI adhered to its costing
13 procedures. Each sampled ESI transaction was evaluated through a
14 detailed analysis to determine whether or not the transaction was
15 processed appropriately. As I discuss below, PricewaterhouseCoopers
16 estimated the proportion of ESI transactions in the sample population that
17 were processed appropriately.

18

19 Q. HOW WAS THIS RANDOM SAMPLING TECHNIQUE USED IN TESTING
20 ESI TTC TRANSACTION?

21 A. The first step was to obtain a database from ESI of all TTC transactions
22 occurring throughout the Cost Review Period. This database represented
23 all ESI costs recorded in projects defined as TTC for the Cost Review

1 Period that had been charged to EGSi by means of a billing method. The
2 database contained more than 54,000 monthly records for the Cost
3 Review Period. For this purpose, a record is defined as one or more
4 transactions having the same characteristics or determinants which
5 means that one record may have actually reflected several transactions,
6 *i.e.*, invoices or time sheets all having the same project code, organization
7 code and accounting period and other elements. Using a 95% confidence
8 level with a 5% degree of precision and an expected error rate of 5%,
9 PricewaterhouseCoopers selected a sample of 75 records to test this
10 database. See Exhibit MWN-2. The selected confidence level, precision
11 and expected error rate were determined in coordination with ESI
12 Accounting.

13

14 Q. HOW WERE THESE 75 RANDOM SAMPLE SELECTIONS USED?

15 A. PricewaterhouseCoopers used a well recognized and widely-used
16 sampling technique known as "cumulative monetary sampling" or
17 "probability-proportionate-to size sampling." This means that transactions
18 with larger values are more likely to be sampled than transactions with
19 smaller values. This sampling technique requires sorting the population of
20 transactions from the smallest absolute dollar amount to the largest
21 absolute dollar amount. This range is then divided into 75 (representing
22 the sample size) equal dollar amount intervals based on the sum of all
23 transactions. For example, if the total absolute value of all ESI

1 transactions equals \$75,000, the sampling interval is \$1,000 ($\$75,000 \div$
2 75 (sample size) = \$1,000). A random number is generated between zero
3 and the sampling interval to select the sample transaction within the
4 interval. To select the sample, the absolute dollar amount of each
5 individual record within the sampling interval was accumulated until the
6 total charges within each group equaled or exceeded the random number.
7 The record that caused the accumulated total to equal or exceed the
8 random number was selected from that group of records. For example, if
9 the sampling interval is \$1,000, a random number between 0 and 1,000 is
10 chosen. Assume the random number is 550 and the first few transactions
11 are accumulated to \$500. If the next transaction is \$100, the accumulated
12 amount exceeds \$550; therefore, the \$100 transaction is selected for the
13 sample. PricewaterhouseCoopers used commercial software known as
14 SAS to develop the sampling programs and make the sample selections.

15

16 Q. WHAT DID THESE 75 RANDOM SAMPLE SELECTIONS REPRESENT?

17 A. Each of these sample selections represented a record to be tested. In
18 some instances, these selections represented a single transaction. In
19 most cases, however, the record selected was comprised of multiple
20 transactions with the same characteristics or determinants. In these
21 cases, PricewaterhouseCoopers reviewed all of the individual transactions
22 as one; if a single transaction was an exception, the entire record was
23 considered as an exception.

1

2 Q. WHAT DID YOU DO WHEN THE RANDOM SAMPLE SELECTION
3 PROCESS WAS COMPLETE?

4 A. After the random sample selection process was complete,
5 PricewaterhouseCoopers obtained the documentation on which each of
6 the selected records was based. In some categories (e.g., Accounts
7 Payable), PricewaterhouseCoopers was able to directly obtain sufficient
8 supporting records by accessing information through the ESI accounts
9 payable computer system. In other categories (e.g., Payroll),
10 PricewaterhouseCoopers obtained supporting documentation from
11 appropriate ESI personnel.

12

13 Q. WHAT WERE THE NEXT STEPS IN THE REVIEW PROCESS OF EACH
14 OF THE SAMPLE ITEMS, AFTER THE ANALYSIS OF THE
15 DOCUMENTARY SUPPORT WAS COMPLETED?

16 A. After establishing that the amount charged was authorized and was for
17 actual costs incurred, PricewaterhouseCoopers reviewed the Project Code
18 to which the cost was assigned to determine whether the cost was
19 appropriately included in that particular Project Code.
20 PricewaterhouseCoopers also reviewed the Billing Method assigned to the
21 Project Code for appropriateness in relation to the cost incurred.
22 PricewaterhouseCoopers then verified the cost assignments to each
23 affiliate. That is, PricewaterhouseCoopers determined that the recorded

1 costs were allocated, using consistent unit prices, or assigned to each
2 affiliate as directed by the Billing Method specified for the Project Code.

3

4 Q. WHAT WAS THE NEXT STEP IN PRICEWATERHOUSECOOPERS'
5 TESTING OF THE ESI AFFILIATE BILLING PROCESS?

6 A. The next step was to test the billing process to determine if the proper
7 amounts were billed to the affiliates.

8

9 Q. PLEASE DESCRIBE HOW THIS TESTING WAS CONDUCTED.

10 A. First, it should be noted that the transactions are not billed separately.
11 Each individual transaction was included in the total amount that the
12 affiliate was billed during each month for all services provided during the
13 preceding month. Accordingly, the first step was to confirm that the record
14 amounts, which were supported by appropriate cost documentation, were
15 included in the costs billed to EGSi. This required that the dollars
16 associated with the Project Code, which included each individual
17 transaction selection, be summed for the associated month/year, and then
18 that total amount was compared to extracts from the EGSi general ledger.
19 Given the nature of ESI's automated billing system,
20 PricewaterhouseCoopers traced one transaction from the original ESI
21 record to the month-end billing entry and the subsequent reimbursement
22 from EGSi.

23

1 Q. HOW DID YOU DETERMINE THAT THE COSTS WERE ASSIGNED OR
2 ALLOCATED TO THE APPROPRIATE AFFILIATE BY ESI?

3 A. This was accomplished by: 1) determining the total costs included in each
4 Project Code represented in PricewaterhouseCoopers' 75 sample
5 transactions for the specific month that the sample transactions were
6 actually incurred; 2) verifying the computation of the allocation of those
7 costs to the affiliates based on the Billing Method associated with each
8 Project Code for the month in which the sample transaction took place;
9 and 3) comparing the results of PricewaterhouseCoopers' computation to
10 the actual allocations that took place for each of the represented sample
11 selections.

12

13 Q. YOU STATED THAT YOU ALSO CONFIRMED THAT ESI WAS
14 REIMBURSED BY THE AFFILIATES FOR THE COSTS BILLED TO
15 THEM. PLEASE DESCRIBE THAT PROCEDURE.

16 A. After confirming the billing for each of the transactions tested, it was
17 necessary to determine that the related payment was made. The payment
18 was confirmed through examination of ESI's monthly cash receipts journal
19 detail and the actual receipt of payment by ESI, which was traced to ESI's
20 bank statements.

21

1 Q. PLEASE PROVIDE AN EXHIBIT THAT ILLUSTRATES THE
2 TRANSACTION TESTING PROCESS USED FOR ALL TRANSACTIONS
3 TESTED.

4 A. Please refer to Exhibit MWN-3, sample # 27.
5

6 Q. PLEASE DISCUSS THE STEPS CONTAINED IN THE EXHIBIT MWN-3
7 WHICH DEMONSTRATE THE APPROPRIATE CLASSIFICATION AND
8 ALLOCATION OF THE SAMPLE SELECTIONS.

9 A. Sample #27 is for outside services charged to Project TRGTIM –
10 Transition Implementation Management – EGS TX Dist. To satisfy our
11 first test, PricewaterhouseCoopers obtained a copy of the vendor invoice
12 (Exhibit MWN-3 27-3), in this case an invoice from Accenture LLP, to
13 examine evidence of a valid expense. The documentation reviewed
14 included project manager approval to pay the invoice, also noted on
15 Exhibit MWN-3 27-3. Next, PricewaterhouseCoopers reviewed the Scope
16 Statement in light of the charge and determined that the nature of the
17 service was appropriate to the description of the project. The invoice was
18 for services related to TTC Support Project for ROA, which is consistent
19 with the Scope Statement description of services. The total amount
20 invoiced was \$30,600. Exhibit MWN-3 27-4 was reviewed to determine
21 how the vendor invoice was distributed. In this case, the invoice was split
22 between two EGS TTC projects, with \$15,300 being allocated to Project
23 TRGTIM. The third test was to compare the billing method to the nature of

1 the charge. In this example, it is appropriate to allocate the costs to EGSi
2 (Billing Method EGSi), given the invoice description (TTC Support Project
3 for ROA). The fourth review point was to determine that the allocation to
4 the affiliates was recorded in accordance with the billing method.
5 PricewaterhouseCoopers reviewed records from the EGSi cost system as
6 shown on Exhibit MWN-3 27-1 and verified that the \$15,300 billed from
7 ESI was recorded at EGSi. The fifth step was to look at the month end
8 billing entry. PricewaterhouseCoopers reviewed a report of expenses
9 charged to Project TRGTIM in July 2002, including the \$15,300 billed from
10 ESI (Exhibit MWN-3 27-6a), which totaled \$101,226.25 (Exhibit MWN-3
11 27-6e). We then traced this amount of \$101,226.25 (Exhibit MWN-3 27-
12 5m) to inclusion in the billing entry to EGSi for July 2002 which totaled
13 \$10,489,733.28 (Exhibit MWN-3 27-5r). The next step was to review the
14 EGSi Request for Electronic Funds Transfer Form used to generate the
15 \$10,489,733.28 payment to ESI (Exhibit MWN-3 27-7). The ESI journal
16 entry (Exhibit MWN-3 27-8a and b) shows receipt of the \$10,489,733.28.
17 The final step performed by PricewaterhouseCoopers was to verify that
18 the supporting documentation had been retained. In all cases,
19 PricewaterhouseCoopers reviewed evidence of the documentation. The
20 invoice is for services related to TTC Support Project for ROA. The
21 invoice was recalculated to validate mathematical accuracy. During the
22 testing, PricewaterhouseCoopers noted instances of vendor invoices
23 being split among projects. In those cases, PricewaterhouseCoopers

1 observed the projects charged to determine that the split was reasonable.
2 This invoice was evenly split to 2 projects. The other project, FTTCXX, is
3 also a TTC project. FTTCXX relates to Functional and System Integration
4 – TTC, which is consistent with the selected project TRGTIM. The ESI
5 Project Manager split the invoice on the basis of work performed.
6

7 Q. DURING THE TESTING, DID PRICEWATERHOUSECOOPERS REVIEW
8 OTHER INSTANCES OF VENDOR INVOICES BILLED TO DIFFERENT
9 PROJECTS?

10 A. Yes. It is common for a vendor to be supporting several projects. In those
11 cases, PricewaterhouseCoopers observed the accounting distribution of
12 the vendor invoice and determined that the billing to multiple projects was
13 reasonable.
14

15 Q. WAS THE SAME TESTING PROCESS FOLLOWED FOR ALL OF THE
16 SELECTIONS PRODUCED BY THE SAMPLING OF THE PERIOD
17 RECORDS?

18 A. No. Because ESI uses an automated billing system which consistently
19 processes transactions, PricewaterhouseCoopers only traced one sample
20 completely through to the Intercompany billing and subsequent
21 reimbursement by EGSi. For all records selected, Pricewaterhouse-
22 Coopers observed system output to verify that the costs billed by ESI were
23 recorded by EGSi.

1

2

VII. ENTERGY SERVICES, INC. TESTING RESULTS

3

Q. DID THE TESTING OF THE 75 ESI TRANSACTIONS REVEAL ANY
DEVIATION FROM THE ESTABLISHED PRACTICE OR ANY
TREATMENT OF ACTIVITIES THAT REQUIRE CORRECTIVE ACTION?

6

A. In the initial stages of moving toward competition, certain invoices
received from the vendor during the Cost Review Period did not contain
detail with respect to specific projects or tasks. At the Company's request,
the vendor identified the specific projects or tasks included in later
invoices. For those earlier invoices, PricewaterhouseCoopers obtained
confirmation from the project manager as to the nature of the work or
rationale for distributing invoices over multiple projects and was satisfied
that the invoices were appropriately distributed.

14

15

VIII. CONCLUSION

16

Q. WHAT ARE YOUR CONCLUSIONS RELATIVE TO THESE TESTING
PROCEDURES FOR ESI CHARGES TO EGS?

17

18

A. It is my conclusion that the transaction testing process provided a
reasonable basis for evaluating the affiliate cost procedures used by ESI
for services provided to affiliates. Based on this process and review, I
have concluded that these procedures resulted in charges to affiliates that
reasonably approximate the costs of the services provided and that the
price for services charged to and paid by EGS were no higher than the

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1 prices charged to and paid by other affiliates for similar projects. I have
2 also concluded that the methods used to allocate costs to affiliates
3 appeared appropriate in relation to the nature of the services provided and
4 that the established cost assignment procedures were consistently applied
5 in a reasonable and rational manner. Further, the transaction testing
6 process supports my conclusion that affiliates were billed for services
7 provided and that the affiliates reimbursed the service providers for the
8 billed services.

9

10 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

11 A. Yes.

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Entergy
EGSI-TX Transition Cost Rider
Scope Statement Review

57

Project Code	Description	Billing Method	Completeness	Cost Causation	Consistency	Reviewer	Comments & Disposition
PwC							
D10023	Market Mechanics Maintenance	EGSI	Y	Y	Y	RCMT	
DMMTEX	Market Mechanics IT Maintenance	EGSI	Y	Y	Y	MP/MT	
DTXPIL	Texas Pilot - Distribution	EGSI	Y	Y	Y	MT	
FB0037	TTC Integration Activities - EGSI	EGSI	Y	Y	Y	MP/MT	
F17006	CCS TX ERCOT Pilot Development	EGSI	Y	Y	Y	MP/MT	
F17027	Mkt Mech 2.0 Certification & Pilot	EGSI	Y	Y	Y	MP/MT	
Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project had an in service date of February 2002 when the company realized the other jurisdictions would not pursue retail open access.							
FTTCAA	Distribution Business SIM Charges	35	Y	Y	Y	RM/MT	
FTTGAX	TTC - Business Simulation Charges	EGSI	Y	Y	Y	MP/MT	
FTTCXX	Functional and Sys Integration TTC	EGSI	Y	Y	Y	MP/MT	
GST001	EGSI Texas 2004 Base Rate Case	EGSI	Y	Y	Y	MT	
ITTCAT	Market Mech Distribution - AR TX	TTC	Y	Y	Y	MT	
R73468	Market Mechanics - TX Market Mech Sys Default	EGSI	Y	Y	Y	RCMT	
RMMTEX	Serv Provd	EGSI	Y	Y	Y	MP/MT	
RTLJUT	Retail Transfer to EGSI - TX	EGSI	Y	Y	Y	MP/MT	
Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.							
TRALCI	Customer Interface Infrastructure	35	Y	Y	Y	RCMT	
Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.							
TRALIM	Transition Implementation Management	35	Y	Y	Y	RCMT	
Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.							
TRALRM	Rulemaking	35	Y	Y	Y	RCMT	

TRALSA	System Agreement Modification	23	Y	Y	Y	RC/MT	Billing Method 23 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in September 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRALSC	Stranded Cost (Method, Debt, Securitization)	35	Y	Y	Y	RC/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRALLUB	Unbundling (Tariffs, Functions, Billing)	35	Y	Y	Y	RC/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in December 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRCCII	Customer Interface Infrastructure (Common) - 1	TTC	Y	Y	Y	MT	
TRCCMI	Transition Implementation - Mod.	TTC	Y	Y	Y	RC/MT	
TRCCOI	Customer Interface Infrastructure	TTC	Y	Y	Y	MT	
TRCOIM	Transition Implementation Management	TTC	Y	Y	Y	RC/MT	
TRCORM	Rulemaking	TTC	Y	Y	Y	RC/MT	
TRCOSA	System Agreement Modification	TTC	Y	Y	Y	RC/MT	
TRCOSC	Stranded Cost (Methd, Origination)	TTC	Y	Y	Y	RC/MT	
TRCOUB	Unbundling (Tariffs, Functions, Billing)	TTC	Y	Y	Y	MP/MT	
TRCRNI	Rulemaking - Incompt System Agreement	TTC	Y	Y	Y	MP/MT	
TRCSAI	Modification - INC.	TTC	Y	Y	Y	MP/MT	
TRCSCI	Std Cost (MTD, Diminsh, Renv)	TTC	Y	Y	Y	RM/MT	
TRCUBI	Unbundling (Tariff, Function) Consumer Education - EGS	TTC	Y	Y	Y	RM/MT	
TRGTCE	TX Distribution	EGSI	Y	Y	Y	MT	
TRGTCL	Customer Interface Infrastructure - EGS TX	EGSI	Y	Y	Y	RM/MT	
TRGTIM	Transition Impl Mgmt - EGS TX Dist	EGSI	Y	Y	Y	MT	Primary Activities includes a reference to "ESID" without explanation. Should this term be appropriately defined?
TRGTTP	TTC Texas Retail Comp Pilot Project	EGSI	Y	Y	Y	RC/MT	
TRGTMI	Rulemaking - EGS Texas	EGSI	Y	Y	Y	RM/MT	
TRGTSA	System Agrmt - Modification - EGS TX	EGSI	Y	Y	Y	RM/MT	
TRGTSC	Stranded Cost (Methd, Diminution) - TX	EGSI	Y	Y	Y	RM/MT	
TRGTUB	Unbundling (Tariffs, Frdnsh.) - EGS TX	EGSI	Y	Y	Y	RM/MT	
TRJCEI	Consumer Education - Incremental	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.

TRJCI	Customer Interface Infrastructure - IN	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRJMI	Transmission Implementation Mgmt - Inc	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRJRM	Rulemaking - Incremental	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in December 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRJSA	System Agreement Modification - INC	23	Y	Y	Y	RM/MT	Billing Method 23 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRJSC	Stranded Cost (Mid, Det, Security)	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TRJUB	Unbundling (Tarr, Frdn, Bld)	35	Y	Y	Y	RM/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in June 2001 when the company realized the other jurisdictions would not pursue retail open access.
TS4656	TTC - Dist BPTS Prep for Comp ESI	TTC	Y	Y	Y	MP/MT	
TS465G	TTC - Post Meter for IDR Customers	EGSI	Y	Y	Y	MP/MT	
TS465H	TTC - Dist/DSS/MDSI Enhancements ESI	EGSI	Y	Y	Y	MP/MT	
TS465J	TTC - Phase 2 of System Enhancements	EGSI	Y	Y	Y	MP/MT	
TS465K	TTC - Workarounds for Enhancements	EGSI	Y	Y	Y	MP/MT	
TS465T	TTC - Dist BPTS Prep for Comp ESI	EGSI	Y	Y	Y	MP/MT	
TTTCAT	Market Mech Sys - Dist TX Transition to Competition -	EGSI	Y	Y	Y	MP/MT	
ZULGST	EGSI TX	EGSI	Y	Y	Y	RM/MT	
ZULGSU	Transition to Competition - ESI AL	EGSI	Y	Y	Y	MP/MT	
ZULREG	Transition to Competition - ESI Reg C	35	Y	Y	Y	MP/MT	Billing Method 35 allocates costs to all entities with electric customers. The method was appropriate when the company anticipated all jurisdictions would develop retail open access. This project was closed in August 2001 when the company realized the other jurisdictions would not pursue retail open access.

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Entergy
EGSI-TX Transition Cost Rider
Transaction Sample

ID	MONTH	FISCL_YR_NO	AMOUNT	SUMRY_ORG_NM	PROJ_CD	PROJ_NM
1	8091 April	2000		67.14 Human Resources Summary	ZULGST	TRANSITION TO COMPETITION - EGSI TX
2	9051 September	2001	154.90	Cust Service Support Regulated	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
3	18477 April	2003	243.01	System Planning Summary	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
4	2670 March	2001	345.00	Cust Service Support Regulated	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
5	21095 December	2004	450.12	Legal Services Summary	GST001	EGSI Texas 2004 Base Rate Case
6	13073 May	2001	568.05	Cust Service Support Regulated	TS465K	TTC- WORKAROUNDS FOR ENHANCEMENTS
7	8003 October	1999	699.65	Domestic Utility Management	ZULGST	TRANSITION TO COMPETITION - EGSI TX
8	7948 June	2001	852.34	Finance And Accounting Summary	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
9	677 April	2000	1,022.15	Legal Services Summary	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
10	17061 March	2001	1,205.72	Domestic Utility Management	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
11	6539 March	2001	1,405.15	Domestic Utility Management	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
12	12964 November	2001	1,640.73	Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
13	4080 April	2001	1,893.24	Domestic Utility Management	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
14	13151 June	2001	2,216.21	Cust Service Support Regulated	TS465J	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
15	21067 December	2004	2,572.66	Fossil Operations Summary	GST001	TTC- PHASE 2 OF SYSTEM ENHANCEMENTS
16	1237 August	2001	2,978.41	Domestic Utility Management	TRGTIM	EGSI Texas 2004 Base Rate Case
17	20965 December	2004	3,437.60	Transmission Summary - Level 3	GST001	TRANSITION IMPL MGMT - EGS TX DIST
18	11040 August	2001	3,981.17	Crp Responsibility View	TTTCAT	MARKET MECH SYS-DISTR TX
19	7447 August	2000	4,668.89	Domestic Utility Management	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
20	14075 February	2002	5,427.81	Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
21	13118 November	2001	6,205.23	Cust Service Support Regulated	TS465J	TTC- PHASE 2 OF SYSTEM ENHANCEMENTS
22	7658 November	1999	7,126.54	Legal Services Summary	ZULREG	TRANSITION TO COMPETITION - REG. C
23	20339 December	2004	8,225.53	Nuclear - Regulated	GST001	EGSI Texas 2004 Base Rate Case
24	20306 November	2004	9,444.98	Domestic Utility Management	GST001	EGSI Texas 2004 Base Rate Case
25	12927 March	2002	10,869.72	Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
26	12735 July	2001	12,948.02	Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
27	6768 July	2002	15,300.00	Domestic Utility Management	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
28	13149 October	2001	17,500.00	Cust Service Support Regulated	TS465G	TTC- POST METER FOR IDR CUSTOMERS E
29	15059 May	2001	20,226.00	Cust Service Support Regulated	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
30	6818 March	2001	25,022.01	Finance And Accounting Summary	TRCOIM	TRANSITION IMPLEMENTATION MANAGEEME
31	12226 March	2002	30,370.88	Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
32	20055 March	2005	-35,177.25	Cust Service Support Regulated	FB6037	TTC INTEGRATION ACTIVITIES - EGSI-T
33	14161 May	2002	39,525.00	Cust Service Support Regulated	FB6037	TTC INTEGRATION ACTIVITIES - EGSI-T
34	12020 August	2001	48,751.39	Cust Service Support Regulated	RMMTEX	MARKET MECH SYS DEFAULT SERV PROVID
35	10073 December	2000	57,570.00	Domestic Utility Management	TTTCAT	MARKET MECH SYS-DISTR TX
36	15058 August	2001	66,850.00	Cust Service Support Regulated	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
37	19650 May	2004	74,330.81	Domestic Utility Management	TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
38	10071 August	2000	82,891.57	Domestic Utility Management	TTTCAT	MARKET MECH DISTRIBUTION-AR TX
39	6835 September	2000	94,901.92	Domestic Utility Management	TRCOIM	TRANSITION IMPLEMENTATION MGT - INC
40	15383 November	1999	102,180.35	Domestic Utility Management	ZULREG	TRANSITION TO COMPETITION - REG. C
41	6837 March	2000	114,263.91	Domestic Utility Management	TRCOIM	TRANSITION IMPLEMENTATION MANAGEEME
42	20853 December	2004	128,260.97	Information Technology	GST001	EGSI Texas 2004 Base Rate Case
43	10071 July	2000	147,136.98	Domestic Utility Management	TTTCAT	MARKET MECH DISTRIBUTION-AR TX
44	6790 December	2003	153,960.36	Domestic Utility Management	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
45	6835 November	2000	162,189.92	Domestic Utility Management	TRCOIM	TRANSITION IMPLEMENTATION MGT - INC

46	9739 July	2001	173,166.00 Domestic Utility Management	FTTCX	TTC-BUSINESS SIMULATION CHANGES TO
47	9741 November	2001	183,448.60 Domestic Utility Management	FTTCX	FUNCTIONAL AND SYS INTEGRATION TTC
48	20437 December	2004	201,454.80 System Benefits & Non-Dept HR	GST001	EGSI Texas 2004 Base Rate Case
49	12233 July	2001	209,847.43 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
50	6837 May	2000	-223,800.76 Domestic Utility Management	TRCOIM	TRANSITION IMPLEMENTATION MANAGEEME
51	6837 June	2000	230,165.77 Domestic Utility Management	TRCOIM	TRANSITION IMPLEMENTATION MANAGEEME
52	20056 March	2005	-257,117.12 Cust Service Support Regulated	FB6037	TTC INTEGRATION ACTIVITIES - EGSI-T
53	12232 September	2001	290,529.28 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
54	6835 December	2000	306,814.12 Domestic Utility Management	TRCCMI	TRANSITION IMPLEMENTATION MGT - INC
55	12239 January	2001	323,988.85 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
56	6797 June	2001	348,924.69 Domestic Utility Management	TRGTU8	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX
57	18629 June	2001	358,800.00 Cust Service Support Regulated	TRGTPP	TTC TEXAS RETAIL COMP PILOT PROJECT
58	6834 May	2000	371,085.00 Domestic Utility Management	TRCCII	CUSTOMR INTRFC INFRAST (COMMON) - I
59	12049 March	2001	389,856.31 Domestic Utility Management	RMMTX	MARKET MECH SYS DEFAULT SERV PROVID
60	6835 May	2000	409,326.30 Domestic Utility Management	TRCCMI	TRANSITION IMPLEMENTATION MGT - INC
61	12049 April	2001	445,313.25 Domestic Utility Management	RMMTX	MARKET MECH SYS DEFAULT SERV PROVID
62	6769 March	2001	476,519.00 Domestic Utility Management	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
63	6769 May	2001	526,966.00 Domestic Utility Management	TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST
64	12233 August	2001	552,295.52 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
65	14443 December	2000	612,115.98 Domestic Utility Management	TTTCAT	MARKET MECH SYS-DISTR TX
66	14444 November	2000	685,940.90 Domestic Utility Management	TTTCAT	MARKET MECH SYS-DISTR TX
67	12239 February	2001	730,653.79 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
68	12049 December	2001	816,474.13 Domestic Utility Management	RMMTX	MARKET MECH SYS DEFAULT SERV PROVID
69	12049 June	2001	859,979.58 Domestic Utility Management	RMMTX	MARKET MECH SYS DEFAULT SERV PROVID
70	14248 December	2001	963,777.23 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
71	20138 March	2005	-1,041,358.97 Domestic Utility Management	FTTCX	TTC-BUSINESS SIMULATION CHANGES TO
72	12239 June	2001	1,472,754.81 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
73	12233 December	2001	1,507,644.72 Cust Service Support Regulated	TTTCAT	MARKET MECH SYS-DISTR TX
74	21360 December	2004	11,543,353.92 Finance And Accounting Summary	RTLAJ1	RETAIL TRANSFER TO EGSI-TX
75	9741 August	2001	1,119,631.25 Domestic Utility Management	FTTCX	FUNCTIONAL AND SYS INTEGRATION TTC
Total			26,025,255.16		

Checklist of Testing Procedures

Completed By: RC

Reviewed By: MF

	Selection #: 27	Yes- No- N/A	Comments	Reference
1	Examined evidence of valid expense	Yes		27-3
2	Reviewed project scope statement and the expense appears to be appropriately charged to the project code	Yes		Scoping Statement
3	Billing Method applied to the project appears appropriate in light of whom the services benefited/were provided to (i.e., there are no affiliates receiving benefits that are not taken into account in the billing method, conversely, there are no affiliates being billed that do not receive the benefits)	Yes		SRD
4	Allocations to affiliates are recorded in accordance with Billing Methods	Yes		27-2
5	The FERC account in which the expense is recorded appears appropriate	Yes		
6	The expense was properly billed to the affiliate	Yes		27-5m; 27-6a
7	The amount billed to the affiliate was collected	Yes		27-7
8	Was the supporting documentation retained in accordance with Entergy Guidelines	Yes		

Handwritten signature

2002	7	G	182G	TRGTIM:923	TTC	410	ENT	TX	E	15,300.00	31-Jul-02	Z	ESA	67	31-Jul-02	Z	API	S	202	249	TRGTIM	TTC	ENT	923	E
										15,300.00															

15,300.00

2002	7	S	202	TRGTIM: 923	TTC	249	ENT	NA	E	15,300.00	31-Jul-02	Z	API	18	31-Jul-02	Z	API	720542904	20616803	(A)
										15,300.00										

27-4
27-2 x 100%
15,300.00

Id 6768_EC.xls
6768

27-1

BA15-W

Functional Method Distribution

07/01/1997

07/17/2002

Category	Value	Percentage
C	100.002	100.002
E	100.002	100.002
F	100.002	100.002
G	100.002	100.002
L	100.002	100.002
M	100.002	100.002
N	100.002	100.002
S	100.002	100.002
81C	100.002	100.002
82E	100.002	100.002
81F	100.002	100.002
82G	100.002	100.002
82L	100.002	100.002
82M	100.002	100.002
82N	100.002	100.002
801	100.002	100.002

27-2

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TO 84335649

P.01/01



Non-Purchase Order Payment Request FAX Header

<u>Request No</u> P1456159	<u>Vendor No</u> 078949	<u>Vendor</u> ACCENTURE LLP	<u>FAX TO:</u> 8-433-5649	<u>Pmt Method:</u> CHK
<u>Invoice No</u> 0049331154	<u>Invoice Amount</u> \$30,600.00		<u>Total # of Invoice Pages</u> 1	
<u>Requester</u> Sibley, Theresa J (504)576-4022	<u>Approver</u> May, Philip R (504)576-4148	<u>Return Request To:</u> Sibley, Theresa J L-ENT-17F		

accenture

Accenture LLP
1345 Avenue of the Americas - New York, NY 10105
accenture.com

June 13, 2002

Mr. Phillip May
Vice President - Transition To Competition
Entergy
639 Loyola Avenue
New Orleans, Louisiana 70113

Invoice: 0049331154

Professional fees and expenses for services performed in relation to the TTC Support Project for ROA. The attached invoice, which totals \$30,600 covers the month of May 2002 reconciliation, and projected fees and expenses for June 2002, as well as any applicable adjustments and carry forwards for prior periods.

TTC Support Project for ROA			
May 2002 Forecast	4	\$3,400	\$13,600
May 2002 Actuals	9	\$3,400	\$30,600
Subtotal:	5	\$3,400	\$17,000
June 2002 Forecast	4	\$3,400	\$13,600
Grand Total	9	\$3,400	\$30,600

27-3

27-3130,600.00

Total July 2002 Billings to EGSi by Project

Project	Billings	July 2002
EGSI	ESI	21453A \$3,819.57
EGSI	ESI	21453B \$461.79
EGSI	ESI	25533F \$1,369.98
EGSI	ESI	25888L \$3,807.86
EGSI	ESI	C08500 \$27,152.71
EGSI	ESI	C31251 (\$1,111.41)
EGSI	ESI	C31253 \$7,875.56
EGSI	ESI	C31255 \$48,115.84
EGSI	ESI	C31257 \$589.54
EGSI	ESI	C45459 \$1,482.80
EGSI	ESI	CBDANG \$1,058.70
EGSI	ESI	CBDFO5 \$165,357.39
EGSI	ESI	CDVDAT \$754.17
EGSI	ESI	CDVETR \$27,518.10
EGSI	ESI	CDVVBS \$544.74
EGSI	ESI	CEPLOU \$21,480.16
EGSI	ESI	CEPTX \$5,464.94
EGSI	ESI	CITIPC \$435.35
EGSI	ESI	CPM001 \$19,794.75
EGSI	ESI	CSPSYS \$29,668.80
EGSI	ESI	CSPUTI \$23,438.82
EGSI	ESI	D10002 \$9,107.76
EGSI	ESI	D10005 \$3,616.59
EGSI	ESI	D10006 \$4,686.93
EGSI	ESI	D10007 \$12,270.82
EGSI	ESI	D10010 \$1,171.96
EGSI	ESI	D10012 \$439.78
EGSI	ESI	D10013 \$463.13
EGSI	ESI	D10015 \$4,279.54
EGSI	ESI	D10020 \$3.93
EGSI	ESI	D10021 \$418.62
EGSI	ESI	D10023 (\$725.44)
EGSI	ESI	D10025 \$192.36
EGSI	ESI	D10026 \$1,799.12
EGSI	ESI	D10027 \$469.73
EGSI	ESI	D10028 \$1,131.41
EGSI	ESI	D10030 \$500.01
EGSI	ESI	D10031 \$417.43
EGSI	ESI	D10033 \$7,732.11
EGSI	ESI	D10063 \$0.76
EGSI	ESI	DG0005 \$761.16
EGSI	ESI	DS0034 \$192.03
EGSI	ESI	DS0175 \$195.74
EGSI	ESI	DS0179 \$293.63
EGSI	ESI	DS1109 \$300.10
EGSI	ESI	DS1111 \$2,875.65
EGSI	ESI	DS1117 \$3,970.20
EGSI	ESI	DS2134 \$110.34
EGSI	ESI	DS2147 \$4,157.72
EGSI	ESI	DS2148 \$1,108.86

27-5 a