



Control Number: 34800



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2008 MAY 16 PM 1:09

APPLICATION OF ENTERGY GULF
STATES, INC. FOR AUTHORITY TO
CHANGE RATES AND TO RECONCILE
FUEL COSTS

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BEFORE THE
STATE OFFICE OF
ADMINISTRATIVE HEARINGS

NOTICE OF FILING OF NON-UNANIMOUS STIPULATION TERM SHEET

TO THE HONORABLE ADMINISTRATIVE LAW JUDGES:

NOW COME Entergy Gulf States, Inc. ("EGSI" or "Company"),¹ the Steering Committee of the Cities of Beaumont, Conroe, Groves, Nederland, Pine Forest, Port Neches, Rose City and Silsbee ("Cities"), the Office of Public Utility Counsel ("OPC"), the Kroger Company ("Kroger"), Texas Legal Services Center ("TLSC") and Texas Ratepayers Organization to Save Energy ("Texas ROSE"), and Wal-Mart Texas Stores, LP ("Wal-Mart") (collectively, "Signatories"),² and give notice that they are jointly filing a detailed Non-Unanimous Stipulation ("NUS") Term Sheet, providing a mutually agreeable basis for resolution of all issues in this proceeding. The NUS Term Sheet is attached hereto as Exhibit A. In addition, attached as Exhibit B to this Notice is a spreadsheet showing the rate impacts by customer class of the NUS resolution of this proceeding. The Signatories intend to file a signed, definitive NUS consistent with the requirements of Order No. 35 in this proceeding, and continue to work toward settlement with as many parties as possible.

¹ Effective December 31, 2007, Entergy Texas, Inc. succeeded to EGSI's rights and responsibilities related to provision of electric utility service in the former EGSI Texas service territory, pursuant to Section 39.452(e) of the Public Utility Regulatory Act. For continuity and ease of reference, the Company has continued to make reference to EGSI for purposes of pleadings in this case.


² Community Associations of the Woodlands has indicated its support for the Non-Unanimous Stipulation, but it has not yet had the opportunity to perform its final review of the NUS Term Sheet.

Respectfully submitted,

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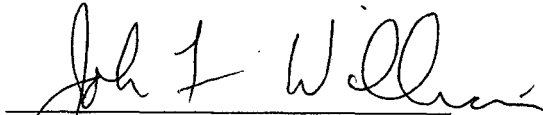


John F. Williams
State Bar No. 21554100

ATTORNEYS FOR
ENTERGY GULF STATES, INC.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this document was served by first class mail, facsimile, or hand-delivery on all parties of record in this proceeding on May 16, 2008.


John F. Williams

DOCKET NO. 34800 TERM SHEET

1. Base rate increase of \$42.5 million commencing with bills rendered for the first billing cycle of October 2008 and a further increase of \$17 million commencing with bills rendered for the first billing cycle of October 2009.
 - a. Coincident with \$42.5 million base rate increase, implement a tariff designed to credit on a usage basis amounts of Rough Production Cost Equalization (RPCE) payments that would otherwise be returned to customers so that Company retains such payments (and amortizes the regulatory liability) at the rate of \$25 million annually until the rates from the rate case identified in Paragraph 6 below are effective.
 - b. This \$25 million amount to serve as a credit (or offset) to the \$42.5 million base rate increase.
2. In addition to base rate increases provided for in Paragraph 1 above, the Company to retain a portion of RPCE payments as described below:
 - a. Beginning with the first billing cycle in January 2009, implement a tariff designed on a usage basis for Company to retain an additional amount at the rate of \$17 million annually until the October 2009 rate increase goes into effect.
 - b. 2008 RPCE payments will be used, if and as necessary, to amortize future credits.
3. 2009 increase to be implemented using abbreviated filing on July 1, 2009.
 - a. Form of filing to be discussed and agreed on among Signatories.
 - b. Those Signatories that can waive rights to challenge October 2009 increase do so, except as to accuracy of calculations and conformance of tariffs with settlement agreement.
 - c. Public Signatories agree to be bound by the settlement agreement (and therefore the 2009 rate increase) to extent allowed by law, and regardless of foregoing, expectation is that Public Signatories will not challenge amount of 2009 increase and that oversight is limited to accuracy of calculations and conformance of tariffs with settlement agreement.
 - d. 2009 increase to be based on the same billing determinants and rate design that were used to design rates for 2008 increase.
4. Power purchased from third parties to be treated as eligible fuel or PCRFF expense, as applicable, until implementation date of rates set in Paragraph 6. Such purchase power, whether treated as eligible fuel or PCRFF, will be subject to the standards in PUC Substantive Rules 25.236 or 25.238, as applicable, in future fuel reconciliation cases. Signatories have the right to contest in the reconciliation cases the reasonableness of such purchase power expenses. They also reserve the right to assert all factual and legal arguments that they asserted in this docket as purchase power adjustments.

5. An annual amount of \$5 million of transmission and distribution operation and maintenance expense by project will be deferred beginning with the implementation date of these rates and ending with the implementation date of the rates in Paragraph 6. Recovery of the deferred expense will commence in the rates provided for in Paragraph 6 below.
6. Company will file a rate case by December 31, 2009 based upon a test year of June 30, 2009.
 - a. Signatories agree that all MSS-4 purchases will be recovered through a contemporaneous surcharge and will become reconcilable beginning with the implementation of rates resulting from the 2009 rate case provided for in this Paragraph but make no commitment concerning the treatment of MSS-4 purchases in any subsequent rate cases.
 - b. Competitive Generation tariff to be further addressed in 2009 rate case. Prior to the 2009 rate case, Signatories agree to work, in a collaborative manner, toward a mutually acceptable solution and further agree that the Company will be made whole for any loss in revenues due directly to implementation of the Competitive Generation tariff.
7. River Bend life extension adjustment is adopted consistent with regulatory treatment in Louisiana. Additionally, the depreciation adjustment identified in the rebuttal testimony of the Company of \$2.7 million will be allowed.
8. Commission approves Riders as follows:
 - a. Current and prospective incremental city franchise fees will be recovered by rider. Existing non-incremental fees will be rolled into base rates and not separately stated on bill or charged to customers.
 - b. Energy efficiency rider as proposed in Company's rebuttal testimony. Low-income energy efficiency programs will be amended to ensure funding is maintained for the targeted energy efficiency program initiated in 2001 in Docket No. 24469. The Company will reinstate the Entergy Assist program at a funding level of \$1.9 million, based upon 0.12% of Texas gross revenues. The Company will use its best efforts to contract with the Texas Association of Community Action Agencies by October 1, 2008 with an annual funding level of \$1.9 million effective January 1, 2009.
 - c. Rate case expense rider of \$5 million amortized over three (3) years.
 - d. All revenue from riders is in addition to (i) base rate increases provided for in Paragraph 1 above and (ii) amount retained by Company pursuant to Paragraphs 1 and 2 above.
9. Other Low-Income Programs.
 - a. The miscellaneous electric service charge for reconnection will remain at \$12.00 for low-income customers.
 - b. Public Benefit Fund will be funded at an amount not to exceed \$2 million annually and rolled into base rates. In order to include a greater portion of the

eligible population in the program, the Company will use its best efforts to contract and implement an automatic enrollment program. The program will be modeled upon the matching procedures used by other Texas utilities to identify eligible customers and will be implemented within 30 days of the approval of the final order. Quarterly reports will be provided to interested parties.

10. Storm costs accruals to be increased by \$2 million annually (to a total annual accrual of \$3.65M) beginning January 1, 2009. This amount is subsumed in revenues recovered through base rates.
11. Increase allocated to all classes on an equal percentage basis. Each lamp type and wattage will receive an equal percentage increase identified in the lighting class.
12. No fuel disallowance. Signatories agree on total amount of reconcilable fuel to be reflected as an adjustment to the last month of the reconciliation period.
13. All numbers herein are Texas jurisdictional.
14. Except to the extent that this Term Sheet expressly governs a Signatory's rights and obligations for future periods, this Term Sheet shall not be binding or precedential upon a Signatory outside this docket. The provisions of this Term Sheet expire upon the implementation of rates contemplated in Paragraph 6 except to the extent necessary to accomplish the purposes contemplated within the Term Sheet.
15. Term Sheet subject to acceptable form of settlement agreement.

Dated this 16 day of May, 2008.

ENERGY TEXAS, INC.

By: _____

John Williams

Title: Its Attorney

Date: May 16, 2008

OFFICE OF PUBLIC UTILITY
COUNSEL

By: _____

Sara J. Ferris

Title: Assistant Public Counsel

Date: May 15, 2008

**ENTERGY TEXAS, INC. SERVICE
AREA CITIES' STEERING
COMMITTEE**

By: 
Daniel J. Lawton

Title: Its Attorney

Date: May 15, 2008

TEXAS LEGAL SERVICES CENTER

By: _____
Randall Chapman

Title: Executive Director

Date: May __, 2008

**THE COMMUNITY ASSOCIATIONS
OF THE WOODLANDS**

By: _____
Kathleen E. Magruder

Title: Their Attorney

Date: May __, 2008

THE KROGER CO.

By: Kurt Boehm *by permission*
~~Michael L. Kurtz~~ *J. Fullen*
Kurt Boehm

Title: Its Attorney

Date: May 16, 2008

**TEXAS RATEPAYERS'
ORGANIZATION TO SAVE ENERGY**

By: _____
Carol Biedrzycki

Title: Executive Director

Date: May 16, 2008

WAL-MART TEXAS STORES, LP

By: Eric J. Krathwohl *by permission*
Eric J. Krathwohl
Rich May, a Professional
Corporation *J. Fullen*

Title: Its Counsel

Date: May 16, 2008

**ENTERGY TEXAS, INC. SERVICE
AREA CITIES' STEERING
COMMITTEE**

By: _____
Daniel J. Lawton

Title: Its Attorney

Date: May __, 2008

THE KROGER CO.

By: _____
Michael L. Kurtz

Title: Its Attorney

Date: May __, 2008

TEXAS LEGAL SERVICES CENTER

By: 
Randall Chapman

Title: Executive Director

Date: May 5, 2008



**THE COMMUNITY ASSOCIATIONS
OF THE WOODLANDS**

By: _____
Kathleen E. Magruder

Title: Their Attorney

Date: May __, 2008

**TEXAS RATEPAYERS'
ORGANIZATION TO SAVE ENERGY**

By:  
Carol Biedrzycki

Title: Executive Director

Date: May 5, 2008

WAL-MART TEXAS STORES, LP

By: _____
Eric J. Krathwohl
Rich May, a Professional
Corporation

Title: Its Counsel

Date: May __, 2008

Exhibit B

ENTERGY GULF STATES, INC.
PUC DOCKET NO. 34800
REVENUE SUMMARY - SETTLEMENT STEP 1
RATES BEGINNING SEPTEMBER 2008
FOR THE TWELVE MONTHS ENDING MARCH 31, 2007

Line No.	Rate Class (a)	Present Base Rate Revenue (b)	Present IPCR Revenue (c)	Present Fuel Revenue (d)	Total Present Revenue (e)	Proposed Base Rate Revenue (f)	Proposed EECRF Revenue (g)	Proposed RCE Revenue (h)	Proposed Fuel Revenue (i)	Total Proposed Revenue (j)	Change To Base Revenue (k)	Base Percent Change (l)	Change To Total Revenue (m)	Total Percent Change (n)
1	Residential Service	\$ 236,119,749	\$ 8,590,329	\$ 329,221,870	\$ 573,931,948	\$ 244,749,631	\$ 2,032,462	\$ 592,802	\$ 332,169,412	\$ 579,534,207	\$ 8,629,782	3.65%	\$ 5,602,259	0.98%
2	Small General Service	\$ 17,540,828	\$ 433,409	\$ 17,302,691	\$ 35,276,928	\$ 18,182,493	\$ 78,397	\$ 31,136	\$ 17,456,983	\$ 35,749,009	\$ 641,665	3.66%	\$ 472,081	1.34%
3	General Service	\$ 104,594,651	\$ 3,920,335	\$ 191,538,481	\$ 300,053,467	\$ 108,417,494	\$ 724,845	\$ 345,459	\$ 193,250,350	\$ 302,738,148	\$ 3,822,843	3.65%	\$ 2,684,681	0.89%
4	Large General Service	\$ 31,277,244	\$ 1,285,030	\$ 81,443,412	\$ 114,005,686	\$ 32,419,972	\$ 109,730	\$ 148,069	\$ 82,177,148	\$ 114,854,919	\$ 1,142,728	3.65%	\$ 849,233	0.74%
5	Large Industrial Power Service	\$ 83,100,357	\$ 3,819,641	\$ 277,489,736	\$ 364,509,734	\$ 86,136,925	\$ 4,800	\$ 537,594	\$ 280,153,706	\$ 366,833,025	\$ 3,036,568	3.65%	\$ 2,323,291	0.64%
6	Interruptible Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
7	Lighting Service	\$ 6,235,988	\$ 59,349	\$ 4,765,757	\$ 11,061,094	\$ 6,463,682	\$ -	\$ 8,577	\$ 4,808,258	\$ 11,280,517	\$ 227,694	3.65%	\$ 219,423	1.98%
8	Total Retail	\$ 478,668,817	\$ 18,208,093	\$ 901,761,947	\$ 1,398,838,857	\$ 496,370,097	\$ 2,950,234	\$ 1,663,637	\$ 910,005,857	\$ 1,410,989,825	\$ 17,501,280	3.65%	\$ 12,150,968	0.87%

9 Increase Base \$ 42,500,000
10 RPCE Payments (3) \$ 25,000,000
11 Net Increase \$ 17,500,000
12 Percentage Base Change 3.6544%

(1) Composite fuel factor (Source: WPIQ-7/RD-1) applied to present fuel revenue
(2) Includes the impact of a Test Year third party purchase level of \$8.2 million, however the Rate Year third party purchase level is \$10.9 million
(3) Rough Production Cost Equalization Payments

ENTERGY GULF STATES, INC.
PUC DOCKET NO. 34800
REVENUE SUMMARY - SETTLEMENT STEP 2
RATES BEGINNING SEPTEMBER 2009
FOR THE TWELVE MONTHS ENDING MARCH 31, 2007

Line No.	Rate Class (a)	Present Base Rate Revenue (b)	Present IPCR Revenue (c)	Present Fuel Revenue (1) (d)	Total Present Revenue (e)	Proposed Base Rate Revenue (f)	Proposed EECRF Revenue (g)	Proposed RCE Revenue (h)	Proposed Fuel Revenue (2) (i)	Total Proposed Revenue (j)	Change To Base Revenue (k)	Base Percent Change (l)	Change To Total Revenue (m)	Total Percent Change (n)
1	Residential Service	\$ 236,119,749	\$ 8,590,329	\$ 329,221,870	\$ 573,931,948	\$ 253,127,017	\$ 2,032,462	\$ 592,802	\$ 332,159,412	\$ 587,911,693	\$ 17,007,268	7.20%	\$ 13,979,745	2.44%
2	Small General Service	\$ 17,540,828	\$ 433,409	\$ 17,302,691	\$ 35,276,928	\$ 18,803,512	\$ 78,397	\$ 31,136	\$ 17,456,963	\$ 36,370,028	\$ 1,262,684	7.20%	\$ 1,093,100	3.10%
3	General Service	\$ 104,594,651	\$ 3,920,335	\$ 191,538,481	\$ 300,053,467	\$ 112,141,636	\$ 724,845	\$ 345,459	\$ 193,250,350	\$ 306,462,290	\$ 7,546,985	7.22%	\$ 6,408,823	2.14%
4	Large General Service	\$ 31,277,244	\$ 1,286,030	\$ 81,443,412	\$ 114,005,686	\$ 33,532,467	\$ 109,730	\$ 148,069	\$ 82,177,148	\$ 115,967,414	\$ 2,255,223	7.21%	\$ 1,961,728	1.72%
5	Large Industrial Power Service	\$ 83,100,357	\$ 3,919,641	\$ 277,489,736	\$ 384,509,734	\$ 89,080,269	\$ 4,800	\$ 537,594	\$ 280,153,706	\$ 389,776,369	\$ 5,979,912	7.20%	\$ 5,268,635	1.44%
6	Interruptible Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
7	Lighting Service	\$ 6,235,988	\$ 59,349	\$ 4,765,757	\$ 11,061,094	\$ 6,683,897	\$ -	\$ 8,577	\$ 4,808,258	\$ 11,500,732	\$ 447,909	7.18%	\$ 439,638	3.97%
8	Total Retail	\$ 478,668,817	\$ 18,208,093	\$ 901,761,947	\$ 1,398,638,857	\$ 513,368,798	\$ 2,950,234	\$ 1,663,637	\$ 910,005,857	\$ 1,427,988,526	\$ 34,499,981	7.20%	\$ 29,149,669	2.08%

9 Increase Base \$ 59,500,000
10 RPCE Payments (3) \$ 25,000,000
11 Net Increase \$ 34,500,000
12 Percentage Base Change 7.2045%

(1) Composite fuel factor (Source: WP/Q-7/RD-1) applied to present fuel revenue.
(2) Includes the impact of a Test Year third party purchase level of \$8.2 milliom , however the Rate Year third party purchase level is \$10.9 million
(3) Rough Production Cost Equalization Payments