

ENTERGY ARKANSAS INC  
 Form 10-Q  
 August 08, 2012

UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
 THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13  
 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-31508	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 64-0205830
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900	0-05807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
0-20371	ENTERGY GULF STATES LOUISIANA, L.L.C. (a Louisiana limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798

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74-0662730

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Telephone (601) 368-5000  
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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrants have submitted electronically and posted on Entergy's corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large accelerated filer	Accelerated filer	Non- accelerated filer	Smaller reporting company
Entergy Corporation	<input type="checkbox"/>			
Entergy Arkansas, Inc.			<input type="checkbox"/>	
Entergy Gulf States Louisiana, L.L.C.			<input type="checkbox"/>	
Entergy Louisiana, LLC			<input type="checkbox"/>	
Entergy Mississippi, Inc.			<input type="checkbox"/>	
Entergy New Orleans, Inc.			<input type="checkbox"/>	
Entergy Texas, Inc.			<input type="checkbox"/>	
System Energy Resources, Inc.			<input type="checkbox"/>	

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Common Stock Outstanding	Outstanding at July 31, 2012
Entergy Corporation (\$0.01 par value)	177,319,259

Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company reports herein only as to itself and makes no other representations whatsoever as to any other company. This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2011 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

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FORWARD-LOOKING INFORMATION

In this combined report and from time to time, Entergy Corporation and the Registrant Subsidiaries each makes statements as a registrant concerning its expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "could," "project," "believe," "anticipate," "intend," "expect," "estimate," "continue," "potential," "plan," "predict," "forecast," and other similar words or expressions are intended to identify forward-looking statements but are not the only means to identify these statements. Although each of these registrants believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Any forward-looking statement is based on information current as of the date of this combined report and speaks only as of the date on which such statement is made. Except to the extent required by the federal securities laws, these registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including those factors discussed or incorporated by reference in (a) Item 1A. Risk Factors in the Form 10-K, (b) Management's Financial Discussion and Analysis in the Form 10-K and in this report, and (c) the following factors (in addition to others described elsewhere in this combined report and in subsequent securities filings):

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions, Entergy's utility supply plan, and recovery of fuel and purchased power costs;
- the termination of Entergy Arkansas's and Entergy Mississippi's participation in the System Agreement in December 2013 and November 2015, respectively;
- regulatory and operating challenges and uncertainties associated with the Utility operating companies' proposal to move to the MISO RTO, the operations of the independent coordinator of transmission for Entergy's utility service territory, and the scheduled expiration of the current independent coordinator of transmission arrangement in November 2012;
- risks associated with the proposed spin-off and subsequent merger of Entergy's electric transmission business into a subsidiary of ITC Holdings Corp., including the risk that Entergy and the Utility operating companies may not be able to timely satisfy the conditions or obtain the approvals required to complete such transaction or such approvals may contain material restrictions or conditions, and the risk that if completed, the transaction may not achieve its anticipated results;
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, and the application of more stringent transmission reliability requirements or market power criteria by the FERC;
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Entergy Wholesale Commodities business, and the effects of new or existing safety or environmental concerns regarding nuclear power plants and nuclear fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license renewals or modifications of nuclear generating facilities;
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at its nuclear generating facilities;
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- prices for power generated by Entergy's merchant generating facilities and the ability to hedge, meet credit support requirements for hedges, sell power forward, or otherwise reduce the market price risk associated with those

facilities, including the Entergy Wholesale Commodities nuclear plants;

- the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts;



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FORWARD-LOOKING INFORMATION (Concluded)

- volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities;
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances, and changes in costs of compliance with environmental and other laws and regulations;
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal;
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes, ice storms, or other weather events and the recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance;
  - effects of climate change;
    - Entergy's ability to manage its capital projects and operation and maintenance costs;
    - Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms;
- the economic climate, and particularly economic conditions in Entergy's Utility service territory and the Northeast United States and events that could influence economic conditions in those areas;
  - the effects of Entergy's strategies to reduce tax payments;
  - changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria;
  - changes in inflation and interest rates;
  - the effect of litigation and government investigations or proceedings;
    - advances in technology;
- the potential effects of threatened or actual terrorism, cyber attacks or data security breaches, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;
  - Entergy's ability to attract and retain talented management and directors;
    - changes in accounting standards and corporate governance;
- declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans;
- changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites;
  - factors that could lead to impairment of long-lived assets; and
- the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture.

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## DEFINITIONS

Certain abbreviations or acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
ASU	Accounting Standards Update issued by the FASB
Board	Board of Directors of Entergy Corporation
capacity factor	Actual plant output divided by maximum potential plant output for the period
City Council or Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Texas	Entergy Texas, Inc., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Wholesale Commodities (EWC)	Entergy's non-utility business segment primarily comprised of the ownership and operation of six nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by those plants to wholesale customers
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FitzPatrick	James A. FitzPatrick Nuclear Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Form 10-K	Annual Report on Form 10-K for the calendar year ended December 31, 2011 filed with the SEC by Entergy Corporation and its Registrant Subsidiaries
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Indian Point 3	Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment

IRS  
ISO

Internal Revenue Service  
Independent System Operator

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## DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
MISO	Midwest Independent Transmission System Operator, Inc., a regional transmission organization
MMBtu	One million British Thermal Units
MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatts
MWh	Megawatt-hour(s)
Net MW in operation	Installed capacity owned and operated
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
Palisades	Palisades Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Pilgrim	Pilgrim Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
PPA	Purchased power agreement or power purchase agreement
PUCT	Public Utility Commission of Texas
Registrant Subsidiaries	Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc.
River Bend	River Bend Station (nuclear), owned by Entergy Gulf States Louisiana
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
SPP	Southwest Power Pool
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources
System Energy	System Energy Resources, Inc.
TWh	Terawatt-hour(s), which equals one billion kilowatt-hours
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility	Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility operating companies	Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas
Vermont Yankee	Vermont Yankee Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Station, 100% owned or leased by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather



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## ENTERGY CORPORATION AND SUBSIDIARIES

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities.

- The Utility business segment includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business. As discussed in more detail in "Plan to Spin Off the Utility's Transmission Business," in the Form 10-K, in December 2011, Entergy entered into an agreement to spin off its transmission business and merge it with a newly-formed subsidiary of ITC Holdings Corp.
- The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

## Results of Operations

## Second Quarter 2012 Compared to Second Quarter 2011

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the second quarter 2012 to the second quarter 2011 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities (In Thousands)	Parent & Other (1)	Entergy
2nd Qtr 2011 Consolidated Net Income	\$252,741	\$ 65,556	\$2,301	\$320,598
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	(153,294 )	(30,239 )	(1,090 )	(184,623 )
Other operation and maintenance expenses	37,324	16,831	6,230	60,385
Taxes other than income taxes	2,424	6,558	(86 )	8,896
Depreciation and amortization	6,679	3,893	(23 )	10,549
Other income	(3,946 )	6,096	2,669	4,819
Interest expense	2,495	1,170	8,569	12,234
Other expenses	1,551	(50,250 )	-	(48,699 )
Income taxes	(263,497 )	(18,106 )	8,449	(273,154 )
2nd Qtr 2012 Consolidated Net Income (Loss)	\$308,525	\$ 81,317	\$(19,259 )	\$370,583

(1) Parent & Other includes eliminations, which are primarily intersegment activity.



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Entergy Corporation and Subsidiaries  
 Management's Financial Discussion and Analysis

Net income for Utility in the second quarter 2012 was significantly affected by a settlement with the IRS related to the income tax treatment of the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, which resulted in a reduction in income tax expense. The net income effect was partially offset by a regulatory charge, which reduced net revenue, because the benefits will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Refer to "ENTERGY CORPORATION AND SUBSIDIARIES - SELECTED OPERATING RESULTS" for further information with respect to operating statistics.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

	Amount (In Millions)
2011 net revenue	\$1,305
Louisiana Act 55 financing tax settlement sharing	(165 )
Volume/weather	(1 )
Retail electric price	3
Miscellaneous insignificant items	10
2012 net revenue	\$1,152

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers of Entergy Gulf States Louisiana and Entergy Louisiana. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, on residential and commercial sales. This was substantially offset by an increase of 988 GWh, or 4%, in weather-adjusted usage across all customer classes.

The retail electric price variance is primarily due to:

- a special formula rate plan rate increase at Entergy Louisiana effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center; and
- a base rate increase at Entergy Texas beginning May 2011 as a result of the settlement of the December 2009 rate case.

These increases were partially offset by a formula rate plan decrease at Entergy New Orleans effective October 2011. See Note 2 to the financial statements in the Form 10-K for further discussion of these proceedings.





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Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

## Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

	Amount (In Millions)
2011 net revenue	\$474
Nuclear realized price changes	(51 )
Nuclear volume	(1 )
Other	22
2012 net revenue	\$444

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by \$30 million, or 6%, in the second quarter 2012 compared to the second quarter 2011 primarily due to lower pricing in its contracts to sell power. Lower volume in its nuclear fleet resulting from more planned and unplanned outage days in 2012 compared to the same period in 2011 was substantially offset by the exercise of resupply options provided for in purchase power agreements whereby Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below. Partially offsetting the lower net revenue from the nuclear fleet was higher net revenue from the Rhode Island State Energy Center, which was acquired in December 2011.

Following are key performance measures for Entergy Wholesale Commodities for the second quarter 2012 and 2011:

	2012	2011
Owned capacity	6,612	6,016
GWh billed	11,674	10,567
Average realized revenue per MWh	\$48.27	\$52.74
<b>Entergy Wholesale Commodities Nuclear Fleet</b>		
Capacity factor	85%	91%
GWh billed	10,426	9,993
Average realized revenue per MWh	\$48.67	\$52.38
<b>Refueling Outage Days:</b>		
Indian Point 2	1	-
Indian Point 3	-	7
Palisades	34	-
Pilgrim	-	25

## Realized Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants

See the Form 10-K for a discussion of Entergy Wholesale Commodities nuclear business's average realized price per MWh, including the factors that influence it and the decrease in the annual average realized price per MWh to \$54.73 in 2011 from \$59.16 in 2010. Entergy Wholesale Commodities' nuclear business is likely to continue to experience a

decrease again in 2012 from 2011 because, as shown in the contracted sale of energy table in "Market and Credit Risk Sensitive Instruments," Entergy Wholesale Commodities has sold forward 90% of its planned nuclear energy output for the remainder of 2012 for an average contracted energy price of \$49 per MWh. In addition, Entergy Wholesale Commodities has sold forward 84% of its planned nuclear energy output for 2013 for an average contracted energy price of \$45-50 per MWh.

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Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$485 million for the second quarter 2011 to \$522 million for the second quarter 2012 primarily due to:

- an increase of \$22 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;
- \$10 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
  - an increase of \$8 million in distribution expenses primarily due to the timing of contract work; and
- an increase of \$8 million in fossil-fueled generation expenses resulting from higher outage costs primarily because of the timing of the outages and increased scope of outages compared to the same period in the prior year.

The increase was partially offset by the effect of the deferral, as approved by the FERC, and the LPSC for the Louisiana jurisdiction, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$12 million.

Depreciation and amortization expense increased primarily due to additions to plant in service.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from \$231 million for the second quarter 2011 to \$248 million for the second quarter 2012 primarily due to:

- an increase of \$7 million due to the operations of the Rhode Island State Energy Center, which was acquired in December 2011; and
- an increase of \$6 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs.

Taxes other than income taxes increased primarily due to increased property taxes at FitzPatrick. Previously, FitzPatrick was granted an exemption from property taxation and paid taxes according to a payment in lieu of property taxes agreement. This agreement expired on June 30, 2011 and FitzPatrick is now being taxed under the current property tax system.

Other expenses decreased primarily due to a credit to decommissioning expense of \$49 million in second quarter 2012 resulting from a reduction in the decommissioning cost liability for a plant as a result of a revised decommissioning cost study. See "Critical Accounting Estimates – Nuclear Decommissioning Costs" below for further discussion.

Parent & Other

Interest expense increased primarily due to the issuance of \$500 million of 4.7% senior notes by Entergy Corporation in January 2012 and a higher interest rate on outstanding borrowings on the Entergy Corporation credit facility.

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Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

## Income Taxes

The effective income tax rate for the second quarter 2012 was (49.2%). The difference in the effective income tax rate versus the statutory rate of 35% for the second quarter 2012 is related to (1) an IRS settlement on how to treat the Louisiana Act 55 Financing of the Hurricane Katrina and Hurricane Rita storm costs, as discussed further in Note 10 to the financial statements; and (2) a unanimous court decision from the U.S. Court of Appeals for the Fifth Circuit affirming an earlier decision of the U.S. Tax Court holding that Entergy was entitled to claim a credit against its U.S. tax liability for the U.K. windfall tax that it paid, both of which enabled Entergy to reverse provisions for uncertain tax positions.

The effective income tax rate for the second quarter 2011 was 32%. The difference in the effective income tax rate versus the statutory rate of 35% for the second quarter 2011 was primarily due to a settlement regarding an issue which had previously been considered an uncertain tax position. This was partially offset in 2011 by a Michigan tax law change that repealed the business tax and enacted a corporate income tax, which eliminates a deduction that was available under the business tax; state income taxes; and certain book and tax differences for Utility plant items.

## Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the six months ended June 30, 2012 to the six months ended June 30, 2011 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities	Parent & Other (1)	Entergy
	(In Thousands)			
2011 Consolidated Net Income (Loss)	\$421,394	\$ 188,789	\$(35,906 )	\$574,277
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	(195,693 )	(103,221 )	(2,242 )	(301,156 )
Other operation and maintenance expenses	79,349	40,429	6,494	126,272
Asset impairment	-	355,524	-	355,524
Taxes other than income taxes	5,932	14,914	(15 )	20,831
Depreciation and amortization	14,160	11,733	(12 )	25,881
Other income	6,389	10,947	155	17,491
Interest expense	8,060	3,573	10,355	21,988
Other expenses	2,846	(49,008 )	-	(46,162 )
Income taxes	(253,995 )	(193,454 )	9,883	(437,566 )
2012 Consolidated Net Income (Loss)	\$375,738	\$ (87,196 )	\$(64,698 )	\$223,844

(1) Parent & Other includes eliminations, which are primarily intersegment activity.

Refer to "ENTERGY CORPORATION AND SUBSIDIARIES - SELECTED OPERATING RESULTS" for further information with respect to operating statistics.

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As discussed in more detail in Note 11 to the financial statements, results of operations for the six months ended June 30, 2012 include a \$355.5 million (\$223.5 million after-tax) impairment charge to write down the carrying values of Vermont Yankee and related assets to their fair values. Also, net income for Utility in the six months ended June 30, 2012 was significantly affected by a settlement with the IRS related to the income tax treatment of the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, which resulted in a reduction in income tax expense. The net income effect was partially offset by a regulatory charge, which reduced net revenue, because the benefits will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

## Net Revenue

## Utility

Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

	Amount (In Millions)
2011 net revenue	\$2,453
Louisiana Act 55 financing tax settlement sharing	(165 )
Volume/weather	(48 )
Retail electric price	14
Other	3
2012 net revenue	\$2,257

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, on residential and commercial sales. This was partially offset by an increase of 1,817 GWh, or 4%, in weather-adjusted usage across all customer classes. Industrial sales growth was largely due to expansions. This sector had growth from both large and small industrial customers. Improvements in chemicals were partially offset by declines in refineries and pipelines.

The retail electric price variance is primarily due to:

- a special formula rate plan rate increase at Entergy Louisiana effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center; and
- a base rate increase at Entergy Texas beginning May 2011 as a result of the settlement of the December 2009 rate case.



These increases were partially offset by a formula rate plan decrease at Entergy New Orleans effective October 2011. See Note 2 to the financial statements in the Form 10-K for further discussion of these proceedings.

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## Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

	Amount (In Millions)
2011 net revenue	\$999
Nuclear realized price changes	(117 )
Nuclear volume	(8 )
Other	21
2012 net revenue	\$895

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by \$104 million, or 10%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to lower pricing in its contracts to sell power. Lower volume in its nuclear fleet resulting from more planned and unplanned outage days in 2012 compared to the same period in 2011 was substantially offset by the exercise of resupply options provided for in purchase power agreements whereby Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below. Partially offsetting the lower net revenue from the nuclear fleet was higher net revenue from the Rhode Island State Energy Center, which was acquired in December 2011.

Following are key performance measures for Entergy Wholesale Commodities for the six months ended June 30, 2012 and 2011:

	2012	2011
Owned capacity	6,612	6,016
GWh billed	22,955	21,121
Average realized revenue per MWh	\$48.77	\$54.77
<b>Entergy Wholesale Commodities Nuclear Fleet</b>		
Capacity factor	87%	91%
GWh billed	20,264	19,906
Average realized revenue per MWh	\$49.47	\$54.91
<b>Refueling Outage Days:</b>		
Indian Point 2	28	-
Indian Point 3	-	30
Palisades	34	-
Pilgrim	-	25

## Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$933 million for the six months ended June 30, 2011 to \$1,012 million for the six months ended June 30, 2012 primarily due to:

- an increase of \$35 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;

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- an increase of \$21 million in fossil-fueled generation expenses resulting from higher outage costs primarily because of the timing of the outages and increased scope of outages compared to the same period in the prior year;
- \$16 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
  - an increase of \$8 million in distribution expenses primarily due to the timing of contract work; and
    - nuclear insurance refunds of \$5 million received in 2011.

The increase was partially offset by the effect of the deferral, as approved by the FERC, and the LPSC for the Louisiana jurisdictions, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$10 million.

Depreciation and amortization expense increased primarily due to additions to plant in service.

Interest expense increased primarily due to net debt issuances by certain of the Utility operating companies.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from \$440 million for the six months ended June 30, 2011 to \$480 million for the six months ended June 30, 2012 primarily due to:

- an increase of \$18 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs; and
- an increase of \$11 million due to the operations of the Rhode Island State Energy Center, which was acquired in December 2011.

The asset impairment variance is due to a \$355.5 million (\$223.5 million after-tax) impairment charge recorded in the first quarter 2012 to write down the carrying values of Vermont Yankee and related assets to their fair values. See Note 11 to the financial statements for further discussion of this charge.

Taxes other than income taxes increased primarily due to increased property taxes at FitzPatrick. Previously, FitzPatrick was granted an exemption from property taxation and paid taxes according to a payment in lieu of property taxes agreement. This agreement expired on June 30, 2011 and FitzPatrick is now being taxed under the current property tax system.

Depreciation and amortization expense increased primarily due to additions to plant in service, including the acquisition of the Rhode Island State Energy Center in December 2011.

Other expenses decreased primarily due to a credit to decommissioning expense of \$49 million in the second quarter 2012 resulting from a reduction in the decommissioning cost liability for a plant as a result of a revised decommissioning cost study. See "Critical Accounting Estimates – Nuclear Decommissioning Costs" below for further discussion.

Other income increased primarily due to an increase of \$9 million in realized earnings on the decommissioning trust funds.

Parent & Other

Interest expense increased primarily due to the issuance of \$500 million of 4.7% senior notes by Entergy Corporation in January 2012 and a higher interest rate on outstanding borrowings on the Entergy Corporation credit facility.

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Income Taxes

The effective income tax rates for the six months ended June 30, 2012 and 2011 were (120.6%) and 35.4%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2012 is primarily related to (1) an IRS settlement on how to treat the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs, as discussed further in Note 10 to the financial statements; and (2) a unanimous court decision from the U.S. Court of Appeals for the Fifth Circuit affirming an earlier decision of the U.S. Tax Court holding that Entergy was entitled to claim a credit against its U.S. tax liability for the U.K. windfall tax that it paid, both of which enabled Entergy to reverse provisions for uncertain tax positions. The difference in the effective income tax rate versus the statutory rate of 35% for the six months ended June 30, 2011 was primarily due to a settlement regarding an issue which had previously been considered an uncertain tax position. This was partially offset by a Michigan tax law change that repealed the business tax and enacted a corporate income tax, which eliminates a deduction that was available under the business tax; state income taxes; and certain book and tax differences for Utility plant items.

Plan to Spin Off the Utility's Transmission Business

See the Form 10-K for a discussion of Entergy's plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

In March 2011 and May 2012 the NRC renewed the operating licenses of Vermont Yankee and Pilgrim, respectively, for an additional 20 years, as a result of which each license now expires in 2032. For additional discussion regarding activity in Vermont and the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 11 to the financial statements herein. In the Vermont Yankee license renewal case, Vermont and the New England Coalition appealed the NRC's renewal of Vermont Yankee's license to the D.C. Circuit. In June 2012 the D.C. Circuit denied that appeal. In the Pilgrim license renewal case, three contentions remained pending before the ASLB at the time the license was issued. One of those contentions was subsequently denied by the ASLB and not appealed within the applicable time. A second remaining contention was denied by the ASLB and then appealed to the NRC. A third contention was denied by the ASLB on July 20, 2012 and the deadline of August 6, 2012 for an appeal to the NRC passed without an appeal being filed. The NRC has indicated that should the appeal of a contention result in voiding of the recently-issued license, Pilgrim could operate under the "timely renewal" doctrine in reliance on the prior, and now superseded, license until proceedings concerning the renewed license are final. Massachusetts has appealed the NRC's renewal of Pilgrim's license to the United States Court of Appeals for the First Circuit. Entergy has intervened in that appeal.

The NRC operating licenses for Indian Point 2 and Indian Point 3 expire in September 2013 and December 2015, respectively. Under federal law, nuclear power plants may continue to operate beyond their license expiration dates while their renewal applications are pending NRC approval. In April 2007, Entergy submitted an application to the NRC to renew the operating licenses for Indian Point 2 and 3 for an additional 20 years. The ASLB has admitted 21 contentions raised by the State of New York or other parties, which were combined into 16 discrete issues. Two of the issues have been resolved, leaving 14 issues that are currently subject to ASLB hearings. In July 2011, the ASLB granted the State of New York's motion for summary disposition of an admitted contention challenging the adequacy of a section of Indian Point's environmental analysis as incorporated in the Final Supplemental Environmental Impact Statement (FSEIS) (discussed below). That section provided cost estimates for Severe Accident Mitigation

Alternatives (SAMAs), which are hardware and procedural changes that could be implemented to mitigate estimated impacts of off-site radiological releases in case of a hypothesized severe accident. In addition to finding that the SAMA cost analysis was insufficient, the ASLB directed the NRC staff to explain why cost-beneficial SAMAs should not be required to be implemented. Entergy appealed the ASLB's decision to the NRC and the NRC staff supported Entergy's appeal, while the State of New York opposed it. In December 2011 the NRC denied Entergy's appeal as premature, stating that the appeal could be renewed at the conclusion of the ASLB proceedings.

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Pursuant to ASLB scheduling orders in the Indian Point 2 and 3 license renewal proceeding, the parties have submitted several rounds of testimony on "Track 1" contentions, which represent a majority of the contentions pending before the ASLB. Hearings on Track 1 contentions are scheduled to begin October 15, 2012. Hearings on the remaining issues will follow the submission of additional testimony on dates yet to be set.

The NRC staff currently is also continuing to perform its technical and environmental reviews of the Indian Point 2 and 3 license renewal application. The NRC staff issued a Final Safety Evaluation Report (FSER) in August 2009, a supplement to the FSER in August 2011, a FSEIS in December 2010 and a supplement to the FSEIS in June 2012. The NRC staff issued a draft supplemental FSEIS in June 2012 and has stated its intent to issue, following an opportunity for comment, another supplement to the FSER in August 2012.

The New York State Department of Environmental Conservation has taken the position that Indian Point must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. In addition, the consistency of Indian Point's operations with New York State's coastal management policies must be resolved as required by the Coastal Zone Management Act (CZMA). On July 24, 2012, Entergy filed a supplement to the Indian Point license renewal application currently pending before the NRC. The supplement states that, based on applicable federal law and in light of prior reviews by the State of New York, the NRC may issue the requested renewed operating licenses for Indian Point without the need for an additional consistency review by the State of New York under the CZMA. On July 30, 2012, Entergy filed a motion for declaratory order with the ASLB seeking confirmation of its position that no further CZMA consistency determination is required before the NRC may issue renewed licenses.

The hearing process is an integral component of the NRC's regulatory framework, and evidentiary hearings on license renewal applications are not uncommon. Entergy intends to participate fully in the hearing process as permitted by the NRC's hearing rules. As noted in Entergy's responses to the various intervenor filings, Entergy believes the contentions proposed by the intervenors are unsupported and without merit. Entergy will continue to work with the NRC staff as it completes its technical and environmental reviews of the Indian Point 2 and 3 license renewal application.

On June 8, 2012, the U.S. Court of Appeals for the D.C. Circuit vacated the NRC's 2010 update to its Waste Confidence Decision, which had found generically that a permanent geologic repository to store spent nuclear fuel would be available when necessary and that spent nuclear fuel could be stored at nuclear reactor sites in the interim without significant environmental effects, and remanded the case for further proceedings. The court concluded that the NRC had not satisfied the requirements of the National Environmental Policy Act (NEPA) when it considered environmental effects in reaching these conclusions. The NRC has not yet announced what steps it will take in response to the court's decision. The Waste Confidence Decision has been relied upon by NRC license renewal applicants to address some of the issues that NEPA requires the NRC to address before it issues a renewed license. Certain nuclear opponents have filed requests with the NRC asking it to address the issues raised by the court's decision in the license renewal proceedings for a number of nuclear plants including Grand Gulf and Indian Point 2 and 3. On August 7, 2012 the NRC issued an order stating that it will not issue final licenses dependent upon the Waste Confidence Decision until the D.C. Circuit's remand is addressed, but also stating that licensing reviews and proceedings should continue to move forward.

Liquidity and Capital Resources



See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy's capital structure, capital expenditure plans and other uses of capital, and sources of capital. Following are updates to that discussion.

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## Capital Structure

Entergy's capitalization is balanced between equity and debt, as shown in the following table.

	June 30, 2012	December 31, 2011
Debt to capital	57.4 %	57.3 %
Effect of excluding the securitization bonds	(2.1)%	(2.3)%
Debt to capital, excluding securitization bonds (1)	55.3 %	55.0 %
Effect of subtracting cash	(0.6)%	(1.5)%
Net debt to net capital, excluding securitization bonds (1)	54.7 %	53.5 %

- (1) Calculation excludes the Arkansas, Louisiana, and Texas securitization bonds, which are non-recourse to Entergy Arkansas, Entergy Louisiana, and Entergy Texas, respectively.

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the net debt to net capital ratio and the ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy's financial condition.

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3.5 billion and expires in March 2017. Entergy Corporation has the ability to issue letters of credit against 50% of the total borrowing capacity of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of June 30, 2012.

Capacity	Borrowings (In Millions)	Letters of Credit	Capacity Available
\$3,500	\$1,470	\$8	\$2,022

A covenant in Entergy Corporation's credit facility requires Entergy to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with the covenant. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the facility's maturity date may occur.

See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital," that sets forth the amounts of planned construction and other capital investments by operating segment for 2012 through 2014. Following are updates to the discussion in the Form 10-K.

Grand Gulf Uprate

As discussed in more detail in the Form 10-K, the estimated capital investments for 2012-2014 include System Energy's approximately 178 MW uprate of the Grand Gulf nuclear plant. Grand Gulf's spring 2012 refueling outage was completed in June 2012, and the majority of uprate-related capital improvements were made during this outage. Based upon the uprate-related work completed during the spring 2012 refueling outage, additional information from

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the project's engineering, procurement and construction contractor, the costs required to install instrumentation in the steam dryer in response to evolving guidance from the NRC staff, and delays in obtaining NRC approval, System Energy now estimates the total capital investment to be made in the course of the implementation of the Grand Gulf uprate project is approximately \$874 million, including SMEPA's share. Construction work was completed in June 2012 and in July 2012 the NRC approved the license amendment, which allows the plant to operate at the uprated capacity level.

Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana's Ninemile Point Unit 6 self-build project. The Ninemile 6 capacity and energy is proposed to be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. In February 2012 the City Council passed a resolution authorizing Entergy New Orleans to purchase 20% of the Ninemile 6 energy and capacity. In June 2011, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by Entergy Louisiana's construction of the facility. Entergy Gulf States Louisiana joined in the application, seeking certification of its purchase under a life-of-unit power purchase agreement of its allocated share of the capacity and energy generated by Ninemile 6. In March 2012 the LPSC unanimously voted to grant the certifications requested by Entergy Louisiana and Entergy Gulf States Louisiana, and Entergy Louisiana has given the contractor a full notice to proceed with the construction. Under the terms approved by the LPSC, costs may be recovered through Entergy Louisiana's and Entergy Gulf States Louisiana's formula rate plans, if one is in effect when the project is placed in service; alternatively, Entergy Louisiana and Entergy Gulf States Louisiana must file rate cases approximately 12 months prior to the expected in-service date.

Hot Spring Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Arkansas's agreement to acquire the Hot Spring Energy Facility. In July 2011, Entergy Arkansas filed its application with the APSC requesting approval of the acquisition and full cost recovery. In July 2012 the APSC approved the acquisition and cost recovery through a capacity acquisition rider and set the level of return on equity at the level established in Entergy Arkansas's June 2009 base rate proceeding. The parties have satisfied their obligations under the Hart-Scott-Rodino Act. The U.S. Department of Justice (DOJ) review of the transaction is ongoing. Closing has been delayed while the DOJ continues its review. Entergy Arkansas does not know when the DOJ will conclude its review or the extent to which its review of the transaction will be affected by the ongoing civil investigation of competitive issues concerning the Utility operating companies that is discussed in the Form 10-K.

Hinds Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Mississippi's agreement to acquire the Hinds Energy Facility. In July 2011, Entergy Mississippi filed with the MPSC requesting approval of the acquisition and full cost recovery. In February 2012 the MPSC granted a certificate of public convenience and necessity and approved the estimated acquisition cost. In April 2012, facilities studies were issued indicating that long-term transmission service is available for the Hinds facility provided that supplemental transmission upgrades estimated at approximately \$580,000 are made and assuming that various projects already included in the transmission construction plan are completed. Entergy Mississippi and the Mississippi Public Utilities Staff filed a joint stipulation in the retail cost recovery proceeding that provides that the non-fuel ownership costs of the Hinds facility should be recovered through the power management rider, and the MPSC adopted the stipulation on August 7, 2012. The parties have satisfied

their obligations under the Hart-Scott-Rodino Act. The U.S. Department of Justice (DOJ) review of the transaction is ongoing. Closing has been delayed while the DOJ continues its review. Entergy Mississippi does not know when the DOJ will conclude its review or the extent to which its review of the transaction will be affected by the ongoing civil investigation of competitive issues concerning the Utility operating companies that is discussed in the Form 10-K.

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## Dividends and Stock Repurchases

Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon Entergy's earnings, financial strength, and future investment opportunities. At its July 2012 meeting, the Board declared a dividend of \$0.83 per share, which is the same quarterly dividend per share that Entergy has paid since second quarter 2010.

## Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the six months ended June 30, 2012 and 2011 were as follows:

	2012	2011
	(In Millions)	
Cash and cash equivalents at beginning of period	\$694	\$1,294
Cash flow provided by (used in):		
Operating activities	1,188	977
Investing activities	(1,500 )	(1,827 )
Financing activities	(99 )	86
Net decrease in cash and cash equivalents	(411 )	(764 )
Cash and cash equivalents at end of period	\$283	\$530

## Operating Activities

Entergy's cash flow provided by operating activities increased by \$211 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- a decrease of \$178 million in pension contributions. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding; and
  - an increase in deferred fuel cost collections.

These increases were partially offset by:

- the decreases in Entergy Wholesale Commodities net revenue that is discussed above;
  - an increase of \$42 million in income tax payments; and
- a refund of \$30.6 million, including interest, paid to AmerenUE in June 2012. The FERC ordered Entergy Arkansas to refund to AmerenUE the rough production cost equalization payments previously collected. See Note 2 to the financial statements for further discussion of the FERC order.

## Investing Activities

Net cash used in investing activities decreased by \$327 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- the purchase of the Acadia Unit 2 by Entergy Louisiana for approximately \$300 million in April 2011;
- a decrease in nuclear fuel purchases because of variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle; and

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- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statements of Cash Flows, as Entergy received \$51 million in net deposits from Entergy Wholesale Commodities' counterparties during 2012 and returned net deposits of \$40 million in 2011. Entergy Wholesale Commodities' forward sales contracts are discussed in the Market and Credit Risk Sensitive Instruments section below.

These decreases were partially offset by an increase in construction expenditures, primarily in the Utility business resulting from spending on the power uprate project at Grand Gulf. Entergy's construction spending plans for 2012 through 2014 are discussed in the Form 10-K and are updated in the Capital Expenditure Plans and Other Uses of Capital section in this report.

Financing Activities

Entergy's financing activities used \$99 million of cash for the six months ended June 30, 2012 compared to providing \$86 million of cash for the six months ended June 30, 2011 primarily due to long-term debt activity providing approximately \$125 million of cash in 2012 compared to \$519 million of cash in 2011. For details of Entergy's long-term debt activity in 2012 see Note 4 to the financial statements herein. This was partially offset by Entergy repurchasing \$160 million of its common stock in the six months ended June 30, 2011 and \$51 million in proceeds from the sale in 2012 of a portion of Entergy Gulf States Louisiana's investment in Entergy Holdings Company's Class A preferred membership interests to a third party. Entergy's share repurchase programs are discussed in the Form 10-K.

Rate, Cost-recovery, and Other Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation" in the Form 10-K for discussions of rate regulation, federal regulation, and related regulatory proceedings.

State and Local Rate Regulation and Fuel-Cost Recovery

See Note 2 to the financial statements herein for updates to the discussion in the Form 10-K regarding these proceedings.

Federal Regulation

Entergy's Proposal to Join the MISO RTO

See the Form 10-K for a discussion of the Utility operating companies' proposal to join the MISO RTO. Following are updates to that discussion.

The LPSC voted to grant Entergy Gulf States Louisiana's and Entergy Louisiana's application for transfer of control to MISO, subject to conditions, on May 23, 2012, and issued its order on June 28, 2012. Staff, advisors, and intervenors have filed testimony in the Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, and Entergy Texas proceedings. Most parties were conditionally supportive of or did not oppose the requested transfer of control to MISO as in the public interest. Several parties, including the MPSC staff, the City Council advisors, and the PUCT staff proposed various conditions to be included in the orders granting the requested change of control. The APSC



Staff argued Entergy Arkansas has yet to provide an RTO option that is in the public interest and noted that Entergy Arkansas should maintain the standalone option until uncertainties are resolved regarding possible RTO membership. The APSC conducted a hearing on the merits on May 30-31, 2012. The APSC issued an order on August 3, 2012 in which it stated that it was unable, at this time, to reach a finding that Entergy Arkansas's application is in the public interest. The order listed several conditions for Entergy Arkansas and MISO to meet before the APSC will approve Entergy Arkansas's application, including some conditions that are of concern to Entergy Arkansas. Entergy Arkansas continues to analyze the order, and it intends to continue to pursue its proposal to join MISO. On July 18, 2012, the MPSC issued an order postponing its hearing on Entergy Mississippi's change of

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control request, which had been scheduled for July 19-20, 2012, to allow parties additional time to conduct further analysis. The City Council has scheduled a hearing for September 18, 2012. Entergy Texas submitted its change of control filing on April 30, 2012, and hearings in the PUCT proceeding regarding Entergy Texas's request were scheduled to begin on July 30, 2012. A settlement in principle was reached among several of the parties, however, pursuant to which Entergy Texas's membership in MISO would be found in the public interest subject to certain conditions. Entergy Texas and the other settling parties in the case filed a non-unanimous stipulation with the PUCT on August 6, 2012, and further proceedings have been scheduled to consider objections, if any, to the settlement. A hearing on the non-unanimous stipulation is now scheduled for August 24, 2012.

In June 2011, MISO filed with the FERC a request for a transitional waiver of provisions of its open access transmission, energy, and operating reserve markets tariff regarding allocation of transmission network upgrade costs, in order to establish a transition for the integration of the Utility operating companies. In September 2011 the FERC issued an order denying on procedural grounds MISO's request, further advising MISO that submitting modified tariff sheets is the appropriate method for implementing the transition that MISO seeks for the Utility operating companies. The FERC did not address the merits of any transition arrangements that may be appropriate to integrate the Utility operating companies into MISO. MISO worked with its stakeholders to prepare the appropriate changes to its tariff and filed the proposed tariff changes with the FERC in November 2011. On April 19, 2012, the FERC conditionally accepted MISO's proposal related to the allocation of transmission upgrade costs in connection with the transition and integration of the Utility operating companies into MISO. On May 21, 2012, MISO filed a compliance filing in accordance with the provisions of the FERC's April 19, 2012 Order. Two parties filed requests for rehearing of the FERC's April 19, 2012 Order that are still outstanding. On June 11, 2012, FERC issued a tolling order granting the pending rehearing requests for purposes of further consideration.

In addition, the Utility operating companies have proposed giving authority to the E-RSC, upon unanimous vote and within the first five years after the Utility operating companies join the MISO RTO, (i) to require the Utility operating companies to file with the FERC a proposed allocation of certain transmission upgrade costs among the Utility operating companies' transmission pricing zones that would differ from the allocation that would occur under the MISO Open Access Transmission Tariff and (ii) to direct the Utility operating companies as transmission owners to add projects to MISO's transmission expansion plan.

Market and Credit Risk Sensitive Instruments

Commodity Price Risk

Power Generation

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities sells unforced capacity, which allows load-serving entities to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward fixed price physical power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy, make capacity available, or both. In addition to its forward fixed price physical power contracts, Entergy Wholesale Commodities also uses financial contracts to hedge a portion of its commodity price risk. The following is a summary of the amount of Entergy

Wholesale Commodities' planned energy output that is currently sold forward under physical or financial contracts (2012 represents the remainder of the year):

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## Entergy Wholesale Commodities Nuclear Portfolio

	2012	2013	2014	2015	2016
Energy					
Percent of planned generation sold forward (a):					
Unit-contingent (b)	61%	41%	22%	12%	12%
Unit-contingent with guarantee of availability (c)	18%	19%	15%	13%	13%
Firm LD (d)	24%	24%	28%	-%	-%
Offsetting positions (e)	(13)%	-%	(6)%	-%	-%
Total	90%	84%	59%	25%	25%
Planned generation (TWh) (f) (g)	21	40	41	41	40
Average revenue under contract per MWh (h)	\$49	\$45-50	\$46-49	\$49-57	\$50-59

	2012	2013	2014	2015	2016
Capacity (o)					
Percent of capacity sold forward (i):					
Bundled capacity and energy contracts (j)	16%	16%	16%	16%	16%
Capacity contracts (k)	49%	26%	13%	12%	5%
Total	65%	42%	29%	28%	21%
Planned net MW in operation (g) (l)	5,011	5,011	5,011	5,011	5,011
Average revenue under contract per kW per month (applies to Capacity contracts only) (h)	\$2.3	\$2.4	\$3.0	\$3.3	\$3.4

## Blended Capacity and Energy Recap (based on revenues)

% of planned generation and capacity sold forward	91%	83%	63%	29%	28%
Average revenue under contract per MWh (h)	\$51	\$46	\$47	\$51	\$51

## Entergy Wholesale Commodities Non-Nuclear Portfolio

	2012	2013	2014	2015	2016
Energy					
Percent of planned generation sold forward (a):					
Cost-based contracts (m)	38%	34%	30%	33%	31%
Firm LD (d)	5%	5%	5%	6%	6%
Total	43%	39%	35%	39%	37%
Planned generation (TWh) (f) (n)	3	7	7	6	6

Capacity

Percent of capacity sold forward (i):					
Cost-based contracts (m)	35%	29%	24%	24%	24%
Bundled capacity and energy contracts (j)	8%	8%	8%	8%	8%
Capacity contracts (k)	52%	47%	47%	48%	20%
Total	95%	84%	79%	80%	52%
Planned net MW in operation (l) (n)	1,052	1,052	1,052	1,052	1,052

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- (a) Percent of planned generation output sold or purchased forward under contracts, forward physical contracts, forward financial contracts or options that mitigate price uncertainty that may require regulatory approval or approval of transmission rights
- (b) Transaction under which power is supplied from a specific generation asset; if the asset is not operating, seller is generally not liable to buyer for any damages
- (c) A sale of power on a unit-contingent basis coupled with a guarantee of availability provides for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.
- (d) Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset) or settles financially on notional quantities; if a party fails to deliver or receive energy, defaulting party must compensate the other party as specified in the contract; a portion of which may be capped through the use of risk management products
- (e) Transactions for the purchase of energy, generally to offset a Firm LD transaction
- (f) Amount of output expected to be generated by Entergy Wholesale Commodities resources considering plant operating characteristics, outage schedules, and expected market conditions that effect dispatch
- (g) Assumes NRC license renewal for plants whose current licenses expire within five years and uninterrupted normal operation at all plants. NRC license renewal applications are in process for two units, as follows (with current license expirations in parentheses): Indian Point 2 (September 2013) and Indian Point 3 (December 2015). For a discussion regarding the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 1 to the financial statements in the Form 10-K and "Vermont Yankee" in Note 11 to the financial statements herein.
- (h) Revenue on a per unit basis at which generation output, capacity, or a combination of both is expected to be sold to third parties (including offsetting positions), given existing contract or option exercise prices based on expected dispatch or capacity, excluding the revenue associated with the amortization of the below-market PPA for Palisades. Revenue may fluctuate due to factors including positive or negative basis differentials, option premiums and market prices at time of option expiration, costs to convert firm LD to unit-contingent, and other risk management costs. Also, average revenue under contract excludes payments owed under the value sharing agreement with NYPA.
- (i) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions
- (j) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold
- (k) A contract for the sale of an installed capacity product in a regional market
- (l) Amount of capacity to be available to generate power and/or sell capacity considering uprates planned to be completed during the year. The increased capacity figure for the nuclear portfolio from the 10-K reflects the final testing and confirmation of a small incremental increase in output associated with equipment replacements at Palisades.

- (m) Contracts priced in accordance with cost-based rates, a ratemaking concept used for the design and development of rate schedules to ensure that the filed rate schedules recover only the cost of providing the service; these contracts are on owned non-utility resources located within Entergy's service territory, which do not operate under market-based rate authority. The percentage sold assumes approval of long-term transmission rights. Includes sales to the Utility through 2013 of 121 MW of capacity and energy from Entergy Power sourced from Independence Steam Electric Station Unit 2.
- (n) Non-nuclear planned generation and net MW in operation include purchases from affiliated and non-affiliated counterparties under long-term contracts and exclude energy and capacity from Entergy Wholesale Commodities' wind investment accounted for under the equity method of accounting and from the 544 MW Ritchie plant that is not planned to operate.
- (o) Reflects effect of ISO New England's acceptance in the second quarter 2012 of Vermont Yankee's bid to delist for the June 2015 through May 2016 forward capacity auction #6 and retroactively for the June 2013 through May 2014 forward capacity auction #4. ISO New England has until May 2013 to consider Vermont Yankee's delist bid for forward capacity auction #5.

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Entergy estimates that a \$10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on June 30, 2012 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of \$19 million in 2012.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted power prices in the regions where Entergy Wholesale Commodities sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At June 30, 2012, based on power prices at that time, Entergy had liquidity exposure of \$193 million under the guarantees in place supporting Entergy Wholesale Commodities transactions, \$20 million of guarantees that support letters of credit, and \$14 million of posted cash collateral to the ISOs. As of June 30, 2012, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by \$151 million for a \$1 per MMBtu increase in gas prices in both the short-and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of June 30, 2012, Entergy would have been required to provide approximately \$45 million of additional cash or letters of credit under some of the agreements.

As of June 30, 2012, substantially all of the counterparties or their guarantors for 100% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2016 have public investment grade credit ratings.

Nuclear Matters

After the nuclear incident in Japan resulting from the March 2011 earthquake and tsunami, the NRC established a task force to conduct a review of processes and regulations relating to nuclear facilities in the United States. The task force issued a near-term (90-day) report in July 2011 that made initial recommendations, which were subsequently refined and prioritized after input from stakeholders. The task force then issued a second report in September 2011. Based upon the task force's recommendations, the NRC issued three orders effective on March 12, 2012. The three orders require U.S. nuclear operators, including Entergy, to undertake plant modifications or perform additional analyses that will, among other things, result in increased operating and capital costs associated with operating Entergy's nuclear plants. The orders are being analyzed and an estimate of the increased costs cannot be made at this time.

With the issuance of the three orders, the NRC also provided members of the public an opportunity to request a hearing. Two established anti-nuclear groups, Pilgrim Watch and Beyond Nuclear, filed hearing requests, focused on Pilgrim, regarding two of the three orders. These requests sought to have the NRC impose expanded remedial requirements to address the issues raised by the NRC's orders. Beyond Nuclear subsequently withdrew its hearing request and the NRC's Atomic Safety and Licensing Board denied Pilgrim Watch's hearing request. Pilgrim Watch appealed the Board's decision to the NRC.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy's accounting for nuclear decommissioning costs, unbilled revenue, impairment of long-lived assets and trust fund investments, qualified pension and other postretirement benefits, and other contingencies. Following are updates to that discussion. For updates of the



impairment of long-lived assets discussion regarding Vermont Yankee see Note 11 to the financial statements herein.

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Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

Nuclear Decommissioning Costs

In the second quarter 2012, Entergy Louisiana recorded a revision to its estimated decommissioning cost liability for Waterford 3 as a result of a revised decommissioning cost study. The revised estimate resulted in a \$48.9 million increase in its decommissioning cost liability, along with a corresponding increase in the related asset retirement costs asset that will be depreciated over the remaining life of the unit.

In the second quarter 2012, Entergy Wholesale Commodities recorded a reduction of \$60.6 million in the estimated decommissioning cost liability for a plant as a result of a revised decommissioning cost study. The revised estimate resulted in a credit to decommissioning expense of \$49 million, reflecting the excess of the reduction in the liability over the amount of the undepreciated asset retirement costs asset.

Qualified Pension and Other Postretirement Benefits

The Moving Ahead for Progress in the 21st Century Act (MAP-21) became federal law on July 6, 2012. Under the law, the segment rates used to calculate funding liabilities must be within a corridor of the 25-year average of prior segment rates. The interest rate corridor applies to the determination of minimum funding requirements and benefit restrictions. The pension funding stabilization provisions will provide for a near-term reduction in minimum funding requirements for single employer defined benefit plans in response to the current, historically low interest rates. The law does not reduce contribution requirements over the long term. Entergy is currently analyzing the effect this law will have on the planned 2012 contributions to the pension trust. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K for further discussion of pension funding.

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects that have not yet resulted in final pronouncements. Final pronouncements that result from these projects could have a material effect on Entergy's future net income or financial position.

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ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
For the Three and Six Months Ended June 30, 2012 and 2011  
(Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands, Except Share Data)			
<b>OPERATING REVENUES</b>				
Electric	\$ 1,934,550	\$ 2,212,038	\$ 3,719,392	\$ 4,077,936
Natural gas	23,879	28,891	69,886	100,014
Competitive businesses	560,171	562,350	1,112,982	1,166,538
<b>TOTAL</b>	<b>2,518,600</b>	<b>2,803,279</b>	<b>4,902,260</b>	<b>5,344,488</b>
<b>OPERATING EXPENSES</b>				
Operating and Maintenance:				
Fuel, fuel-related expenses, and				
gas purchased for resale	437,157	563,333	975,994	1,071,026
Purchased power	345,298	451,227	630,264	813,845
Nuclear refueling outage expenses	57,822	62,966	121,706	126,951
Asset impairment	-	-	355,524	-
Other operation and maintenance	772,881	712,496	1,494,517	1,368,245
Decommissioning	11,942	55,497	69,845	110,762
Taxes other than income taxes	138,111	129,215	275,280	254,449
Depreciation and amortization	274,755	264,206	554,971	529,090
Other regulatory charges	137,650	5,601	138,032	491
<b>TOTAL</b>	<b>2,175,616</b>	<b>2,244,541</b>	<b>4,616,133</b>	<b>4,274,859</b>
<b>OPERATING INCOME</b>	<b>342,984</b>	<b>558,738</b>	<b>286,127</b>	<b>1,069,629</b>
<b>OTHER INCOME</b>				
Allowance for equity funds used during construction	28,282	20,753	52,590	38,042
Interest and investment income	29,285	35,921	70,276	62,668
Miscellaneous - net	(13,036 )	(16,962 )	(31,025 )	(26,360 )
<b>TOTAL</b>	<b>44,531</b>	<b>39,712</b>	<b>91,841</b>	<b>74,350</b>
<b>INTEREST EXPENSE</b>				
Interest expense	149,616	136,049	296,361	272,183
Allowance for borrowed funds used during construction	(10,483 )	(9,150 )	(19,874 )	(17,684 )
<b>TOTAL</b>	<b>139,133</b>	<b>126,899</b>	<b>276,487</b>	<b>254,499</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>248,382</b>	<b>471,551</b>	<b>101,481</b>	<b>889,480</b>
Income taxes	(122,201 )	150,953	(122,363 )	315,203
<b>CONSOLIDATED NET INCOME</b>	<b>370,583</b>	<b>320,598</b>	<b>223,844</b>	<b>574,277</b>

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Preferred dividend requirements of subsidiaries	5,582	5,015	10,526	10,031
<b>NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION</b>	<b>\$365,001</b>	<b>\$315,583</b>	<b>\$213,318</b>	<b>\$564,246</b>
Earnings per average common share:				
Basic	\$2.06	\$1.77	\$1.21	\$3.16
Diluted	\$2.06	\$1.76	\$1.20	\$3.14
Dividends declared per common share	\$0.83	\$0.83	\$1.66	\$1.66
Basic average number of common shares outstanding	177,166,519	177,808,890	177,015,941	178,318,784
Diluted average number of common shares outstanding	177,565,351	178,925,180	177,470,486	179,502,551

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Three and Six Months Ended June 30, 2012 and 2011  
(Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands)			
Net Income	\$370,583	\$320,598	\$223,844	\$574,277
Other comprehensive income (loss)				
Cash flow hedges net unrealized gain (loss) (net of tax expense (benefit) of (\$58,275), (\$7,208), \$17,219 and (\$41,843))	(108,090 )	(13,516 )	37,345	(71,724 )
Pension and other postretirement liabilities (net of tax expense of \$10,479, \$1,964, \$14,355 and \$3,057)	17,060	2,339	23,327	6,598
Net unrealized investment gains (losses) (net of tax expense (benefit) of (\$11,749), \$3,386, \$37,389 and \$28,726)	(18,025 )	3,186	32,082	27,871
Foreign currency translation (net of tax expense (benefit) of (\$113), \$6, \$54 and \$167)	(209 )	11	101	311
Other comprehensive income (loss)	(109,264 )	(7,980 )	92,855	(36,944 )
Comprehensive Income	261,319	312,618	316,699	537,333
Preferred dividend requirements of subsidiaries	5,582	5,015	10,526	10,031
Comprehensive Income Attributable to Entergy Corporation	\$255,737	\$307,603	\$306,173	\$527,302

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	2012	2011
	(In Thousands)	
<b>OPERATING ACTIVITIES</b>		
Consolidated net income	\$223,844	\$574,277
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	832,662	852,028
Deferred income taxes, investment tax credits, and non-current taxes accrued	(122,657 )	305,121
Asset impairment	355,524	-
Changes in working capital:		
Receivables	(52,185 )	(168,253 )
Fuel inventory	(19,222 )	(5,457 )
Accounts payable	8,339	(76,803 )
Prepaid taxes and taxes accrued	(12,446 )	(2,810 )
Interest accrued	(6,978 )	(39,404 )
Deferred fuel costs	5,909	(198,052 )
Other working capital accounts	(108,441 )	(112,386 )
Changes in provisions for estimated losses	(19,267 )	(5,954 )
Changes in other regulatory assets	113,645	96,549
Changes in pensions and other postretirement liabilities	(34,541 )	(232,306 )
Other	23,733	(9,301 )
Net cash flow provided by operating activities	1,187,919	977,249
<b>INVESTING ACTIVITIES</b>		
Construction/capital expenditures	(1,252,277)	(991,293 )
Allowance for equity funds used during construction	54,417	38,681
Nuclear fuel purchases	(240,804 )	(403,168 )
Payment for purchase of plant	(645 )	(299,590 )
Changes in securitization account	12,876	9,106
NYPA value sharing payment	(72,000 )	(72,000 )
Payments to storm reserve escrow account	(2,987 )	(3,294 )
Receipts from storm reserve escrow account	17,884	-
Decrease (increase) in other investments	37,076	(42,994 )
Proceeds from nuclear decommissioning trust fund sales	944,833	636,359
Investment in nuclear decommissioning trust funds	(998,579 )	(699,530 )
Net cash flow used in investing activities	(1,500,206)	(1,827,723)

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ENTERGY CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	2012	2011
	(In Thousands)	
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issuance of:		
Long-term debt	1,325,162	1,075,180
Preferred stock	51,000	-
Treasury stock	34,628	16,958
Retirement of long-term debt	(1,199,926)	(555,940 )
Repurchase of common stock	-	(159,602 )
Changes in credit borrowings - net	(4,615 )	15,960
Dividends paid:		
Common stock	(293,741 )	(296,355 )
Preferred stock	(11,165 )	(10,031 )
Net cash flow provided by (used in) financing activities	(98,657 )	86,170
Effect of exchange rates on cash and cash equivalents	(101 )	(310 )
Net decrease in cash and cash equivalents	(411,045 )	(764,614 )
Cash and cash equivalents at beginning of period	694,438	1,294,472
Cash and cash equivalents at end of period	\$283,393	\$529,858
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest - net of amount capitalized	\$253,617	\$267,493
Income taxes	\$42,450	\$77

See Notes to Financial Statements.

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CONSOLIDATED BALANCE SHEETS

## ASSETS

June 30, 2012 and December 31, 2011

(Unaudited)

2012            2011  
(In Thousands)

## CURRENT ASSETS

## Cash and cash equivalents:

Cash	\$90,279	\$81,468
Temporary cash investments	193,114	612,970
Total cash and cash equivalents	283,393	694,438
Securitization recovery trust account	37,428	50,304
Accounts receivable:		
Customer	560,924	568,558
Allowance for doubtful accounts	(30,226 )	(31,159 )
Other	147,631	166,186
Accrued unbilled revenues	359,121	298,283
Total accounts receivable	1,037,450	1,001,868
Deferred fuel costs	67,716	209,776
Accumulated deferred income taxes	4,337	9,856
Fuel inventory - at average cost	221,354	202,132
Materials and supplies - at average cost	912,884	894,756
Deferred nuclear refueling outage costs	235,822	231,031
System agreement cost equalization	35,380	36,800
Prepayments and other	367,736	291,742
TOTAL	3,203,500	3,622,703

## OTHER PROPERTY AND INVESTMENTS

Investment in affiliates - at equity	45,319	44,876
Decommissioning trust funds	4,015,377	3,788,031
Non-utility property - at cost (less accumulated depreciation)	259,352	260,436
Other	405,494	416,423
TOTAL	4,725,542	4,509,766

## PROPERTY, PLANT AND EQUIPMENT

Electric	40,310,515	39,385,524
Property under capital lease	812,214	809,449
Natural gas	348,439	343,550
Construction work in progress	1,582,583	1,779,723
Nuclear fuel	1,505,692	1,546,167
TOTAL PROPERTY, PLANT AND EQUIPMENT	44,559,443	43,864,413
Less - accumulated depreciation and amortization	18,563,697	18,255,128
PROPERTY, PLANT AND EQUIPMENT - NET	25,995,746	25,609,285

## DEFERRED DEBITS AND OTHER ASSETS

## Regulatory assets:



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Regulatory asset for income taxes - net	738,734	799,006
Other regulatory assets (includes securitization property of \$967,292 as of June 30, 2012 and \$1,009,103 as of December 31, 2011)	4,542,228	4,636,871
Deferred fuel costs	238,428	172,202
Goodwill	377,172	377,172
Accumulated deferred income taxes	29,904	19,003
Other	1,066,351	955,691
<b>TOTAL</b>	<b>6,992,817</b>	<b>6,959,945</b>
 <b>TOTAL ASSETS</b>	 <b>\$40,917,605</b>	 <b>\$40,701,699</b>

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND EQUITY  
June 30, 2012 and December 31, 2011  
(Unaudited)

	2012	2011
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$420,389	\$2,192,733
Notes payable	103,716	108,331
Accounts payable	1,035,834	1,069,096
Customer deposits	357,402	351,741
Taxes accrued	265,789	278,235
Accumulated deferred income taxes	83,107	99,929
Interest accrued	176,534	183,512
Deferred fuel costs	185,914	255,839
Obligations under capital leases	3,753	3,631
Pension and other postretirement liabilities	46,341	44,031
System agreement cost equalization	72,785	80,090
Other	290,379	283,531
<b>TOTAL</b>	<b>3,041,943</b>	<b>4,950,699</b>
<b>NON-CURRENT LIABILITIES</b>		
Accumulated deferred income taxes and taxes accrued	7,963,476	8,096,452
Accumulated deferred investment tax credits	280,041	284,747
Obligations under capital leases	36,513	38,421
Other regulatory liabilities	913,736	728,193
Decommissioning and asset retirement cost liabilities	3,400,985	3,296,570
Accumulated provisions	366,799	385,512
Pension and other postretirement liabilities	3,096,805	3,133,657
Long-term debt (includes securitization bonds of \$1,019,971 as of June 30, 2012 and \$1,070,556 as of December 31, 2011)	11,968,935	10,043,713
Other	537,866	501,954
<b>TOTAL</b>	<b>28,565,156</b>	<b>26,509,219</b>
<b>Commitments and Contingencies</b>		
Subsidiaries' preferred stock without sinking fund	186,510	186,511
<b>EQUITY</b>		
<b>Common Shareholders' Equity:</b>		
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2012 and in 2011	2,548	2,548
Paid-in capital	5,356,475	5,360,682
Retained earnings	9,366,221	9,446,960
Accumulated other comprehensive loss	(75,597 )	(168,452 )
Less - treasury stock, at cost (77,562,145 shares in 2012 and		

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78,396,988 shares in 2011)	5,619,651	5,680,468
Total common shareholders' equity	9,029,996	8,961,270
Subsidiaries' preferred stock without sinking fund	94,000	94,000
TOTAL	9,123,996	9,055,270
TOTAL LIABILITIES AND EQUITY	\$40,917,605	\$40,701,699

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Six Months Ended June 30, 2012 and 2011  
(Unaudited) (In Thousands)

	Common Shareholders' Equity					Accumulated Other Comprehensive Income (Loss)	Total
	Subsidiaries' Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings		
Balance at December 31, 2010	\$ 94,000	\$ 2,548	\$(5,524,811)	\$ 5,367,474	\$ 8,689,401	\$ (38,212 )	\$ 8,590,400
Consolidated net income (a)	10,031	-	-	-	564,246	-	574,277
Other comprehensive loss	-	-	-	-	-	(36,944 )	(36,944 )
Common stock repurchases	-	-	(159,602 )	-	-	-	(159,602 )
Common stock issuances related to stock plans	-	-	30,939	(1,342 )	-	-	29,597
Common stock dividends declared	-	-	-	-	(296,131 )	-	(296,131 )
Preferred dividend requirements of subsidiaries (a)	(10,031 )	-	-	-	-	-	(10,031 )
Balance at June 30, 2011	\$ 94,000	\$ 2,548	\$(5,653,474)	\$ 5,366,132	\$ 8,957,516	\$ (75,156 )	\$ 8,691,566
Balance at December 31, 2011	\$ 94,000	\$ 2,548	\$(5,680,468)	\$ 5,360,682	\$ 9,446,960	\$ (168,452 )	\$ 9,055,270
Consolidated net income (a)	10,526	-	-	-	213,318	-	223,844
Other comprehensive income	-	-	-	-	-	92,855	92,855
Common stock issuances related to stock plans	-	-	60,817	(4,207 )	-	-	56,610
	-	-	-	-	(294,057 )	-	(294,057 )

Common stock  
dividends  
declared

Preferred dividend requirements of subsidiaries (a)	(10,526 )	-	-	-	-	-	(10,526 )
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Balance at June 30, 2012	\$ 94,000	\$ 2,548	\$(5,619,651)	\$5,356,475	\$9,366,221	\$ (75,597 )	\$9,123,996
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See Notes to  
Financial  
Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2012 and 2011 include \$7.2 million and \$6.7 million, respectively, of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented as equity.

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ENTERGY CORPORATION AND SUBSIDIARIES  
 SELECTED OPERATING RESULTS  
 For the Three and Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%
	2012	2011		
(Dollars in Millions)				
Utility Electric Operating Revenues:				
Residential	\$677	\$760	\$(83 )	(11 )
Commercial	523	575	(52 )	(9 )
Industrial	506	589	(83 )	(14 )
Governmental	47	52	(5 )	(10 )
Total retail	1,753	1,976	(223 )	(11 )
Sales for resale	21	64	(43 )	(67 )
Other	161	172	(11 )	(6 )
Total	\$1,935	\$2,212	\$(277 )	(13 )

## Utility Billed Electric Energy Sales (GWh):

Residential	7,940	7,993	(53 )	(1 )
Commercial	7,148	6,944	204	3
Industrial	10,408	10,140	268	3
Governmental	605	604	1	-
Total retail	26,101	25,681	420	2
Sales for resale	836	1,036	(200 )	(19 )
Total	26,937	26,717	220	1

## Entergy Wholesale Commodities:

Operating Revenues	\$568	\$568	\$-	-
Billed Electric Energy Sales (GWh)	11,674	10,567	1,107	10

Description	Six Months Ended		Increase/ (Decrease)	%
	2012	2011		
(Dollars in Millions)				

## Utility Electric Operating Revenues:

Residential	\$1,347	\$1,508	\$(161 )	(11 )
Commercial	1,026	1,076	(50 )	(5 )
Industrial	995	1,068	(73 )	(7 )
Governmental	95	99	(4 )	(4 )
Total retail	3,463	3,751	(288 )	(8 )
Sales for resale	60	128	(68 )	(53 )
Other	196	199	(3 )	(2 )
Total	\$3,719	\$4,078	\$(359 )	(9 )

## Utility Billed Electric Energy Sales (GWh):

Residential	15,700	17,034	(1,334 )	(8 )
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Commercial	13,561	13,394	167	1
Industrial	20,366	19,657	709	4
Governmental	1,184	1,186	(2)	-
Total retail	50,811	51,271	(460)	(1)
Sales for resale	1,568	1,983	(415)	(21)
Total	52,379	53,254	(875)	(2)

Entergy Wholesale Commodities:

Operating Revenues	\$1,128	\$1,178	\$(50)	(4)
Billed Electric Energy Sales (GWh)	22,955	21,121	1,834	9

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ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy and the Registrant Subsidiaries are involved in a number of legal, regulatory, and tax proceedings before various courts, regulatory commissions, and governmental agencies in the ordinary course of business. While management is unable to predict the outcome of such proceedings, management does not believe that the ultimate resolution of these matters will have a material adverse effect on Entergy's results of operations, cash flows, or financial condition, except as otherwise discussed in the Form 10-K or in this report. Entergy discusses regulatory proceedings in Note 2 to the financial statements in the Form 10-K and herein, discusses tax proceedings in Note 3 to the financial statements in the Form 10-K and Note 10 to the financial statements herein, and discusses a judicial proceeding involving Vermont Yankee in Note 1 to the financial statements in the Form 10-K and in Note 11 to the financial statements herein.

Nuclear Insurance

See Note 8 to the financial statements in the Form 10-K for information on nuclear liability and property insurance associated with Entergy's nuclear power plants.

Conventional Property Insurance

See Note 8 to the financial statements in the Form 10-K for information on Entergy's non-nuclear property insurance program.

Employment Litigation

The Registrant Subsidiaries and other Entergy subsidiaries are responding to various lawsuits in both state and federal courts and to other labor-related proceedings filed by current and former employees and third parties not selected for open positions. These actions include, but are not limited to, allegations of wrongful employment actions; wage disputes and other claims under the Fair Labor Standards Act or its state counterparts; claims of race, gender and disability discrimination; disputes arising under collective bargaining agreements; unfair labor practice proceedings and other administrative proceedings before the National Labor Relations Board; claims of retaliation; and claims for or regarding benefits under various Entergy Corporation sponsored plans. Entergy and the Registrant Subsidiaries are responding to these lawsuits and proceedings and deny liability to the claimants.

Asbestos Litigation (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas)

See Note 8 to the financial statements in the Form 10-K for information regarding asbestos litigation at Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas.





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Notes to Financial Statements

NOTE 2. RATE AND REGULATORY MATTERS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

## Regulatory Assets

See Note 2 to the financial statements in the Form 10-K for information regarding regulatory assets in the Utility business presented on the balance sheets of Entergy and the Registrant Subsidiaries. Following are updates to that information.

## Correction of Regulatory Asset for Income Taxes

In the first quarter 2012, Entergy Gulf States Louisiana determined that its regulatory asset for income taxes was overstated because of a difference between the regulatory treatment of the income taxes associated with certain items (primarily pension expense) and the financial accounting treatment of those taxes. Beginning with Louisiana retail rate filings using the 1994 test year, retail rates were developed using the normalization method of accounting for income taxes. With respect to these items, however, the financial accounting for income taxes was computed using the flow-through method of accounting. As a result, over the years Entergy Gulf States Louisiana accumulated a regulatory asset representing the expected future recovery of tax expense for the affected items even though the tax expense was being collected currently in rates from customers and would not be recovered in the future.

The effect was immaterial to the consolidated balance sheets, results of operations, and cash flows of Entergy for all prior reporting periods and on a cumulative basis. Therefore, a cumulative adjustment was recorded in the first quarter 2012 to remove the regulatory asset previously recorded. This adjustment increased 2012 income tax expense by \$46.3 million, decreased the regulatory asset for income taxes by \$75.3 million, and decreased accumulated deferred income taxes by \$29 million.

The effect was also immaterial to the balance sheets, results of operations, and cash flows of Entergy Gulf States Louisiana for all prior reporting periods. Correcting the cumulative effect of the error in the first quarter 2012 could have been material to the 2012 results of operations of Entergy Gulf States Louisiana and, therefore, Entergy Gulf States Louisiana is revising its prior period financial statements to correct the errors. The corrections affect the prior period financial statements as shown in the tables below:

	Three Months Ended June 30, 2011	
	As previously reported	As corrected
	(In Thousands)	
<b>Income Statement</b>		
Income taxes	\$31,071	\$29,976
Net income	\$49,310	\$50,405
Earnings applicable to common equity	\$49,104	\$50,199



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Entergy Corporation and Subsidiaries

Notes to Financial Statements

	Six Months Ended June 30, 2011	
	As previously reported	As corrected
	(In Thousands)	
<b>Income Statement</b>		
Income taxes	\$56,923	\$54,879
Net income	\$94,981	\$97,025
Earnings applicable to common equity	\$94,569	\$96,613
<b>Statement of Cash Flows</b>		
Net income	\$94,981	\$97,025
Deferred income taxes, investment tax credits, and non-current taxes accrued	\$13,995	\$11,951
Changes in other regulatory assets	\$21,505	\$18,182
Other operating activities	\$22,707	\$26,030

	December 31, 2011	
	As previously reported	As corrected
	(In Thousands)	
<b>Balance Sheet</b>		
Regulatory asset for income taxes - net	\$249,058	\$173,724
Accumulated deferred income taxes - current	\$5,427	\$5,107
Accumulated deferred income taxes and taxes accrued	\$1,397,230	\$1,368,563
Member's equity	\$1,439,733	\$1,393,386

	Six Months Ended June 30, 2011			
	Member's Equity		Total Equity	
	As previously reported	As corrected	As previously reported	As corrected
	(In Thousands)			
<b>Statement of Changes in Equity</b>				
Balance at December 31, 2010	\$1,539,517	\$1,494,593	\$1,509,213	\$1,464,289
Net income	\$94,981	\$97,025	\$94,981	\$97,025
Balance at June 30, 2011	\$1,511,821	\$1,468,941	\$1,482,746	\$1,439,866

Fuel and Purchased Power Cost Recovery

Entergy Texas

In December 2011, Entergy Texas filed with the PUCT a request to refund approximately \$43 million, including interest, of fuel cost recovery over-collections through October 2011. Entergy Texas and the parties to the proceeding reached an agreement that Entergy Texas will refund \$67 million, including interest and additional over-recoveries through December 2011, over a three-month period. Entergy Texas and the parties requested that interim rates consistent with the settlement be approved effective with the March 2012 billing month, and the PUCT approved the application in March 2012.

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Entergy Corporation and Subsidiaries  
Notes to Financial Statements

Retail Rate Proceedings

See Note 2 to the financial statements in the Form 10-K for detailed information regarding retail rate proceedings involving the Utility operating companies. The following are updates to the Form 10-K.

Filings with the LPSC

(Entergy Gulf States Louisiana)

In January 2012, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2011. The filing showed an earned return on common equity of 10.48%, which is within the earnings bandwidth of 10.5%, plus or minus fifty basis points. In April 2012, the LPSC Staff filed its findings, suggesting adjustments that will produce an 11.54% earned return on common equity for the test year and a \$0.1 million rate reduction. Entergy Gulf States Louisiana accepted the LPSC Staff's recommendations, and the rate reduction was effective with the first billing cycle of May 2012.

In May 2012, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects an 11.94% earned return on common equity, which is above the earnings bandwidth and indicates a \$6.5 million cost of service rate change is necessary under the formula rate plan. The filing also reflects a \$22.9 million rate decrease for incremental capacity costs. The filing is currently subject to LPSC review.

(Entergy Louisiana)

In May 2012, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects a 9.63% earned return on common equity, which is within the earnings bandwidth and results in no cost of service rate change under the formula rate plan. The filing also reflects an \$18.1 million rate increase for incremental capacity costs. Subsequently, in June 2012, Entergy Louisiana supplemented the filing to estimate the first year revenue requirement associated with the Waterford 3 replacement steam generator project. The filing is currently subject to LPSC review.

Filings with the MPSC

In March 2012, Entergy Mississippi submitted its formula rate plan filing for the 2011 test year. The filing shows an earned return on common equity of 10.92% for the test year, which is within the earnings bandwidth and results in no change in rates. The filing is currently subject to MPSC review.

Filings with the City Council

On May 31, 2012, Entergy New Orleans filed its electric and gas formula rate plan evaluation reports for the 2011 test year. The filings request a \$3.0 million electric base revenue increase and a \$1.0 million gas base revenue increase. As part of the filing, Entergy New Orleans is also requesting to increase annual funding for its storm reserve by approximately \$5.7 million for the next five years. The new rates would be effective with the first billing cycle in October 2012. The City Council's and its Advisors' review of these filings is pending.

Filings with the PUCT and Texas Cities

See the Form 10-K for a discussion of the rate case that Entergy Texas filed in November 2011 requesting a \$112 million base rate increase reflecting a 10.6% return on common equity based on an adjusted June 2011 test year. In April 2012 the PUCT Staff filed direct testimony recommending a base rate increase of \$66 million and a 9.6% return on common equity. The PUCT Staff, however, subsequently filed a statement of position in the proceeding indicating that it was still evaluating the position it would ultimately take in the case regarding Entergy Texas's recovery of purchased power capacity costs and Entergy Texas's proposal to defer its MISO transition expenses. In

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Entergy Corporation and Subsidiaries  
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April 2012, Entergy Texas filed rebuttal testimony indicating a revised request for a \$105 million base rate increase. A hearing was held in late-April through early-May 2012. During the hearing and in its post-hearing brief the PUCT Staff revised its recommendation to a base rate increase of \$27 million. Additionally, the PUCT Staff recommended rejection of Entergy Texas's request to defer MISO transition expenses.

The ALJs issued a proposal for decision in July 2012 recommending a \$16 million rate increase; however, the workpapers supporting the proposal for decision indicated that the result of the ALJs' recommendation was instead a \$28.3 million rate increase. The ALJs' proposal for decision includes recommendations for: a 9.80% return on common equity; a reduction in proposed purchased power capacity costs, stating that they are not known and measureable; a reduction in Entergy Texas's regulatory assets associated with Hurricane Rita; the exclusion from rate recovery of capitalized financially-based incentive compensation; and amortization of \$2.4 million annually of MISO transition expense for five years. Entergy Texas and other parties filed exceptions to the proposal for decision on July 23, 2012. The PUCT is scheduled to consider the proposal for decision at its August 17, 2012 open meeting.

System Agreement Cost Equalization Proceedings

See the Form 10-K for a discussion of the proceedings regarding the System Agreement, including the FERC's October 2011 order, Entergy's December 2011 compliance filing in response to that order, and Entergy Arkansas's February 2012 filing for an interim adjustment to its production cost allocation rider requesting that the \$156 million payment be collected from customers over the 22-month period from March 2012 through December 2013. In March 2012 the APSC issued an order stating that the payment can be recovered from retail customers through the production cost allocation rider, subject to refund. The LPSC and the APSC have requested rehearing of the FERC's October 2011 order. The APSC, LPSC, the PUCT, and other parties intervened in the December 2011 compliance filing proceeding, and the APSC and the LPSC also filed protests.

On May 7, 2012, the FERC issued orders in several System Agreement proceedings, including an order on rehearing in the 2007 rate filing based on 2006 production costs proceeding, an order on the ALJ's initial decision in the 2009 rate filing based on 2008 production costs proceeding, and orders in other proceedings regarding the method of calculating the production costs used in the determination of the rough production cost equalization payments and receipts. The May 7, 2012 FERC orders may result in the reallocation of costs among the Utility operating companies, although there are still FERC decisions pending in other System Agreement proceedings that could affect the rough production cost equalization payments and receipts, including for the 2007 rate filing. The FERC directed Entergy, within 45 days of the issuance of a pending FERC order on rehearing regarding the functionalization of costs in the 2007 rate filing, to file a comprehensive bandwidth recalculation report showing updated payments and receipts in the 2007 rate filing proceeding. In the order in the 2007 rate filing proceeding, the FERC also denied Entergy's request for rehearing regarding the AmerenUE contract and ordered Entergy Arkansas to refund to AmerenUE the rough production cost equalization payments collected from AmerenUE. Under the terms of the FERC's order the refund of \$30.6 million, including interest, was made in June 2012. Entergy Arkansas had previously recorded a regulatory provision for the potential refund to AmerenUE. Entergy has appealed the FERC's decision to the U.S. Court of Appeals for the D.C. Circuit.

Rough Production Cost Equalization Rates

2012 Rate Filing Based on Calendar Year 2011 Production Costs



In May 2012, Entergy filed with the FERC the 2012 rates in accordance with the FERC's orders in the System Agreement proceeding. The filing shows the following payments/receipts among the Utility operating companies for 2012, based on calendar year 2011 production costs, commencing for service in June 2012, are necessary to achieve rough production cost equalization under the FERC's orders:

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	Payments or (Receipts) (In Millions)
Entergy Arkansas	\$41
Entergy Gulf States Louisiana	\$-
Entergy Louisiana	(\$41)
Entergy Mississippi	\$-
Entergy New Orleans	\$-
Entergy Texas	\$-

Several parties intervened in the proceeding at the FERC, including the LPSC, which filed a protest as well.

Interruptible Load Proceeding

See the Form 10-K for a discussion of the proceeding regarding the treatment under the System Agreement of the Utility operating companies' interruptible loads. Entergy Arkansas filed an application in November 2010 with the APSC for recovery of the refund that it paid. The APSC denied Entergy Arkansas's application, and also denied Entergy Arkansas's petition for rehearing. If the FERC were to order Entergy Arkansas to pay refunds on rehearing in the interruptible load proceeding the APSC's decision would trap FERC-approved costs at Entergy Arkansas with no regulatory-approved mechanism to recover them. In August 2011, Entergy Arkansas filed a complaint in the United States District Court for the Eastern District of Arkansas asking for a declaratory judgment that the rejection of Entergy Arkansas's application by the APSC is preempted by the Federal Power Act. The APSC filed a motion to dismiss the complaint. In April 2012 the United States district court dismissed Entergy Arkansas's complaint without prejudice stating that Entergy Arkansas's claim is not ripe for adjudication and that Entergy Arkansas did not have standing to bring suit at this time.

Entergy Arkansas Opportunity Sales Proceeding

In June 2009, the LPSC filed a complaint requesting that the FERC determine that certain of Entergy Arkansas's sales of electric energy to third parties: (a) violated the provisions of the System Agreement that allocate the energy generated by Entergy System resources, (b) imprudently denied the Entergy System and its ultimate consumers the benefits of low-cost Entergy System generating capacity, and (c) violated the provision of the System Agreement that prohibits sales to third parties by individual companies absent an offer of a right-of-first-refusal to other Utility operating companies. The LPSC's complaint challenges sales made beginning in 2002 and requests refunds. In their response to the complaint, the Utility operating companies explained that the System Agreement clearly contemplates that the Utility operating companies may make sales to third parties for their own account, subject to the requirement that those sales be included in the load (or load shape) for the applicable Utility operating company. The response further explains that the FERC already has determined that Entergy Arkansas's short-term wholesale sales did not trigger the "right-of-first-refusal" provision of the System Agreement. In addition the response argued that while the D.C. Circuit had determined that the "right-of-first-refusal" issue was not properly before the FERC at the time of its earlier decision on the issue, the LPSC raised no additional claims or facts that would warrant the FERC reaching a different conclusion.

In December 2010 the ALJ issued an initial decision. The ALJ found that the System Agreement allowed for Entergy Arkansas to make the sales to third parties but concluded that the sales should be accounted for in the same manner as joint account sales. The ALJ concluded that “shareholders” should make refunds of the damages to the Utility operating companies, along with interest. Entergy disagrees with several aspects of the ALJ’s initial decision and in January 2011 filed with the FERC exceptions to the decision.

The FERC issued a decision in June 2012 and held that, while the System Agreement is ambiguous, it does provide authority for individual Utility operating companies to make opportunity sales for their own account and Entergy Arkansas made and priced these sales in good faith. The FERC found, however, that the System Agreement does not provide authority for an individual Utility operating company to allocate the energy associated with such opportunity sales as part of its load, but provides a different allocation authority. The FERC further found that the after-the-fact accounting methodology used to allocate the energy used to supply the sales was inconsistent with the

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Entergy Corporation and Subsidiaries

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System Agreement. Quantifying the effect of FERC's decision will require re-running intra-system bills, and Entergy is unable to estimate the potential effects at this time because in its decision the FERC established further hearing procedures to determine the calculation of the effects. On July 23, 2012, Entergy and the LPSC filed requests for rehearing, which will be pending with the FERC while the calculation hearing procedures move forward before the ALJ appointed to hear that matter.

Storm Cost Recovery Filings with Retail Regulators

Entergy Gulf States Louisiana

Hurricane Katrina and Hurricane Rita

See the Form 10-K for a discussion of Entergy Gulf States Louisiana's Act 55 financing of its Hurricane Katrina and Hurricane Rita storm costs. In February 2012, Entergy Gulf States Louisiana sold 500,000 of its Class A preferred membership units in Entergy Holdings Company LLC, a wholly-owned Entergy subsidiary, to a third party in exchange for \$51 million plus accrued but unpaid distributions on the units. The 500,000 preferred membership units are mandatorily redeemable in January 2012.

New Nuclear Generation Development Costs (Entergy Gulf States and Entergy Louisiana)

Entergy Gulf States Louisiana and Entergy Louisiana are developing a project option for new nuclear generation at River Bend. In March 2010, Entergy Gulf States Louisiana and Entergy Louisiana filed with the LPSC seeking approval to continue the limited development activities necessary to preserve an option to construct a new unit at River Bend. The testimony and legal briefs of the LPSC staff generally support the request of Entergy Gulf States Louisiana and Entergy Louisiana, although other parties filed briefs, without supporting testimony, in opposition to the request. At an evidentiary hearing in October 2011, Entergy Gulf States Louisiana, Entergy Louisiana, and the LPSC staff presented testimony in support of certification of activities to preserve an option for a new nuclear plant at River Bend. The ALJ recommended, however, that the LPSC decline the request of Entergy Gulf States Louisiana and Entergy Louisiana on the basis that the LPSC's rule on new nuclear development does not apply to activities to preserve an option to develop and on the further grounds that the companies improperly engaged in advanced preparation activities prior to certification. There has been no suggestion that the planning activities or costs incurred were imprudent. At its June 28, 2012 meeting the LPSC voted to uphold the ALJ's decision and directed that Entergy Gulf States Louisiana and Entergy Louisiana be permitted to seek recovery of these costs in the rate case filings that are anticipated in January 2013, fully reserving the LPSC's right to determine the recoverability of such costs in rates.

Texas Power Price Lawsuit

In August 2003, a lawsuit was filed in the district court of Chambers County, Texas by Texas residents on behalf of a purported class apparently of the Texas retail customers of Entergy Gulf States, Inc. who were billed and paid for electric power from January 1, 1994 to the present. The named defendants include Entergy Corporation, Entergy Services, Entergy Power, Entergy Power Marketing Corp., and Entergy Arkansas. Entergy Gulf States, Inc. was not a named defendant, but was alleged to be a co-conspirator. The court granted the request of Entergy Gulf States, Inc. to intervene in the lawsuit to protect its interests.

Plaintiffs allege that the defendants implemented a "price gouging accounting scheme" to sell to plaintiffs and similarly situated utility customers higher priced power generated by the defendants while rejecting and/or reselling to

off-system utilities less expensive power offered and/or purchased from off-system suppliers and/or generated by the Entergy system. In particular, plaintiffs allege that the defendants manipulated and continue to manipulate the dispatch of generation so that power is purchased from affiliated expensive resources instead of buying cheaper off-system power.

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Entergy Corporation and Subsidiaries  
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Plaintiffs stated in their pleadings that customers in Texas were charged at least \$57 million above prevailing market prices for power. Plaintiffs seek actual, consequential and exemplary damages, costs and attorneys' fees, and disgorgement of profits. The plaintiffs' experts have tendered a report calculating damages in a large range, from \$153 million to \$972 million in present value, under various scenarios. The Entergy defendants have tendered expert reports challenging the assumptions, methodologies, and conclusions of the plaintiffs' expert reports.

The case is pending in state district court, and in March 2012 the court found that the case met the requirements to be maintained as a class action under Texas law. On April 30, 2012, the court entered an order certifying the class. The defendants have appealed the order to the Texas Court of Appeals – First District.

## NOTE 3. EQUITY (Entergy Corporation, Entergy Gulf States Louisiana, and Entergy Louisiana)

## Common Stock

## Earnings per Share

The following tables present Entergy's basic and diluted earnings per share calculations included on the consolidated income statements:

	For the Three Months Ended June 30,					
	2012			2011		
(In Millions, Except Per Share Data)						
Basic earnings per share	Income	Shares	\$/share	Income	Shares	\$/share
Net income attributable to Entergy Corporation	\$365.0	177.2	\$2.06	\$315.6	177.8	\$1.77
Average dilutive effect of:						
Stock options		0.4	-		1.0	(0.01)
Other equity plans		-	-		0.1	-
Diluted earnings per share	\$365.0	177.6	\$2.06	\$315.6	178.9	\$1.76

	For the Six Months Ended June 30,					
	2012			2011		
(In Millions, Except Per Share Data)						
Basic earnings per share	Income	Shares	\$/share	Income	Shares	\$/share

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Net income attributable to Entergy Corporation	\$213.3	177.0	\$1.21	\$564.2	178.3	\$3.16
Average dilutive effect of:						
Stock options		0.4	(0.01)		1.0	(0.02)
Other equity plans		0.1	-		0.2	-
Diluted earnings per share	\$213.3	177.5	\$1.20	\$564.2	179.5	\$3.14

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Entergy Corporation and Subsidiaries  
Notes to Financial Statements

Entergy's stock options and other equity compensation plans are discussed in Note 5 herein and in Note 12 to the financial statements in the Form 10-K.

## Treasury Stock

During the six months ended June 30, 2012, Entergy Corporation issued 834,843 shares of its previously repurchased common stock to satisfy stock option exercises and other stock-based awards. Entergy Corporation did not repurchase any of its common stock during the six months ended June 30, 2012.

## Retained Earnings

On July 27, 2012 Entergy Corporation's Board of Directors declared a common stock dividend of \$0.83 per share, payable on September 4, 2012 to holders of record as of August 9, 2012.

## Comprehensive Income

Accumulated other comprehensive loss is included in the equity section of the balance sheets of Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana. Accumulated other comprehensive loss in the balance sheets included the following components:

	Entergy		Entergy Gulf States Louisiana		Entergy Louisiana	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	(In Thousands)					
Cash flow hedges net unrealized gain	\$214,842	\$177,497	\$-	\$-	\$-	\$-
Pension and other postretirement liabilities	(476,229)	(499,556)	(58,075)	(69,610)	(38,247)	(39,507)
Net unrealized investment gains	183,020	150,939	-	-	-	-
Foreign currency translation	2,770	2,668	-	-	-	-
<b>Total</b>	<b>(\$75,597)</b>	<b>(\$168,452)</b>	<b>(\$58,075)</b>	<b>(\$69,610)</b>	<b>(\$38,247)</b>	<b>(\$39,507)</b>

Other comprehensive income (loss) and total comprehensive income for the three and six months ended June 30, 2012 and 2011 are presented in Entergy's, Entergy Gulf States Louisiana's, and Entergy Louisiana's Statements of Comprehensive Income.



**NOTE 4. REVOLVING CREDIT FACILITIES, LINES OF CREDIT, SHORT-TERM BORROWINGS, AND LONG-TERM DEBT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)**

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3.5 billion and expires in March 2017. Entergy Corporation also has the ability to issue letters of credit against 50% of the total borrowing capacity of the credit facility. The commitment fee is currently 0.275% of the commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate for the six months ended June 30, 2012 was 2.1% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of June 30, 2012.

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Notes to Financial Statements

Capacity	Borrowings (In Millions)	Letters of Credit	Capacity Available
\$3,500	\$1,470	\$8	\$2,022

Entergy Corporation's facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. Entergy is in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy Corporation or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the facility maturity date may occur.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas each had credit facilities available as of June 30, 2012 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of June 30, 2012
Entergy Arkansas	April 2013	\$20 million (b)	1.96%	-
Entergy Arkansas	March 2017	\$150 million (c)	1.75%	-
Entergy Gulf States Louisiana	March 2017	\$150 million (d)	1.75%	-
Entergy Louisiana	March 2017	\$200 million (e)	1.75%	-
Entergy Mississippi	May 2013	\$35 million (f)	2.00%	-
Entergy Mississippi	May 2013	\$25 million (f)	2.00%	-
Entergy Mississippi	May 2013	\$10 million (f)	2.00%	-
Entergy Texas	March 2017	\$150 million (g)	2.00%	-

- (a) The interest rate is the rate as of June 30, 2012 that would be applied to outstanding borrowings under the facility.
- (b) The credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization. Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.
- (c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, no letters of credit were outstanding. The credit facility requires Entergy Arkansas to maintain a consolidated debt ratio of 65% or less of its total

- capitalization.
- (d) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, no letters of credit were outstanding. The credit facility requires Entergy Gulf States Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.
  - (e) The credit facility allows Entergy Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, no letters of credit were outstanding. The credit facility requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.
  - (f) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable. Entergy Mississippi is required to maintain a consolidated debt ratio of 65% or less of its total capitalization.
  - (g) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of June 30, 2012, no letters of credit were outstanding. The credit facility requires Entergy Texas to maintain a consolidated debt ratio of 65% or less of its total capitalization.

The facility fees on the credit facilities range from 0.125% to 0.275% of the commitment amount.

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

The short-term borrowings of the Registrant Subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through October 31, 2013. In addition to borrowings from commercial banks, these companies are authorized under a FERC order to borrow from the Entergy System money pool. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external borrowings combined may not exceed the FERC-authorized limits. The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings as of June 30, 2012 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	\$250	\$46
Entergy Gulf States Louisiana	\$200	-
Entergy Louisiana	\$250	-
Entergy Mississippi	\$175	-
Entergy New Orleans	\$100	\$19
Entergy Texas	\$200	-
System Energy	\$200	\$41

Variable Interest Entities (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)

See Note 18 to the financial statements in the Form 10-K for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIE). The variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of June 30, 2012:

Company	Expiration Date	Amount of Facility (Dollars in Millions)	Weighted Average Interest Rate on Borrowings (a)	Amount Outstanding as of June 30, 2012
Entergy Arkansas VIE	July 2013	\$85	n/a	\$-
Entergy Gulf States Louisiana VIE	July 2013	\$85	2.18%	\$3.5
Entergy Louisiana VIE	July 2013	\$90	2.38%	\$12.6
System Energy VIE	July 2013	\$100	2.37%	\$61.1

(a) Includes letter of credit fees and bank fronting fees on commercial paper issuances by the VIEs for Entergy Arkansas, Entergy Louisiana, and System Energy. The VIE for Entergy Gulf States Louisiana does not issue commercial paper, but borrows directly on its bank credit facility.

The amount outstanding on Entergy Gulf States Louisiana's credit facility is included in long-term debt on its balance sheet and the commercial paper outstanding for the other VIEs is classified as a current liability on the respective balance sheets. The commitment fees on the credit facilities are 0.20% of the undrawn commitment amount. Each credit facility requires the respective lessee of nuclear fuel (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, or Entergy Corporation as guarantor for System Energy) to maintain a consolidated debt ratio of 70% or less of its total capitalization.

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Notes to Financial Statements

The variable interest entities had notes payable that are included in debt on the respective balance sheets as of June 30, 2012 as follows:

Company	Description	Amount
Entergy Arkansas VIE	9% Series H due June 2013	\$30 million
Entergy Arkansas VIE	5.69% Series I due July 2014	\$70 million
Entergy Arkansas VIE	3.23% Series J due July 2016	\$55 million
Entergy Gulf States Louisiana VIE	5.56% Series N due May 2013	\$75 million
Entergy Gulf States Louisiana VIE	5.41% Series O due July 2012	\$60 million
Entergy Louisiana VIE	5.69% Series E due July 2014	\$50 million
Entergy Louisiana VIE	3.30% Series F due March 2016	\$20 million
System Energy VIE	6.29% Series F due September 2013	\$70 million
System Energy VIE	5.33% Series G due April 2015	\$60 million
System Energy VIE	4.02% Series H due February 2017	\$50 million

In accordance with regulatory treatment, interest on the nuclear fuel company variable interest entities' credit facilities, commercial paper, and long-term notes payable is reported in fuel expense.

#### Debt Issuances and Redemptions

##### (Entergy Corporation)

In January 2012, Entergy Corporation issued \$500 million of 4.70% senior notes due January 2017. Entergy Corporation used the proceeds to repay borrowings under its \$3.5 billion credit facility. The net repayment of Entergy's credit facility during the first quarter 2012 was \$455 million.

##### (Entergy Gulf States)

In April 2012, Entergy Gulf States Louisiana redeemed, prior to maturity, its \$10.84 million 5.8% Series pollution control revenue bonds due April 2016.

In July 2012, Entergy Gulf States Louisiana VIE issued \$75 million of 3.25% Series Q notes due July 2017. Entergy Gulf States used the proceeds to pay, at maturity, its \$60 million 5.41% Series O notes due July 2012 and to repay borrowings of \$3.5 million under its \$85 million VIE credit facility.

##### (Entergy Louisiana)

In January 2012, Entergy Louisiana issued \$250 million of 1.875% Series first mortgage bonds due December 2014. Entergy Louisiana used a portion of the proceeds to repay short-term borrowings under the Entergy System money pool.

In July 2012, Entergy Louisiana issued \$200 million of 5.25% Series first mortgage bonds due July 2052. Entergy Louisiana used the proceeds for general corporate purposes.

In August 2012, Entergy Louisiana VIE issued \$25 million of 3.25% Series G notes due July 2017.

(System Energy)

In February 2012, System Energy VIE issued \$50 million of 4.02 Series H notes due February 2017. System Energy used the proceeds to purchase additional nuclear fuel.

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Entergy Corporation and Subsidiaries  
Notes to Financial Statements

## Fair Value

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of June 30, 2012 are as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a) (b)
	(In Thousands)	
Entergy	\$12,389,324	\$12,617,931
Entergy Arkansas	\$1,870,015	\$1,763,739
Entergy Gulf States Louisiana	\$1,505,810	\$1,636,552
Entergy Louisiana	\$2,420,377	\$2,498,456
Entergy Mississippi	\$920,469	\$1,004,657
Entergy New Orleans	\$166,319	\$172,351
Entergy Texas	\$1,645,057	\$1,888,272
System Energy	\$757,194	\$631,169

- (a) The values exclude lease obligations of \$169 million at Entergy Louisiana and \$139 million at System Energy, long-term DOE obligations of \$181 million at Entergy Arkansas, and the note payable to NYPA of \$135 million at Entergy, and include debt due within one year.
- (b) Fair values are classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements and are based on prices derived from inputs such as benchmark yields and reported trades.

## NOTE 5. STOCK-BASED COMPENSATION (Entergy Corporation)

Entergy grants stock awards, which are described more fully in Note 12 to the financial statements in the Form 10-K. Awards under Entergy's plans generally vest over three years.

## Stock Options

Entergy granted 552,400 stock options during the first quarter 2012 with a weighted-average fair value of \$9.42. At June 30, 2012, there are 10,131,756 stock options outstanding with a weighted-average exercise price of \$77.58. The intrinsic value, which has no effect on net income, of the outstanding stock options is calculated by the difference in the weighted average exercise price of the stock options granted and Entergy Corporation's common stock price as of June 30, 2012. Because Entergy's stock price at June 30, 2012 is less than the weighted average exercise price, the aggregate intrinsic value of the stock options outstanding as of June 30, 2012 is zero. The intrinsic value of "in the money" stock options is \$25.8 million as of June 30, 2012.

The following table includes financial information for stock options for the second quarter and six months ended June 30 for each of the years presented:



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	2012	2011
	(In Millions)	
Compensation expense included in Entergy's net income for the second quarter	\$1.9	\$2.5
Tax benefit recognized in Entergy's net income for the second quarter	\$0.7	\$1.0
Compensation expense included in Entergy's net income for the six months ended June 30,	\$3.9	\$5.5
Tax benefit recognized in Entergy's net income for the six months ended June 30,	\$1.5	\$2.1
Compensation cost capitalized as part of fixed assets and inventory as of June 30,	\$0.8	\$1.0

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## Other Equity Plans

In January 2012, the Board approved and Entergy granted 339,700 restricted stock awards and 176,742 Long-term Incentive Plan (LTIP) awards under the 2011 Equity Ownership and Long-term Cash Incentive Plan. The restricted stock awards were made effective as of January 26, 2012 and were valued at \$71.30 per share, which was the closing price of Entergy's common stock on that date. One-third of the restricted stock awards will vest upon each anniversary of the grant date. Beginning with the 2012 – 2014 performance period, upon vesting, the performance units granted under LTIP will be settled in shares of Entergy common stock rather than cash. The LTIP stock awards were made effective as of January 27, 2012 and were valued at \$67.11 per share. Entergy considers various factors, primarily market conditions, in determining the value of the LTIP stock awards. Shares of the stock awards have the same dividend and voting rights as other common stock, are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the three year vesting period.

The following table includes financial information for other equity plans for the second quarter and six months ended June 30 for each of the years presented:

	2012	2011
	(In Millions)	
Compensation expense included in Entergy's net income for the second quarter	\$3.6	\$1.0
Tax benefit recognized in Entergy's net income for the second quarter	\$1.4	\$0.4
Compensation expense included in Entergy's net income for the six months ended June 30,	\$7.4	\$2.0
Tax benefit recognized in Entergy's net income for the six months ended June 30,	\$2.8	\$0.8
Compensation cost capitalized as part of fixed assets and inventory as of June 30,	\$1.3	\$0.3

NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

## Components of Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

	2012	2011
	(In Thousands)	
Service cost - benefits earned during the period	\$37,691	\$30,490
Interest cost on projected benefit obligation	65,232	59,248
Expected return on assets	(79,356 )	(75,319 )

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Amortization of prior service cost	683	838
Amortization of loss	41,820	23,244
Net pension costs	\$66,070	\$38,501

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

Entergy's qualified pension cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

	2012	2011
	(In Thousands)	
Service cost - benefits earned during the period	\$75,382	\$60,980
Interest cost on projected benefit obligation	130,464	118,496
Expected return on assets	(158,712 )	(150,638 )
Amortization of prior service cost	1,366	1,676
Amortization of loss	83,640	46,488
Net pension costs	\$132,140	\$77,002

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$5,542	\$3,068	\$3,669	\$1,602	\$706	\$1,421	\$1,480
Interest cost on projected benefit obligation	13,922	6,420	8,800	4,070	1,902	4,206	3,247
Expected return on assets	(16,441 )	(8,593 )	(10,209 )	(5,236 )	(2,215 )	(5,581 )	(4,109 )
Amortization of prior service cost	50	5	52	7	2	4	3
Amortization of loss	10,193	4,043	7,050	2,633	1,719	2,544	2,251
Net pension cost	\$13,266	\$4,943	\$9,362	\$3,076	\$2,114	\$2,594	\$2,872

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$4,518	\$2,462	\$2,886	\$1,327	\$561	\$1,197	\$1,235
Interest cost on projected	12,991	5,928	8,159	3,909	1,762	3,993	2,939

benefit obligation							
Expected return on assets	(15,609 )	(8,339 )	(9,716 )	(5,038 )	(2,114 )	(5,501 )	(3,784 )
Amortization of prior service cost	115	20	70	38	9	16	4
Amortization of loss	6,421	2,279	4,497	1,680	1,166	1,394	1,321
Net pension cost	\$8,436	\$2,350	\$5,896	\$1,916	\$1,384	\$1,099	\$1,715

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Notes to Financial Statements

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$11,084	\$6,136	\$7,338	\$3,204	\$1,412	\$2,842	\$2,960
Interest cost on projected benefit obligation	27,844	12,840	17,600	8,140	3,804	8,412	6,494
Expected return on assets	(32,882 )	(17,186 )	(20,418 )	(10,472 )	(4,430 )	(11,162 )	(8,218 )
Amortization of prior service cost	100	10	104	14	4	8	6
Amortization of loss	20,386	8,086	14,100	5,266	3,438	5,088	4,502
Net pension cost	\$26,532	\$9,886	\$18,724	\$6,152	\$4,228	\$5,188	\$5,744

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$9,036	\$4,924	\$5,772	\$2,654	\$1,122	\$2,394	\$2,470
Interest cost on projected benefit obligation	25,982	11,856	16,318	7,818	3,524	7,986	5,878
Expected return on assets	(31,218 )	(16,678 )	(19,432 )	(10,076 )	(4,228 )	(11,002 )	(7,568 )
Amortization of prior service cost	230	40	140	76	18	32	8
Amortization of loss	12,842	4,558	8,994	3,360	2,332	2,788	2,642
Net pension cost	\$16,872	\$4,700	\$11,792	\$3,832	\$2,768	\$2,198	\$3,430

Entergy recognized \$5.1 million and \$4.9 million in pension cost for its non-qualified pension plans in the second quarters of 2012 and 2011, respectively. Entergy recognized \$10.2 million and \$9.8 million in pension cost for its non-qualified pension plans for the six months ended June 30, 2012 and 2011, respectively.

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the second quarters of 2012 and 2011:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost second quarter 2012	\$ 107	\$ 39	\$ 3	\$ 46	\$ 19	\$ 163
Non-qualified pension cost second quarter 2011	\$ 115	\$ 42	\$ 4	\$ 48	\$ 16	\$ 192

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans for the six months ended June 30, 2012 and 2011:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost six months ended June 30, 2012	\$214	\$78	\$6	\$92	\$38	\$326
Non-qualified pension cost six months ended June 30, 2011	\$230	\$84	\$8	\$96	\$32	\$384

## Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

	2012	2011
	(In Thousands)	
Service cost - benefits earned during the period	\$17,221	\$14,835
Interest cost on accumulated postretirement benefit obligation (APBO)	20,640	18,631
Expected return on assets	(8,626 )	(7,369 )
Amortization of transition obligation	794	796
Amortization of prior service cost	(4,541 )	(3,518 )
Amortization of loss	9,113	5,298
Net other postretirement benefit cost	\$34,601	\$28,673

Entergy's other postretirement benefit cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

	2012	2011
	(In Thousands)	
Service cost - benefits earned during the period	\$34,442	\$29,670
Interest cost on APBO	41,280	37,262
Expected return on assets	(17,252 )	(14,738 )
Amortization of transition obligation	1,588	1,592
Amortization of prior service cost	(9,082 )	(7,036 )
Amortization of loss	18,226	10,596
Net other postretirement benefit cost	\$69,202	\$57,346





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The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the second quarters of 2012 and 2011, included the following components:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$2,272	\$1,880	\$1,949	\$773	\$422	\$913	\$823
Interest cost on APBO	3,613	2,398	2,445	1,179	856	1,663	757
Expected return on assets	(3,507 )	-	-	(1,130 )	(928 )	(2,104 )	(650 )
Amortization of transition obligation	205	60	96	88	297	47	2
Amortization of prior service cost	(133 )	(206 )	(62 )	(35 )	10	(107 )	(16 )
Amortization of loss	2,077	1,184	1,090	730	390	1,079	493
Net other postretirement benefit cost	\$4,527	\$5,316	\$5,518	\$1,605	\$1,047	\$1,491	\$1,409

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$2,013	\$1,540	\$1,635	\$658	\$362	\$769	\$661
Interest cost on APBO	3,436	2,075	2,192	1,093	806	1,486	667
Expected return on assets	(2,882 )	-	-	(977 )	(800 )	(1,874 )	(529 )
Amortization of transition obligation	205	60	96	88	298	47	2
Amortization of prior service cost	(133 )	(206 )	(62 )	(35 )	10	(107 )	(147 )
Amortization of loss	1,610	723	698	540	241	700	369

Net other  
postretirement  
benefit cost

\$4,249

\$4,192

\$4,559

\$1,367

\$917

\$1,021

\$1,023

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the six months ended June 30, 2012 and 2011, included the following components:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$4,544	\$3,760	\$3,898	\$1,546	\$844	\$1,826	\$1,646
Interest cost on APBO	7,226	4,796	4,890	2,358	1,712	3,326	1,514
Expected return on assets	(7,014 )	-	-	(2,260 )	(1,856 )	(4,208 )	(1,300 )
Amortization of transition obligation	410	120	192	176	594	94	4
Amortization of prior service cost	(266 )	(412 )	(124 )	(70 )	20	(214 )	(32 )
Amortization of loss	4,154	2,368	2,180	1,460	780	2,158	986
Net other postretirement benefit cost	\$9,054	\$10,632	\$11,036	\$3,210	\$2,094	\$2,982	\$2,818
(In Thousands)							
2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)							
Service cost - benefits earned during the period	\$4,026	\$3,080	\$3,270	\$1,316	\$724	\$1,538	\$1,322
Interest cost on APBO	6,872	4,150	4,384	2,186	1,612	2,972	1,334
Expected return on assets	(5,764 )	-	-	(1,954 )	(1,600 )	(3,748 )	(1,058 )
Amortization of transition obligation	410	120	192	176	596	94	4
Amortization of prior service cost	(266 )	(412 )	(124 )	(70 )	20	(214 )	(294 )
Amortization of loss	3,220	1,446	1,396	1,080	482	1,400	738

Net other  
postretirement

benefit cost	\$8,498	\$8,384	\$9,118	\$2,734	\$1,834	\$2,042	\$2,046
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Employer Contributions

Based on current assumptions, Entergy expects to contribute \$246.1 million to its qualified pension plans in 2012. As of the end of June 2012, Entergy had contributed \$97.6 million to its pension plans. Therefore, Entergy presently anticipates contributing an additional \$148.5 million to fund its qualified pension plans in 2012.

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Notes to Financial Statements

Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans in 2012:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Expected 2012 pension contributions	\$54,301	\$19,763	\$38,813	\$13,854	\$7,815	\$12,829	\$13,496
Pension contributions made through June 2012	\$20,024	\$7,376	\$18,818	\$5,477	\$3,807	\$5,352	\$6,046
Remaining estimated pension contributions to be made in 2012	\$34,277	\$12,387	\$19,995	\$8,377	\$4,008	\$7,477	\$7,450

NOTE 7. BUSINESS SEGMENT INFORMATION (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

## Entergy Corporation

Entergy's reportable segments as of June 30, 2012 are Utility and Entergy Wholesale Commodities. Utility includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and natural gas utility service in portions of Louisiana. Entergy Wholesale Commodities includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. Entergy Wholesale Commodities also includes the ownership of interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers. "All Other" includes the parent company, Entergy Corporation, and other business activity, including the earnings on the proceeds of sales of previously-owned businesses.

Entergy's segment financial information for the second quarters of 2012 and 2011 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Entergy
	(In Thousands)				
2012					
Operating revenues	\$1,959,576	\$ 567,674	\$1,008	\$ (9,658 )	\$2,518,600
Income taxes	\$(124,461 )	\$ 46,218	\$(43,958 )	\$ -	\$(122,201 )
Consolidated net income	\$308,525	\$ 81,317	\$7,136	\$ (26,395 )	\$370,583

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2011					
Operating revenues	\$2,241,475	\$ 568,076	\$1,038	\$ (7,310 )	\$2,803,279
Income taxes	\$139,036	\$ 64,324	\$(52,407 )	\$ -	\$150,953
Consolidated net income	\$252,741	\$ 65,556	\$29,946	\$ (27,645 )	\$320,598

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

Entergy's segment financial information for the six months ended June 30, 2012 and 2011 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Consolidated
	(In Thousands)				
<b>2012</b>					
Operating revenues	\$3,791,216	\$ 1,127,925	\$1,967	\$ (18,848 )	\$ 4,902,260
Income taxes	\$(24,754 )	\$( 44,189 )	\$(53,420 )	\$ -	\$( 122,363 )
Consolidated net income (loss)	\$375,738	\$ (87,196 )	\$(11,269 )	\$( 53,429 )	\$ 223,844
<b>2011</b>					
Operating revenues	\$4,179,093	\$ 1,178,223	\$2,138	\$ (14,966 )	\$ 5,344,488
Income taxes	\$229,241	\$ 149,265	\$(63,303 )	\$ -	\$ 315,203
Consolidated net income	\$421,394	\$ 188,789	\$19,383	\$( 55,289 )	\$ 574,277

Businesses marked with \* are sometimes referred to as the "competitive businesses." Eliminations are primarily intersegment activity.

## Registrant Subsidiaries

Each of the Registrant Subsidiaries has one reportable segment, which is an integrated utility business, except for System Energy, which is an electricity generation business. Each of the Registrant Subsidiaries' operations is managed on an integrated basis by that company because of the substantial effect of cost-based rates and regulatory oversight on the business process, cost structures, and operating results.

NOTE 8. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

## Market and Commodity Risks

In the normal course of business, Entergy is exposed to a number of market and commodity risks. Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular instrument or commodity. All financial and commodity-related instruments, including derivatives, are subject to market risk. Entergy is subject to a number of commodity and market risks, including:

Type of Risk	Affected Businesses
Power price risk	Utility, Entergy Wholesale Commodities
Fuel price risk	Utility, Entergy Wholesale Commodities
Equity price and interest rate risk - investments	Utility, Entergy Wholesale Commodities



Entergy manages a portion of these risks using derivative instruments, some of which are classified as cash flow hedges due to their financial settlement provisions while others are classified as normal purchase/normal sales transactions due to their physical settlement provisions. Normal purchase/normal sale risk management tools include power purchase and sales agreements, fuel purchase agreements, capacity contracts, and tolling agreements. Financially-settled cash flow hedges can include natural gas and electricity swaps and options, and interest rate swaps. Entergy will occasionally enter into financially settled swap and option contracts to manage market risk under certain hedging transactions which may or may not be designated as hedging instruments. Entergy enters into derivatives only to manage natural risks inherent in its physical or financial assets or liabilities.

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Entergy manages fuel price volatility for its Louisiana jurisdictions (Entergy Gulf States Louisiana and Entergy Louisiana) and Entergy Mississippi primarily through the purchase of short-term natural gas swaps. These swaps are marked-to-market with offsetting regulatory assets or liabilities. The notional volumes of these swaps are based on a portion of projected annual exposure to gas for electric generation and projected winter purchases for gas distribution at Entergy Gulf States Louisiana.

Entergy's exposure to market risk is determined by a number of factors, including the size, term, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affects the level of market risk. A significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

## Derivatives

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of June 30, 2012 are as follows:

Instrument	Balance Sheet Location	Fair Value (a)	Offset (a)	Business
Derivatives designated as hedging instruments				
Assets:				
Electricity swaps and options	Prepayments and other (current portion)	\$217 million	(\$20) million	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$148 million	(\$1) million	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments				
Assets:				
Electricity swaps and options	Prepayments and other (current portion)	\$34 million	(\$7) million	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current)	\$4 million	(\$-)	Entergy Wholesale

	portion)			Commodities
<b>Liabilities:</b>				
Electricity swaps and options	Other current liabilities (current portion)	\$27 million	(\$27) million	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$1 million	(\$1) million	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	\$10 million	(\$-)	Utility

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The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2011 are as follows:

Instrument	Balance Sheet Location	Fair Value (a)	Offset (a)	Business
Derivatives designated as hedging instruments				
Assets:				
Electricity swaps and options	Prepayments and other (current portion)	\$197 million	(\$25) million	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$112 million	(\$1) million	Entergy Wholesale Commodities
Liabilities:				
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$1 million	(\$1) million	Entergy Wholesale Commodities

Instrument	Balance Sheet Location	Fair Value (a)	Offset (a)	Business
Derivatives not designated as hedging instruments				
Assets:				
Electricity swaps and options	Prepayments and other (current portion)	\$37 million	(\$8) million	Entergy Wholesale Commodities
Liabilities:				
Electricity swaps and options	Other current liabilities (current portion)	\$33 million	(\$33) million	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	\$30 million	(\$-)	Utility

- (a) The balances of derivative assets and liabilities in these tables are presented gross. Certain investments, including those not designated as hedging instruments, are subject to master netting agreements and are presented on the Entergy Consolidated Balance Sheets on a net basis in accordance with accounting guidance for Derivatives and Hedging.



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The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the three months ended June 30, 2012 and 2011 are as follows:

Instrument	Amount of gain (loss) recognized in AOCI (effective portion)	Income Statement location	Amount of gain reclassified from accumulated OCI into income (effective portion)
2012			
Electricity swaps and options	(\$63) million	Competitive businesses operating revenues	\$101 million
2011			
Electricity swaps and options	\$19 million	Competitive businesses operating revenues	\$32 million

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the six months ended June 30, 2012 and 2011 are as follows:

Instrument	Amount of gain (loss) recognized in AOCI (effective portion)	Income Statement location	Amount of gain reclassified from accumulated OCI into income (effective portion)
2012			
Electricity swaps and options	\$228 million	Competitive businesses operating revenues	\$171 million
2011			
Electricity swaps and options	(\$54) million	Competitive businesses operating revenues	\$61 million

Electricity over-the-counter instruments that financially settle against day-ahead power pool prices are used to manage price exposure for Entergy Wholesale Commodities generation. Based on market prices as of June 30, 2012, cash flow hedges relating to power sales totaled \$365 million of net unrealized gains. Approximately \$217 million is expected to be reclassified from accumulated other comprehensive income (OCI) to operating revenues in the next twelve months. The actual amount reclassified from accumulated OCI, however, could vary due to future changes in market prices. Gains totaling approximately \$101 million and \$32 million were realized on the maturity of cash flow hedges, before taxes of \$35 million and \$11 million, for the three months ended June 30, 2012 and 2011, respectively. Gains totaling approximately \$171 million and \$61 million were realized on the maturity of cash flow hedges, before taxes of \$60 million and \$21 million, for the six months ended June 30, 2012 and 2011, respectively. Unrealized gains or losses recorded in OCI result from hedging power output at the Entergy Wholesale Commodities power plants. The related gains or losses from hedging power are included in operating revenues when realized. The maximum length of time over which Entergy is currently hedging the variability in future cash flows

with derivatives for forecasted power transactions at June 30, 2012 is approximately 2.5 years. Planned generation currently sold forward from Entergy Wholesale Commodities nuclear power plants is 90% for the remaining two quarters of 2012, of which approximately 49% is sold under financial derivatives and the remainder under normal purchase/normal sale contracts. The change in the value of Entergy's cash flow hedges due to ineffectiveness during the three and six months ended June 30, 2012 and 2011 was insignificant. The ineffective portion of cash flow hedges is recorded in competitive business operating revenues. Certain of the agreements to sell the power produced by Entergy Wholesale

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Commodities power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations when the current market prices exceed the contracted power prices. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. As of June 30, 2012, there were no hedge contracts with counterparties in a liability position. Entergy may effectively liquidate a cash flow hedge instrument by entering into a contract offsetting the original hedge, and then de-designating the original hedge in this situation. Gains or losses accumulated in OCI prior to de-designation continue to be deferred in OCI until they are included in income as the original hedged transaction occurs. From the point of de-designation, the gains or losses on the original hedge and the offsetting contract are recorded as assets or liabilities on the balance sheet and offset as they flow through to earnings.

Natural gas over-the-counter swaps that financially settle against NYMEX futures are used to manage fuel price volatility for the Utility's Louisiana and Mississippi customers. All benefits or costs of the program are recorded in fuel costs. The total volume of natural gas swaps outstanding as of June 30, 2012 is 35,500,000 MMBtu for Entergy, 10,350,000 MMBtu for Entergy Gulf States Louisiana, 15,330,000 MMBtu for Entergy Louisiana, and 9,820,000 MMBtu for Entergy Mississippi. Credit support for these natural gas swaps is covered by master agreements that do not require collateralization based on mark-to-market value, but do carry adequate assurance language that may lead to collateralization requests.

The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the three months ended June 30, 2012 and 2011 is as follows:

Instrument	Amount of loss recognized in AOCI	Income Statement location	Amount of gain (loss) recorded in income
2012			
Natural gas swaps	\$-	Fuel, fuel-related expenses, and gas purchased for resale	\$16 million
Electricity swaps and options de-designated as hedged items	(\$2) million	Competitive business operating revenues	\$3 million
2011			
Natural gas swaps	\$-	Fuel, fuel-related expenses, and gas purchased for resale	(\$9) million
Electricity swaps and options de-designated as hedged items	(\$4) million	Competitive business operating revenues	\$4 million



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The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the six months ended June 30, 2012 and 2011 is as follows:

Instrument	Amount of gain recognized in AOCI	Income Statement location	Amount of gain (loss) recorded in income
2012			
Natural gas swaps	\$-	Fuel, fuel-related expenses, and gas purchased for resale	(\$35) million
Electricity swaps and options de-designated as hedged items	\$-	Competitive business operating revenues	\$1 million
2011			
Natural gas swaps	\$-	Fuel, fuel-related expenses, and gas purchased for resale	(\$12) million
Electricity swaps and options de-designated as hedged items	\$6 million	Competitive business operating revenues	\$6 million

Due to regulatory treatment, the natural gas swaps are marked-to-market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as fuel expenses when the swaps are settled are recovered or refunded through fuel cost recovery mechanisms.

The fair values of the Registrant Subsidiaries' derivative instruments on their balance sheets as of June 30, 2012 are as follows:

Instrument	Balance Sheet Location	Fair Value	Registrant
Derivatives not designated as hedging instruments			
Liabilities:			
Natural gas swaps	Gas hedge contracts	\$2.9 million	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	\$3.9 million	Entergy Louisiana
Natural gas swaps	Other current liabilities	\$2.9 million	Entergy Mississippi

The fair values of the Registrant Subsidiaries' derivative instruments on their balance sheets as of December 31, 2011 are as follows:

Instrument	Balance Sheet Location	Fair Value	Registrant
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Derivatives not designated as hedging instruments

Liabilities:

Natural gas swaps	Gas hedge contracts	\$8.6 million	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	\$12.4 million	Entergy Louisiana
Natural gas swaps	Other current liabilities	\$7.8 million	Entergy Mississippi
Natural gas swaps	Other current liabilities	\$1.5 million	Entergy New Orleans

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The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the three months ended June 30, 2012 and 2011 are as follows:

Instrument	Statement of Income Location	Amount of gain (loss) recorded in income	Registrant
2012			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$4.7 million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$6.5 million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$4.5 million	Entergy Mississippi
2011			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$2.3) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$3.9) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$2.8) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$0.1) million	Entergy New Orleans

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the six months ended June 30, 2012 and 2011 are as follows:

Instrument	Statement of Income Location	Amount of loss recorded in income	Registrant
2012			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$10.3) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$14.2) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$8.9) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$1.5) million	Entergy New Orleans
2011			
Natural gas swaps		(\$4.2) million	

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	Fuel, fuel-related expenses, and gas purchased for resale		Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$5.0) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$2.5) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$0.9) million	Entergy New Orleans

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## Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using bid prices, market quotes, and financial modeling. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments other than electricity swap and option contracts held by competitive businesses are reflected in future rates and therefore do not accrue to the benefit or detriment of shareholders. Entergy considers the carrying amounts of most financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments.

Accounting standards define fair value as an exit price, or the price that would be received to sell an asset or the amount that would be paid to transfer a liability in an orderly transaction between knowledgeable market participants at the date of measurement. Entergy and the Registrant Subsidiaries use assumptions or market input data that market participants would use in pricing assets or liabilities at fair value. The inputs can be readily observable, corroborated by market data, or generally unobservable. Entergy and the Registrant Subsidiaries endeavor to use the best available information to determine fair value.

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy establishes the highest priority for unadjusted market quotes in an active market for the identical asset or liability and the lowest priority for unobservable inputs. The three levels of the fair value hierarchy are:

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents, debt instruments, and gas hedge contracts.
- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by Entergy if it is believed such would be more reflective of fair value. Level 2 inputs include the following:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; or
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually owned debt instruments or shares in common trusts. Common trust funds are stated at estimated fair value based on the fair market value of the underlying investments.

- Level 3 - Level 3 inputs are pricing inputs that are generally less observable or unobservable from objective sources. These inputs are used with internally developed methodologies to produce management's best estimate of fair value for the asset or liability. Level 3 consists primarily of derivative power contracts used as cash flow hedges of power sales at merchant power plants.

The values for power contract assets or liabilities are based on both observable inputs including public market prices and interest rates, and unobservable inputs such as implied volatilities, unit contingent discounts, expected basis differences, and credit adjusted counterparty interest rates. They are classified as Level 3 assets and liabilities. The valuations of these assets and liabilities are performed by the Entergy Wholesale Commodities Risk Control group and sent to the Entergy Wholesale Commodities Back Office and Entergy Nuclear Finance groups for evaluation. The primary functions of the Entergy Wholesale Commodities Risk Control Group include: gathering, validating and reporting market data, providing market and credit risk analyses and valuations in support of Entergy Wholesale Commodities' commercial transactions, developing and administering protocols for the management of

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market and credit risks, implementing and maintaining controls around changes to market data in the energy trading and risk management system, reviewing creditworthiness of counterparties, supporting contract negotiations with new counterparties, administering credit support for contracts, and managing the daily margining process. The primary functions of the Entergy Wholesale Commodities Back Office are managing the energy trading and risk management system, forecasting revenues, forward positions and analysis, performing contract administration, market and counterparty settlements and revenue reporting and analysis along with maintaining related controls for Entergy Wholesale Commodities. Both Entergy Wholesale Commodities Risk Control and Entergy Wholesale Commodities Back Office report to the Entergy Wholesale Commodities VP, Finance & Risk Group. Entergy Nuclear Finance is primarily responsible for the financial planning of Entergy's utility and non-utility nuclear businesses and has a significant role in accounting for the activities and transactions of the associated companies. The VP, Chief Financial Officer – Nuclear Operations within Entergy Nuclear Finance reports to the Chief Accounting Officer.

The amounts reflected as the fair value of electricity swaps are based on the estimated amount that the contracts are in-the-money at the balance sheet date (treated as an asset) or out-of-the-money at the balance sheet date (treated as a liability) and would equal the estimated amount receivable or payable by Entergy if the contracts were settled at that date. These derivative contracts include cash flow hedges that swap fixed for floating cash flows for sales of the output from the Entergy Wholesale Commodities business. The fair values are based on the mark-to-market comparison between the fixed contract prices and the floating prices determined each period from quoted forward power market prices. The differences between the fixed price in the swap contract and these market-related prices multiplied by the volume specified in the contract and discounted at the counterparties' credit adjusted risk free rate are recorded as derivative contract assets or liabilities. For contracts that have unit contingent terms, a further discount is applied based on the historical relationship between contract and market prices for similar contract terms.

The amounts reflected as the fair value of electricity options are valued based on a Black Scholes model, and are calculated at the end of each month for accounting purposes. Inputs to the valuation include end of day forward market prices for the period when the transactions will settle, implied volatilities based on market volatilities provided by a third party data aggregator, and US Treasury rates for a risk-free return rate. As described further below, prices and implied volatilities are reviewed and can be adjusted if it is determined that there is a better representation of fair value. As of June 30, 2012, Entergy had in-the-money derivative contracts with a fair value of \$375 million with counterparties or their guarantor who are all currently investment grade. As of June 30, 2012 there are no out-of-the-money contracts supported by corporate guarantees, which would require additional cash or letters of credit in the event of a decrease in Entergy Corporation's credit rating to below investment grade.

On a daily basis, Entergy Wholesale Commodities calculates the mark-to-market for all derivative transactions. Entergy Wholesale Commodities Risk Control Group also validates forward market prices by comparing them to settlement prices of actual market transactions. Significant differences are analyzed and potentially adjusted based on actual transaction clearing prices, or a methodology that considers natural gas prices and market heat rates. Implied volatilities used to value options are also validated using actual counterparty quotes for Entergy Wholesale Commodities transactions. Moreover, on at least a monthly basis the Office of Corporate Risk Oversight confirms the mark to market calculations and prepares price scenarios and credit downgrade scenario analysis. The scenario analysis is communicated to senior management within Entergy and within Entergy Wholesale Commodities. Finally, for all proposed derivative transactions an analysis is completed to assess the risk of adding the proposed derivative to Entergy Wholesale Commodities' portfolio. In particular, the credit, liquidity and financial metrics impacts are calculated for this analysis. This analysis is communicated to senior management within Entergy and Entergy Wholesale Commodities.

The following tables set forth, by level within the fair value hierarchy, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of June 30, 2012 and December 31, 2011. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.



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2012	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	\$193	\$-	\$-	\$193
Decommissioning trust funds (a):				
Equity securities	439	1,889	-	2,328
Debt securities	677	1,010	-	1,687
Power contracts	-	-	375	375
Securitization recovery trust account	37	-	-	37
Storm reserve escrow account	320	-	-	320
	\$1,666	\$2,899	\$375	\$4,940
Liabilities:				
Gas hedge contracts	\$10	\$-	\$-	\$10

2011	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	\$613	\$-	\$-	\$613
Decommissioning trust funds (a):				
Equity securities	397	1,732	-	2,129
Debt securities	639	1,020	-	1,659
Power contracts	-	-	312	312
Securitization recovery trust account	50	-	-	50
Storm reserve escrow account	335	-	-	335
	\$2,034	\$2,752	\$312	\$5,098
Liabilities:				
Gas hedge contracts	\$30	\$-	\$-	\$30

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indexes. Fixed income securities are held in various governmental and corporate securities. See Note 9 for additional information on the investment portfolios.

The following table sets forth a reconciliation of changes in the net assets for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the three months ended June 30, 2012 and 2011:

	2012	2011
	(In Millions)	
Balance as of beginning of period,	\$528	\$104

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Unrealized gains/(losses) from price changes	(58	)	9	
Unrealized gains on originations	6		17	
Realized gains on settlements	(101	)	(32	)
Balance as of June 30,	\$375		\$98	

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The following table sets forth a reconciliation of changes in the net assets for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the six months ended June 30, 2012 and 2011:

	2012	2011
	(In Millions)	
Balance as of January 1,	\$312	\$197
Unrealized gains/(losses) from price changes	227	(53 )
Unrealized gains on originations	7	15
Realized gains on settlements	(171 )	(61 )
Balance as of June 30,	\$375	\$98

The following table sets forth a description of the types of transactions classified as Level 3 in the fair value hierarchy, and the valuation techniques and significant unobservable inputs to each which cause that classification, as of June 30, 2012:

Transaction Type	Fair Value as of June 30, 2012	Significant Unobservable Inputs	Range from Average %	Effect on Fair Value
Electricity swaps	\$206 million	Unit contingent discount	+/-3%	\$13 million
Electricity options	\$92 million	Implied volatility	+/-12%	\$28 million

The following table sets forth an analysis of each of the types of unobservable inputs impacting the fair value of items classified as Level 3 within the fair value hierarchy, and the sensitivity to changes to those inputs:

Significant Unobservable Input	Transaction Type	Position	Change to Input	Effect on Fair Value
Unit contingent discount	Electricity swaps	Sell	Increase (Decrease)	Decrease (Increase)
Implied volatility	Electricity options	Sell	I n c r e a s e (Decrease)	I n c r e a s e (Decrease)
Implied volatility	Electricity options	Buy	I n c r e a s e (Decrease)	I n c r e a s e (Decrease)

The following table sets forth, by level within the fair value hierarchy, the Registrant Subsidiaries' assets that are accounted for at fair value on a recurring basis as of June 30, 2012 and December 31, 2011. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect its placement within

the fair value hierarchy levels.

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## Entergy Arkansas

2012	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Decommissioning trust funds (a):				
Equity securities	\$3.1	\$352.2	\$-	\$355.3
Debt securities	93.2	127.0	-	220.2
Securitization recovery trust account	3.9	-	-	3.9
	\$100.2	\$479.2	\$-	\$579.4

2011	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments				
	\$17.9	\$-	\$-	\$17.9
Decommissioning trust funds (a):				
Equity securities	6.3	323.1	-	329.4
Debt securities	82.8	129.5	-	212.3
Securitization recovery trust account	3.9	-	-	3.9
	\$110.9	\$452.6	\$-	\$563.5

## Entergy Gulf States Louisiana

2012	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments				
	\$55.8	\$-	\$-	\$55.8
Decommissioning trust funds (a):				
Equity securities	7.3	262.2	-	269.5
Debt securities	35.8	147.2	-	183.0
Storm reserve escrow account	86.9	-	-	86.9
	\$185.8	\$409.4	\$-	\$595.2

## Liabilities:

Gas hedge contracts	\$2.9	\$-	\$-	\$2.9
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2011	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments				
	\$24.6	\$-	\$-	\$24.6
Decommissioning trust funds (a):				
Equity securities	5.1	233.6	-	238.7
Debt securities	39.5	142.7	-	182.2
Storm reserve escrow account	90.2	-	-	90.2
	\$159.4	\$376.3	\$-	\$535.7

Liabilities:

Gas hedge contracts	\$8.6	\$-	\$-	\$8.6
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## Entergy Louisiana

2012	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	\$7.9	\$-	\$-	\$7.9
Decommissioning trust funds (a):				
Equity securities	2.0	161.3	-	163.3
Debt securities	55.7	53.6	-	109.3
Securitization recovery trust account	3.0	-	-	3.0
Storm reserve escrow account	186.9	-	-	186.9
	\$255.5	\$214.9	\$-	\$470.4
Liabilities:				
Gas hedge contracts	\$3.9	\$-	\$-	\$3.9

2011	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Decommissioning trust funds (a):				
Equity securities	\$2.9	\$146.3	\$-	\$149.2
Debt securities	51.6	53.2	-	104.8
Securitization recovery trust account	5.2	-	-	5.2
Storm reserve escrow account	201.2	-	-	201.2
	\$260.9	\$199.5	\$-	\$460.4
Liabilities:				
Gas hedge contracts	\$12.4	\$-	\$-	\$12.4

## Entergy Mississippi

2012	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	\$3.9	\$-	\$-	\$3.9
Storm reserve escrow account	31.9	-	-	31.9
	\$35.8	\$-	\$-	\$35.8
Liabilities:				
Gas hedge contracts	\$2.9	\$-	\$-	\$2.9
2011				
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				

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Storm reserve escrow account	\$31.8	\$-	\$-	\$31.8
<b>Liabilities:</b>				
Gas hedge contracts	\$7.8	\$-	\$-	\$7.8

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## Entergy New Orleans

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Storm reserve escrow account	\$14.8	\$-	\$-	\$14.8
2011	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$9.3	\$-	\$-	\$9.3
Storm reserve escrow account	12.0	-	-	12.0
	\$21.3	\$-	\$-	\$21.3
Liabilities:				
Gas hedge contracts	\$1.5	\$-	\$-	\$1.5

## Entergy Texas

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$19.9	\$-	\$-	\$19.9
Securitization recovery trust account	30.6	-	-	30.6
	\$50.5	\$-	\$-	\$50.5
2011	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$65.1	\$-	\$-	\$65.1
Securitization recovery trust account	41.2	-	-	41.2
	\$106.3	\$-	\$-	\$106.3

## System Energy

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Decommissioning trust funds (a):				
Equity securities	\$3.2	\$261.2	\$-	\$264.4
Debt securities	134.7	60.7	-	195.4
	\$137.9	\$321.9	\$-	\$459.8
2011	Level 1	Level 2	Level 3	Total
(In Millions)				

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Assets:

Temporary cash investments	\$154.2	\$-	\$-	\$154.2
Decommissioning trust funds (a):				
Equity securities	2.7	234.5	-	237.2
Debt securities	123.2	63.0	-	186.2
	\$280.1	\$297.5	\$-	\$577.6

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- (a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental and corporate securities. See Note 9 for additional information on the investment portfolios.

**NOTE 9. DECOMMISSIONING TRUST FUNDS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)**

Entergy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The NRC requires Entergy subsidiaries to maintain trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, Grand Gulf, Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades (NYPA currently retains the decommissioning trusts and liabilities for Indian Point 3 and FitzPatrick). The funds are invested primarily in equity securities; fixed-rate, fixed-income securities; and cash and cash equivalents.

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits. Decommissioning trust funds for Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades do not meet the criteria for regulatory accounting treatment. Accordingly, unrealized gains recorded on the assets in these trust funds are recognized in the accumulated other comprehensive income component of shareholders' equity because these assets are classified as available for sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of shareholders' equity unless the unrealized loss is other than temporary and therefore recorded in earnings. Generally, Entergy records realized gains and losses on its debt and equity securities using the specific identification method to determine the cost basis of its securities.

The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

	Fair Value	Total Unrealized Gains (In Millions)	Total Unrealized Losses
2012			
Equity Securities	\$2,328	\$566	\$4
Debt Securities	1,687	116	4
Total	\$4,015	\$682	\$8
2011			
Equity Securities	\$2,129	\$423	\$14
Debt Securities	1,659	115	5
Total	\$3,788	\$538	\$19

Deferred taxes on unrealized gains/(losses) are recorded in other comprehensive income for the decommissioning trusts which do not meet the criteria for regulatory accounting treatment as described above. Unrealized gains/(losses) above are reported before deferred taxes of \$187 million and \$149 million as of June 30, 2012 and December 31, 2011, respectively. The amortized cost of debt securities was \$1,609 million as of June 30, 2012 and \$1,530 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 4.01%, an average duration of approximately 5.45 years, and an average maturity of approximately 8.67 years. The equity

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securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$46	\$2	\$234	\$1
More than 12 months	26	2	56	3
Total	\$72	\$4	\$290	\$4

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$130	\$9	\$123	\$3
More than 12 months	43	5	60	2
Total	\$173	\$14	\$183	\$5

The unrealized losses in excess of twelve months on equity securities above relate to Entergy's Utility operating companies and System Energy.

The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

	2012	2011
	(In Millions)	
Less than 1 year	\$64	\$69
1 year - 5 years	619	566
5 years - 10 years	555	583
10 years - 15 years	208	187
15 years - 20 years	47	42
20 years+	194	212
Total	\$1,687	\$1,659

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$409 million and \$144 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of \$11 million and \$4 million, respectively, and gross losses of \$2 million and \$1 million, respectively, were reclassified out of other comprehensive income into earnings.

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During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$945 million and \$636 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of \$23 million and \$8 million, respectively, and gross losses of \$4 million and \$6 million, respectively, were reclassified out of other comprehensive income into earnings.

## Entergy Arkansas

Entergy Arkansas holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

	Fair Value	Total Unrealized Gains (In Millions)	Total Unrealized Losses
2012			
Equity Securities	\$355.3	\$97.9	\$-
Debt Securities	220.2	14.7	0.2
Total	\$575.5	\$112.6	\$0.2
2011			
Equity Securities	\$329.4	\$70.9	\$0.4
Debt Securities	212.3	15.2	0.4
Total	\$541.7	\$86.1	\$0.8

The amortized cost of debt securities was \$205.6 million as of June 30, 2012 and \$197.5 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 3.35%, an average duration of approximately 5.11 years, and an average maturity of approximately 5.78 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$-	\$-	\$30.7	\$0.2
More than 12 months	-	-	2.0	-
Total	\$-	\$-	\$32.7	\$0.2





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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$13.7	\$0.4	\$14.3	\$0.4
More than 12 months	-	-	1.0	-
Total	\$13.7	\$0.4	\$15.3	\$0.4

The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

	2012	2011
	(In Millions)	
Less than 1 year	\$12.7	\$7.8
1 year - 5 years	90.4	86.5
5 years - 10 years	106.5	109.1
10 years - 15 years	5.3	2.7
15 years - 20 years	-	-
20 years+	5.3	6.2
Total	\$220.2	\$212.3

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$33.7 million and \$15.1 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of \$0.7 million and \$0.7 million, respectively, and gross losses of \$0.04 million and \$0.03 million, respectively, were reclassified out of other comprehensive income into earnings.

During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$88.4 million and \$46.2 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of \$2.7 million and \$1.3 million, respectively, and gross losses of \$0.04 million and \$0.03 million, respectively, were reclassified out of other comprehensive income into earnings.

## Entergy Gulf States Louisiana

Entergy Gulf States Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:



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	Fair Value	Total Unrealized Gains (In Millions)	Total Unrealized Losses
2012			
Equity Securities	\$269.5	\$60.3	\$0.1
Debt Securities	183.0	15.1	0.1
Total	\$452.5	\$75.4	\$0.2
2011			
Equity Securities	\$238.7	\$40.9	\$0.8
Debt Securities	182.2	15.2	0.3
Total	\$420.9	\$56.1	\$1.1

The amortized cost of debt securities was \$170.5 million as of June 30, 2012 and \$166.9 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 4.77%, an average duration of approximately 5.71 years, and an average maturity of approximately 8.81 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$2.3	\$-	\$19.7	\$0.1
More than 12 months	1.5	0.1	-	-
Total	\$3.8	\$0.1	\$19.7	\$0.1

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$14.0	\$0.5	\$9.3	\$0.2

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More than 12 months	2.7	0.3	1.1	0.1
Total	\$16.7	\$0.8	\$10.4	\$0.3

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The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

	2012	2011
	(In Millions)	
Less than 1 year	\$2.8	\$7.1
1 year - 5 years	46.1	40.8
5 years - 10 years	54.6	53.5
10 years - 15 years	68.0	62.9
15 years - 20 years	3.8	3.2
20 years+	7.7	14.7
<b>Total</b>	<b>\$183.0</b>	<b>\$182.2</b>

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$22.7 million and \$8.8 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of \$0.9 million and \$0.4 million, respectively, and gross losses of \$0.03 million and \$0.03 million, respectively, were reclassified out of other comprehensive income into earnings.

During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$60.8 million and \$20.7 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of \$2.4 million and \$0.4 million, respectively, and gross losses of \$0.03 million and \$0.07 million, respectively, were reclassified out of other comprehensive income into earnings.

## Entergy Louisiana

Entergy Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

	Fair Value	Total Unrealized Gains (In Millions)	Total Unrealized Losses
<b>2012</b>			
Equity Securities	\$163.3	\$40.8	\$0.4
Debt Securities	109.3	9.5	0.1
<b>Total</b>	<b>\$272.6</b>	<b>\$50.3</b>	<b>\$0.5</b>
<b>2011</b>			
Equity Securities	\$149.2	\$29.7	\$1.6
Debt Securities	104.8	8.8	0.2
<b>Total</b>	<b>\$254.0</b>	<b>\$38.5</b>	<b>\$1.8</b>

The amortized cost of debt securities was \$101 million as of June 30, 2012 and \$91.9 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 3.77%, an average duration of approximately 5.43 years, and an average maturity of approximately 9.50 years. The equity securities are

generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$4.4	\$-	\$3.2	\$0.1
More than 12 months	7.2	0.4	0.6	-
<b>Total</b>	<b>\$11.6</b>	<b>\$0.4</b>	<b>\$3.8</b>	<b>\$0.1</b>

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$11.6	\$0.3	\$5.5	\$0.2
More than 12 months	10.0	1.3	0.2	-
<b>Total</b>	<b>\$21.6</b>	<b>\$1.6</b>	<b>\$5.7</b>	<b>\$0.2</b>

The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

	2012	2011
	(In Millions)	
Less than 1 year	\$4.0	\$3.9
1 year - 5 years	39.5	39.8
5 years - 10 years	24.7	22.2
10 years - 15 years	19.5	18.9
15 years - 20 years	1.7	2.2
20 years+	19.9	17.8
<b>Total</b>	<b>\$109.3</b>	<b>\$104.8</b>

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$3.5 million and \$1.7 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of \$0.01 million and \$0.03 million, respectively, and gross losses of \$0.03 million and \$0.02 million, respectively, were reclassified out of other comprehensive income into earnings.

During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$10.3 million and \$7.8 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of \$0.04 million and \$0.09 million, respectively, and gross losses of \$0.03 million and \$0.03 million, respectively, were reclassified out of other comprehensive income into earnings.



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## System Energy

System Energy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of June 30, 2012 and December 31, 2011 are summarized as follows:

	Fair Value	Total Unrealized Gains (In Millions)	Total Unrealized Losses
2012			
Equity Securities	\$264.4	\$51.0	\$1.0
Debt Securities	195.4	8.5	0.1
Total	\$459.8	\$59.5	\$1.1
2011			
Equity Securities	\$237.2	\$35.4	\$5.4
Debt Securities	186.2	9.5	0.1
Total	\$423.4	\$44.9	\$5.5

The amortized cost of debt securities was \$190.9 million as of June 30, 2012 and \$175.1 million as of December 31, 2011. As of June 30, 2012, the debt securities have an average coupon rate of approximately 2.87%, an average duration of approximately 4.65 years, and an average maturity of approximately 6.59 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of June 30, 2012:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$19.2	\$0.2	\$41.8	\$0.1
More than 12 months	14.7	0.8	0.3	-
Total	\$33.9	\$1.0	\$42.1	\$0.1

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2011:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$41.3	\$1.8	\$10.5	\$0.1
More than 12 months	30.0	3.6	-	-
Total	\$71.3	\$5.4	\$10.5	\$0.1

The fair value of debt securities, summarized by contractual maturities, as of June 30, 2012 and December 31, 2011 are as follows:

	2012	2011
	(In Millions)	
Less than 1 year	\$23.7	\$10.2
1 year - 5 years	96.9	94.6
5 years - 10 years	53.5	57.9
10 years - 15 years	1.8	2.6
15 years - 20 years	2.1	2.9
20 years+	17.4	18.0
Total	\$195.4	\$186.2

During the three months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$97.8 million and \$17.9 million, respectively. During the three months ended June 30, 2012 and 2011, gross gains of \$1.8 million and \$0.1 million, respectively, and gross losses of \$0.1 million and \$0.02 million, respectively, were reclassified out of other comprehensive income into earnings.

During the six months ended June 30, 2012 and 2011, proceeds from the dispositions of securities amounted to \$223.2 million and \$106.5 million, respectively. During the six months ended June 30, 2012 and 2011, gross gains of \$3.0 million and \$0.5 million, respectively, and gross losses of \$0.2 million and \$1 million, respectively, were reclassified out of other comprehensive income into earnings.

## Other-than-temporary impairments and unrealized gains and losses

Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy evaluate unrealized losses at the end of each period to determine whether an other-than-temporary impairment has occurred. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt

security, an other-than-temporary impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). Entergy did not have any material other-than-temporary impairments relating to credit losses on debt securities for the three and six months ended June 30, 2012 and 2011. The assessment of whether an investment in an equity security has suffered an other-than-temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of

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time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. Entergy did not record material charges to other income in the three and six months ended June 30, 2012 and 2011, respectively, resulting from the recognition of the other-than-temporary impairment of certain equity securities held in its decommissioning trust funds.

NOTE 10. INCOME TAXES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See Income Tax Litigation, Income Tax Audits, and Other Tax Matters in Note 3 to the financial statements in the Form 10-K for a discussion of income tax proceedings, income tax audits, and other income tax matters involving Entergy. Following are updates to that discussion.

#### Income Tax Litigation

As discussed in the Form 10-K, in October 2010 the United States Tax Court entered a decision in favor of Entergy for tax years 1997 and 1998 regarding the ability to credit as a foreign tax credit the U.K. Windfall Tax against U.S. income tax. In June 2012, the U.S. Court of Appeals for the Fifth Circuit unanimously affirmed the U.S. Tax Court decision. As a result of this decision, Entergy reversed its liability for uncertain tax positions associated with this issue.

#### Income Tax Audits

##### 2008-2009 IRS Audit

In the third quarter 2008, Entergy Louisiana and Entergy Gulf States Louisiana received \$679 million and \$274.7 million, respectively, from the Louisiana Utilities Restoration Corporation ("LURC"). These receipts from LURC were from the proceeds of a Louisiana Act 55 financing of the costs incurred to restore service following Hurricane Katrina and Hurricane Rita. See Note 2 to the financial statements in the Form 10-K for further details regarding the financings.

In June 2012, Entergy effectively settled the tax treatment of the receipt of these funds, which resulted in an income tax benefit of \$172 million for Entergy, including \$143 million for Entergy Louisiana and \$20 million for Entergy Gulf States Louisiana, which includes the effect of reversing liabilities for uncertain tax positions. Under the terms of an LPSC-approved settlement related to the benefits associated with Louisiana Act 55 financings, Entergy Louisiana and Entergy Gulf States Louisiana recorded, respectively, a \$137 million (\$84 million net-of-tax) and a \$28 million (\$17 million net-of-tax) regulatory charge and a corresponding regulatory liability to reflect their obligations to share the benefits with customers.

NOTE 11. PROPERTY, PLANT, AND EQUIPMENT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

#### Construction Expenditures in Accounts Payable

Construction expenditures included in accounts payable at June 30, 2012 are \$159.7 million for Entergy, \$7.2 million for Entergy Arkansas, \$15.9 million for Entergy Gulf States Louisiana, \$28.0 million for Entergy Louisiana, \$1.2 million for Entergy Mississippi, \$0.2 million for Entergy New Orleans, \$0.6 million for Entergy Texas, and \$76.7 million for System Energy.

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Vermont Yankee

In March 2011 the NRC renewed Vermont Yankee's operating license for an additional 20 years. The renewed operating license expires in March 2032. In May 2011 the Vermont Department of Public Service and the New England Coalition petitioned the United States Court of Appeals for the D.C. Circuit seeking judicial review of the NRC's issuance of the renewed operating license, alleging that the license had been issued without a valid and effective water quality certification under Section 401 of the Clean Water Act. Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations, Inc. intervened in the proceeding. In June 2012 the Court of Appeals denied the appeal on the ground that the petitioners had failed to exhaust their administrative remedies before the NRC. The petitioners have until early August 2012 to seek judicial review of that decision.

Vermont Yankee also is operating under a Certificate of Public Good from the State of Vermont that was scheduled to expire in March 2012, but has an application pending before the Vermont Public Service Board (VPSB) for a new Certificate of Public Good for operation until March 2032. In April 2011, Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations, the owner and operator respectively of Vermont Yankee, filed suit in the United States District Court for the District of Vermont. The suit challenged certain conditions imposed by Vermont upon Vermont Yankee's continued operation and storage of spent nuclear fuel, including the requirement to obtain not only a new Certificate of Public Good, but also approval by Vermont's General Assembly. In January 2012 the court entered judgment in Entergy's favor and specifically:

- Declared that Vermont's laws requiring Vermont Yankee to cease operation in March 2012 and prohibiting the storage of spent nuclear fuel from operation after that date, absent approval by the General Assembly, were based on radiological safety concerns and are preempted by the Atomic Energy Act;
  - Permanently enjoined Vermont from enforcing these preempted requirements of the state's laws; and
  - Permanently enjoined Vermont under the Commerce Clause of the United States Constitution from conditioning the issuance of a new Certificate of Public Good upon the existence of a below wholesale market power sale agreement with Vermont utilities or Vermont Yankee's selling power to Vermont utilities at rates below those available to wholesale customers in other states.

In February 2012 the Vermont defendants filed a notice of appeal of the decision to the United States Court of Appeals for the Second Circuit.

In January 2012, Entergy filed a motion requesting that the VPSB grant, based on the existing record in its proceeding, Vermont Yankee's pending application for a new Certificate of Public Good. Entergy subsequently filed another motion asking the VPSB to declare that title 3, section 814(b) of the Vermont statutes (3 V.S.A. § 814(b)) authorized Vermont Yankee to operate while the Certificate of Public Good proceeding was pending because Entergy had timely filed a petition for a new Certificate of Public Good that had not yet been decided. In March 2012, the VPSB issued orders denying Entergy's motion with respect to 3 V.S.A. § 814(b) but stating that the order did not require Vermont Yankee to cease operations, denying Entergy's motion to issue a new Certificate of Public Good based on the existing record, determining to open a new docket and to create a new record to decide Vermont Yankee's request for a new Certificate of Public Good (without prejudice to any rights that Entergy might have under 3 V.S.A. § 814(b)), and directing Entergy to file an amended Certificate of Public Good petition that identified the specific approvals it was seeking in light of the district court's decision. In April 2012, Entergy filed its amended Certificate of Public Good petition and in June 2012 filed its initial testimony in support of that petition. The VPSB's current schedule provides for proceedings concerning that petition to continue until August 2013.

In light of the actions taken by the VPSB, in February 2012, Vermont Yankee filed a cross-appeal of the United States District Court's January 2012 decision. Vermont Yankee also filed two motions with the district court asking it (1) to issue an injunction prohibiting Vermont from taking any action to force Vermont Yankee to shut down during the appeal of the district court's decision or during the Certificate of Public Good proceeding before the VPSB and any judicial appeal from that proceeding, and (2) to amend the district court's final judgment to include certain additional provisions of Vermont law relating to Vermont Yankee's operation and storage of spent nuclear fuel from operation after March 21, 2012, that were part of the statutes the court found to be preempted in its decision, but which were not specifically included in the final judgment. In March 2012, the district court found that Vermont

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Entergy Corporation and Subsidiaries  
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Yankee was likely to prevail on the merits of its cross-appeal that an additional provision of Vermont law relating to the storage of spent nuclear fuel from operation after March 21, 2012 should have been invalidated as preempted. The district court accordingly issued an injunction prohibiting Vermont from taking any action during the appeal to compel Vermont Yankee to shut down based on that provision of Vermont law. The district court denied Vermont Yankee's other requests for relief, citing the Vermont Attorney General's representation that Vermont Yankee may continue to operate under the terms of its existing Certificate of Public Good while its petition for a new Certificate of Public Good is pending before the VPSB.

### Impairment

Because of the uncertainty regarding the continued operation of Vermont Yankee, Entergy has tested the recoverability of the plant and related assets each quarter since the first quarter 2010. The determination of recoverability is based on the probability-weighted undiscounted net cash flows expected to be generated by the plant and related assets. Projected net cash flows primarily depend on the status of the pending legal and state regulatory matters, as well as projections of future revenues and expenses over the remaining life of the plant. In prior quarters, the probability-weighted undiscounted net cash flows exceeded the carrying value of the Vermont Yankee plant and related assets. The decline, however, in the overall energy market and the projected forward prices of power as of March 31, 2012, which are significant inputs in the determination of net cash flows, resulted in the probability-weighted undiscounted future cash flows being less than the asset group's carrying value. Entergy performed a fair value analysis based on the income approach, a discounted cash flow method, to determine the amount of impairment. The estimated fair value of the plant and related assets at March 31, 2012 was \$162.0 million, while the carrying value was \$517.5 million. Therefore, the assets were written down to their fair value and an impairment charge of \$355.5 million (\$223.5 million after-tax) was recognized. The impairment charge is recorded as a separate line item in Entergy's consolidated statement of income for the six months ended June 30, 2012, and is included within the results of the Entergy Wholesale Commodities segment.

The estimate of fair value was based on the price that Entergy would expect to receive in a hypothetical sale of the Vermont Yankee plant and related assets to a market participant on March 31, 2012. In order to determine this price, Entergy used significant observable inputs, including quoted forward power and gas prices, where available. Significant unobservable inputs, such as projected long-term pre-tax operating margins (cash basis), and estimated weighted average costs of capital were also used in the estimation of fair value. In addition, Entergy made certain assumptions regarding future tax deductions associated with the plant and related assets. Based on the use of significant unobservable inputs, the fair value measurement for the entirety of the asset group, and for each type of asset within the asset group, is classified as Level 3 in the fair value hierarchy discussed in Note 8 to the financial statements.

The following table sets forth a description of significant unobservable inputs used in the valuation of the Vermont Yankee plant and related assets as of March 31, 2012:

Significant Unobservable Inputs	Range	Weighted Average
Weighted average cost of capital	7.5%-8.0%	7.8%
Long-term pre-tax operating margin (cash basis)	6.1%-7.8%	7.2%



Entergy's Accounting Policy group, which reports to the Chief Accounting Officer, was primarily responsible for determining the valuation of the Vermont Yankee plant and related assets, in consultation with external advisors. Accounting Policy obtained and reviewed information from other Entergy departments with expertise on the various inputs and assumptions that were necessary to calculate the fair value of the asset group.

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NOTE 12. VARIABLE INTEREST ENTITIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, System Energy)

See Note 18 to the financial statements in the Form 10-K for a discussion of variable interest entities. See Note 4 to the financial statements herein for details of the nuclear fuel companies' credit facility and commercial paper borrowings and long-term debt.

Entergy Louisiana and System Energy are each considered to hold a variable interest in the lessors from which they lease, respectively, undivided interests representing approximately 9.3% of the Waterford 3 and 11.5% of the Grand Gulf nuclear plants. Entergy Louisiana and System Energy are the lessees under these arrangements, which are described in more detail in Note 10 to the consolidated financial statements in the Form 10-K. Entergy Louisiana made payments on its lease, including interest, of \$26.8 million and \$37.6 million in the six months ended June 30, 2012 and 2011, respectively. System Energy made payments on its lease, including interest, of \$48.1 million and \$47.4 million in the six months ended June 30, 2012 and 2011, respectively.

NOTE 13. ASSET RETIREMENT OBLIGATIONS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, System Energy)

See Note 9 to the financial statements in the Form 10-K for a discussion of asset retirement obligations. Following is an update to that discussion.

In the second quarter 2012, Entergy Louisiana recorded a revision to its estimated decommissioning cost liability for Waterford 3 as a result of a revised decommissioning cost study. The revised estimate resulted in a \$48.9 million increase in its decommissioning cost liability, along with a corresponding increase in the related asset retirement costs asset that will be depreciated over the remaining life of the unit.

In the second quarter 2012, Entergy Wholesale Commodities recorded a reduction of \$60.6 million in the estimated decommissioning cost liability for a plant as a result of a revised decommissioning cost study. The revised estimate resulted in a credit to decommissioning expense of \$49 million, reflecting the excess of the reduction in the liability over the amount of the undepreciated asset retirement costs asset.

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In the opinion of the management of Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas and System Energy, the accompanying unaudited financial statements contain all adjustments (consisting primarily of normal recurring accruals and reclassification of previously reported amounts to conform to current classifications) necessary for a fair statement of the results for the interim periods presented. The business of the Registrant Subsidiaries is subject to seasonal fluctuations, however, with the peak periods occurring during the third quarter. The results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

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Part I, Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of June 30, 2012, evaluations were performed under the supervision and with the participation of Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy (individually "Registrant" and collectively the "Registrants") management, including their respective Principal Executive Officers (PEO) and Principal Financial Officers (PFO). The evaluations assessed the effectiveness of the Registrants' disclosure controls and procedures. Based on the evaluations, each PEO and PFO has concluded that, as to the Registrant or Registrants for which they serve as PEO or PFO, the Registrant's or Registrants' disclosure controls and procedures are effective to ensure that information required to be disclosed by each Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms; and that the Registrant's or Registrants' disclosure controls and procedures are also effective in reasonably assuring that such information is accumulated and communicated to the Registrant's or Registrants' management, including their respective PEOs and PFOs, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

Under the supervision and with the participation of the Registrants' management, including their respective PEOs and PFOs, the Registrants evaluated changes in internal control over financial reporting that occurred during the quarter ended June 30, 2012 and found no change that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS

Plan to Spin Off the Utility’s Transmission Business

See the “Plan to Spin Off the Utility’s Transmission Business” section of Entergy Corporation and Subsidiaries Management’s Financial Discussion and Analysis in the Form 10-K for a discussion of Entergy’s plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp., including the planned retirement of debt and preferred securities.

Results of Operations

Net Income

Second Quarter 2012 Compared to Second Quarter 2011

Net income decreased \$4.5 million primarily due to higher other operation and maintenance expenses, partially offset by higher net revenue and a lower effective income tax rate.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net income decreased \$16.3 million primarily due to higher other operation and maintenance expenses and higher nuclear refueling outage expenses, partially offset by a lower effective income tax rate.

Net Revenue

Second Quarter 2012 Compared to Second Quarter 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory credits. Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

	Amount (In Millions)
2011 net revenue	\$319.2
Asset retirement obligation	2.9
Retail electric price	2.3
Net wholesale revenue	2.1
Volume/weather	1.1
Reserve equalization	(2.3 )
Other	1.9
2012 net revenue	\$327.2

The asset retirement obligation variance is primarily due to lower regulatory charges resulting from a decrease in interest earned on decommissioning trust investments. There is no effect on net income as this interest is reflected in

other income.

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Entergy Arkansas, Inc. and Subsidiaries  
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The retail electric price variance is primarily due to higher unbilled revenue resulting from an increase in the Grand Gulf rider rate effective January 1, 2012 and also due to the effect of block rates.

The net wholesale revenue variance is primarily due to lower wholesale energy costs and higher wholesale billings to affiliate companies due to higher expenses.

The volume/weather variance is primarily due to an increase of 95 GWh, or 3%, in weather-adjusted usage in the residential and commercial sectors, substantially offset by the effects of milder weather, as compared to the prior period, primarily on residential sales.

The reserve equalization variance is primarily due to increased reserve equalization expenses as a result of changes in the Entergy Arkansas and Entergy System generation capacity compared to the same period in 2011.

#### Gross operating revenues and other regulatory credits

Gross operating revenues decreased primarily due to the June 2012 refund to AmerenUE of \$30.6 million, including interest, in rough production cost equalization payments collected from AmerenUE. Entergy Arkansas had previously recorded a regulatory provision for the potential refund to AmerenUE. The result of the refund is a decrease in gross revenues with an offsetting increase in other regulatory credits. See Note 2 to the financial statements herein for a discussion of the FERC order in the System Agreement Cost Equalization Proceedings. The decrease was also due to a decrease of \$7.6 million in fuel cost recovery revenues primarily due to changes in the energy cost recovery rider effective April 2011. The energy cost recovery filings are discussed in Note 2 to the financial statements in the Form 10-K. These decreases were partially offset by an increase of \$16.4 million in rider revenues primarily due to higher System Agreement production cost equalization payments and more favorable volume/weather as discussed above.

Other regulatory credits increased primarily due to the June 2012 refund to AmerenUE, as discussed above.

#### Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory credits. Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

	Amount (In Millions)
2011 net revenue	\$591.2
Volume/weather	(9.7 )
Reserve equalization	(8.7 )
Retail electric price	4.3
Energy cost recovery	3.4
Net wholesale revenue	2.8
Energy efficiency rider	2.6
Other	4.1

2012 net revenue	\$590.0
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The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, primarily on residential sales, partially offset by an increase of 132 GWh, or 2%, in weather-adjusted usage in the residential and commercial sectors.

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The reserve equalization variance is primarily due to increased reserve equalization expenses as a result of changes in the Entergy Arkansas and Entergy System generation capacity compared to the same period in 2011. The variance is also due to a one-time credit recorded in 2011 related to the interruptible load proceeding. See Note 2 to the financial statements for further discussion of the interruptible load proceeding.

The retail electric price variance is primarily due to higher unbilled revenue resulting from an increase in the Grand Gulf rider rate effective January 1, 2012 and also due to the effect of block rates.

The energy cost recovery variance resulted primarily from the annual adjustment to deferred fuel costs provided for in the energy cost recovery rider.

The net wholesale revenue variance is primarily due to lower wholesale energy costs and higher wholesale billings to affiliate companies due to higher expenses.

The energy efficiency rider variance is primarily due to higher energy efficiency program revenues as compared with the same period in 2011. There is no effect on net income as these revenues are offset by costs included in other operation and maintenance expenses.

Gross operating revenues, fuel and purchased power expenses, and other regulatory credits

Gross operating revenues increased primarily due to an increase of \$18.2 million in rider revenues primarily due to higher System Agreement production cost equalization payments and an increase of \$15.9 million in fuel cost recovery revenues primarily due to changes in the energy cost recovery rider effective April 2011. The energy cost recovery filings are discussed in Note 2 to the financial statements in the Form 10-K. The increase was partially offset by the June 2012 refund to AmerenUE of \$30.6 million, including interest, in rough production cost equalization payments collected from AmerenUE. Entergy Arkansas had previously recorded a regulatory provision for the potential refund to AmerenUE. The result of the refund is a decrease in gross revenues with an offsetting increase in other regulatory credits. See Note 2 to the financial statements herein for a discussion of the FERC order in the System Agreement Cost Equalization Proceedings.

Fuel expenses increased primarily due to an increase in the recovery from customers of deferred fuel costs. Purchased power expenses decreased primarily due to a decrease in the average market price of purchase power.

Other regulatory credits increased primarily due to the June 2012 refund to AmerenUE, as discussed above.

Other Income Statement Variances

Second Quarter 2012 Compared to Second Quarter 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$3.6 million in compensation and benefits costs resulting from a decrease in the discount rate and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;



- \$3.6 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business; and
  - an increase of \$2.7 million in distribution and transmission contract costs.

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Entergy Arkansas, Inc. and Subsidiaries  
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Taxes other than income taxes increased primarily due to an increase in ad valorem taxes resulting from higher assessments and an increase in local franchise taxes resulting from higher commercial electric revenues, as compared with the same period in 2011. Franchise taxes have no effect on net income as these taxes are recovered through the franchise tax rider.

Other income decreased primarily due to lower earnings in 2012 on decommissioning trust fund investments.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$8.1 million in compensation and benefits costs resulting from a decrease in the discount rate and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;
- \$5.7 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
  - nuclear insurance refunds of \$2.4 million received in 2011;
- an increase of \$2.1 million in energy efficiency costs. These costs are recovered through the energy efficiency rider and have no effect on net income; and
  - an increase of \$1.9 million in nuclear generation expenses primarily due to higher contract costs.

The increase was somewhat offset by a decrease of \$4.2 million in fossil-fueled generation expenses primarily due to higher plant outage costs due to a greater scope of work in 2011.

Nuclear refueling outage expenses increased primarily due to higher costs associated with the most recent outage as compared to the previous outages.

Taxes other than income taxes increased primarily due to an increase in ad valorem taxes resulting from higher assessments, and an increase in local franchise taxes resulting from higher commercial electric revenues, as compared with the same period in 2011. Franchise taxes have no effect on net income as these taxes are recovered through the franchise tax rider.

Income Taxes

The effective income tax rates for the second quarter 2012 and the six months ended June 30, 2012 were 35.5% and 38.3% respectively. The difference in the effective income tax rate for the second quarter 2012 versus the statutory rate of 35% is primarily due to state income taxes and book and tax differences related to the allowance for equity funds used during construction. The difference in the effective income tax rate for the six months ended June 30, 2012 versus the federal statutory rate of 35% is primarily due to certain book and tax differences related to utility plant items, partially offset by a provision for uncertain tax positions.

The effective income tax rates for the second quarter 2011 and the six months ended June 30, 2011 were 40.7% and 41.3%, respectively. The differences in the effective income tax rates for the second quarter 2011 and the six months ended June 30, 2011 versus the federal statutory rate of 35% were primarily due to state income taxes and certain

book and tax differences related to utility plant items.

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Entergy Arkansas, Inc. and Subsidiaries  
 Management's Financial Discussion and Analysis

## Liquidity and Capital Resources

## Cash Flow

Cash flows for the six months ended June 30, 2012 and 2011 were as follows:

	2012	2011
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$22,599	\$106,102
Cash flow provided by (used in):		
Operating activities	145,931	164,799
Investing activities	(155,234 )	(251,633 )
Financing activities	2,119	(8,837 )
Net decrease in cash and cash equivalents	(7,184 )	(95,671 )
Cash and cash equivalents at end of period	\$15,415	\$10,431

## Operating Activities

Net cash flow provided by operating activities decreased \$18.9 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to the \$156 million System Agreement bandwidth remedy payment in January 2012 as a result of the payment required to implement the FERC's remedy for the period June – December 2005. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of the System Agreement bandwidth remedy payment. The decrease was also due to the \$30.6 million refund, including interest, to AmerenUE as discussed above. The decrease was partially offset by a decrease of \$68 million in pension contributions and the increased recovery of fuel costs. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

## Investing Activities

Net cash flow used in investing activities decreased \$96.4 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to fluctuations in nuclear fuel activity because of variations from year to year in the timing and pricing of fuel reload requirements in the Utility business, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle. The decrease was partially offset by money pool activity, the repayment in 2011 by System Fuels of Entergy Arkansas's \$11 million investment in System Fuels, and an increase in construction expenditures primarily due to increased transmission reliability work in 2012.

Decreases in Entergy Arkansas's receivable from the money pool are a source of cash flow, and Entergy Arkansas's receivable from the money pool decreased by \$17.4 million for the six months ended June 30, 2012, compared to decreasing by \$29.5 million for the six months ended June 30, 2011. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries' need for external short-term borrowings.

Financing Activities

Entergy Arkansas's financing activities provided \$2.1 million of cash for the six months ended June 30, 2012 compared to using \$8.8 million of cash for the six months ended June 30, 2011 primarily due to money pool activity and \$29 million in dividends paid on common stock in 2011, partially offset by the issuance in June 2011 of \$55 million of Series J notes by the nuclear fuel company variable interest entity.

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Entergy Arkansas, Inc. and Subsidiaries  
Management's Financial Discussion and Analysis

Increases in Entergy Arkansas's payable to the money pool are a source of cash flow, and Entergy Arkansas's payable to the money pool increased by \$46.2 million for the six months ended June 30, 2012.

### Capital Structure

Entergy Arkansas's capitalization is balanced between equity and debt, as shown in the following table.

	June 30, 2012	December 31, 2011
Debt to capital	53.6%	55.0%
Effect of excluding the securitization bonds	(1.4)%	(1.5)%
Debt to capital, excluding securitization bonds (1)	52.2%	53.5%
Effect of subtracting cash	(0.3)%	(0.3)%
Net debt to net capital, excluding securitization bonds (1)	51.9%	53.2%

(1) Calculation excludes the securitization bonds, which are non-recourse to Entergy Arkansas.

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and long-term debt, including the currently maturing portion. Capital consists of debt, preferred stock without sinking fund, and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy Arkansas uses the net debt to net capital ratio and the ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy Arkansas's financial condition.

### Uses and Sources of Capital

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Arkansas's uses and sources of capital. Following are additional updates to the information provided in the Form 10-K.

Entergy Arkansas's receivables from or (payables to) the money pool were as follows:

June 30, 2012	December 31, 2011	June 30, 2011	December 31, 2010
(In Thousands)			
(\$46,219)	\$17,362	\$11,992	\$41,463

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Arkansas has credit facilities in the amount of \$20 million and \$150 million scheduled to expire in April 2013 and March 2017, respectively. No borrowings were outstanding under the credit facilities as of June 30, 2012. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

Hot Spring Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Arkansas's agreement to acquire the Hot Spring Energy Facility. In July 2011, Entergy Arkansas filed its application with the APSC requesting approval of the acquisition and full cost recovery. In July 2012 the APSC approved the acquisition and cost recovery through a capacity acquisition rider and set the level of return on equity at the level established in Entergy Arkansas's June 2009 base rate proceeding. The parties have satisfied their obligations under the Hart-Scott-Rodino Act. The U.S. Department of Justice (DOJ) review of the transaction is ongoing. Closing has been delayed while the DOJ continues its review. Entergy Arkansas does not know when the DOJ will conclude its review or the extent to which its review of the transaction will be affected by the ongoing civil investigation of competitive issues concerning the Utility operating companies that is discussed in the Form 10-K.

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Entergy Arkansas, Inc. and Subsidiaries  
Management's Financial Discussion and Analysis

State and Local Rate Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation" in the Form 10-K for a discussion of state and local rate regulation. See Note 2 to the financial statements herein for an update regarding the System Agreement proceedings and Entergy Arkansas's production cost allocation rider.

Federal Regulation

See "Entergy's Proposal to Join the MISO RTO" in the "Rate, Cost-recovery, and Other Regulation – Federal Regulation" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the Federal Regulation discussion in the Form 10-K.

Nuclear Matters

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Arkansas's accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.



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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS  
For the Three and Six Months Ended June 30, 2012 and 2011  
(Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands)		(In Thousands)	
<b>OPERATING REVENUES</b>				
Electric	\$502,022	\$516,833	\$977,200	\$960,331
<b>OPERATING EXPENSES</b>				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	112,126	86,882	246,928	169,113
Purchased power	94,373	115,489	173,169	208,343
Nuclear refueling outage expenses	11,763	10,258	23,550	20,219
Other operation and maintenance	140,458	127,246	265,831	244,230
Decommissioning	10,042	9,442	19,930	18,739
Taxes other than income taxes	21,713	18,952	42,397	38,531
Depreciation and amortization	55,364	54,252	110,605	109,510
Other regulatory credits - net	(31,716 )	(4,760 )	(32,925 )	(8,331 )
<b>TOTAL</b>	<b>414,123</b>	<b>417,761</b>	<b>849,485</b>	<b>800,354</b>
<b>OPERATING INCOME</b>	<b>87,899</b>	<b>99,072</b>	<b>127,715</b>	<b>159,977</b>
<b>OTHER INCOME</b>				
Allowance for equity funds used during construction	2,508	1,815	4,233	2,880
Interest and investment income	1,515	5,381	7,372	9,161
Miscellaneous - net	(1,190 )	(1,140 )	(2,643 )	(1,889 )
<b>TOTAL</b>	<b>2,833</b>	<b>6,056</b>	<b>8,962</b>	<b>10,152</b>
<b>INTEREST EXPENSE</b>				
Interest expense	20,425	20,960	41,175	42,023
Allowance for borrowed funds used during construction	(634 )	(622 )	(1,076 )	(1,101 )
<b>TOTAL</b>	<b>19,791</b>	<b>20,338</b>	<b>40,099</b>	<b>40,922</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>70,941</b>	<b>84,790</b>	<b>96,578</b>	<b>129,207</b>
Income taxes	25,186	34,492	36,949	53,301
<b>NET INCOME</b>	<b>45,755</b>	<b>50,298</b>	<b>59,629</b>	<b>75,906</b>
Preferred dividend requirements	1,718	1,718	3,437	3,437
<b>EARNINGS APPLICABLE TO COMMON STOCK</b>	<b>\$44,037</b>	<b>\$48,580</b>	<b>\$56,192</b>	<b>\$72,469</b>

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	2012	2011
	(In Thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$59,629	\$75,906
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	178,020	167,451
Deferred income taxes, investment tax credits, and non-current taxes accrued	35,685	53,803
Changes in assets and liabilities:		
Receivables	(40,737 )	(42,944 )
Fuel inventory	2,539	719
Accounts payable	(100,250 )	35,435
Taxes accrued and prepaid taxes	(730 )	(7,142 )
Interest accrued	(2,090 )	2,204
Deferred fuel costs	75,835	9,409
Other working capital accounts	27,362	(22,042 )
Provisions for estimated losses	245	(2,486 )
Other regulatory assets	38,729	13,074
Pension and other postretirement liabilities	(22,427 )	(91,437 )
Other assets and liabilities	(105,879 )	(27,151 )
Net cash flow provided by operating activities	145,931	164,799
<b>INVESTING ACTIVITIES</b>		
Construction expenditures	(183,154 )	(173,311 )
Allowance for equity funds used during construction	6,060	3,518
Nuclear fuel purchases	(41,104 )	(110,848 )
Proceeds from sale of nuclear fuel	49,879	-
Proceeds from nuclear decommissioning trust fund sales	88,424	46,176
Investment in nuclear decommissioning trust funds	(92,706 )	(57,102 )
Change in money pool receivable - net	17,362	29,471
Investment in affiliates	-	10,994
Remittances to transition charge account	(7,459 )	(6,867 )
Payments from transition charge account	7,464	6,336
Net cash flow used in investing activities	(155,234 )	(251,633 )
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issuance of long-term debt	-	54,905
Retirement of long-term debt	(5,987 )	(4,145 )
Changes in short-term borrowings - net	(33,887 )	(27,160 )
Changes in money pool payable - net	46,219	-
Dividends paid:		
Common stock	-	(29,000 )
Preferred stock	(3,437 )	(3,437 )
Other	(789 )	-

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Net cash flow provided by (used in) financing activities	2,119	(8,837 )
Net decrease in cash and cash equivalents	(7,184 )	(95,671 )
Cash and cash equivalents at beginning of period	22,599	106,102
Cash and cash equivalents at end of period	\$15,415	\$10,431

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid (received) during the period for:

Interest - net of amount capitalized	\$40,714	\$37,358
Income taxes	\$(6,897 )	\$-

See Notes to Financial Statements.

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CONSOLIDATED BALANCE SHEETS

## ASSETS

June 30, 2012 and December 31, 2011

(Unaudited)

	2012	2011
	(In Thousands)	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Cash	\$15,415	\$4,712
Temporary cash investments	-	17,887
Total cash and cash equivalents	15,415	22,599
Securitization recovery trust account	3,885	3,890
Accounts receivable:		
Customer	104,771	90,940
Allowance for doubtful accounts	(26,430 )	(26,155 )
Associated companies	45,034	58,030
Other	62,360	66,838
Accrued unbilled revenues	98,008	70,715
Total accounts receivable	283,743	260,368
Deferred fuel costs	67,716	209,776
Fuel inventory - at average cost	46,350	48,889
Materials and supplies - at average cost	145,982	143,343
Deferred nuclear refueling outage costs	26,984	49,047
System agreement cost equalization	35,380	36,800
Prepayments and other	9,780	8,562
<b>TOTAL</b>	<b>635,235</b>	<b>783,274</b>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Decommissioning trust funds	575,453	541,657
Non-utility property - at cost (less accumulated depreciation)	1,674	1,677
Other	3,182	3,182
<b>TOTAL</b>	<b>580,309</b>	<b>546,516</b>
<b>UTILITY PLANT</b>		
Electric	8,213,374	8,079,732
Property under capital lease	1,195	1,234
Construction work in progress	134,782	120,211
Nuclear fuel	274,559	272,593
<b>TOTAL UTILITY PLANT</b>	<b>8,623,910</b>	<b>8,473,770</b>
Less - accumulated depreciation and amortization	3,918,362	3,833,596
<b>UTILITY PLANT - NET</b>	<b>4,705,548</b>	<b>4,640,174</b>
<b>DEFERRED DEBITS AND OTHER ASSETS</b>		
Regulatory assets:		
Deferred fuel costs	66,225	-

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Regulatory asset for income taxes - net	80,502	87,357
Other regulatory assets (includes securitization property of \$99,643 as of June 30, 2012 and \$105,762 as of December 31, 2011)	1,095,037	1,126,911
Other	32,795	27,980
TOTAL	1,274,559	1,242,248
TOTAL ASSETS	\$7,195,651	\$7,212,212

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND EQUITY  
June 30, 2012 and December 31, 2011  
(Unaudited)

	2012	2011
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$30,000	\$-
Short-term borrowings	27	33,914
Accounts payable:		
Associated companies	171,562	228,163
Other	133,713	138,054
Customer deposits	84,695	81,074
Taxes accrued	35,551	36,281
Accumulated deferred income taxes	48,783	124,267
Interest accrued	27,791	29,881
Other	27,411	23,305
<b>TOTAL</b>	<b>559,533</b>	<b>694,939</b>
<b>NON-CURRENT LIABILITIES</b>		
Accumulated deferred income taxes and taxes accrued	1,816,919	1,708,760
Accumulated deferred investment tax credits	41,943	42,939
Other regulatory liabilities	127,551	133,960
Decommissioning	660,158	640,228
Accumulated provisions	5,885	5,640
Pension and other postretirement liabilities	516,598	539,016
Long-term debt (includes securitization bonds of \$107,782 as of June 30, 2012 and \$113,761 as of December 31, 2011)	1,840,015	1,875,921
Other	10,383	10,335
<b>TOTAL</b>	<b>5,019,452</b>	<b>4,956,799</b>
<b>Commitments and Contingencies</b>		
Preferred stock without sinking fund	116,350	116,350
<b>COMMON EQUITY</b>		
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2012 and 2011	470	470
Paid-in capital	588,444	588,444
Retained earnings	911,402	855,210
<b>TOTAL</b>	<b>1,500,316</b>	<b>1,444,124</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$7,195,651</b>	<b>\$7,212,212</b>



See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CHANGES IN COMMON EQUITY

For the Six Months Ended June 30, 2012 and 2011

(Unaudited) (In Thousands)

	Common Equity			Total
	Common Stock	Paid-in Capital	Retained Earnings	
Balance at December 31, 2010	\$470	\$588,444	\$814,992	\$1,403,906
Net income	-	-	75,906	75,906
Common stock dividends	-	-	(29,000 )	(29,000 )
Preferred stock dividends	-	-	(3,437 )	(3,437 )
Balance at June 30, 2011	\$470	\$588,444	\$858,461	\$1,447,375
Balance at December 31, 2011	\$470	\$588,444	\$855,210	\$1,444,124
Net income	-	-	59,629	59,629
Preferred stock dividends	-	-	(3,437 )	(3,437 )
Balance at June 30, 2012	\$470	\$588,444	\$911,402	\$1,500,316

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES  
 SELECTED OPERATING RESULTS  
 For the Three and Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%	
	2012	2011			
(Dollars In Millions)					
<b>Electric Operating Revenues:</b>					
Residential	\$162	\$157	\$5	3	
Commercial	114	107	7	7	
Industrial	104	101	3	3	
Governmental	6	6	-	-	
Total retail	386	371	15	4	
<b>Sales for resale:</b>					
Associated companies	73	73	0	-	
Non-associated companies	(8)	23	(31)	(135)	
Other	51	50	1	2	
Total	\$502	\$517	\$(15)	(3)	
<b>Billed Electric Energy</b>					
<b>Sales (GWh):</b>					
Residential	1,637	1,654	(17)	(1)	
Commercial	1,483	1,425	58	4	
Industrial	1,682	1,704	(22)	(1)	
Governmental	63	65	(2)	(3)	
Total retail	4,865	4,848	17	-	
<b>Sales for resale:</b>					
Associated companies	1,758	1,723	35	2	
Non-associated companies	243	301	(58)	(19)	
Total	6,866	6,872	(6)	-	
<b>Six Months Ended</b>					
Description	2012		2011	Increase/ (Decrease)	%
(Dollars In Millions)					
<b>Electric Operating Revenues:</b>					
Residential	\$337	\$332	\$5	2	
Commercial	216	199	17	9	
Industrial	198	184	14	8	
Governmental	11	9	2	22	
Total retail	762	724	38	5	
<b>Sales for resale:</b>					
Associated companies	150	137	13	9	
Non-associated companies	9	47	(38)	(81)	
Other	56	52	4	8	
Total	\$977	\$960	\$17	2	

## Billed Electric Energy

## Sales (GWh):

Residential	3,624	3,905	(281 )	(7 )
Commercial	2,823	2,785	38	1
Industrial	3,281	3,317	(36 )	(1 )
Governmental	126	129	(3 )	(2 )
Total retail	9,854	10,136	(282 )	(3 )
Sales for resale:				
Associated companies	3,869	3,381	488	14
Non-associated companies	508	625	(117 )	(19 )
Total	14,231	14,142	89	1

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## ENTERGY GULF STATES LOUISIANA, L.L.C.

## MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

## Plan to Spin Off the Utility's Transmission Business

See the "Plan to Spin Off the Utility's Transmission Business" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis in the Form 10-K for a discussion of Entergy's plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp., including the planned retirement of debt and preferred securities.

## Results of Operations

## Net Income

## Second Quarter 2012 Compared to Second Quarter 2011

Net income remained relatively unchanged. A \$19.8 million income tax benefit resulting from an IRS settlement in June 2012 related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing was largely offset by a \$27.7 million (\$17 million net-of-tax) regulatory charge that reduced net revenue because the benefit will be shared with customers. The increase in other operation and maintenance expenses explained below also offset the net income benefit of the tax settlement. See Note 10 to the financial statements for additional discussion of the tax settlement and benefit sharing.

## Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net income decreased \$18.3 million primarily due to lower net revenue and higher other operation and maintenance expenses. These items were partially offset by the \$19.8 million income tax benefit resulting from an IRS settlement in June 2012 related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing, which also resulted in a \$27.7 million (\$17 million net-of-tax) regulatory charge that reduced net revenue because the benefit will be shared with customers. See Note 10 to the financial statements for additional discussion of the tax settlement and benefit sharing.

## Net Revenue

## Second Quarter 2012 Compared to Second Quarter 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

	Amount (In Millions)
2011 net revenue	\$239.6
Louisiana Act 55 financing tax settlement sharing	(27.7 )
Retail electric price	(5.3 )

Other	3.9
2012 net revenue	\$210.5

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The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefit of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The retail electric price variance is primarily due to increased affiliate purchased power capacity costs recovered through base rates set in the annual formula rate plan mechanism. Entergy Gulf States Louisiana's formula rate plan is discussed in Note 2 to the financial statements herein and in the Form 10-K.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues decreased primarily due to a decrease of \$61.6 million in fuel cost recovery revenues primarily due to lower fuel rates and a decrease of \$36.2 million in gross wholesale revenues due to a decrease in sales to affiliated customers. Entergy Gulf States Louisiana's fuel and purchased power recovery mechanism is discussed in Note 2 to the financial statements in the Form 10-K.

Fuel and purchased power expenses decreased primarily due to:

- a decrease in the average market price of purchased power, partially offset by increased volume as a result of displacement of nuclear generation resulting from the 2011 River Bend refueling outage;
  - a decrease in natural gas fuel expense primarily due to a decrease in the market price of natural gas; and
    - a decrease in deferred fuel expense as a result of lower fuel cost recovery revenues in 2012.

Other regulatory charges increased primarily due to a settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing because the settlement will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

	Amount (In Millions)
2011 net revenue	\$464.7
Louisiana Act 55 financing tax settlement sharing	(27.7 )
Volume/weather	(11.0 )
Retail electric price	(6.2 )
Net wholesale revenue	(4.2 )
Other	(1.2 )
2012 net revenue	\$414.4

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefit of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather, as compared to the prior period, on residential and commercial sales, partially offset by an increase of 249 GWh, or 3%, in weather-adjusted usage across all sectors.



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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

The retail electric price variance is primarily due to increased affiliate purchased power capacity costs recovered through base rates set in the annual formula rate plan mechanism. Entergy Gulf States Louisiana's formula rate plan is discussed in Note 2 to the financial statements herein and in the Form 10-K.

The net wholesale revenue variance is primarily due to lower price.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues decreased primarily due to a decrease of \$87.6 million in fuel cost recovery revenues primarily due to lower fuel rates, a decrease of \$81.4 million in gross wholesale revenues due to a decrease in sales to affiliated customers, and the decrease related to volume/weather, as discussed above. Entergy Gulf States Louisiana's fuel and purchased power recovery mechanism is discussed in Note 2 to the financial statements in the Form 10-K.

Fuel and purchased power expenses decreased primarily due to a decrease in the average market prices of natural gas and purchased power.

Other regulatory charges increased primarily due to a settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing because the settlement will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Other Income Statement Variances

Second Quarter 2012 Compared to Second Quarter 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$4.5 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;
- an increase of \$2.5 million in fossil-fueled generation expenses resulting primarily from increased plant outages and an increased scope of work as compared to the prior year; and
- an increase of \$1.9 million in nuclear generation expenses primarily due to higher labor costs, including higher contract labor.

The increase was partially offset by the deferral, as approved by the LPSC and the FERC, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$4.8 million.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$6.9 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S

FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;

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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

- an increase of \$6.0 million in fossil-fueled generation expenses resulting primarily from increased plant outages and an increased scope of work as compared to the prior year; and
- an increase of \$3.1 million in nuclear generation expenses primarily due to higher labor costs, including higher contract labor.

The increase was partially offset by the deferral, as approved by the LPSC and the FERC, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$4.2 million, and a decrease of \$2.6 million in transmission expenses primarily due to lower transmission equalization expenses incurred under the System Agreement in 2012.

## Income Taxes

The effective income tax rate was (12.4)% for the second quarter 2012 and 13.3% for the six months ended June 30, 2012. The differences in the effective income tax rates for the second quarter 2012 and for the six months ended June 30, 2012 versus the federal statutory rate of 35% are primarily due to the reversal of the provision for uncertain tax positions related to an IRS settlement on how to treat the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs and the book and tax difference related to the non-taxable income distributions earned on preferred membership interests.

The effective income tax rate was 37.3% for the second quarter 2011 and 36.1% for the six months ended June 30, 2011. The differences in the effective income tax rates for the second quarter 2011 and for the six months ended June 30, 2011 versus the federal statutory rate of 35% were primarily due to state income taxes, certain book and tax differences related to utility plant items, and flow-through tax accounting, partially offset by the book and tax difference related to the non-taxable income distributions earned on preferred membership interests and the amortization of investment tax credits.

## Correction of Regulatory Asset for Income Taxes

See Note 2 to the financial statements herein for a discussion of the financial statement effects of a correction to Entergy Gulf States Louisiana's regulatory asset for income taxes.

## Liquidity and Capital Resources

## Cash Flow

Cash flows for the six months ended June 30, 2012 and 2011 were as follows:

	2012	2011
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$24,845	\$155,173
Cash flow provided by (used in):		
Operating activities	289,413	176,653
Investing activities	(196,317 )	(203,048 )

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Financing activities	(60,474 )	(90,861 )
Net increase (decrease) in cash and cash equivalents	32,622	(117,256 )
Cash and cash equivalents at end of period	\$57,467	\$37,917

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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

Operating Activities

Net cash flow provided by operating activities increased \$112.8 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- an increase in the recovery of fuel and purchased power costs due to System Agreement bandwidth remedy payments of \$75 million received in January 2012 as a result of receipts required to implement the FERC's remedy in an October 2011 order for the period June – December 2005. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of the System Agreement proceedings; and
- a decrease of \$10.5 million in pension contributions. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits.

Investing Activities

Net cash flow used in investing activities decreased \$6.7 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- \$51 million in proceeds from the sale of a portion of Entergy Gulf States Louisiana's investment in Entergy Holdings Company's Class A preferred membership interests to a third party in 2012;
- fluctuations in nuclear fuel activity because of variations from year to year in the timing and pricing of fuel reload requirements in the Utility business, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle; and
- a decrease in nuclear construction expenditures as a result of the River Bend refueling outage in 2011. River Bend had a refueling outage in 2011 and did not have one in 2012.

The decrease was offset by:

- money pool activity;
- an increase in fossil-fueled generation construction expenses due to an increased scope of work in 2012; and
  - an increase in transmission construction expenses due to reliability work performed in 2012.

Increases in Entergy Gulf States Louisiana's receivable from the money pool are a use of cash flow, and Entergy Gulf States Louisiana's receivable from the money pool increased by \$122.1 million for the six months ended June 30, 2012 compared to increasing by \$28.5 million for the six months ended June 30, 2011. The money pool is an inter-company borrowing arrangement designed to reduce the Utility operating companies' need for external short-term borrowings.

Financing Activities

Net cash flow used in financing activities decreased \$30.4 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to a decrease of \$99.7 million in common equity distributions. The decrease was offset by a payment of \$25.9 million on credit borrowings for the six months ended June 30, 2012 compared to an increase of \$32.1 million in credit borrowings for the six months ended June 30, 2011 against the nuclear fuel company variable interest entity credit facility and the redemption of \$10.8 million of pollution control bonds in 2012.



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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

## Capital Structure

Entergy Gulf States Louisiana's capitalization is balanced between equity and debt, as shown in the following table.

	June 30, 2012	December 31, 2011
Debt to capital	51.8%	53.6%
Effect of subtracting cash	(1.0)%	(0.4)%
Net debt to net capital	50.8%	53.2%

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and long-term debt, including the currently maturing portion. Capital consists of debt and member's equity. Net capital consists of capital less cash and cash equivalents. Entergy Gulf States Louisiana uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Gulf States Louisiana's financial condition.

## Uses and Sources of Capital

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Gulf States Louisiana's uses and sources of capital. Following are additional updates to the information provided in the Form 10-K.

Entergy Gulf States Louisiana's receivables from the money pool were as follows:

June 30, 2012	December 31, 2011	June 30, 2011	December 31, 2010
(In Thousands)			
\$145,687	\$23,596	\$91,453	\$63,003

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Gulf States Louisiana has a credit facility in the amount of \$150 million scheduled to expire in March 2017. No borrowings were outstanding under the facility as of June 30, 2012. See Note 4 to the financial statements herein for additional discussion of the credit facility.

In April 2012, Entergy Gulf States Louisiana redeemed, prior to maturity, its \$10.84 million 5.8% Series pollution control revenue bonds due April 2016.

In July 2012, Entergy Gulf States Louisiana VIE issued \$75 million of 3.25% Series Q notes due July 2017. Entergy Gulf States used the proceeds to pay, at maturity, its \$60 million 5.41% Series O notes due July 2012 and to repay borrowings of \$3.5 million under its \$85 million VIE credit facility.

In the first quarter 2012, Entergy Gulf States Louisiana sold to a third party for \$51 million a portion of its investment in Entergy Holdings Company's Class A preferred membership interests.



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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

New Nuclear Development

Entergy Gulf States Louisiana and Entergy Louisiana are developing a project option for new nuclear generation at River Bend. In March 2010, Entergy Gulf States Louisiana and Entergy Louisiana filed with the LPSC seeking approval to continue the limited development activities necessary to preserve an option to construct a new unit at River Bend. The testimony and legal briefs of the LPSC staff generally support the request of Entergy Gulf States Louisiana and Entergy Louisiana, although other parties filed briefs, without supporting testimony, in opposition to the request. At an evidentiary hearing in October 2011, Entergy Gulf States Louisiana, Entergy Louisiana, and the LPSC staff presented testimony in support of certification of activities to preserve an option for a new nuclear plant at River Bend. The ALJ recommended, however, that the LPSC decline the request of Entergy Gulf States Louisiana and Entergy Louisiana on the basis that the LPSC's rule on new nuclear development does not apply to activities to preserve an option to develop and on the further grounds that the companies improperly engaged in advanced preparation activities prior to certification. There has been no suggestion that the planning activities or costs incurred were imprudent. At its June 28, 2012 meeting the LPSC voted to uphold the ALJ's decision and directed that Entergy Gulf States Louisiana and Entergy Louisiana be permitted to seek recovery of these costs in the rate case filings that are anticipated in January 2013, fully reserving the LPSC's right to determine the recoverability of such costs in rates.

Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana's Ninemile Point Unit 6 self-build project. The Ninemile 6 capacity and energy is proposed to be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. In February 2012 the City Council passed a resolution authorizing Entergy New Orleans to purchase 20% of the Ninemile 6 energy and capacity. In June 2011, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by Entergy Louisiana's construction of the facility. Entergy Gulf States Louisiana joined in the application, seeking certification of its purchase under a life-of-unit power purchase agreement of its allocated share of the capacity and energy generated by Ninemile 6. In March 2012 the LPSC unanimously voted to grant the certifications requested by Entergy Louisiana and Entergy Gulf States Louisiana, and Entergy Louisiana has given the contractor a full notice to proceed with the construction. Under the terms approved by the LPSC, costs may be recovered through Entergy Louisiana's and Entergy Gulf States Louisiana's formula rate plans, if one is in effect when the project is placed in service; alternatively, Entergy Louisiana and Entergy Gulf States Louisiana must file rate cases approximately 12 months prior to the expected in-service date.

State and Local Rate Regulation and Fuel-Cost Recovery

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation and Fuel-Cost Recovery" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. Following is an update to that discussion.

In May 2012, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects an 11.94% earned return on common equity, which is above the earnings bandwidth and indicates a \$6.5 million cost of service rate change is necessary under the formula rate plan. The filing also reflects a \$22.9 million rate decrease for incremental capacity costs. The filing is currently subject to LPSC review.

In January 2012, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2011. The filing showed an earned return on common equity of 10.48%, which is within the earnings bandwidth of 10.5%, plus or minus fifty basis points. In April 2012, the LPSC Staff filed its findings, suggesting adjustments that will produce an 11.54% earned return on common equity for the test year and a \$0.1 million rate reduction. Entergy Gulf States Louisiana accepted the LPSC Staff's recommendations, and the rate reduction was effective with the first billing cycle of May 2012.

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Entergy Gulf States Louisiana, L.L.C.

Management's Financial Discussion and Analysis

Industrial and Commercial Customers

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Industrial and Commercial Customers" in the Form 10-K for a discussion of industrial and commercial customers.

Federal Regulation

See "Entergy's Proposal to Join the MISO RTO" in the "Rate, Cost-recovery, and Other Regulation – Federal Regulation" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the Federal Regulation discussion in the Form 10-K.

Nuclear Matters

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Gulf States Louisiana's accounting for nuclear decommissioning costs, unbilled revenue, impairment of long-lived assets and trust fund investments, and qualified pension and other postretirement benefits.

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ENTERGY GULF STATES LOUISIANA, L.L.C.  
 INCOME STATEMENTS  
 For the Three and Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands)		(In Thousands)	
<b>OPERATING REVENUES</b>				
Electric	\$392,993	\$511,648	\$775,179	\$978,689
Natural gas	8,363	10,914	25,799	39,771
<b>TOTAL</b>	<b>401,356</b>	<b>522,562</b>	<b>800,978</b>	<b>1,018,460</b>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	25,130	75,923	96,427	156,558
Purchased power	137,347	207,389	261,511	398,497
Nuclear refueling outage expenses	4,367	4,324	8,732	9,342
Other operation and maintenance	92,424	87,472	178,059	166,485
Decommissioning	3,728	3,522	7,404	6,993
Taxes other than income taxes	17,692	18,777	36,587	37,578
Depreciation and amortization	36,290	35,675	72,387	71,399
Other regulatory charges (credits) - net	28,341	(380 )	28,608	(1,322 )
<b>TOTAL</b>	<b>345,319</b>	<b>432,702</b>	<b>689,715</b>	<b>845,530</b>
<b>OPERATING INCOME</b>	<b>56,037</b>	<b>89,860</b>	<b>111,263</b>	<b>172,930</b>
<b>OTHER INCOME</b>				
Allowance for equity funds used during construction	2,490	2,163	4,752	3,903
Interest and investment income	8,670	10,473	19,908	19,831
Miscellaneous - net	(2,485 )	(1,712 )	(5,112 )	(3,873 )
<b>TOTAL</b>	<b>8,675</b>	<b>10,924</b>	<b>19,548</b>	<b>19,861</b>
<b>INTEREST EXPENSE</b>				
Interest expense	20,836	21,231	41,891	42,580
Allowance for borrowed funds used during construction	(965 )	(828 )	(1,864 )	(1,693 )
<b>TOTAL</b>	<b>19,871</b>	<b>20,403</b>	<b>40,027</b>	<b>40,887</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>44,841</b>	<b>80,381</b>	<b>90,784</b>	<b>151,904</b>
Income taxes (benefit)	(5,548 )	29,976	12,036	54,879
<b>NET INCOME</b>	<b>50,389</b>	<b>50,405</b>	<b>78,748</b>	<b>97,025</b>
Preferred distribution requirements and other	206	206	412	412

EARNINGS APPLICABLE TO COMMON EQUITY	\$50,183	\$50,199	\$78,336	\$96,613
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See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.  
 STATEMENTS OF COMPREHENSIVE INCOME  
 For the Three and Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands)		(In Thousands)	
Net Income	\$50,389	\$50,405	\$78,748	\$97,025
Other comprehensive income				
Pension and other postretirement liabilities				
(net of tax expense of \$6,763, \$508, \$7,544, and \$1,015)	10,507	486	11,535	1,229
Other comprehensive income	10,507	486	11,535	1,229
Comprehensive Income	\$60,896	\$50,891	\$90,283	\$98,254

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.  
 STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

	2012	2011
	(In Thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$78,748	\$97,025
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	102,930	101,561
Deferred income taxes, investment tax credits, and non-current taxes accrued	16,197	11,951
Changes in working capital:		
Receivables	63,010	(58,808 )
Fuel inventory	(10,399 )	(2,435 )
Accounts payable	18,656	(17,147 )
Prepaid taxes and taxes accrued	62,389	63,111
Interest accrued	(1,280 )	(692 )
Deferred fuel costs	(34,570 )	(38,044 )
Other working capital accounts	(6,475 )	(10,757 )
Changes in provisions for estimated losses	(4,625 )	840
Changes in other regulatory assets	3,691	18,182
Changes in pension and other postretirement liabilities	(291 )	(14,164 )
Other	1,432	26,030
Net cash flow provided by operating activities	289,413	176,653
<b>INVESTING ACTIVITIES</b>		
Construction expenditures	(128,809 )	(108,261 )
Allowance for equity funds used during construction	4,752	3,903
Nuclear fuel purchases	(21,983 )	(70,728 )
Proceeds from the sale of nuclear fuel	26,820	9,647
Proceeds from nuclear decommissioning trust fund sales	60,821	20,668
Investment in nuclear decommissioning trust funds	(70,155 )	(29,749 )
Change in money pool receivable - net	(122,091 )	(28,450 )
Proceeds from the sale of investment	51,000	-
Changes in other investments	3,328	(78 )
Net cash flow used in investing activities	(196,317 )	(203,048 )
<b>FINANCING ACTIVITIES</b>		
Retirement of long-term debt	(10,840 )	-
Changes in credit borrowings - net	(25,900 )	32,100
Dividends/distributions paid:		
Common equity	(22,600 )	(122,250 )
Preferred membership interests	(412 )	(412 )
Other	(722 )	(299 )
Net cash flow used in financing activities	(60,474 )	(90,861 )
Net increase (decrease) in cash and cash equivalents	32,622	(117,256 )



Cash and cash equivalents at beginning of period	24,845	155,173
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Cash and cash equivalents at end of period	\$57,467	\$37,917
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

Interest - net of amount capitalized	\$41,633	\$41,695
Income taxes	\$-	\$(7 )

See Notes to Financial Statements.

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BALANCE SHEETS

## ASSETS

June 30, 2012 and December 31, 2011

(Unaudited)

	2012	2011
	(In Thousands)	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Cash	\$1,651	\$217
Temporary cash investments	55,816	24,628
Total cash and cash equivalents	57,467	24,845
Accounts receivable:		
Customer	47,047	61,648
Allowance for doubtful accounts	(660 )	(843 )
Associated companies	239,222	171,431
Other	20,685	22,082
Accrued unbilled revenues	58,260	51,155
Total accounts receivable	364,554	305,473
Fuel inventory - at average cost	33,648	23,249
Materials and supplies - at average cost	118,131	114,075
Deferred nuclear refueling outage costs	12,507	21,066
Prepayments and other	10,942	5,180
<b>TOTAL</b>	<b>597,249</b>	<b>493,888</b>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Investment in affiliate preferred membership interests	289,664	339,664
Decommissioning trust funds	452,525	420,917
Non-utility property - at cost (less accumulated depreciation)	164,236	164,712
Storm reserve escrow account	86,921	90,249
Other	13,216	12,701
<b>TOTAL</b>	<b>1,006,562</b>	<b>1,028,243</b>
<b>UTILITY PLANT</b>		
Electric	7,175,391	7,068,657
Natural gas	132,609	129,950
Construction work in progress	115,371	122,051
Nuclear fuel	169,059	206,031
<b>TOTAL UTILITY PLANT</b>	<b>7,592,430</b>	<b>7,526,689</b>
Less - accumulated depreciation and amortization	3,954,519	3,906,353
<b>UTILITY PLANT - NET</b>	<b>3,637,911</b>	<b>3,620,336</b>
<b>DEFERRED DEBITS AND OTHER ASSETS</b>		
Regulatory assets:		
Regulatory asset for income taxes - net	172,557	173,724
Other regulatory assets	332,348	333,898

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Deferred fuel costs	100,124	100,124
Other	15,468	13,506
<b>TOTAL</b>	<b>620,497</b>	<b>621,252</b>
<b>TOTAL ASSETS</b>	<b>\$5,862,219</b>	<b>\$5,763,719</b>

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.  
BALANCE SHEETS  
LIABILITIES AND EQUITY  
June 30, 2012 and December 31, 2011  
(Unaudited)

	2012	2011
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$ 135,000	\$ 60,000
Accounts payable:		
Associated companies	85,698	73,305
Other	101,646	101,009
Customer deposits	48,614	49,734
Taxes accrued	169,756	107,367
Accumulated deferred income taxes	22,195	5,107
Interest accrued	24,804	26,084
Deferred fuel costs	62,608	97,178
Pension and other postretirement liabilities	8,039	7,911
Gas hedge contracts	2,904	8,572
Other	16,866	15,294
<b>TOTAL</b>	<b>678,130</b>	<b>551,561</b>
<b>NON-CURRENT LIABILITIES</b>		
Accumulated deferred income taxes and taxes accrued	1,331,457	1,368,563
Accumulated deferred investment tax credits	79,916	81,520
Other regulatory liabilities	113,050	75,721
Decommissioning and asset retirement cost liabilities	370,157	359,792
Accumulated provisions	94,408	99,033
Pension and other postretirement liabilities	332,253	332,672
Long-term debt	1,370,810	1,482,430
Long-term payables - associated companies	30,181	31,254
Other	59,822	47,397
<b>TOTAL</b>	<b>3,782,054</b>	<b>3,878,382</b>
<b>Commitments and Contingencies</b>		
<b>EQUITY</b>		
Preferred membership interests without sinking fund	10,000	10,000
Member's equity	1,450,110	1,393,386
Accumulated other comprehensive loss	(58,075 )	(69,610 )
<b>TOTAL</b>	<b>1,402,035</b>	<b>1,333,776</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,862,219</b>	<b>\$5,763,719</b>

See Notes to Financial Statements.



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ENTERGY GULF STATES LOUISIANA, L.L.C.  
 STATEMENTS OF CHANGES IN EQUITY  
 For the Six Months Ended June 30, 2012 and 2011  
 (Unaudited) (In Thousands)

	Preferred Membership Interests	Member's Equity	Common Equity Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2010	\$ 10,000	\$1,494,593	\$ (40,304 )	\$1,464,289
Net income	-	97,025	-	97,025
Other comprehensive income	-	-	1,229	1,229
Dividends/distributions declared on common equity	-	(122,250 )	-	(122,250 )
Dividends/distributions declared on preferred membership interests	-	(412 )	-	(412 )
Other	-	(15 )	-	(15 )
Balance at June 30, 2011	\$ 10,000	\$1,468,941	\$ (39,075 )	\$1,439,866
Balance at December 31, 2011	\$ 10,000	\$1,393,386	\$ (69,610 )	\$1,333,776
Net income	-	78,748	-	78,748
Member contribution	-	1,000	-	1,000
Other comprehensive income	-	-	11,535	11,535
Dividends/distributions declared on common equity	-	(22,600 )	-	(22,600 )
Dividends/distributions declared on preferred membership interests	-	(412 )	-	(412 )
Other	-	(12 )	-	(12 )
Balance at June 30, 2012	\$ 10,000	\$1,450,110	\$ (58,075 )	\$1,402,035

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.  
 SELECTED OPERATING RESULTS  
 For the Three and Six Months Ended June 30, 2012 and 2011  
 (Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%
	2012	2011		
(Dollars In Millions)				
<b>Electric Operating Revenues:</b>				
Residential	\$ 88	\$ 110	\$ (22 )	(20 )
Commercial	82	103	(21 )	(20 )
Industrial	92	128	(36 )	(28 )
Governmental	4	6	(2 )	(33 )
Total retail	266	347	(81 )	(23 )
<b>Sales for resale:</b>				
Associated companies	94	126	(32 )	(25 )
Non-associated companies	11	15	(4 )	(27 )
Other	22	24	(2 )	(8 )
Total	\$ 393	\$ 512	\$ (119 )	(23 )
<b>Billed Electric Energy</b>				
<b>Sales (GWh):</b>				
Residential	1,242	1,229	13	1
Commercial	1,325	1,275	50	4
Industrial	2,336	2,345	(9 )	-
Governmental	54	54	0	-
Total retail	4,957	4,903	54	1
<b>Sales for resale:</b>				
Associated companies	1,720	2,262	(542 )	(24 )
Non-associated companies	274	306	(32 )	(10 )
Total	6,951	7,471	(520 )	(7 )
<b>Six Months Ended</b>				
Description	Six Months Ended		Increase/ (Decrease)	%
	2012	2011		
(Dollars In Millions)				
<b>Electric Operating Revenues:</b>				
Residential	\$ 176	\$ 220	\$ (44 )	(20 )
Commercial	168	200	(32 )	(16 )
Industrial	198	243	(45 )	(19 )
Governmental	9	11	(2 )	(18 )
Total retail	551	674	(123 )	(18 )
<b>Sales for resale:</b>				
Associated companies	178	245	(67 )	(27 )
Non-associated companies	14	28	(14 )	(50 )
Other	32	32	0	-
Total	\$ 775	\$ 979	\$ (204 )	(21 )

## Billed Electric Energy

## Sales (GWh):

Residential	2,301	2,476	(175 )	(7 )
Commercial	2,503	2,488	15	1
Industrial	4,531	4,520	11	-
Governmental	113	107	6	6
Total retail	9,448	9,591	(143 )	(1 )
Sales for resale:				
Associated companies	3,563	4,136	(573 )	(14 )
Non-associated companies	444	510	(66 )	(13 )
Total	13,455	14,237	(782 )	(5 )



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ENTERGY LOUISIANA, LLC AND SUBSIDIARIES  
MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS

Plan to Spin Off the Utility’s Transmission Business

See the “Plan to Spin Off the Utility’s Transmission Business” section of Entergy Corporation and Subsidiaries Management’s Financial Discussion and Analysis in the Form 10-K for a discussion of Entergy’s plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp., including the planned retirement of debt and preferred securities.

Results of Operations

Net Income

Second Quarter 2012 Compared to Second Quarter 2011

Net income increased \$55.6 million primarily due to the IRS tax settlement, in June 2012, related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing, which resulted in a \$142.7 million income tax benefit. The net income increase was partially offset by a \$137.1 million (\$84.3 million net-of-tax) regulatory charge, which reduced net revenue, because the benefit will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net income increased \$48.6 million primarily due to the IRS tax settlement, in June 2012, related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing, which resulted in a \$142.7 million income tax benefit. The net income increase was partially offset by a \$137.1 million (\$84.3 million net-of-tax) regulatory charge, which reduced net revenue, because the benefit will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Net Revenue

Second Quarter 2012 Compared to Second Quarter 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the second quarter 2012 to the second quarter 2011.

	Amount (In Millions)
2011 net revenue	\$286.0
Louisiana Act 55 financing tax settlement sharing	(137.1 )
Volume/weather	4.2
Other	1.7
2012 net revenue	\$154.8



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Management's Financial Discussion and Analysis

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to increased usage in the industrial sector as a result of increased consumption by a large industrial customer in the chemical industry as a result of plant expansion, partially offset by the effect of milder weather as compared to the previous year on residential and commercial sales.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues decreased primarily due to a decrease of \$85.2 million in fuel cost recovery revenues primarily due to lower fuel rates. Entergy Louisiana's fuel and purchased power recovery mechanism is discussed in Note 2 to the financial statements in the Form 10-K.

Fuel and purchased power expenses decreased primarily due to a decrease in the average market prices of natural gas and purchased power, partially offset by an increase in the recovery from customers of deferred fuel costs.

Other regulatory charges increased primarily due to a settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing because the settlement will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the six months ended June 30, 2012 to the six months ended June 30, 2011.

	Amount (In Millions)
2011 net revenue	\$519.8
Louisiana Act 55 financing tax settlement sharing	(137.1 )
Volume/weather	(8.7 )
Retail electric price	12.4
Other	4.0
2012 net revenue	\$390.4

The Louisiana Act 55 financing tax settlement sharing variance results from a regulatory charge because the benefits of the settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

The volume/weather variance is primarily due to the effect of milder weather as compared to the previous year on residential and commercial sales, offset by increased usage in the industrial sector as a result of increased consumption by a large industrial customer in the chemical industry as a result of plant expansion.

The retail electric price variance is primarily due to a special formula rate plan rate increase effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center. See Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan increase.

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Entergy Louisiana, LLC and Subsidiaries  
Management's Financial Discussion and Analysis

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues decreased primarily due to a decrease of \$111.5 million in fuel cost recovery revenues primarily due to lower fuel rates and a decrease of \$20.1 million in gross wholesale revenues due to a decrease in sales to affiliated customers. Entergy Louisiana's fuel and purchased power recovery mechanism is discussed in Note 2 to the financial statements in the Form 10-K.

Fuel and purchased power expenses decreased primarily due to a decrease in the average market prices of natural gas and purchased power, partially offset by an increase in the recovery from customers of deferred fuel costs.

Other regulatory charges increased primarily due to a settlement with the IRS related to the uncertain tax position regarding the Hurricane Katrina and Hurricane Rita Louisiana Act 55 financing because the settlement will be shared with customers. See Note 10 to the financial statements for additional discussion of the settlement and benefit sharing.

Other Income Statement Variances

Second Quarter 2012 Compared to Second Quarter 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$5.5 million in fossil-fueled generation expenses due to an overall higher scope of outages compared to prior year and the addition of Acadia Unit 2 in April 2011;
- an increase of \$4.2 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs; and
  - an increase of \$3.4 million in distribution expenses due to the timing of contract work.

The increase was partially offset by the deferral, as approved by the LPSC and the FERC, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$6.1 million.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Other operation and maintenance expenses increased primarily due to:

- an increase of \$7.8 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs;
- an increase of \$7.3 million in fossil-fueled generation expenses due to an overall higher scope of outages compared to prior year and the addition of Acadia Unit 2 in April 2011; and
  - an increase of \$3.7 million in distribution expenses due to the timing of contract work.

The increase was partially offset by the deferral, as approved by the LPSC and the FERC, of costs incurred through June 2012 related to the transition and implementation of joining the MISO RTO, which reduced expenses by \$5.2 million.

Depreciation and amortization expenses increased primarily due to additions to plant in service, including the acquisition of the Acadia Unit 2 in 2011.

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Entergy Louisiana, LLC and Subsidiaries  
Management's Financial Discussion and Analysis

Interest expense increased primarily due to:

- the issuance of \$200 million of 4.8% Series first mortgage bonds in March 2011;
- the issuance by Entergy Louisiana Investment Recovery Funding, L.L.C., a wholly owned subsidiary of Entergy Louisiana, of \$207.2 million of senior secured investment recovery bonds with a coupon rate of 2.04% in September 2011; and
- the issuance of \$250 million of 1.875% Series first mortgage bonds in January 2012.

### Income Taxes

The effective income tax rate was 409.3% for the second quarter 2012 primarily because earnings before income taxes was a loss due to the regulatory charge resulting from the settlement of how to treat the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs and the reversal of the provision for the uncertain tax position related to that item. The difference in the effective income tax rate for the second quarter 2012 versus the federal statutory rate of 35% is primarily due to the reversal of the provision for uncertain tax positions related to the IRS settlement and the book and tax difference related to the non-taxable income distributions earned on preferred membership interests.

The effective income tax rate was 2,586.5% for the six months ended June 30, 2012 primarily because earnings before income taxes was a loss due to the regulatory charge resulting from the settlement of how to treat the Louisiana Act 55 financing of the Hurricane Katrina and Hurricane Rita storm costs and the reversal of the provision for the uncertain tax position related to that item. The difference in the effective income tax rate for the six months ended June 30, 2012 versus the federal statutory rate of 35% is primarily due to the reversal of the provision for uncertain tax positions related to the settlement, the book and tax difference related to the non-taxable income distributions earned on preferred membership interests, book and tax differences related to the allowance for equity funds used during construction, and the amortization of investment tax credits.

The effective income tax rate was 26.5% for the second quarter 2011 and 24.3% for the six months ended June 30, 2011. The differences in the effective income tax rates for the second quarter 2011 and the six months ended June 30, 2011 versus the federal statutory rate of 35% were primarily due to the book and tax difference related to the non-taxable income distributions earned on preferred membership interests and book and tax differences related to the allowance for equity funds used during construction, partially offset by state income taxes.

### Liquidity and Capital Resources

#### Cash Flow

Cash flows for the six months ended June 30, 2012 and 2011 were as follows:

	2012	2011
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$878	\$123,254
Cash flow provided by (used in):		
Operating activities	209,114	51,486

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Investing activities	(211,327 )	(578,247 )
Financing activities	11,316	405,519
Net increase (decrease) in cash and cash equivalents	9,103	(121,242 )
Cash and cash equivalents at end of period	\$9,981	\$2,012

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Entergy Louisiana, LLC and Subsidiaries  
Management's Financial Discussion and Analysis

Operating Activities

Net cash flow provided by operating activities increased \$157.6 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to the purchase in 2011 of \$28.1 million of fuel oil from System Fuels because System Fuels will no longer procure fuel oil for the Utility companies, a decrease of \$23.4 million in pension contributions, and increased recovery of fuel costs due to an increase in the amount of deferred fuel to be recovered compared to last year. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits.

Investing Activities

Net cash flow used in investing activities decreased \$366.9 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to:

- the purchase of the Acadia Unit 2 for approximately \$300 million in April 2011;
- a decrease in nuclear fuel activity because of variations from year to year in the timing and pricing of fuel reload requirements in the Utility business, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle;
- an increase in fossil construction expenditures due to spending on the Ninemile Unit 6 Self-Build project; and
  - receipts of \$14.4 million in 2012 from the storm reserve escrow account.

The decrease was partially offset by the following:

- a decrease in nuclear construction expenditures due to various nuclear projects implemented in 2011;
- a decrease in transmission construction expenditures due to load addition and reliability work performed in 2011; and
  - money pool activity.

Increases in Entergy Louisiana's receivable from the money pool are a use of cash flow, and Entergy Louisiana's receivable from the money pool increased by \$20.9 million for the six months ended June 30, 2012 compared to decreasing by \$49.9 million for the six months ended June 30, 2011. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries' need for external short-term borrowings.

Financing Activities

Net cash flow provided by financing activities decreased \$394.2 million for the six months ended June 30, 2012 compared to the six months ended June 30, 2011 primarily due to the following cash flow activity:

- money pool activity;
- the issuance of \$250 million of 1.875% Series first mortgage bonds in January 2012 compared to the issuance of \$200 million of 4.8% Series first mortgage bonds in March 2011;
- the payment on credit borrowings of \$50 million on Entergy Louisiana's credit facility in 2012 compared to borrowings of \$100 million on the credit facility in 2011;
- the issuance of the \$20 million Series F note by the nuclear fuel company variable interest entity in March 2011;
-

a principal payment of \$19.6 million in 2012 for the Waterford 3 sale-leaseback obligation compared to a principal payment of \$30.3 million in 2011;

- a principal payment of \$12.3 million in 2012 for the Senior Secured Investment Recovery bonds;
- the payment on borrowings of \$31.8 million on the nuclear fuel company variable interest entity's credit facility in 2012 compared to an increase in borrowings of \$41.6 million on the nuclear fuel company variable interest entity's credit facility in 2011; and
  - a decrease of \$30.6 million in common equity dividends in 2012.

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Management's Financial Discussion and Analysis

Decreases in Entergy Louisiana's payable to the money pool are a use of cash flow, and Entergy Louisiana's payable to the money pool decreased by \$118.4 million for the six months ended June 30, 2012 compared to increasing by \$111.8 million for the six months ended June 30, 2011.

## Capital Structure

Entergy Louisiana's capitalization is balanced between equity and debt, as shown in the following table.

	June 30, 2012	December 31, 2011
Debt to capital	47.2%	47.2%
Effect of excluding securitization bonds	(2.1)%	(2.3)%
Debt to capital, excluding securitization bonds (1)	45.1%	44.9%
Effect of subtracting cash	(0.1)%	-%
Net debt to net capital, excluding securitization bonds (1)	45.0%	44.9%

(1) Calculation excludes the securitization bonds, which are non-recourse to Entergy Louisiana.

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and long-term debt, including the currently maturing portion. Capital consists of debt and member's equity. Net capital consists of capital less cash and cash equivalents. Entergy Louisiana uses the net debt to net capital ratio and the ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy Louisiana's financial condition.

## Uses and Sources of Capital

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Louisiana's uses and sources of capital. Following are additional updates to the information provided in the Form 10-K.

Entergy Louisiana's receivables from or (payables to) the money pool were as follows:

June 30, 2012	December 31, 2011	June 30, 2011	December 31, 2010
(In Thousands)			
\$20,910	(\$118,415)	(\$111,848)	\$49,887

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Louisiana has a credit facility in the amount of \$200 million scheduled to expire in March 2017. No borrowings were outstanding under the facility as of June 30, 2012. See Note 4 to the financial statements herein for

additional discussion of the credit facility.

In January 2012, Entergy Louisiana issued \$250 million of 1.875% Series first mortgage bonds due December 2014. Entergy Louisiana used a portion of the proceeds to repay short-term borrowings under the Entergy System money pool.

In July 2012, Entergy Louisiana issued \$200 million of 5.25% Series first mortgage bonds due July 2052. Entergy Louisiana used the proceeds for general corporate purposes.

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Entergy Louisiana, LLC and Subsidiaries  
Management's Financial Discussion and Analysis

In August 2012, the Entergy Louisiana nuclear fuel company variable interest entity issued \$25 million of 3.25% Series G notes due July 2017.

New Nuclear Development

See the Form 10-K for a discussion of the project option being developed by Entergy Gulf States Louisiana and Entergy Louisiana for new nuclear generation at River Bend. In March 2010, Entergy Gulf States Louisiana and Entergy Louisiana filed with the LPSC seeking approval to continue the limited development activities necessary to preserve an option to construct a new unit at River Bend. The testimony and legal briefs of the LPSC staff generally support the request of Entergy Gulf States Louisiana and Entergy Louisiana, although other parties filed briefs, without supporting testimony, in opposition to the request. At an evidentiary hearing in October 2011, Entergy Gulf States Louisiana, Entergy Louisiana, and the LPSC staff presented testimony in support of certification of activities to preserve an option for a new nuclear plant at River Bend. The ALJ recommended, however, that the LPSC decline the request of Entergy Gulf States Louisiana and Entergy Louisiana on the basis that the LPSC's rule on new nuclear development does not apply to activities to preserve an option to develop and on the further grounds that the companies improperly engaged in advanced preparation activities prior to certification. There has been no suggestion that the planning activities or costs incurred were imprudent. At its June 28, 2012 meeting the LPSC voted to uphold the ALJ's decision and directed that Entergy Gulf States Louisiana and Entergy Louisiana be permitted to seek recovery of these costs in the rate case filings that are anticipated in January 2013, fully reserving the LPSC's right to determine the recoverability of such costs in rates.

Entergy Louisiana's Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana's Ninemile Point Unit 6 self-build project. The Ninemile 6 capacity and energy is proposed to be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. In February 2012 the City Council passed a resolution authorizing Entergy New Orleans to purchase 20% of the Ninemile 6 energy and capacity. In June 2011, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by Entergy Louisiana's construction of the facility. Entergy Gulf States Louisiana joined in the application, seeking certification of its purchase under a life-of-unit power purchase agreement of its allocated share of the capacity and energy generated by Ninemile 6. In March 2012 the LPSC unanimously voted to grant the certifications requested by Entergy Louisiana and Entergy Gulf States Louisiana, and Entergy Louisiana has given the contractor a full notice to proceed with the construction. Under the terms approved by the LPSC, costs may be recovered through Entergy Louisiana's formula rate plan, if one is in effect when the project is placed in service; alternatively, Entergy Louisiana must file a rate case approximately 12 months prior to the expected in-service date.

State and Local Rate Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation" in the Form 10-K for a discussion of state and local rate regulation. Following is an update to that discussion.

In May 2012, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflects a 9.63% earned return on common equity, which is within the earnings bandwidth and results in no cost of service rate change under the formula rate plan. The filing also reflects an \$18.1 million rate increase for incremental capacity costs. Subsequently, in June 2012, Entergy Louisiana supplemented the filing to estimate the first year revenue requirement associated with the Waterford 3 replacement steam generator project. The filing is currently

subject to LPSC review.

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Management's Financial Discussion and Analysis

Federal Regulation

See "Entergy's Proposal to Join the MISO RTO" in the "Rate, Cost-recovery, and Other Regulation – Federal Regulation" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the Federal Regulation discussion in the Form 10-K.

Nuclear Matters

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Louisiana's accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits. Following is an update to that discussion.

Nuclear Decommissioning Costs

In the second quarter 2012, Entergy Louisiana recorded a revision to its estimated decommissioning cost liability for Waterford 3 as a result of a revised decommissioning cost study. The revised estimate resulted in a \$48.9 million increase in its decommissioning cost liability, along with a corresponding increase in the related asset retirement obligation asset that will be depreciated over the remaining life of the unit.

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ENTERGY LOUISIANA, LLC AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS  
For the Three and Six Months Ended June 30, 2012 and 2011  
(Unaudited)

	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
	(In Thousands)		(In Thousands)	
<b>OPERATING REVENUES</b>				
Electric	\$561,787	\$651,847	\$1,044,145	\$1,167,281
<b>OPERATING EXPENSES</b>				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	114,824	143,532	186,883	228,757
Purchased power	158,905	230,546	337,118	430,924
Nuclear refueling outage expenses	6,084	6,706	12,470	14,181
Other operation and maintenance	112,295	106,439	228,036	212,804
Decommissioning	6,559	6,108	13,003	12,109
Taxes other than income taxes	16,927	18,345	34,209	35,084
Depreciation and amortization	54,153	51,777	107,832	101,423
Other regulatory charges (credits) - net	133,293	(8,254 )	129,705	(12,210 )
<b>TOTAL</b>	<b>603,040</b>	<b>555,199</b>	<b>1,049,256</b>	<b>1,023,072</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(41,253 )</b>	<b>96,648</b>	<b>(5,111 )</b>	<b>144,209</b>
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