

ENTERGY ARKANSAS INC  
 Form 10-Q  
 May 08, 2013

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 March 31, 2013

OR

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

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

File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	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 74-0662730	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798

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Table of Contents

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 April 30, 2013
Entergy Corporation (\$0.01 par value)	178,184,969

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, 2012, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
INDEX TO QUARTERLY REPORT ON FORM 10-Q  
March 31, 2013

	Page Number
<u>Forward-looking information</u>	iii
<u>Definitions</u>	v
Entergy Corporation and Subsidiaries	
<u>Management's Financial Discussion and Analysis</u>	1
<u>Consolidated Statements of Income (Loss)</u>	16
<u>Consolidated Statements of Comprehensive Income</u>	17
<u>Consolidated Statements of Cash Flows</u>	18
<u>Consolidated Balance Sheets</u>	20
<u>Consolidated Statements of Changes in Equity</u>	22
<u>Selected Operating Results</u>	23
<u>Notes to Financial Statements</u>	24
<u>Part 1. Item 4. Controls and Procedures</u>	64
Entergy Arkansas, Inc. and Subsidiaries	
<u>Management's Financial Discussion and Analysis</u>	65
<u>Consolidated Income Statements</u>	71
<u>Consolidated Statements of Cash Flows</u>	73
<u>Consolidated Balance Sheets</u>	74
<u>Consolidated Statements of Changes in Common Equity</u>	76
<u>Selected Operating Results</u>	77
Entergy Gulf States Louisiana, L.L.C.	
<u>Management's Financial Discussion and Analysis</u>	78
<u>Income Statements</u>	85
<u>Statements of Comprehensive Income</u>	86
<u>Statements of Cash Flows</u>	87
<u>Balance Sheets</u>	88
<u>Statements of Changes in Equity</u>	90
<u>Selected Operating Results</u>	91
Entergy Louisiana, LLC and Subsidiaries	
<u>Management's Financial Discussion and Analysis</u>	92
<u>Consolidated Income Statements</u>	99
<u>Consolidated Statements of Comprehensive Income</u>	100
<u>Consolidated Statements of Cash Flows</u>	101
<u>Consolidated Balance Sheets</u>	102
<u>Consolidated Statements of Changes in Equity</u>	104
<u>Selected Operating Results</u>	105
Entergy Mississippi, Inc.	
<u>Management's Financial Discussion and Analysis</u>	106
<u>Income Statements</u>	111
<u>Statements of Cash Flows</u>	113
<u>Balance Sheets</u>	114
<u>Statements of Changes in Common Equity</u>	116
<u>Selected Operating Results</u>	117



Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
INDEX TO QUARTERLY REPORT ON FORM 10-Q  
March 31, 2013

	Page Number
Entergy New Orleans, Inc.	
<u>Management's Financial Discussion and Analysis</u>	118
<u>Income Statements</u>	122
<u>Statements of Cash Flows</u>	123
<u>Balance Sheets</u>	124
<u>Statements of Changes in Common Equity</u>	126
<u>Selected Operating Results</u>	127
Entergy Texas, Inc. and Subsidiaries	
<u>Management's Financial Discussion and Analysis</u>	128
<u>Consolidated Income Statements</u>	132
<u>Consolidated Statements of Cash Flows</u>	133
<u>Consolidated Balance Sheets</u>	134
<u>Consolidated Statements of Changes in Common Equity</u>	136
<u>Selected Operating Results</u>	137
System Energy Resources, Inc.	
<u>Management's Financial Discussion and Analysis</u>	138
<u>Income Statements</u>	141
<u>Statements of Cash Flows</u>	143
<u>Balance Sheets</u>	144
<u>Statements of Changes in Common Equity</u>	146
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	147
<u>Item 1A. Risk Factors</u>	147
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	147
<u>Item 5. Other Information</u>	148
<u>Item 6. Exhibits</u>	151
<u>Signature</u>	153

Table of Contents

## 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,” “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, and the potential for other Entergy operating companies to terminate participation in the System Agreement by providing notice pursuant to the current 96-month notice period and/or by seeking an amendment to the System Agreement that would allow for an Entergy operating company to terminate its participation in less than 96 months;
- regulatory and operating challenges and uncertainties associated with the Utility operating companies’ proposal to move to the MISO RTO;
- 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;

iii

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Table of Contents

FORWARD-LOOKING INFORMATION (Concluded)

- 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;
  - 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, greenhouse gases, mercury, and other regulated air emissions, 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;
- changes in the quality and availability of water supplies and the related regulation of water use and diversion;
  - 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 area 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, including increased security costs, 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;
  - future wage and employee benefit costs, including changes in discount rates and returns on benefit plan assets;
- changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites;
- the effectiveness of Entergy’s risk management policies and procedures and the ability and willingness of its counterparties to satisfy their financial and performance commitments;
  - 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.



Table of Contents

## 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
ASLB	Atomic Safety and Licensing Board, the board within the NRC that conducts hearings and performs other regulatory functions that the NRC authorizes
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
DOE	United States Department of Energy
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 formally created as part of 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 formally created as part of 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, 2012 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	Internal Revenue Service
ISO	Independent System Operator

v

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Table of Contents

## DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
MISO	Midcontinent Independent 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 debt to net capital ratio	Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents
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
SMEPA	South Mississippi Electric Power Association, which owns a 10% interest in Grand Gulf
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
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

Table of Contents

## 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

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the first quarter 2013 to the first quarter 2012 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities (In Thousands)	Parent & Other (a)	Entergy
1st Quarter 2012 Consolidated Net Income (Loss)	\$67,212	\$ (175,949 )	\$(38,003 )	\$(146,740 )
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	117,644	41,426	1,553	160,623
Other operation and maintenance expenses	29,529	(1,400 )	4,494	32,623
Asset impairment	-	(355,524 )	-	(355,524 )
Taxes other than income taxes	10,964	2,978	(17 )	13,925
Depreciation and amortization	22,445	(1,829 )	45	20,661
Other income	(12,253 )	1,170	1,208	(9,875 )
Interest expense	6,792	(3,136 )	6,951	10,607
Other expenses	3,670	(5,633 )	(1 )	(1,964 )
Income taxes	(28,632 )	149,077	(3,747 )	116,698
1st Quarter 2013 Consolidated Net Income (Loss)	\$127,835	\$ 82,114	\$(42,967 )	\$166,982

(a) 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.

In the fourth quarter 2012, Entergy moved two subsidiaries from Parent & Other to the Entergy Wholesale Commodities segment to improve the alignment of certain intercompany items and income tax activity. The prior period financial information in this Form 10-Q has been restated to reflect this change.

1

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Table of Contents

Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

As discussed in more detail in Note 11 to the financial statements, first quarter 2012 results of operations 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.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the first quarter 2013 to the first quarter 2012.

	Amount (In Millions)
2012 net revenue	\$ 1,106
Retail electric price	61
Grand Gulf recovery	33
Volume/weather	19
Other	4
2013 net revenue	\$ 1,223

The retail electric price variance is primarily due to:

- the recovery of Hinds plant costs through the power management rider at Entergy Mississippi, as approved by the MPSC, effective with the first billing cycle of 2013. The net income effect of the Hinds plant cost recovery is limited to a portion representing an allowed return on equity on the net plant investment with the remainder offset by the Hinds plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes;
- an increase in the capacity acquisition rider at Entergy Arkansas, as approved by the APSC, effective with the first billing cycle of December 2012, relating to the Hot Spring plant acquisition. The net income effect of the Hot Spring plant cost recovery is limited to a portion representing an allowed return on equity on the net plant investment with the remainder offset by the Hot Spring plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes;
- an increase in the energy efficiency rider, as approved by the APSC, effective July 2012. Energy efficiency revenues are offset by costs included in other operation and maintenance expenses and have no effect on net income;
- a formula rate plan increase at Entergy Louisiana, effective January 2013, which includes an increase relating to the Waterford 3 steam generator replacement project, which was placed in service in December 2012. The net income effect of the formula rate plan increase is limited to a portion representing an allowed return on equity with the remainder offset by costs included in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes; and
- an annual base rate increase at Entergy Texas, effective July 2012, as a result of the PUCT's order in the December 2011 rate case that was issued in September 2012.

See Note 2 to the financial statements herein and in the Form 10-K for a discussion of rate proceedings.

The Grand Gulf recovery variance is primarily due to increased recovery of higher costs resulting from the Grand Gulf uprate.

The volume/weather variance is primarily due to the effect of more favorable weather, primarily on residential sales, in the first quarter 2013 compared to the same period in the prior year.

Table of Contents

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 first quarter 2013 to the first quarter 2012.

	Amount (In Millions)
2012 net revenue	\$ 452
Nuclear realized price changes	66
Nuclear volume	(25 )
2013 net revenue	\$ 493

As shown in the table above, net revenue for Entergy Wholesale Commodities increased by \$41 million in the first quarter 2013 compared to the first quarter 2012 primarily due to higher energy and capacity prices partially offset by lower volume in its nuclear fleet resulting from more unplanned and refueling outage days in 2013 compared to the same period in 2012.

Following are key performance measures for Entergy Wholesale Commodities for the first quarter 2013 and 2012:

	2013	2012
Owned capacity	6,612	6,612
GWh billed	10,387	11,281
Average realized revenue per MWh	\$58.66	\$49.29
<b>Entergy Wholesale Commodities Nuclear Fleet</b>		
Capacity factor	83%	88%
GWh billed	9,246	9,838
Average realized revenue per MWh	\$57.82	\$50.32
<b>Refueling Outage Days:</b>		
Indian Point 2	-	27
Indian Point 3	28	-
Vermont Yankee	22	-

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

The economic downturn and negative trends in the energy commodity markets have resulted over the past few years in lower natural gas prices and lower market prices for electricity in the New York and New England power regions, which is where five of the six Entergy Wholesale Commodities nuclear power plants are located. Entergy Wholesale Commodities' nuclear business experienced a decrease in realized price per MWh to \$50.29 in 2012 from \$54.73 in 2011 and \$59.16 in 2010. As shown in the contracted sale of energy table in "Market and Credit Risk Sensitive

Instruments,” Entergy Wholesale Commodities has sold forward 84% of its planned nuclear energy output for the remainder of 2013 for an expected average contracted energy price of \$45 per MWh based on market prices at March 31, 2013. In addition, Entergy Wholesale Commodities has sold forward 76% of its planned nuclear energy output for 2014 for an expected average contracted energy price of \$47 per MWh based on market prices at March 31, 2013. These near-term price trends present a challenging economic situation for the Entergy Wholesale Commodities plants. The challenge is greater for some of these plants based on a variety of factors such as their market for both energy and capacity, their size, their contracted positions, and the investment required to maintain the safety and integrity of the plants. If, in the future, economic conditions or regulatory activity no longer support the continued operation of a plant it could adversely affect Entergy’s

Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

results of operations through impairment charges, increased depreciation rates, transitional costs, or accelerated decommissioning costs. Impairment of long-lived assets and nuclear decommissioning costs, and the factors that influence these items, are both discussed in detail in the Form 10-K in "Critical Accounting Estimates." See also the discussion below in "Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants" regarding Entergy Wholesale Commodities nuclear plant operating license and related activity.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$490 million for the first quarter 2012 to \$520 million for the first quarter 2013 primarily due to:

- an increase of \$16 million in compensation and benefits costs primarily due to a decrease in the discount rates used to determine net periodic pension and other postretirement benefit 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 further discussion of benefits costs;
- an increase of \$9 million in nuclear expenses, primarily due to higher labor costs, including higher contract labor;
- an increase of \$7 million in fossil-fueled generation expenses primarily due to the acquisition of the Hot Spring plant by Entergy Arkansas and the Hinds plant by Entergy Mississippi in November 2012. Costs related to the Hot Spring and Hinds plants are recovered through the capacity acquisition rider and power management rider, respectively, as previously discussed; and
- an increase of \$5 million in energy efficiency costs at Entergy Arkansas. These costs are recovered through the energy efficiency rider and have no effect on net income.

Taxes other than income taxes increased primarily due to an increase in ad valorem taxes resulting from a higher 2013 assessment as compared to 2012 as well as an increase in local franchise taxes resulting from higher residential and commercial revenues as compared with prior year.

Depreciation and amortization expenses increased primarily due to additions to plant in service, including the Hot Spring and Hinds plant acquisitions in 2012 and the completion of the Waterford 3 steam generator replacement project and the Grand Gulf uprate project in 2012. Also contributing to the increase is an increase in depreciation rates as a result of the rate order approved by the PUCT in September 2012.

Other income decreased primarily due to a decrease in AFUDC accrued on projects under construction resulting from the completion of the Grand Gulf uprate project and Waterford 3 steam generator replacement project in 2012.

Entergy Wholesale Commodities

The asset impairment variance is due to a \$355.5 million (\$223.5 million after-tax) impairment charge recorded in 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.

Income Taxes

The effective income tax rate for the first quarter 2013 was 41.1%. The difference in the effective income tax rate for the first quarter 2013 versus the statutory rate of 35% is due to state income taxes, the provision for uncertain tax positions, and certain book and tax differences related to utility plant items, partially offset by book and tax differences related to the allowance for equity funds used during construction.

The effective income tax rate for the first quarter 2012 was 0.11%. The difference in the effective income tax rate for the first quarter 2012 versus the statutory rate of 35% was primarily because the expected tax benefit of the pre-tax loss that Entergy incurred in the first quarter 2012 was partially offset by the write-off of a portion of the regulatory asset for income taxes that is discussed in Note 2 to the financial statements in the Form 10-K.

Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

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. Following are updates to that discussion.

Filings with Retail Regulators

See the Form 10-K for a discussion of the applications that each of the Utility operating companies has filed with their respective retail regulators seeking approval for the proposal to spin off and merge the transmission business with ITC. On April 18, 2013, the Public Service Commission of Missouri consolidated for purposes of a hearing in June 2013 Entergy Arkansas's separate MISO case that is related to Entergy Arkansas's notice of its intent to integrate into MISO with the Entergy and ITC case that is related to the proposal to spin off and merge the transmission business with ITC.

In April 2013, the LPSC staff, APSC staff, and other parties filed testimony in the proceedings pending at the LPSC and APSC, respectively, identifying concerns with the proposed transaction and concluding that the transaction in its current form does not satisfy the applicable criteria for approval. The LPSC staff testimony also included a comprehensive set of conditions should the LPSC determine that the transaction is in the public interest. Conditions were also recommended by the Arkansas Attorney General should the APSC consider approving the transaction. Intervening parties previously filed testimony in the City Council and MPSC proceedings. The PUCT staff and the City Council advisors are scheduled to file testimony in May 2013, and staff testimony in the MPSC proceeding is scheduled for June 2013. Hearings are scheduled for May 2013 in the PUCT proceeding, July 2013 in the APSC, LPSC, and City Council proceedings, and August 2013 in the MPSC proceeding.

Filings with the FERC

See the Form 10-K for a discussion of the series of filings with the FERC made by Entergy, ITC, and certain of their subsidiaries to obtain regulatory approvals related to the proposed transfer to ITC subsidiaries of the transmission assets owned by the Utility operating companies. In February 2013, Entergy and ITC filed a response to various comments and protests regarding the joint application filed with the FERC. The response argued, among other things, that the proposed transaction is consistent with the public interest, that the proposed rates for the ITC Midsouth Operating Companies are just and reasonable, and that there is no need for a hearing in the proceeding. On March 22, 2013, the FERC issued an order concluding that, based on the two comment period extensions granted at the request of state and retail regulators, further consideration is required to determine whether the proposed transaction meets the standards of Federal Power Act section 203. The FERC therefore extended the time to act on the joint application for an additional 180 days, until September 18, 2013.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

See the Form 10-K for a discussion of the NRC operating licenses for Indian Point 2 and Indian Point 3 and the NRC license renewal applications in process for these plants.

The New York State Department of Environmental Conservation (NYSDEC) 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. Entergy submitted its application for a water quality certification to the NYSDEC in April 2009, with a reservation of rights regarding the applicability of Section 401 in this case. After Entergy submitted certain additional

information in response to NYSDEC requests for additional information, in February 2010 the NYSDEC staff determined that Entergy's water quality certification application was complete. In April 2010 the NYSDEC staff issued a proposed notice of denial of Entergy's water quality certification application (the Notice). NYSDEC staff's Notice triggered an administrative adjudicatory hearing before NYSDEC ALJs on the proposed Notice. The NYSDEC staff decision does not restrict Indian Point operations, but the issuance of a certification is potentially required prior to NRC issuance of renewed unit licenses. In June 2011, Entergy filed notice with the NRC that the NYSDEC, the agency that would issue or deny a water quality certification for the Indian Point license renewal process, has taken longer than one year to take final



Table of Contents

Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

action on Entergy's application for a water quality certification and, therefore, has waived its opportunity to require a certification under the provisions of Section 401 of the Clean Water Act. The NYSDEC has notified the NRC that it disagrees with Entergy's position and does not believe that it has waived the right to require a certification. The NYSDEC ALJs overseeing the agency's certification adjudicatory process stated in a ruling issued in July 2011 that while the waiver issue is pending before the NRC, the NYSDEC hearing process will continue on selected issues. The judges held a Legislative Hearing (agency public comment session) and an Issues Conference (pre-trial conference) in July 2010. Issue-by-issue hearings before the NYSDEC ALJs began in October 2011 and are expected to continue, on an episodic basis, through the end of 2013 and perhaps longer. After hearings and briefing on all issues, the ALJs will issue a recommended decision to the Commissioner or his delegate, who will then issue the final agency decision. A party to the proceeding can appeal the decision of the Commissioner to state court.

In addition, the consistency of Indian Point's operations with New York State's coastal management policies must be resolved to the extent required by the Coastal Zone Management Act (CZMA). Entergy has undertaken three independent initiatives to resolve CZMA issues. First, 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. On April 5, 2013, the State of New York and Riverkeeper filed answers opposing Entergy's motion. The State of New York also filed a cross-motion for declaratory order seeking confirmation that Indian Point had not been previously reviewed, and that only the New York State Department of State (NYSDOS) could conduct a CZMA review for NRC license renewal purposes. On April 15, 2013, the NRC Staff filed answers recommending the ASLB deny both Entergy's and the State of New York's motions for declaratory order. Entergy intends to file an answer to the State of New York's cross-motion for declaratory order and a reply to the answers of the State of New York and Riverkeeper to Entergy's motion for declaratory order. It is uncertain when the ASLB will act on the motions.

Second, Entergy filed with the NYSDOS on November 7, 2012 a petition for declaratory order that Indian Point is grandfathered under either of two criteria prescribed by the New York Coastal Management Program (NYCMP), which sets forth the state coastal policies applied in a CZMA consistency review. NYSDOS denied the motion by order dated January 9, 2013. Entergy filed a petition for judicial review of NYSDOS's decision with the New York State Supreme Court for Albany County on March 13, 2013. NYSDOS's opposition (which is expected to be jointly filed with that of NYSDEC, a co-respondent) is due May 10, 2013. Entergy's reply is due June 7, 2013. It is uncertain when the court will act on the petition for review. The losing party may file an appeal as of right with the next level state appellate court.

Third, on December 17, 2012, Entergy filed with NYSDOS a consistency determination explaining why Indian Point satisfies all applicable NYCMP policies. Entergy included in the consistency determination a "reservation of rights" clarifying that Entergy does not concede NYSDOS's right to conduct a new CZMA review for Indian Point. On January 16, 2013, NYSDOS notified Entergy that it deemed the consistency determination incomplete because it does not include the further supplement to the Final Supplemental Environmental Impact Statement that is targeted for issuance by May 10, 2013. The six-month federal deadline for state decision on a consistency determination does not begin to run until the submission is complete.

ANO Damage and Outage

On March 31, 2013, during a scheduled refueling outage at ANO 1, a contractor-owned and operated heavy-lifting apparatus collapsed while moving the generator stator out of the turbine building. The collapse resulted in the death of an ironworker and injuries to several other contract workers, caused ANO 2 to shut down, and damaged the ANO turbine building. The turbine building serves both ANO 1 and 2 and is a non-radiological area of the plant. Entergy is still analyzing the incident; the extent of the damage; the cost of assessment, debris removal, and replacing damaged property and equipment; and the schedule for restoring ANO 1 to service, but was able to restart ANO 2 on April 28, 2013. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and expects to incur incremental replacement power costs for ANO 1 power to the extent its outage extends beyond the originally-planned duration of the refueling outage. Each of the Utility operating companies has recovery mechanisms in place designed to recover its prudently-incurred fuel and purchased power costs.

Table of ContentsEntergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

Entergy Arkansas is assessing its options for recovering damages that resulted from the stator drop, including its insurance coverage. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members' nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a \$50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL's position and is evaluating its options for enforcing its rights under the policy.

## 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.

## Capital Structure

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

	March 31, 2013	December 31, 2012
Debt to capital	58.7%	58.7%
Effect of excluding the securitization bonds	(1.8%)	(1.8%)
Debt to capital, excluding securitization bonds (a)	56.9%	56.9%
Effect of subtracting cash	(0.6%)	(1.1%)
Net debt to net capital, excluding securitization bonds (a)	56.3%	55.8%

(a) 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 and commercial paper, 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 2018. 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 March 31, 2013.

Capacity (a)	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
\$3,500	\$570	\$8	\$2,922

(a) The capacity decreases to \$3,490 million in March 2017.

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 for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

Table of Contents

Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

See Note 4 to the financial statements for additional discussion of the Entergy Corporation commercial paper program. As of March 31, 2013, Entergy Corporation had \$883.7 million of commercial paper outstanding.

## 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 2013 through 2015. As discussed in the Form 10-K, the planned amounts disclosed in the Form 10-K do not include costs for the capital projects that might result from the NRC's post-Fukushima requirements. The current preliminary cost estimate (including both capital and operation and maintenance expense) to implement the post-Fukushima requirements is approximately \$240 million for Utility and approximately \$260 million for Entergy Wholesale Commodities. These costs are expected to be incurred over the 2012 through 2018 time period, and do not include any amounts for filtered vents, for which the NRC initiated a rulemaking in first quarter 2013. Also, Entergy now expects a delay in the spending associated with potential wedgewire screens at the Indian Point site from the timing reflected in the amounts in the table in the Form 10-K.

## Dividends

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 April 2013 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 three months ended March 31, 2013 and 2012 were as follows:

	2013	2012
	(In Millions)	
Cash and cash equivalents at beginning of period	\$ 533	\$ 694
Cash flow provided by (used in):		
Operating activities	544	601
Investing activities	(661 )	(749 )
Financing activities	(153 )	139
Net decrease in cash and cash equivalents	(270 )	(9 )
Cash and cash equivalents at end of period	\$ 263	\$ 685

## Operating Activities

Net cash provided by operating activities decreased by \$57 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to:

- higher deferred fuel refunds in 2013 compared to the same period in prior year;
- approximately \$31 million in storm restoration spending in 2013 resulting from the Arkansas December 2012 Winter storm and Hurricane Isaac; and
- an increase of \$21 million in spending on nuclear refueling outages in 2013 compared to the same period in prior year.

Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

These decreases in cash flow were partially offset by:

- a decrease of \$24 million in income tax payments;
- a decrease of \$36 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
  - the increase in Entergy Wholesale Commodities net revenue that is discussed previously.

Investing Activities

Net cash used in investing activities decreased by \$88 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to:

- the withdrawal of a total of \$252 million from Entergy Gulf States Louisiana's and Entergy Louisiana's storm reserve escrow accounts in 2013 after Hurricane Isaac. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of Hurricane Isaac; and
- 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.

These decreases were partially offset by an increase in construction expenditures, primarily in the Utility business, resulting from an increase of approximately \$62 million in storm restoration spending in 2013 resulting from the Arkansas December 2012 Winter storm and Hurricane Isaac and approximately \$51 million in spending on the Ninemile 6 self-build project, partially offset by spending in 2012 on the uprate project at Grand Gulf.

Financing Activities

Entergy's financing activities used \$153 million of cash for the three months ended March 31, 2013 compared to providing \$139 million of cash for the three months ended March 31, 2012 primarily due to:

- long-term debt activity using approximately \$285 million of cash in 2013 compared to providing \$175 million of cash in 2012. Included in the long-term debt activity in 2013 is \$225 million repayment of borrowings on the Entergy Corporation long-term credit facility. Entergy Corporation issued \$219 million of commercial paper in 2013 to repay borrowings on its long-term credit facility;
- \$51 million in proceeds from the sale to a third party in 2012 of a portion of Entergy Gulf States Louisiana's investment in Entergy Holdings Company's Class A preferred membership interests; and
  - a decrease of \$25 million in treasury stock issuances in 2013 compared to the same period in 2012.

For details of Entergy's commercial paper program, the nuclear fuel company variable interest entities' short-term borrowings, and long-term debt activity in 2013 see Note 4 to the financial statements herein.

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.



Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

Federal Regulation

See the Form 10-K for a discussion of federal regulatory proceedings. Following are updates to that discussion.

System Agreement

Utility Operating Company Notices of Termination of System Agreement Participation

As discussed in the Form 10-K, in November 2012 the Utility operating companies filed amendments to the System Agreement with the FERC pursuant to section 205 of the Federal Power Act. The LPSC, MPSC, PUCT, and City Council filed protests at the FERC regarding the amendments and other aspects of the Utility operating companies' future operating arrangements, including requests that the continued viability of the System Agreement in MISO (among other issues) be set for hearing by the FERC. On March 12, 2013, the Utility operating companies filed an answer to the protests. The answer proposed, among other things, that: (1) the FERC allow the System Agreement revisions to go into effect as of December 19, 2013, without a hearing and for an initial two-year transition period; (2) no later than October 18, 2013, Entergy Services submit a filing pursuant to section 205 of the Federal Power Act that provides Entergy Texas's notice of cancellation to terminate participation in the System Agreement and responds to the PUCT's position that Entergy Texas be allowed to terminate its participation prior to the end of the mandatory 96-month notice period; and (3) at least six months prior to the end of the two-year transition period, Entergy Services submits an additional filing under section 205 of the Federal Power Act that addresses the allocation of MISO charges and credits among the Utility operating companies that remain in the System Agreement. Prior to the filing to be made no later than October 18, 2013, Entergy Services, Entergy Texas, and Entergy will exercise reasonable best efforts to engage the Utility operating companies and their retail regulators in searching for a consensual means of allowing Entergy Texas to exit the System Agreement prior to the end of the mandatory 96-month notice period. If a consensual resolution is reached on such early termination, the filing will reflect such a resolution. The matter remains pending at the FERC.

Entergy's Proposal to Join MISO

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

On April 8, 2013, the APSC issued an order resolving the outstanding issues in Entergy Arkansas's change of control docket and granted Entergy Arkansas's application subject to the conditions set forth in the APSC's October 2012 order. On April 18, 2013, the Public Service Commission of Missouri consolidated for purposes of a hearing in June 2013 Entergy Arkansas's separate MISO case that is related to Entergy Arkansas's notice of its intent to integrate into MISO with the Entergy and ITC case that is related to the proposal to spin off and merge the transmission business with ITC.

On April 3, 2013, the PUCT staff filed a study performed by its independent consultant assessing Entergy Texas's January 2013 updated analysis of the effect of termination of certain power purchase agreements on Entergy Texas's costs upon Entergy Texas's exit from the System Agreement. While the independent consultant study concluded that the adjustments made in Entergy Texas's updated analysis were analytically correct, the consultant also recommended further study regarding the effect of the termination of the power purchase agreements on the benefits associated with Entergy Texas joining MISO. On April 5, 2013, Entergy Texas filed a response to the consultant study, noting a number of errors in the analysis and recommending against any further study of this matter.

On March 28, 2013, the FERC issued an order conditionally accepting MISO's proposed tariff changes related to the allocation of long-term transmission rights and auction revenue rights, subject to a further compliance filing. The amendments are intended to address the anticipated integration of the Utility operating companies, as well as other load-serving entities and transmission-owning utilities, into the MISO region.

Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

FERC Reliability Standards Investigation

On March 19, 2013, the FERC issued an order approving a settlement between Entergy Services and the FERC Enforcement Staff (the Staff) arising from the Staff's November 20, 2012 "Notice of Alleged Violations" which stated that the Staff had concluded that Entergy Services's practices in certain areas violated various requirements of the North American Electric Reliability Corporation reliability standards. Under the terms of the settlement, Entergy Services neither admits nor denies the alleged violations, but agrees to pay a civil penalty of \$975,000 and undertake certain mitigation activities agreed to during discussions with Staff.

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 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 physical power contracts, Entergy Wholesale Commodities also uses a combination of financial contracts, including swaps, collars, put and/or call options, to manage forward commodity price risk. Certain hedge volumes have price downside and upside relative to market price movement. The contracted minimum, expected value, and sensitivity are provided to show potential variations. While the sensitivity reflects the minimum, it does not reflect the total maximum upside potential from higher market prices. The information contained in the table below represents projections at a point in time and will vary over time based on numerous factors, such as future market prices, contracting activities, and generation. Following is a summary of Entergy Wholesale Commodities' current forward capacity and generation contracts as well as total revenue projections based on market prices as of March 31, 2013 (2013 represents the remainder of the year).

Table of Contents

Entergy Corporation and Subsidiaries  
 Management's Financial Discussion and Analysis

## Entergy Wholesale Commodities Nuclear Portfolio

	2013	2014	2015	2016	2017
Energy					
Percent of planned generation under contract (a):					
Unit-contingent (b)	41%	22%	12%	12%	13%
Unit-contingent with availability guarantees (c)	20%	15%	13%	13%	13%
Firm LD (d)	23%	58%	14%	-%	-%
Offsetting positions (e)	-%	(19)%	-%	-%	-%
Total	84%	76%	39%	25%	26%
Planned generation (TWh) (f) (g)	31	41	41	40	41
Average revenue per MWh on contracted volumes:					
Minimum	\$44	\$44	\$45	\$50	\$51
Expected based on market prices as of March 31, 2013	\$45	\$47	\$48	\$51	\$52
Sensitivity: +/- \$10 per MWh market price change	\$44-\$48	\$44-\$51	\$45-\$54	\$50-\$54	\$51-\$55
Capacity					
Percent of capacity sold forward (h):					
Bundled capacity and energy contracts (i)	16%	16%	16%	16%	16%
Capacity contracts (j)	35%	17%	12%	18%	9%
Total	51%	33%	28%	34%	25%
Planned net MW in operation (g) (k)	5,011	5,011	5,011	5,011	5,011
Average revenue under contract per kW per month (applies to capacity contracts only)	\$2.0	\$2.4	\$3.3	\$3.2	\$3.2
Total Nuclear Energy and Capacity Revenues					
Expected sold and market total revenue per MWh	\$48	\$47	\$47	\$49	\$51
Sensitivity: +/- \$10 per MWh market price change	\$46-\$53	\$44-\$53	\$40-\$55	\$42-\$57	\$43-\$58

## Entergy Wholesale Commodities Non-Nuclear Portfolio

	2013	2014	2015	2016	2017
Energy					
Percent of planned generation under contract (a):					
Cost-based contracts (l)	35%	32%	35%	32%	32%
Firm LD (d)	6%	6%	6%	6%	6%
Total	41%	38%	41%	38%	38%
Planned generation (TWh) (f) (m)	5	6	6	6	6
Capacity					
Percent of capacity sold forward (h):					
Cost-based contracts (l)	30%	24%	24%	24%	26%

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Bundled capacity and energy contracts (i)	9%	8%	8%	8%	8%
Capacity contracts (j)	45%	50%	48%	47%	21%
Total	84%	82%	80%	79%	55%
Planned net MW in operation (k) (m)	1,052	1,052	1,052	1,052	977

12

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Table of Contents

Entergy Corporation and Subsidiaries  
Management's Financial Discussion and Analysis

- (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 11 to the financial statements herein and Note 1 to the financial statements in the Form 10-K. For a discussion regarding the license renewals for Indian Point 2 and Indian Point 3, see "Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants" above.
- (h) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions.
- (i) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold.
- (j) A contract for the sale of an installed capacity product in a regional market.
- (k) Amount of capacity to be available to generate power and/or sell capacity considering uprates planned to be completed during the year.
- (l) 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 Utility service area, 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.
- (m)

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 and from the 544 MW Ritchie plant that is not planned to operate.

Entergy estimates that a positive \$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 March 31, 2013 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of \$122 million in 2013.

Table of Contents

Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

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 March 31, 2013, based on power prices at that time, Entergy had liquidity exposure of \$203 million under the guarantees in place supporting Entergy Wholesale Commodities transactions, \$20 million of guarantees that support letters of credit, and \$7 million of posted cash collateral to the ISOs. As of March 31, 2013, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by \$82 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 March 31, 2013, Entergy would have been required to provide approximately \$54 million of additional cash or letters of credit under some of the agreements.

As of March 31, 2013, substantially all of the counterparties or their guarantors for 100% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2017 have public investment grade credit ratings.

Nuclear Matters

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

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 is an update to that discussion.

Nuclear Decommissioning Costs

In the first quarter of 2013, Entergy Wholesale Commodities recorded a revision to its estimated decommissioning cost liability for a nuclear site as a result of a revised decommissioning cost study. The revised estimate resulted in a \$46.6 million reduction in the decommissioning cost liability, along with a corresponding reduction in the related asset retirement cost asset.

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, financial position, or cash flows.





Table of Contents

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15

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Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (LOSS)  
For the Three Months Ended March 31, 2013 and 2012  
(Unaudited)

	2013	2012
	(In Thousands, Except Share Data)	
<b>OPERATING REVENUES</b>		
Electric	\$1,949,280	\$1,784,841
Natural gas	53,321	46,008
Competitive businesses	606,273	552,810
<b>TOTAL</b>	<b>2,608,874</b>	<b>2,383,659</b>
<b>OPERATING EXPENSES</b>		
Operating and Maintenance:		
Fuel, fuel-related expenses, and gas purchased for resale	510,333	538,837
Purchased power	373,129	284,966
Nuclear refueling outage expenses	60,719	63,884
Asset impairment	-	355,524
Other operation and maintenance	754,258	721,635
Decommissioning	59,104	57,903
Taxes other than income taxes	151,095	137,170
Depreciation and amortization	300,876	280,215
Other regulatory charges	5,315	382
<b>TOTAL</b>	<b>2,214,829</b>	<b>2,440,516</b>
<b>OPERATING INCOME (LOSS)</b>	<b>394,045</b>	<b>(56,857 )</b>
<b>OTHER INCOME</b>		
Allowance for equity funds used during construction	12,751	24,307
Interest and investment income	38,306	40,992
Miscellaneous - net	(13,623 )	(17,990 )
<b>TOTAL</b>	<b>37,434</b>	<b>47,309</b>
<b>INTEREST EXPENSE</b>		
Interest expense	153,149	146,745
Allowance for borrowed funds used during construction	(5,188 )	(9,391 )
<b>TOTAL</b>	<b>147,961</b>	<b>137,354</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>283,518</b>	<b>(146,902 )</b>
Income taxes	116,536	(162 )
<b>CONSOLIDATED NET INCOME (LOSS)</b>	<b>166,982</b>	<b>(146,740 )</b>
Preferred dividend requirements of subsidiaries	5,582	4,943

NET INCOME (LOSS) ATTRIBUTABLE TO ENTERGY CORPORATION	\$ 161,400	\$(151,683 )
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Earnings (loss) per average common share:

Basic	\$0.91	\$(0.86 )
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Diluted	\$0.90	\$(0.86 )
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Dividends declared per common share	\$0.83	\$0.83
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Basic average number of common shares outstanding	178,027,961	176,865,363
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Diluted average number of common shares outstanding	178,413,287	177,388,045
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See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Three Months Ended March 31, 2013 and 2012  
(Unaudited)

	2013	2012
	(In Thousands)	
Net Income (loss)	\$ 166,982	\$(146,740 )
Other comprehensive income (loss)		
Cash flow hedges net unrealized gain (loss)		
(net of tax expense (benefit) of (\$41,135) and \$75,494)	(75,975 )	145,435
Pension and other postretirement liabilities		
(net of tax expense of \$5,869 and \$3,876)	9,795	6,266
Net unrealized investment gains		
(net of tax expense of \$54,311 and \$49,138)	56,377	50,107
Foreign currency translation		
(net of tax expense (benefit) of (\$416) and \$167)	(772 )	311
Other comprehensive income (loss)	(10,575 )	202,119
Comprehensive Income	156,407	55,379
Preferred dividend requirements of subsidiaries	5,582	4,943
Comprehensive Income Attributable to Entergy Corporation	\$ 150,825	\$ 50,436

See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2013 and 2012  
(Unaudited)

	2013	2012
	(In Thousands)	
<b>OPERATING ACTIVITIES</b>		
Consolidated net income (loss)	\$ 166,982	\$(146,740 )
Adjustments to reconcile consolidated net income (loss) to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	472,933	450,009
Deferred income taxes, investment tax credits, and non-current taxes accrued	98,671	38,858
Asset impairment	-	355,524
Changes in working capital:		
Receivables	(29,845 )	156,202
Fuel inventory	(5,147 )	(20,213 )
Accounts payable	(40,861 )	(145,599 )
Prepaid taxes and taxes accrued	(35,648 )	(89,583 )
Interest accrued	(30,570 )	(32,194 )
Deferred fuel costs	(2,149 )	77,405
Other working capital accounts	(151,958 )	(34,753 )
Changes in provisions for estimated losses	(245,972 )	(15,030 )
Changes in other regulatory assets	167,634	60,857
Changes in pensions and other postretirement liabilities	32,696	(4,764 )
Other	147,223	(49,479 )
Net cash flow provided by operating activities	543,989	600,500
<b>INVESTING ACTIVITIES</b>		
Construction/capital expenditures	(631,857 )	(563,539 )
Allowance for equity funds used during construction	13,672	25,448
Nuclear fuel purchases	(145,168 )	(201,059 )
Changes in securitization account	1,601	940
NYPA value sharing payment	(71,736 )	(72,000 )
Payments to storm reserve escrow account	(2,219 )	(1,483 )
Receipts from storm reserve escrow account	252,482	861
Decrease (increase) in other investments	(44,298 )	93,786
Proceeds from nuclear decommissioning trust fund sales	398,010	535,551
Investment in nuclear decommissioning trust funds	(432,247 )	(567,780 )
Net cash flow used in investing activities	(661,760 )	(749,275 )

See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2013 and 2012  
(Unaudited)

	2013	2012
	(In Thousands)	
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issuance of:		
Long-term debt	564,717	1,034,945
Mandatorily redeemable preferred membership units of subsidiary	-	51,000
Treasury stock	8,102	32,826
Retirement of long-term debt	(849,860 )	(859,648 )
Changes in credit borrowings and commercial paper - net	277,886	32,782
Dividends paid:		
Common stock	(147,902 )	(146,674 )
Preferred stock	(5,582 )	(5,582 )
Net cash flow provided by (used in) financing activities	(152,639 )	139,649
Effect of exchange rates on cash and cash equivalents	772	(310 )
Net decrease in cash and cash equivalents	(269,638 )	(9,436 )
Cash and cash equivalents at beginning of period	532,569	694,438
Cash and cash equivalents at end of period	\$262,931	\$685,002
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest - net of amount capitalized	\$138,217	\$134,655
Income taxes	\$12,341	\$35,992

See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

ASSETS

March 31, 2013 and December 31, 2012

(Unaudited)

	2013	2012
	(In Thousands)	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Cash	\$66,114	\$112,992
Temporary cash investments	196,817	419,577
Total cash and cash equivalents	262,931	532,569
Securitization recovery trust account	44,438	46,040
Accounts receivable:		
Customer	636,694	568,871
Allowance for doubtful accounts	(32,122 )	(31,956 )
Other	157,978	161,408
Accrued unbilled revenues	269,010	303,392
Total accounts receivable	1,031,560	1,001,715
Deferred fuel costs	83,758	150,363
Accumulated deferred income taxes	192,816	306,902
Fuel inventory - at average cost	218,978	213,831
Materials and supplies - at average cost	928,103	928,530
Deferred nuclear refueling outage costs	318,024	243,374
System agreement cost equalization	16,880	16,880
Prepayments and other	225,385	242,922
<b>TOTAL</b>	<b>3,322,873</b>	<b>3,683,126</b>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Investment in affiliates - at equity	45,977	46,738
Decommissioning trust funds	4,452,707	4,190,108
Non-utility property - at cost (less accumulated depreciation)	260,068	256,039
Other	188,473	436,234
<b>TOTAL</b>	<b>4,947,225</b>	<b>4,929,119</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric	42,064,616	41,944,567
Property under capital lease	934,495	935,199
Natural gas	356,988	353,492
Construction work in progress	1,413,897	1,365,699
Nuclear fuel	1,607,352	1,598,430
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>46,377,348</b>	<b>46,197,387</b>
Less - accumulated depreciation and amortization	19,067,907	18,898,842
<b>PROPERTY, PLANT AND EQUIPMENT - NET</b>	<b>27,309,441</b>	<b>27,298,545</b>
<b>DEFERRED DEBITS AND OTHER ASSETS</b>		



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Regulatory assets:		
Regulatory asset for income taxes - net	752,696	742,030
Other regulatory assets (includes securitization property of \$894,330 as of March 31, 2013 and \$914,751 as of December 31, 2012)	4,860,886	5,025,912
Deferred fuel costs	172,202	172,202
Goodwill	377,172	377,172
Accumulated deferred income taxes	66,833	37,748
Other	983,645	936,648
TOTAL	7,213,434	7,291,712
TOTAL ASSETS	\$42,792,973	\$43,202,502

See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND EQUITY  
March 31, 2013 and December 31, 2012  
(Unaudited)

	2013	2012
	(In Thousands)	
<b>CURRENT LIABILITIES</b>		
Currently maturing long-term debt	\$630,622	\$718,516
Notes payable and commercial paper	1,073,888	796,002
Accounts payable	1,036,122	1,217,180
Customer deposits	361,299	359,078
Taxes accrued	298,071	333,719
Accumulated deferred income taxes	15,004	13,109
Interest accrued	154,095	184,664
Deferred fuel costs	27,684	96,439
Obligations under capital leases	3,495	3,880
Pension and other postretirement liabilities	97,404	95,900
System agreement cost equalization	16,880	25,848
Other	181,856	261,986
<b>TOTAL</b>	<b>3,896,420</b>	<b>4,106,321</b>
<b>NON-CURRENT LIABILITIES</b>		
Accumulated deferred income taxes and taxes accrued	8,348,976	8,311,756
Accumulated deferred investment tax credits	270,912	273,696
Obligations under capital leases	33,976	34,541
Other regulatory liabilities	1,046,106	898,614
Decommissioning and asset retirement cost liabilities	3,525,687	3,513,634
Accumulated provisions	116,542	362,226
Pension and other postretirement liabilities	3,757,078	3,725,886
Long-term debt (includes securitization bonds of \$951,520 as of March 31, 2013 and \$973,480 as of December 31, 2012)	11,729,134	11,920,318
Other	574,555	577,910
<b>TOTAL</b>	<b>29,402,966</b>	<b>29,618,581</b>
<b>Commitments and Contingencies</b>		
Subsidiaries' preferred stock without sinking fund	186,511	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 2013 and in 2012	2,548	2,548
Paid-in capital	5,349,885	5,357,852
Retained earnings	9,718,171	9,704,591
Accumulated other comprehensive loss	(303,658 )	(293,083 )

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Less - treasury stock, at cost (76,656,819 shares in 2013 and 76,945,239 shares in 2012)	5,553,870	5,574,819
Total common shareholders' equity	9,213,076	9,197,089
Subsidiaries' preferred stock without sinking fund	94,000	94,000
TOTAL	9,307,076	9,291,089
 TOTAL LIABILITIES AND EQUITY	 \$42,792,973	 \$43,202,502

See Notes to Financial Statements.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Three Months Ended March 31, 2013 and 2012  
(Unaudited)

	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, 2011	\$94,000	\$2,548	\$(5,680,468)	\$5,360,682	\$9,446,960	\$ (168,452 )	\$9,055,270
Consolidated net income (loss) (a)	4,943	-	-	-	(151,683 )	-	(146,740 )
Other comprehensive income	-	-	-	-	-	202,119	202,119
Common stock issuances related to stock plans	-	-	57,995	(8,426 )	-	-	49,569
Common stock dividends declared	-	-	-	-	(147,015 )	-	(147,015 )
Preferred dividend requirements of subsidiaries (a)	(4,943 )	-	-	-	-	-	(4,943 )
Balance at March 31, 2012	\$94,000	\$2,548	\$(5,622,473)	\$5,352,256	\$9,148,262	\$ 33,667	\$9,008,260
Balance at December 31, 2012	\$94,000	\$2,548	\$(5,574,819)	\$5,357,852	\$9,704,591	\$ (293,083 )	\$9,291,089
Consolidated net income (a)	5,582	-	-	-	161,400	-	166,982
Other comprehensive loss	-	-	-	-	-	(10,575 )	(10,575 )
Common stock issuances related	-	-	20,949	(7,967 )	-	-	12,982

to stock plans								
Common stock dividends declared	-	-	-	-	(147,820 )	-	(147,820 )	
Preferred dividend requirements of subsidiaries (a)	(5,582 )	-	-	-	-	-	(5,582 )	
Balance at March 31, 2013	\$94,000	\$2,548	\$(5,553,870)	\$5,349,885	\$9,718,171	\$ (303,658 )	\$9,307,076	

See Notes to Financial Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2013 and 2012 include \$3.9 million and \$3.3 million, respectively, of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented within equity.

Table of Contents

ENTERGY CORPORATION AND SUBSIDIARIES  
 SELECTED OPERATING RESULTS  
 For the Three Months Ended March 31, 2013 and 2012  
 (Unaudited)

Description	2013	2012	Increase/ (Decrease)	%
	(Dollars in Millions)			
<b>Utility Electric Operating Revenues:</b>				
Residential	\$751	\$670	\$81	12
Commercial	523	503	20	4
Industrial	544	489	55	11
Governmental	52	48	4	8
Total retail	1,870	1,710	160	9
Sales for resale	52	39	13	33
Other	27	36	(9 )	(25 )
Total	\$1,949	\$1,785	\$164	9
<b>Utility Billed Electric Energy</b>				
<b>Sales (GWh):</b>				
Residential	8,344	7,760	584	8
Commercial	6,421	6,414	7	-
Industrial	9,868	9,958	(90 )	(1 )
Governmental	584	578	6	1
Total retail	25,217	24,710	507	2
Sales for resale	630	732	(102 )	(14 )
Total	25,847	25,442	405	2
<b>Entergy Wholesale Commodities:</b>				
Operating Revenues	\$614	\$560	\$54	10
Billed Electric Energy Sales (GWh)	10,387	11,281	(894 )	(8 )

Table of Contents

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.

ANO Damage and Outage

On March 31, 2013, during a scheduled refueling outage at ANO 1, a contractor-owned and operated heavy-lifting apparatus collapsed while moving the generator stator out of the turbine building. The collapse resulted in the death of an ironworker and injuries to several other contract workers, caused ANO 2 to shut down, and damaged the ANO turbine building. The turbine building serves both ANO 1 and 2 and is a non-radiological area of the plant. Entergy is still analyzing the incident; the extent of the damage; the cost of assessment, debris removal, and replacing damaged property and equipment; and the schedule for restoring ANO 1 to service, but was able to restart ANO 2 on April 28, 2013. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and expects to incur incremental replacement power costs for ANO 1 power to the extent its outage extends beyond the originally-planned duration of the refueling outage. Each of the Utility operating companies has recovery mechanisms in place designed to recover its prudently-incurred fuel and purchased power costs.

Entergy Arkansas is assessing its options for recovering damages that resulted from the stator drop, including its insurance coverage. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members' nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a \$50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL's position and is evaluating its options for enforcing its rights under the policy.

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.





Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

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.

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. The following are updates to that information.

Fuel and Purchased Power Cost Recovery

Entergy Louisiana

In April 2010 the LPSC authorized its staff to initiate an audit of Entergy Louisiana's fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed through the fuel adjustment clause by Entergy Louisiana for the period from 2005 through 2009. The LPSC Staff issued its audit report in January 2013. The LPSC staff recommended that Entergy Louisiana refund approximately \$1.9 million, plus interest, to customers and realign the recovery of approximately \$1 million from Entergy Louisiana's fuel adjustment clause to base rates. Two parties have intervened in the proceeding. A procedural schedule has been established for the identification of issues by the intervenors and for Entergy Louisiana to submit comments regarding the LPSC Staff report, with this process to be completed by October 4, 2013. If any open issues remain, a procedural schedule will be established to address those issues. Entergy Louisiana has recorded provisions for the estimated outcome of this proceeding.

Entergy Texas

In November 2012, Entergy Texas filed a pleading seeking a PUCT finding that special circumstances exist for limited cost recovery of capacity costs associated with two power purchase agreements until such time that these costs are included in base rates or a purchased capacity recovery rider or other recovery mechanism. In March 2013 the PUCT Staff and intervenors filed a joint motion to dismiss Entergy Texas's application seeking special circumstances recovery of these capacity costs. Entergy Texas filed a response and the matter remains pending.

At the April 11, 2013 open meeting, the PUCT Commissioners discussed their view that a purchased power capacity rider was good public policy. The PUCT subsequently proposed a second draft of the rule that incorporates a pre-approval process as discussed at the meeting. A final decision is expected by the end of May 2013. If the PUCT finalizes the rule, Entergy Texas would have the option to recover its capacity costs under the new rider mechanism or could proceed with a full base rate proceeding.

Table of Contents

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 that information.

Filings with the APSC (Entergy Arkansas)

Retail Rates

2013 Base Rate Filing

In March 2013, Entergy Arkansas filed with the APSC for a general change in rates, charges, and tariffs. Recognizing that the final structure of Entergy Arkansas's transmission business has not been determined, the filing presents two alternative scenarios for the APSC to establish the appropriate level of rates for Entergy Arkansas. In the primary scenario, which assumes that Entergy Arkansas will transition to MISO in December 2013, Entergy Arkansas requests a rate increase of \$174 million, including \$49 million of revenue being transferred from collection in riders to base rates. The alternate scenario, which also assumes completion of the proposed spin-merge of the transmission business with ITC, reflects a \$218 million total rate increase request. Both scenarios propose a new transmission rider and a capacity cost recovery rider. The filing requests a 10.4% return on common equity. The APSC established a procedural schedule that includes hearings in the proceeding beginning in October 2013. New rates are expected to become effective by January 2014.

Filings with the LPSC

Retail Rates - Electric

(Entergy Gulf States Louisiana)

In November 2011 the LPSC approved a one-year extension of Entergy Gulf States Louisiana's formula rate plan. In May 2012, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflected an 11.94% earned return on common equity, which is above the earnings bandwidth and would indicate a \$6.5 million cost of service rate change was necessary under the formula rate plan. The filing also reflected a \$22.9 million rate decrease for incremental capacity costs. Subsequently, in August 2012, Entergy Gulf States Louisiana submitted a revised filing that reflected an earned return on common equity of 11.86% indicating a \$5.7 million cost of service rate decrease is necessary under the formula rate plan. The revised filing also indicates that a reduction of \$20.3 million should be reflected in the incremental capacity rider. The rate reductions were implemented, subject to refund, effective for bills rendered the first billing cycle of September 2012. The September 2012 rate change reduced Entergy Gulf States Louisiana's revenues by approximately \$8.7 million in 2012. Subsequently, in December 2012, Entergy Gulf States Louisiana submitted a revised evaluation report that reflects expected retail jurisdictional cost of \$16.9 million for the first-year capacity charges for the purchase from Entergy Louisiana of one-third of Acadia Unit 2 capacity and energy. This rate change was implemented effective with the first billing cycle of January 2013. The 2011 test year filings, as revised, were approved by the LPSC in February 2013. In April 2013, Entergy Gulf States Louisiana submitted a revised evaluation report increasing the incremental capacity rider by approximately \$7.3 million to reflect the cost of an additional capacity contract.

See Note 2 to the financial statements in the Form 10-K for a discussion of the base rate case filed by Entergy Gulf States Louisiana with the LPSC in February 2013. In April 2013 the LPSC established a procedural schedule providing for hearings in November 2013, with a decision by the LPSC expected by February 2014.

(Entergy Louisiana)

In November 2011 the LPSC approved a one-year extension of Entergy Louisiana's formula rate plan. In May 2012, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflected 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 reflected an \$18.1 million rate increase for incremental capacity costs. In August 2012, Entergy Louisiana submitted a revised filing that reflects an earned return on common equity of 10.38%, which is still within the earnings bandwidth, resulting in no cost of service rate change. The revised filing also indicates that an increase of \$15.9 million should be reflected in the

Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

incremental capacity rider. The rate change was implemented, subject to refund, effective for bills rendered the first billing cycle of September 2012. The September 2012 rate change contributed approximately \$5.3 million to Entergy Louisiana's revenues in 2012. Subsequently, in December 2012, Entergy Louisiana submitted a revised evaluation report that reflects two items: 1) a \$17 million reduction for the first-year capacity charges for the purchase by Entergy Gulf States Louisiana from Entergy Louisiana of one-third of Acadia Unit 2 capacity and energy, and 2) an \$88 million increase for the first-year retail revenue requirement associated with the Waterford 3 replacement steam generator project, which was in-service in December 2012. These rate changes were implemented, subject to refund, effective with the first billing cycle of January 2013. In April 2013, Entergy Louisiana and the LPSC staff filed a joint report resolving the 2011 test year formula rate plan and recovery related to the Grand Gulf uprate. This report was approved by the LPSC in April 2013. With completion of the Waterford 3 replacement steam generator project, the LPSC will undertake a prudence review in connection with a filing made by Entergy Louisiana in April 2013 with regard to the following aspects of the replacement project: 1) project management; 2) cost controls; 3) success in achieving stated objectives; 4) the costs of the replacement project; and 5) the outage length and replacement power costs.

See Note 2 to the financial statements in the Form 10-K for a discussion of the base rate case filed by Entergy Louisiana with the LPSC in February 2013. In April 2013 the LPSC established a procedural schedule providing for hearings in December 2013, with a decision by the LPSC expected by February 2014.

#### Retail Rates - Gas (Entergy Gulf States Louisiana)

In January 2013, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2012. The filing showed an earned return on common equity of 11.18%, which results in a \$43 thousand rate reduction. In March 2013 the LPSC Staff issued its proposed findings and recommended two adjustments. The first is to normalize property insurance expense, and the second is to modify the return on equity for gas operations to reflect the return on equity that ultimately is approved by the LPSC in the investigation previously initiated by the LPSC to review the return on equity for Louisiana gas utilities. Exceptions to the LPSC Staff report were due April 25, 2013, however, the parties have agreed to an extension of time through May 10, 2013 for Entergy Gulf States Louisiana to submit its response to the LPSC Staff's findings.

#### Filings with the MPSC (Entergy Mississippi)

##### Formula Rate Plan Filings

In March 2013, Entergy Mississippi submitted its formula rate plan 2012 test year filing. The filing requests a \$36.3 million revenue increase to reset Entergy Mississippi's return on common equity to 10.55%, which is a point within the formula rate plan bandwidth. The formula rate plan calls for new rates to be implemented in June 2013 (or in July 2013 if any part of the filing is disputed by the Mississippi Public Utilities Staff). The filing is currently subject to MPSC review. A scheduling order was filed in April 2013 setting a hearing for July 2, 2013, with a final order to be issued on or before July 15, 2013 and revised rate adjustments to begin billing on July 28, 2013.

#### Filings with the City Council (Entergy Louisiana)

In March 2013, Entergy Louisiana filed a rate case for the Algiers area, which is in New Orleans and is regulated by the City Council. Entergy Louisiana is requesting a rate increase of \$13 million over three years, including a 10.4% return on common equity and a formula rate plan mechanism identical to its LPSC request. New rates are currently

expected to become effective in second quarter 2014.

System Agreement Cost Equalization Proceedings

See Note 2 to the financial statements in the Form 10-K for a discussion of the proceedings regarding the System Agreement. Following are updates to that discussion.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

Rough Production Cost Equalization Rates

2008 Rate Filing Based on Calendar Year 2007 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In March 2013 the LPSC filed a petition for review with the U.S. Court of Appeals for the Fifth Circuit seeking appellate review of the FERC's earlier orders addressing the ALJ's initial decision.

2009 Rate Filing Based on Calendar Year 2008 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In January 2013 the LPSC filed a protest of Entergy's July 2012 compliance filing submitted in response to the FERC's May 2012 order.

Interruptible Load Proceeding

See Note 2 to the financial statements in the Form 10-K for a discussion of the proceeding regarding the treatment under the System Agreement of the Utility operating companies' interruptible loads. On March 21, 2013, the FERC issued an order denying the LPSC's request for rehearing of the FERC's June 2011 order wherein the FERC concluded it would exercise its discretion and not order refunds in the interruptible load proceeding. Based on its review of the LPSC's request for rehearing and the briefs filed as part of the paper hearing established in October 2011, the FERC affirmed its earlier ruling and declined to order refunds under the circumstances of the case.

Storm Cost Recovery Filings with Retail Regulators

Entergy Gulf States Louisiana and Entergy Louisiana

Hurricane Isaac

See Note 2 to the financial statements in the Form 10-K for a discussion of Hurricane Isaac and the damage caused to portions of Entergy's service area in Louisiana. In January 2013, Entergy Gulf States Louisiana and Entergy Louisiana withdrew \$65 million and \$187 million, respectively, from their storm reserve escrow accounts. In April 2013, Entergy Gulf States Louisiana and Entergy Louisiana filed a joint application with the LPSC relating to Hurricane Isaac system restoration costs. Specifically, Entergy Gulf States Louisiana and Entergy Louisiana requested that the LPSC determine the amount of such costs that were prudently incurred and are, thus, eligible for recovery from customers. Including carrying costs and additional storm escrow funds, Entergy Gulf States Louisiana is seeking an LPSC determination that \$73.8 million in system restoration costs were prudently incurred and Entergy Louisiana is seeking an LPSC determination that \$247.7 million in system restoration costs were prudently incurred. Entergy Gulf States Louisiana and Entergy Louisiana intend to replenish their storm escrow accounts to \$90 million and \$200 million, respectively, primarily through traditional debt markets and have requested special rate treatment of any borrowings for that purpose. This filing does not, however, seek to implement any rate change; rather, Entergy Gulf States Louisiana and Entergy Louisiana anticipate filing a supplemental application in May 2013 proposing a specific means to finance system restoration costs. Entergy Gulf States Louisiana and Entergy Louisiana plan to pursue Louisiana Act 55 financing of the costs, which was the same method they used for Hurricanes Katrina, Rita, Gustav, and Ike.

Texas Power Price Lawsuit

See Note 2 to the financial statements in the Form 10-K for a discussion of the lawsuit filed in August 2003 in the district court of Chambers County, Texas by Texas residents on behalf of a purported class 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 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. In April 2012 the court entered an order certifying the class. The defendants have appealed the order to the Texas Court of Appeals – First District. The appeal is pending, and proceedings in district court are stayed until the appeal is resolved. Oral arguments before the court of appeals were conducted on April 23, 2013, and the matter awaits that court's decision.



Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

### Entergy Arkansas Opportunity Sales Proceeding

See Note 2 to the financial statements in the Form 10-K for a discussion of the Entergy Arkansas opportunity sales proceeding. As required by the procedural schedule established in the calculation proceeding, Entergy filed its direct testimony that included a proposed illustrative re-run, consistent with the directives in FERC's order, of intra-system bills for 2003, 2004, and 2006, the three years with the highest volume of opportunity sales. Entergy's proposed illustrative re-run of intra-system bills shows that the potential cost for Entergy Arkansas would be up to \$12 million for the years 2003, 2004, and 2006, and the potential benefit would be significantly less than that for each of the other Utility operating companies. Entergy's proposed illustrative re-run of the intra-system bills also shows an offsetting potential benefit to Entergy Arkansas for the years 2003, 2004, and 2006 resulting from the effects of the FERC's order on System Agreement Service Schedules MSS-1, MSS-2, and MSS-3, and the potential offsetting cost would be significantly less than that for each of the other Utility operating companies. Entergy provided to the LPSC an illustrative intra-system bill recalculation as specified by the LPSC for the years 2003, 2004, and 2006, and the LPSC then filed answering testimony in December 2012. In its testimony the LPSC claims that the damages that should be paid by Entergy Arkansas to the other Utility operating companies' customers for 2003, 2004, and 2006 are \$42 million to Entergy Gulf States, Inc., \$7 million to Entergy Louisiana, \$23 million to Entergy Mississippi, and \$4 million to Entergy New Orleans; and that Entergy Arkansas "shareholders" should pay Entergy Arkansas customers \$34 million. The FERC staff and certain intervenors filed direct and answering testimony in February 2013. In April 2013, Entergy filed its rebuttal testimony in that proceeding, including a revised illustrative re-run of the intra-system bills for the years 2003, 2004, and 2006. The revised calculation determines the re-pricing of the opportunity sales based on consideration of moveable resources only and the removal of exchange energy received by Entergy Arkansas, which increases the potential cost for Entergy Arkansas over the three years 2003, 2004, and 2006 by \$2.3 million from the potential costs identified in the Utility operating companies' prior filings in September and October 2012. A hearing is scheduled for May 2013, and the ALJ's initial decision on the calculation of the effects is due by August 28, 2013.

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

#### Common Stock

#### Earnings per Share

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

For the Three Months Ended March 31,  
2013 2012  
(In Millions, Except Per Share Data)

Basic earnings per share	Income	Shares	\$/share	Income	Shares	\$/share
Net income attributable to Entergy Corporation	\$161.4	178.0	\$0.91	\$(151.7 )	176.9	\$(0.86 )
Average dilutive effect of:						
Stock options		0.1	-		0.5	-

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Other equity plans		0.3	(0.01 )		-	-
Diluted earnings per share	\$161.4	178.4	\$0.90	\$(151.7 )	177.4	\$(0.86 )

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.

Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

## Treasury Stock

During the three months ended March 31, 2013, Entergy Corporation issued 288,420 shares of its previously repurchased common stock to satisfy stock option exercises, vesting of shares of restricted stock, and other stock-based awards. Entergy Corporation did not repurchase any of its common stock during the three months ended March 31, 2013.

## Retained Earnings

On April 17, 2013, Entergy Corporation's Board of Directors declared a common stock dividend of \$0.83 per share, payable on June 3, 2013 to holders of record as of May 9, 2013.

## 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. The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the three months ended March 31, 2013 by component:

	Cash flow hedges net unrealized gain	Pension and other postretirement liabilities	Net unrealized investment gains	Foreign currency translation	Total Accumulated Other Comprehensive Loss
Beginning balance, December 31, 2012	\$79,905	\$(590,712)	\$214,547	\$3,177	\$(293,083)
Other comprehensive income (loss) before reclassifications	(77,561)	-	57,372	(772 )	(20,961 )
Amounts reclassified from accumulated other comprehensive income (loss)	1,586	9,795	(995 )	-	10,386
Net other comprehensive income (loss) for the period	(75,975)	9,795	56,377	(772 )	(10,575 )

Ending balance, March 31, 2013	\$3,930	\$(580,917)	\$270,924	\$2,405	\$(303,658)
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The following table presents changes in accumulated other comprehensive loss for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2013:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance, December 31, 2012	\$ (65,229)	\$ (46,132)
Amounts reclassified from accumulated other comprehensive loss	955	678
Net other comprehensive income for the period	955	678
Ending balance, March 31, 2013	\$ (64,274)	\$ (45,454)

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

Total reclassifications out of accumulated other comprehensive loss (AOCI) for Entergy for the three months ended March 31, 2013 are as follows:

	Amounts reclassified from AOCI	Income Statement Location
	(In Thousands)	
<b>Cash flow hedges net unrealized gain</b>		
		Competitive business
Power contracts	\$ (2,117 )	operating revenues
Interest rate swaps	(405 )	Miscellaneous - net
Total realized losses on cash flow hedges	(2,522 )	
	936	Income taxes
Total realized losses on cash flow hedges (net of tax)	\$ (1,586 )	
<b>Pension and other postretirement liabilities</b>		
Amortization of prior-service costs	2,384	(a)
Amortization of loss	(18,048 )	(a)
Total amortization	(15,664 )	
	5,869	Income taxes
Total amortization (net of tax)	\$ (9,795 )	
<b>Net unrealized investment gains</b>		
Realized gains (net of tax expense of \$956)	\$ 995	Interest and investment income
Total reclassifications for the period (net of tax)	\$ (10,386 )	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost. See Note 6 to the financial statements for additional details.

Total reclassifications out of accumulated other comprehensive loss (AOCI) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2013 are as follows:

	Amounts reclassified from AOCI
	Entergy      Entergy Louisiana

	Gulf States Louisiana (In Thousands)	Income Statement Location
Pension and other postretirement liabilities		
Amortization of prior-service costs	\$ 206	\$ 62 (a)
Amortization of loss	(1,947 )	(1,287 )(a)
Total amortization	(1,741 )	(1,225 )
	786	547 Income taxes
Total amortization (net of tax)	(955 )	(678 )
Total reclassifications for the period (net of tax)		
	\$ (955 )	\$ (678 )

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost. See Note 6 to the financial statements for additional details.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

**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 2018. 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 undrawn 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 three months ended March 31, 2013 was 1.98% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of March 31, 2013.

Capacity (a)	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
\$3,500	\$570	\$8	\$2,922

(a) The capacity decreases to \$3,490 million in March 2017.

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 Corporation has a commercial paper program with a program limit of up to \$1 billion. As of March 31, 2013, Entergy Corporation had \$883.7 million of commercial paper outstanding. The weighted-average interest rate for the three months ended March 31, 2013 was 0.84%.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of March 31, 2013 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of March 31, 2013
Entergy Arkansas	April 2013	\$20 million (b)	1.78%	\$-
Entergy Arkansas	March 2018	\$150 million (c)	1.70%	\$-

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Entergy Gulf States Louisiana	March 2018	\$150 million (d)	1.70%	\$50 million
Entergy Louisiana	March 2018	\$200 million (e)	1.70%	\$-
Entergy Mississippi	May 2013	\$35 million (f)	1.95%	\$35 million
Entergy Mississippi	May 2013	\$25 million (f)	1.95%	\$25 million
Entergy Mississippi	May 2013	\$10 million (f)	1.95%	\$10 million
Entergy New Orleans	November 2013	\$25 million (g)	1.68%	\$25 million
Entergy Texas	March 2018	\$150 million (h)	1.95%	\$-

- (a) The interest rate is the rate as of March 31, 2013 that would most likely apply 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. The credit facility expired in April 2013. Entergy Arkansas plans to renew the credit facility.
- (c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2013, 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.



Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

- (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 March 31, 2013, 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 March 31, 2013, 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. Prior to expiration on May 31, 2013, Entergy Mississippi expects to renew all of its credit facilities.
- (g) The credit facility requires Entergy New Orleans to maintain a debt ratio of 65% or less of its total capitalization.
- (h) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2013, 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 commitment fees on the credit facilities range from 0.125% to 0.275% of the undrawn commitment amount.

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 March 31, 2013 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	\$250	\$-
Entergy Gulf States Louisiana	\$200	\$59
	\$250	\$-

Entergy Louisiana		
Entergy Mississippi	\$175	\$74
Entergy New Orleans	\$100	\$25
Entergy Texas System Energy	\$200	\$-

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 nuclear fuel company variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of March 31, 2013:

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

Company	Expiration Date	Amount of Facility (Dollars in Millions)	Weighted Average Interest Rate on Borrowings (a)	Amount Outstanding as of March 31, 2013
Entergy Arkansas VIE	July 2013	\$85	2.28%	\$21.4
Entergy Gulf States Louisiana VIE	July 2013	\$85	n/a	\$-
Entergy Louisiana VIE	July 2013	\$90	2.32%	\$54.4
System Energy VIE	July 2013	\$100	2.32%	\$20.2

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

Amounts outstanding on the Entergy Gulf States Louisiana nuclear fuel company variable interest entity's credit facility, if any, are included in long-term debt on its balance sheet and commercial paper outstanding for the other nuclear fuel company variable interest entities 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.

The nuclear fuel company variable interest entities had notes payable that are included in debt on the respective balance sheets as of March 31, 2013 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 Arkansas VIE		\$60 million

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	2.62% Series K due December 2017	
Entergy Gulf States Louisiana VIE	5.56% Series N due May 2013	\$75 million
Entergy Gulf States Louisiana VIE	3.25% Series Q due July 2017	\$75 million
Entergy Gulf States Louisiana VIE	3.38% Series R due August 2020	\$70 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
Entergy Louisiana VIE	3.25% Series G due July 2017	\$25 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 Arkansas)

In January 2013, Entergy Arkansas arranged for the issuance by (i) Independence County, Arkansas of \$45 million of 2.375% Pollution Control Revenue Refinancing Bonds (Entergy Arkansas, Inc. Project) Series 2013 due January 2021, and (ii) Jefferson County, Arkansas of \$54.7 million of 1.55% Pollution Control Revenue Refunding Bonds (Entergy Arkansas, Inc. Project) Series 2013 due October 2017, each of which series is secured by a separate series of non-interest bearing first mortgage bonds of Entergy Arkansas. The proceeds of these issuances were applied to the refunding of outstanding series of pollution control revenue bonds previously issued by the respective issuers.

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

## (Entergy Mississippi)

In February 2013, Entergy Mississippi redeemed, at maturity, its \$100 million 5.15% Series first mortgage bonds.

## Fair Value

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of March 31, 2013 are as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a) (b)
(In Thousands)		
Entergy	\$12,359,756	\$12,866,746
Entergy Arkansas	\$2,123,945	\$2,020,198
Entergy Gulf States	\$1,637,489	\$1,805,683
Entergy Louisiana	\$2,813,918	\$2,913,342
Entergy Mississippi	\$1,139,556	\$1,211,692
Entergy New Orleans	\$221,302	\$225,865
Entergy Texas	\$1,595,957	\$1,833,724
System Energy	\$742,926	\$667,758

- (a) The values exclude lease obligations of \$151 million at Entergy Louisiana and \$98 million at System Energy, long-term DOE obligations of \$181 million at Entergy Arkansas, and the note payable to NYPA of \$110 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.

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The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of December 31, 2012 were as follows:

	Book Value of Long-Term Debt (In Thousands)	Fair Value of Long-Term Debt (a) (b)
Entergy	\$12,638,834	\$12,849,330
Entergy Arkansas	\$2,123,895	\$1,876,335
Entergy Gulf States Louisiana	\$1,517,429	\$1,668,819
Entergy Louisiana	\$2,826,095	\$2,921,322
Entergy Mississippi	\$1,169,519	\$1,230,714
Entergy New Orleans	\$196,300	\$200,725
Entergy Texas	\$1,617,813	\$1,885,672
System Energy	\$783,799	\$664,670

(a) The values exclude lease obligations of \$163 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 \$110 million at Entergy, and include debt due within one year.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

- (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 600,700 stock options during the first quarter 2013 with a weighted-average fair value of \$8.00 per option. At March 31, 2013, there are 9,757,536 stock options outstanding with a weighted-average exercise price of \$79.66. 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 March 31, 2013. Because Entergy's stock price at March 31, 2013 is less than the weighted average exercise price, the aggregate intrinsic value of the stock options outstanding as of March 31, 2013 is zero. The intrinsic value of "in the money" stock options is \$4 million as of March 31, 2013.

The following table includes financial information for stock options for the first quarters of 2013 and 2012:

	2013	2012
	(In Millions)	
Compensation expense included in Entergy's net income	\$1.3	\$2.1
Tax benefit recognized in Entergy's net income	\$0.5	\$0.8
Compensation cost capitalized as part of fixed assets and inventory	\$0.2	\$0.4

## Other Equity Plans

In January 2013 the Board approved and Entergy granted 361,700 restricted stock awards and 201,474 long-term incentive awards under the 2011 Equity Ownership and Long-term Cash Incentive Plan. The restricted stock awards were made effective as of January 31, 2013 and were valued at \$64.60 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. The long-term incentive awards are granted in the form of performance units, which are equal to the cash value of shares of Entergy Corporation at the end of the performance period, which is the last day of the year. The performance units were made effective as of January 31, 2013 and were valued at \$65.36 per share. Entergy considers various factors, primarily market conditions, in determining the value of the performance units. Shares of the restricted stock awards have the same dividend and voting rights as other common stock, are considered issued and

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outstanding shares of Entergy upon vesting, and are expensed ratably over the three-year vesting period. Shares of the performance units have the same dividend 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 first quarters of 2013 and 2012:

	2013	2012
	(In Millions)	
Compensation expense included in Entergy's net income	\$5.9	\$2.9
Tax benefit recognized in Entergy's net income	\$2.3	\$1.1
Compensation cost capitalized as part of fixed assets and inventory	\$0.7	\$0.5



Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

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 Qualified Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the first quarters of 2013 and 2012, included the following components:

	2013	2012
	(In Thousands)	
Service cost - benefits earned during the period	\$ 44,051	\$ 37,691
Interest cost on projected benefit obligation	65,266	65,232
Expected return on assets	(81,748)	(79,356)
Amortization of prior service cost	567	683
Amortization of loss	54,951	41,820
Net pension costs	\$ 83,087	\$ 66,070

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the first quarters of 2013 and 2012, included the following components:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
2013	(In Thousands)						
Service cost - benefits earned during the period	\$6,371	\$3,599	\$4,334	\$1,842	\$832	\$1,637	\$1,836
Interest cost on projected benefit obligation	13,550	6,657	8,644	3,930	1,849	4,055	3,016
Expected return on assets	(16,717 )	(8,734 )	(10,454 )	(5,279 )	(2,270 )	(5,566 )	(4,299 )
Amortization of prior service cost	6	2	21	2	-	2	3
Amortization of loss	12,544	5,933	8,727	3,344	2,011	3,373	2,429
Net pension cost	\$15,754	\$7,457	\$11,272	\$3,839	\$2,422	\$3,501	\$2,985

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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

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

Entergy recognized \$5.5 million and \$5.1 million in pension cost for its non-qualified pension plans in the first quarters of 2013 and 2012, respectively.

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the first quarters of 2013 and 2012:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost first quarter 2013	\$103	\$38	\$3	\$47	\$23	\$149
Non-qualified pension cost first quarter 2012	\$107	\$39	\$3	\$46	\$19	\$163

## Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the first quarters of 2013 and 2012, included the following components:

	2013	2012
	(In Thousands)	
Service cost - benefits earned during the period	\$ 18,917	\$ 17,221
Interest cost on accumulated postretirement benefit obligation (APBO)	19,766	20,640
Expected return on assets	(9,950 )	(8,626 )
Amortization of transition obligation	-	794
Amortization of prior service cost	(3,334 )	(4,541 )
Amortization of loss	11,304	9,113
Net other postretirement benefit cost	\$ 36,703	\$ 34,601

The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the first quarters of 2013 and 2012, included the following components:

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2013	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	\$2,414	\$2,001	\$2,172	\$819	\$447	\$950	\$907
Interest cost on APBO	3,360	2,226	2,349	1,074	785	1,515	729
Expected return on assets	(4,149 )	-	-	(1,317 )	(1,014 )	(2,321 )	(825 )
Amortization of prior service cost	(133 )	(206 )	(62 )	(35 )	10	(107 )	(16 )
Amortization of loss	2,041	1,174	1,287	662	396	976	479
Net other postretirement benefit cost	\$3,533	\$5,195	\$5,746	\$1,203	\$624	\$1,013	\$1,274

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

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

## Reclassification out of Accumulated Other Comprehensive Income

For the first quarter of 2013, Entergy's and the Registrant Subsidiaries' reclassified the following costs out of accumulated other comprehensive income (before taxes and including amounts capitalized):

	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
(In Thousands)				
Entergy				
Amortization of prior service cost	\$ (502 )	\$ 3,007	\$ (121 )	\$ 2,384
Amortization of loss	(11,845)	(5,486 )	(717 )	(18,048)
	\$ (12,347)	\$ (2,479 )	\$ (838 )	\$ (15,664)
Entergy Gulf States Louisiana				
Amortization of prior service cost	\$ -	\$ 206	\$ -	\$ 206
Amortization of loss	(771 )	(1,174 )	(2 )	(1,947 )
	\$ (771 )	\$ (968 )	\$ (2 )	\$ (1,741 )
Entergy Louisiana				

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Amortization of prior service cost	\$ -	\$ 62	\$ -	\$ 62
Amortization of loss	-	(1,287 )	-	(1,287 )
	\$ -	\$ (1,225 )	\$ -	\$ (1,225 )

Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

## Employer Contributions

Based on current assumptions, Entergy expects to contribute \$163.4 million to its qualified pension plans in 2013. As of March 31, 2013, Entergy had contributed \$3.6 million to its pension plans. Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans in 2013:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Expected 2013 pension contributions	\$35,382	\$11,550	\$21,151	\$8,152	\$4,175	\$6,880	\$8,304
Pension contributions made through March 2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining estimated pension contributions to be made in 2013	\$35,382	\$11,550	\$21,151	\$8,152	\$4,175	\$6,880	\$8,304

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 March 31, 2013 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.

In the fourth quarter 2012, Entergy moved two subsidiaries from All Other to the Entergy Wholesale Commodities segment to improve the alignment of certain intercompany items and income tax activity. The 2012 information in the table below has been restated to reflect the change.

Entergy's segment financial information for the first quarters of 2013 and 2012 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Entergy
	(In Thousands)				
<b>2013</b>					
Operating revenues	\$ 2,003,441	\$ 613,733	\$ 1,000	\$ (9,300 )	\$ 2,608,874
Income taxes	\$ 71,075	\$ 56,936	\$ (11,475)	\$ -	\$ 116,536
Consolidated net income (loss)	\$ 127,835	\$ 82,114	\$ (16,572)	\$ (26,395)	\$ 166,982
<b>2012</b>					
Operating revenues	\$ 1,831,640	\$ 560,251	\$ 959	\$ (9,191 )	\$ 2,383,659
Income taxes	\$ 99,707	\$ (92,141 )	\$ (7,728 )	\$ -	\$ (162 )
Consolidated net income (loss)	\$ 67,212	\$ (175,949)	\$ (10,968)	\$ (27,035)	\$ (146,740 )



Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

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 sale 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.

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.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

## Derivatives

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of March 31, 2013 are shown in the table below. Certain investments, including those not designated as hedging instruments, are subject to master netting arrangements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Fair Value (a)	Offset (b)  (In Millions)	Net (c) (d)	Business
Derivatives designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$46	(\$26)	\$20	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$36	(\$14)	\$22	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	\$30	(\$20)	\$10	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$25	(\$16)	\$9	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$58	(\$25)	\$33	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$15	(\$10)	\$5	Entergy Wholesale Commodities
Natural gas swaps	Prepayments and other	\$24	(\$-)	\$24	Utility

**Liabilities:**

Electricity swaps and options	Other current liabilities (current portion)	\$36	(\$31)	\$5	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$11	(\$7)	\$4	Entergy Wholesale Commodities

Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2012 are shown in the table below. Certain investments, including those not designated as hedging instruments, are subject to master netting arrangements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Fair Value (a)	Offset (b)  (In Millions)	Net (c) (d)	Business
Derivatives designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$123	(\$-)	\$123	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$46	(\$10)	\$36	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$18	(\$11)	\$7	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$22	(\$-)	\$22	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$24	(\$14)	\$10	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$19	(\$13)	\$6	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	\$8	(\$-)	\$8	Utility

- (a) Represents the gross amounts of recognized assets/liabilities
- (b) Represents the netting of fair value balances with the same counterparty
- (c) Represents the net amounts of assets /liabilities presented on the Entergy Consolidated Balance Sheets
- (d) Excludes cash collateral in the amounts of \$12 million and \$56 million held as of March 31, 2013 and December 31, 2012, respectively

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the three months ended March 31, 2013 and 2012 are as follows:

Instrument	Amount of gain (loss) recognized in other comprehensive income	Income Statement location	Amount of gain (loss) reclassified from AOCI into income
2013			
Electricity swaps and options	(\$120) million	Competitive businesses operating revenues	(\$2) million
2012			
Electricity swaps and options	\$291 million	Competitive businesses operating revenues	\$71 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. Unrealized gains or losses recorded in other comprehensive income 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. Gains (losses) totaling approximately (\$2) million and \$71 million were realized on the maturity of cash flow hedges, before taxes (benefit) of (\$1) million and \$25 million, for the three months ended March 31, 2013 and 2012, respectively. The change in fair value of Entergy's cash flow hedges due to ineffectiveness during the three months ended March 31, 2013 and March 31, 2012 was (\$1.3) million and \$0.2 million, respectively. The ineffective portion of cash flow hedges is recorded in competitive businesses operating revenues.

Based on market prices as of March 31, 2013, unrealized gains (losses) recorded in AOCI on cash flow hedges relating to power sales totaled \$15 million of net unrealized gains. Approximately \$5 million is expected to be reclassified from AOCI to operating revenues in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market prices. The maximum length of time over which Entergy is currently hedging the variability in future cash flows with derivatives for forecasted power transactions at March 31, 2013 is approximately 1.75 years. Planned generation currently under contract from Entergy Wholesale Commodities nuclear power plants is 84% for the remaining three quarters of 2013, of which approximately 51% is sold under financial derivatives and the remainder under normal purchase/normal sale contracts.

Certain 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 when the current market prices exceed the contracted power prices. The primary form of collateral to satisfy these requirements is an Entergy Corporation guarantee. As of March 31, 2013, hedge contracts with six counterparties were in a liability position (approximately \$25 million total), but were significantly below the amount of the guarantee provided under the contract and no cash collateral was required. As of March 31, 2012, there were no hedge contracts with counterparties in a liability position. If the Entergy Corporation credit rating falls below investment grade, the effect of the corporate guarantee is typically ignored and Entergy would have to post collateral equal to the estimated outstanding liability under the contract at the applicable date.

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 other comprehensive income prior to de-designation continue to be deferred in other comprehensive income until they are included in income as the original hedged transaction settles. 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.



Table of Contents

Entergy Corporation and Subsidiaries  
Notes to Financial Statements

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 March 31, 2013 is 60,540,000 MMBtu for Entergy, 18,270,000 MMBtu for Entergy Gulf States Louisiana, 25,140,000 MMBtu for Entergy Louisiana, and 17,130,000 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 March 31, 2013 and 2012 is as follows:

Instrument	Amount of gain recognized in AOCI	Income Statement location	Amount of gain (loss) recorded in income
2013			
Natural gas swaps	-	Fuel, fuel-related expenses, and gas purchased for resale	(\$20) million
Electricity swaps and options de-designated as hedged items	\$1 million	Competitive businesses operating revenues	(\$1) million
2012			
Natural gas swaps	-	Fuel, fuel-related expenses, and gas purchased for resale	(\$51) million
Electricity swaps and options de-designated as hedged items	\$3 million	Competitive businesses operating revenues	(\$2) 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 not designated as hedging instruments on their balance sheets as of March 31, 2013 are as follows:

Instrument	Balance Sheet Location	Fair Value	Registrant
Assets:			
Natural gas swaps	Gas hedge contracts	\$7.5 million	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	\$10.0 million	Entergy Louisiana

Natural gas swaps	Gas hedge contracts	\$6.6 million	Entergy Mississippi
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Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

The fair values of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their balance sheets as of December 31, 2012 are as follows:

Instrument	Balance Sheet Location	Fair Value	Registrant
Liabilities:			
Natural gas swaps	Gas hedge contracts	\$2.6 million	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	\$3.4 million	Entergy Louisiana
Natural gas swaps	Other current liabilities	\$2.2 million	Entergy Mississippi

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their statements of income for the three months ended March 31, 2013 and 2012 are as follows:

Instrument	Statement of Income Location	Amount of loss recorded in income	Registrant
2013			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$6.2) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$8.3) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$5.4) million	Entergy Mississippi
2012			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$15.0) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$20.7) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$13.4) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$1.5) million	Entergy New Orleans

## 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 those instruments held by the Entergy Wholesale Commodities business 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.

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

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 (temporary cash investments, securitization recovery trust account, and escrow accounts), debt instruments, and gas hedge contracts. See Note 1 to the financial statements in the Form 10-K for a discussion of cash and cash equivalents.
- 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 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.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

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 values 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 March 31, 2013, Entergy had in-the-money derivative contracts with a fair value of \$77 million with counterparties or their guarantor who are all currently investment grade. \$25 million of the derivative contracts as of March 31, 2013 are 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 other sources of forward market prices and/or to settlement prices of actual market transactions. Significant differences are analyzed and potentially adjusted based on these other sources of forward market prices and/or settlement prices of actual market transactions. Implied volatilities used to value options are also validated using actual counterparty quotes for Entergy Wholesale Commodities transactions when available, and using multiple sources of market implied volatilities. 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 March 31, 2013 and December 31, 2012. 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.

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

2013	Level 1	Level 2	Level 3	Total
(In Millions)				
<b>Assets:</b>				
Temporary cash investments	\$ 197	\$ -	\$ -	\$ 197
<b>Decommissioning trust funds (a):</b>				
Equity securities	386	2,319	-	2,705
Debt securities	745	1,003	-	1,748
Power contracts	-	-	80	80
Gas hedge contracts	24	-	-	24
<b>Securitization</b>				
recovery trust account	44	-	-	44
Escrow accounts	138	-	-	138
	\$ 1,534	\$ 3,322	\$ 80	\$ 4,936
<b>Liabilities:</b>				
Power contracts	\$ -	\$ -	\$ 28	\$ 28

  

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
<b>Assets:</b>				
Temporary cash investments	\$ 420	\$ -	\$ -	\$ 420
<b>Decommissioning trust funds (a):</b>				
Equity securities	358	2,101	-	2,459
Debt securities	769	962	-	1,731
Power contracts	-	-	191	191
<b>Securitization</b>				
recovery trust account	46	-	-	46
Escrow accounts	386	-	-	386
	\$ 1,979	\$ 3,063	\$ 191	\$ 5,233
<b>Liabilities:</b>				
Power contracts	\$ -	\$ -	\$ 13	\$ 13
Gas hedge contracts	8	-	-	8
	\$ 8	\$ -	\$ 13	\$ 21

(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.

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the three months ended March 31, 2013 and 2012:

	2013	2012
	(In Millions)	
Balance as of January 1,	\$ 178	\$ 312
Unrealized gains (losses) from price changes	(115 )	286
Unrealized gains on originations	1	1
Realized losses included in earnings	(14 )	-
Realized (gains) losses on settlements	2	(71 )
Balance as of March 31,	\$ 52	\$ 528

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 March 31, 2013:

Transaction Type	Fair Value as of March 31, 2013	Significant Unobservable Inputs	Range from Average %	Effect on Fair Value
Electricity swaps	\$12 million	Unit contingent discount	+/-3%	\$1 million
Electricity options	\$40 million	Implied volatility	+/-9%	\$27 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	Increase (Decrease)	Increase (Decrease)
		Buy		

Implied volatility	Electricity options	Increase (Decrease)	Increase (Decrease)
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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 March 31, 2013 and December 31, 2012. 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.

Table of ContentsEntergy Corporation and Subsidiaries  
Notes to Financial Statements

## Entergy Arkansas

2013	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$ 12.4	\$ -	\$ -	\$ 12.4
Decommissioning trust funds (a):				
Equity securities	2.8	417.0	-	419.8
Debt securities	70.3	153.1	-	223.4
Securitization				
recovery trust account	7.9	-	-	7.9
Escrow accounts	38.0	-	-	38.0
	\$ 131.4	\$ 570.1	\$ -	\$ 701.5

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$ 24.9	\$ -	\$ -	\$ 24.9
Decommissioning trust funds (a):				
Equity securities	9.5	374.5	-	384.0
Debt securities	94.3	122.3	-	216.6
Securitization				
recovery trust account	4.4	-	-	4.4
Escrow accounts	38.0	-	-	38.0
	\$ 171.1	\$ 496.8	\$ -	\$ 667.9

## Entergy Gulf States Louisiana

2013	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$ 0.8	\$ -	\$ -	\$ 0.8
Decommissioning trust funds (a):				
Equity securities	5.0	315.2	-	320.2
Debt securities	53.0	138.5	-	191.5
Gas hedge contracts	7.5	-	-	7.5

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Escrow accounts	21.5	-	-	21.5
	\$ 87.8	\$ 453.7	\$ -	\$ 541.5

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
<b>Assets:</b>				
Temporary cash investments	\$ 0.6	\$ -	\$ -	\$ 0.6
<b>Decommissioning trust funds (a):</b>				
Equity securities	5.5	283.0	-	288.5
Debt securities	49.5	139.4	-	188.9
Escrow accounts	87.0	-	-	87.0
	\$ 142.6	\$ 422.4	\$ -	\$ 565.0
<b>Liabilities:</b>				
Gas hedge contracts	\$ 2.6	\$ -	\$ -	\$ 2.6

Table of Contents

Entergy Corporation and Subsidiaries

Notes to Financial Statements

## Entergy Louisiana

2013	Level 1	Level 2	Level 3	Total
(In Millions)				
<b>Assets:</b>				
Temporary cash investments	\$ 9.6	\$ -	\$ -	\$ 9.6
<b>Decommissioning trust funds (a):</b>				
Equity securities	2.9	193.2	-	196.1
Debt securities	52.2	60.2	-	112.4
<b>Securitization</b>				
recovery trust account	9.7	-	-	9.7
Gas hedge contracts	10.0	-	-	10.0
	\$ 84.4	\$ 253.4	\$ -	\$ 337.8

2012	Level 1	Level 2	Level 3	Total
(In Millions)				
<b>Assets:</b>				
Temporary cash investments	\$ 29.3	\$ -	\$ -	\$ 29.3
<b>Decommissioning trust funds (a):</b>				
Equity securities	2.0	173.5	-	175.5
Debt securities	52.6	59.3	-	111.9
<b>Securitization</b>				
recovery trust account	4.4	-	-	4.4
Escrow accounts	187.0	-	-	187.0
	\$ 275.3	\$ 232.8	\$ -	\$ 508.1

Liabilities: