

ENTERGY GULF STATES, INC.  
PUBLIC UTILITY COMMISSION OF TEXAS  
Docket No. 22344

Response of: Entergy Gulf States, Inc.  
to the Second Set of Data Requests  
of Requesting Party: Staff Informal

Prepared By: Cindy Layne  
Sponsoring Witness: David Wright  
Beginning Sequence No.  
Ending Sequence No.

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Question No.: STAFF INF 2-10

Part No.:

Addendum:

Question:

**Adjusted Cost of Capital (All companies)**

Based on the capital costs provided in response to Staff 1, Staff-8, and Staff-9, please recompute the weighted cost of capital for Schedule III-C provided in the utility's UCOS filing. (NOTE: if such calculation is already contained in the UCOS filing, please identify its exact location.)

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Response:

See attached.

ENTERGY GULF STATES, INC.  
WEIGHTED AVERAGE COST OF DEBT  
PERIOD ENDING JUNE 30, 2000 ADJUSTED  
ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 1/1/02

(1)	(2)	(3)	(4)	(5)	(6)
LINE NO.	ACCOUNT DESCRIPTION	CAPITAL AMOUNTS (000'S)	CAPITAL RATIOS	COMPONENT COST	WEIGHTED AVG. COST
1	LONG-TERM DEBT	\$1,954,833,932	54.62%	8.35%	4.56%
2	QUIPS	82,216,496	2.30%	9.07%	0.21%
3	TOTAL LONG-TERM DEBT	2,037,050,428	56.92%	8.38%	4.77%
4	PREFERRED STOCK	0	0.00%	0.00%	0.00%
5	COMMON EQUITY	1,542,027,581	43.08%	12.00%	5.17%
6	TOTAL	3,579,078,009	100.00%		9.94%

RECONCILIATION OF COMMON EQUITY:

Common Equity per Books at June 30, 2000	\$1,520,085,200
Less:	
Premium on Preferred Stock	234,235
Net Gain on Redemption/Preferred Stock	0
Add:	
Preferred Stock Expense	915,940
Loss on Cash Redemption/Preferred Stock	21,260,676
Common Equity as Adjusted at June 30, 2000	\$1,542,027,581

ENTERGY GULF STATES, INC.

WEIGHTED AVERAGE COST OF PREFERRED STOCK EQUITY

PERIOD ENDING JUNE 30, 2000 ADJUSTED

ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 1/1/02

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(S.p.2)	(K)
LINE	SERIES	ISSUANCE DATE	DIVIDEND RATE	MANDATORY REDEMPTION Y/N	PAR VALUE AT ISSUANCE	PREMIUM OR (DISCOUNT)	UNDERWRITER FEES AND EXPENSES	GAIN/(LOSS) ON REDEEMED STOCK	NET PROCEEDS AT ISSUANCE	NET PROCEEDS AS % OF PAR	ISSUE AS % OF TOTAL BOOK VALUE
1	\$4.40	SEP 26 1944	4.40%	N	\$12,000,000	\$210,036	\$272,944	0	\$11,937,092	99.476%	\$0
2	4.50	DEC 17 1947	4.50%	N	5,000,000	0	50,823	0	4,949,177	98.984%	0
3	4.40	OCT 06 1949	4.40%	N	6,000,000	75,400	67,505	0	6,007,895	100.132%	0
4	4.20	NOV 21 1950	4.20%	N	7,000,000	127,260	179,057	0	6,948,203	99.260%	0
5	4.44	JUL 23 1952	4.44%	N	5,000,000	137,500	160,882	0	4,976,618	99.532%	0
6	5.00	FEB 25 1958	5.00%	N	7,500,000	168,750	185,225	0	7,483,525	99.780%	0
7	5.08	JAN 14 1959	5.08%	N	10,000,000	262,500	233,477	0	10,029,023	100.290%	0
8	4.52	OCT 22 1963	4.52%	N	10,000,000	157,000	173,637	0	9,983,363	99.834%	0
9	6.08	JUL 20 1967	6.08%	N	20,000,000	266,600	263,593	0	20,003,007	100.015%	0
10	7.56	SEP 28 1972	7.56%	N	35,000,000	280,000	290,848	0	34,969,152	99.969%	0
11	Variable	MAY 12 1983	7.20%	Y	30,000,000	0	747,023	0	29,252,977	97.510%	0
12	Variable	JAN 31 1984	7.25%	Y	45,000,000	0	1,154,700	0	43,845,300	97.434%	0
13	SUSPENSE				0	0	0	0	0	N/A	0
14	TOTAL				\$192,500,000	\$1,685,046	\$3,779,714	\$0	\$190,405,332		\$0

The accounting method used to record issuance expenses, premiums or discounts at issuance, gains or losses on stock redemption, and annual amortization of such amounts for ratemaking purposes as well as financial reporting purposes comply with the Federal Energy Regulatory Commission's Code of Federal Regulations Part 101 - Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act.

NOTES

(C) Dividend rate should be expressed as % of par value

(I) = (E) + (F) - (G) + (H)

(J) = (I)/(E)

(L) = (C)/(J) for issues not subject to mandatory redemptions, and issues with variable dividend rates.

For issues requiring mandatory redemptions, calculate yield to maturity.

(M) = (K)/(L)

NOTE: MAY NOT ADD DUE TO ROUNDING

ENTERGY GULF STATES, INC.  
WEIGHTED AVERAGE COST OF PREFERRED STOCK EQUITY  
PERIOD ENDING JUNE 30, 2000 ADJUSTED  
ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 11/02

LINE	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
	COST OF AVERAGE	WEIGHTED	PRINCIPAL AMOUNT	PROJECTED	UNAMORTIZED	UNAMORTIZED	UNAMORTIZED	BOOK VALUE
	MONEY		OUTSTANDING	1/1/02	PREMIUM OR	ISSUANCE	GAIN/(LOSS) ON	
			6/1/00		(DISCOUNT)	EXPENSES	REDEEMED STOCK	
1	4.423%	#DIV/0!	\$5,117,300	\$0	\$0	0	0	\$0
2	4.546%	#DIV/0!	583,000	0	0	0	0	0
3	4.394%	#DIV/0!	165,500	0	0	0	0	0
4	4.231%	#DIV/0!	974,500	0	0	0	0	0
5	4.461%	#DIV/0!	1,480,400	0	0	0	0	0
6	5.011%	#DIV/0!	1,098,300	0	0	0	0	0
7	5.065%	#DIV/0!	2,884,500	0	0	0	0	0
8	4.528%	#DIV/0!	1,056,400	0	0	0	0	0
9	6.079%	#DIV/0!	3,282,900	0	0	0	0	0
10	7.562%	#DIV/0!	35,000,000	0	0	0	0	0
11	7.469%	#DIV/0!	14,156,856	0	0	0	0	0
12	7.381%	#DIV/0!	18,000,000	0	0	0	0	0
13	0.000%	#DIV/0!	0	0	0	0	0	0
14	TOTAL	#DIV/0!	\$83,600,656	\$0	\$0	\$0	\$0	\$0

ADJUSTMENT FOR 1992 LOSS ON REDEMPTION OF PREFERENCE STOCK	Loss on Redemption (6-92) Charged to Retained Earnings/Premium on Capital Stock	(18,370,221)
Annual Requirement	Charge-off of Capital Stock on Redeemed Issues to Retained Earnings	(2,890,455)
Adjusted Annual Requirement	Total charged to Retained Earnings	(\$21,260,676)
Adjusted Preferred Stock Balance	Adjusted Preferred Stock Balance	(\$21,260,676)
Adjusted Cost of Preferred Stock		0.0000%

NOTES

(O) Scheduled redemptions to be excluded reflect those amounts to be redeemed prior

(Q) Unamortized balance of underwriter fees should also be provided here

(S) = (O) + (P) - (Q) + (R)

NOTE: MAY NOT ADD DUE TO ROUNDING

**WEIGHTED AVERAGE COST OF LONG TERM DEBT**

PERIOD ENDING JUNE 30, 2000 ADJUSTED

ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 1/1/02

LINE	TYPE	SERIES	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(T.p.2)	(L)
			ISSUANCE		MATURITY	INTEREST	SINKING	PAR	PREMIUM	UNDERWRITER	GAIN/(LOSS)	NET	NET	BOOK VALUE	OF TOTAL
			DATE		DATE	RATE	FUND	VALUE AT	OR	FEES AND	ON REACQUIRED	PROCEEDS AT	PROCEEDS	BOOK VALUE	BOOK VALUE
							Y/N	ISSUANCE	(DISCOUNT)	EXPENSES	DEBT	ISSUANCE	% OF PAR		
1	FMB	8.210%	01/22/92		01/01/02	8.210%	N	150,000,000	0	1,137,313	(4,283,955)	144,578,732	96.386%	0	0.000%
2	FMB	8.940%	01/22/92		01/01/22	8.940%	N	150,000,000	0	1,549,813	(12,851,864)	135,598,323	90.399%	139,643,357	7.153%
3	FMB	8.250%	04/23/92		04/01/04	8.250%	N	300,000,000	(612,000)	2,039,365	(9,915,273)	287,433,362	95.811%	287,772,386	14.741%
4	FMB	8.700%	04/23/92		04/01/24	8.700%	N	300,000,000	(5,391,000)	2,864,365	(26,440,729)	265,303,906	88.435%	269,208,972	13.790%
5	FMB	6.750%	04/01/93		03/01/03	6.750%	N	50,000,000	(218,000)	365,614	(2,430,515)	46,985,871	93.972%	38,209,658	1.957%
6	FMB	6.410%	08/04/93		08/01/01	6.410%	N	170,000,000	(680,000)	157,778	(4,092,629)	165,069,593	97.100%	0	0.000%
7	FMB	6.770%	08/04/93		08/01/05	6.770%	N	120,000,000	(480,000)	157,778	(4,333,214)	115,029,008	95.858%	96,413,920	4.939%
8	PCB	5.450%	01/20/99		07/01/10	5.450%	N	22,095,000	0	434,379	(203,898)	21,456,723	97.111%	21,554,167	1.104%
9	PCB	6.750%	08/27/92		10/01/12	6.700%	N	48,285,000	0	838,949	(3,938,511)	43,507,541	90.106%	45,075,383	2.309%
10	PCB	6.700%	01/28/93		03/01/13	6.700%	N	17,450,000	0	330,679	(1,255,980)	15,863,341	90.907%	16,434,237	0.842%
11	PCB	8.000%	12/20/94		12/01/24	8.000%	N	102,000,000	0	1,292,466	(5,181,411)	95,526,123	93.653%	0	0.000%
12	PCB	7.700%	12/01/91		12/01/14	7.700%	N	94,000,000	0	2,589,071	0	91,410,929	97.246%	92,441,010	4.735%
13	PCB	9.000%	04/01/90		05/01/15	9.000%	N	45,000,000	0	1,697,607	0	43,302,393	96.228%	43,996,097	2.254%
14	PCB	7.500%	04/01/92		05/01/15	7.500%	N	41,600,000	0	588,254	0	41,011,746	98.566%	41,206,648	2.111%
15	PCB	7.000%	10/01/92		11/01/15	7.000%	N	39,000,000	0	1,068,014	0	37,931,986	97.262%	38,351,370	1.965%
16	PCB	5.800%	12/27/85 *		12/01/15	5.800%	N	28,400,000	0	756,471	0	27,643,529	97.336%	27,872,703	1.428%
17	PCB	5.800%	11/19/86 *		04/01/16	5.800%	N	20,000,000	0	816,749	0	19,183,251	95.916%	19,394,308	0.993%
18	PCB	5.700%	05/14/98		01/01/14	5.700%	N	21,600,000	0	389,012	0	21,210,988	98.199%	21,271,498	1.090%
19	PCB	5.650%	09/29/99 **		09/01/28	5.650%	N	62,000,000	0	629,422	(1,889,988)	59,480,590	95.936%	59,586,757	3.052%
20	PCB	6.600%	09/29/99 **		09/01/28	6.600%	N	40,000,000	0	406,078	(1,219,347)	38,374,575	95.936%	38,419,754	1.968%
21	FMB	Floating	06/01/00		06/02/03	8.0040%	N	300,000,000	0	1,018,000	0	298,982,000	99.661%	299,049,521	15.318%
22	Debt	Floating	12/1/01		Refinance Matured FMB	8.000%	***	272,750,000	0	0	0	272,750,000	100.000%	272,750,000	13.971%
23	Debt	Floating	12/1/01		Refinance Preferred Stock	8.000%	****	83,600,000	0	0	0	83,600,000	100.000%	83,600,000	4.282%
24	Suspense													(33,066)	-0.002%
25 TOTAL									\$2,477,780,000	(\$7,381,000)	\$21,127,176	(\$78,037,314)	\$2,371,234,510	\$1,952,218,680	100.000%

PCB = Pollution Control Bonds

**TYPE KEY: EMB = First Mortgage Bond**

## NOTES

(D) Provide effective annual interest rate for debt requiring letter of credit or commitment fees. Supporting calculations should be provided.

$$(J) = (F) + (G) - (H) + (I)$$

$$(K) = (J)/(F)$$

**For Pollution Control Bonds, no principal amount of funds are held by a trustee.**

- \* Converted to a fixed interest rate on May 1, 1998
- \*\* Based on Prospectus Estimated Costs of \$1,035,500 allocated relative to face value
- \*\*\* Refinancing issue to cover retirement of 8/01 and 1/02 FMB issues. No refinancing costs included. Interest Rate estimated at LIBOR + 1.2% as of 10/9/00.
- \*\*\*\* Refinancing issue to cover redemption of all Preferred Stock issues. No refinancing costs included. Interest Rate estimated at LIBOR + 1.2% as of 10/9/00.

**ENTERGY GULF STATES, INC.**  
**WEIGHTED AVERAGE COST OF LONG TERM DEBT**

PERIOD ENDING JUNE 30, 2000 ADJUSTED									
ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 11/1/02									
LINE	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(S-1)	(T)
	COST OF DEBT	WEIGHTED AVERAGE COST	PRINCIPAL AMOUNT OUTSTANDING 6/1/00	PROJECTED BALANCE AT 11/02	UNAMORTIZED PREMIUM OR (DISCOUNT)	UNAMORTIZED ISSUANCE EXPENSES	UNAMORTIZED GAIN/(LOSS) ON REACQUIRED DEB	(LOSS) CHARGED RETAINED EARNINGS	BOOK VALUE
1	8.761%	0.0000%	150,000,000	0	0	0	0	\$0	0
2	9.949%	0.7117%	150,000,000	150,000,000	0	1,116,566	(7,597,191)	(1,642,886)	139,643,357
3	8.823%	1.3006%	292,000,000	292,000,000	(191,250)	651,770	(2,782,813)	(601,781)	287,772,386
4	9.900%	1.3652%	294,950,000	294,950,000	(3,933,550)	2,114,510	(16,191,558)	(3,501,410)	269,208,972
5	7.626%	0.1493%	39,000,000	39,000,000	(78,903)	89,049	(511,729)	(110,661)	38,209,658
6	6.888%	0.0000%	122,750,000	0	0	0	0	\$0	0
7	7.294%	0.3602%	98,000,000	98,000,000	0	0	(1,304,075)	(282,005)	96,413,920
8	5.798%	0.0640%	22,095,000	22,095,000	0	368,919	(171,914)	0	21,554,167
9	7.689%	0.1775%	48,285,000	48,285,000	0	502,757	(2,225,580)	(481,280)	45,075,383
10	7.396%	0.0623%	17,450,000	17,450,000	0	226,883	(788,880)	0	16,434,237
11	8.594%	0.0000%	0	0	0	0	0	0	0
12	7.963%	0.3771%	94,000,000	94,000,000	0	1,558,990	0	0	92,441,010
13	9.292%	0.2094%	45,000,000	45,000,000	0	1,003,903	0	0	43,996,097
14	7.755%	0.1637%	41,600,000	41,600,000	0	393,352	0	0	41,206,648
15	7.245%	0.1423%	39,000,000	39,000,000	0	648,630	0	0	38,351,370
16	5.992%	0.0856%	28,400,000	28,400,000	0	527,298	0	0	27,872,703
17	6.100%	0.0606%	20,000,000	20,000,000	0	605,693	0	0	19,394,308
18	5.877%	0.0640%	21,600,000	21,600,000	0	328,502	0	0	21,271,498
19	5.946%	0.1815%	62,000,000	62,000,000	0	561,314	(1,573,214)	(278,715)	59,586,757
20	6.927%	0.1363%	40,000,000	40,000,000	0	385,236	(1,015,161)	(179,849)	38,419,754
21	8.169%	1.2514%	300,000,000	300,000,000	0	950,479	0	0	299,049,521
22	8.000%	1.1177%	0	272,750,000	0	0	0	\$0	272,750,000
23	8.000%	0.3426%	0	83,600,000	0	0	0	\$0	83,600,000
24	Suspense					33,066	0		(33,066)

Adjusted Annual Requirement	\$162,710,718	Unadjusted Long Term Debt Balance	\$1,952,218,680
Adjusted Long Term Debt Balance	#####	Unamortized Loss on Reacq Debt (No outstanding issu	(4,507,220)
Adjusted Cost of Long Term Debt	8.3538%	Unamortized Gain on Reacquired Debt (No refunding)	43,886
		Adjusted Long Term Debt Balance	\$1,947,755,346
		Add back Loss charged Retained Earnings	7,078,586
		Capital Structure Balance	\$1,954,833,932
		Annual Requirement	\$162,483,161
		Annual Amortization of Loss on Reacquired Debt	268,067
		Annual Amortization of Gain on Reacquired Debt	(40,510)
		Adjusted Annual Requirement	\$162,710,718

**NOTES**

- (M) Yield to maturity should be provided for fixed rate debt. Cost of debt for variable rate issues = (D)/(DK)
- (N) = (L) \* (M)
- (O) Scheduled maturities to be excluded reflect those amounts to be retired prior to the anticipated effective date for the rates being requested.
- (R) Unamortized balance of Underwriter fees and issuance expenses.
- (T) = (P) + (Q) - (R) + (S)
- NOTE: MAY NOT ADD DUE TO ROUNDING**

ENTERGY GULF STATES, INC.													
WEIGHTED AVERAGE COST OF QUIPS													
PERIOD ENDING JUNE 30, 2000 ADJUSTED													
ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 1/1/02													
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(T,p.2)	(L)	
ISSUANCE	MATURITY	DATE	RATE	SINKING	PAR	PREMIUM	UNDERWRITER	GAIN/(LOSS)	NET	NET	BOOK VALUE	ISSUE AS %	
LINE	TYPE	SERIES	DATE	FUND	VALUE AT	OR	FEES AND	ON REACQUIRED	PROCEEDS AT	ISSUANCE	% OF PAR	OF TOTAL	BOOK VALUE
				Y/N	ISSUANCE	(DISCOUNT)	EXPENSES	DEBT					
1	QUIPS	8.75%	01/29/97	03/31/46	8.750%	N	85,000,000	0	2,828,824	0	82,171,176	96.672%	82,216,496
													100.000%

NOTES

(D) Provide effective annual interest rate for debt requiring letter of credit or commitment fees. Supporting calculations should be provided.

(J) = (F)+(G)-(H)+(I)

(K) = (J)/(F)

NOTE: MAY NOT ADD DUE TO ROUNDING

ENTERGY GULF STATES, INC.

WEIGHTED AVERAGE COST OF QUIPS

PERIOD ENDING JUNE 30, 2000 ADJUSTED

ADJUSTED TO REFLECT ISSUANCES AND RETIREMENTS THROUGH 1/1/02

LINE	DEBT	COST	(M)	(N)	WEIGHTED AVERAGE	COST OF	PRINCIPAL		PROJECTED BALANCE AT 1/1/02	UNAMORTIZED UNAMORTIZED PREMIUM OR (DISCOUNT) EXPENSES		UNAMORTIZED GAIN/(LOSS) ON REACQUIRED DEBT	(S)	(S-1)	(T)
							OUTSTANDING 6/1/00	AMOUNT (O)		ISSUANCE (R)	EXPENSES (Q)				
1	9.066%	9.0660%					\$85,000,000	\$85,000,000	\$85,000,000	0	\$2,783,504	0	0	0	\$82,216,496

NOTES

(M) Yield to maturity should be provided for fixed rate debt. Cost of debt

for variable rate issues = (D)/(DK)

(N) = (L) \* (M)

(O) Scheduled maturities to be excluded reflect those amounts to be retired prior to the anticipated effective date for the rates being requested.

(R) Unamortized balance of Underwriter fees and issuance expenses.

(T) = (P) + (Q) - (R) + (S)

NOTE: MAY NOT ADD DUE TO ROUNDING