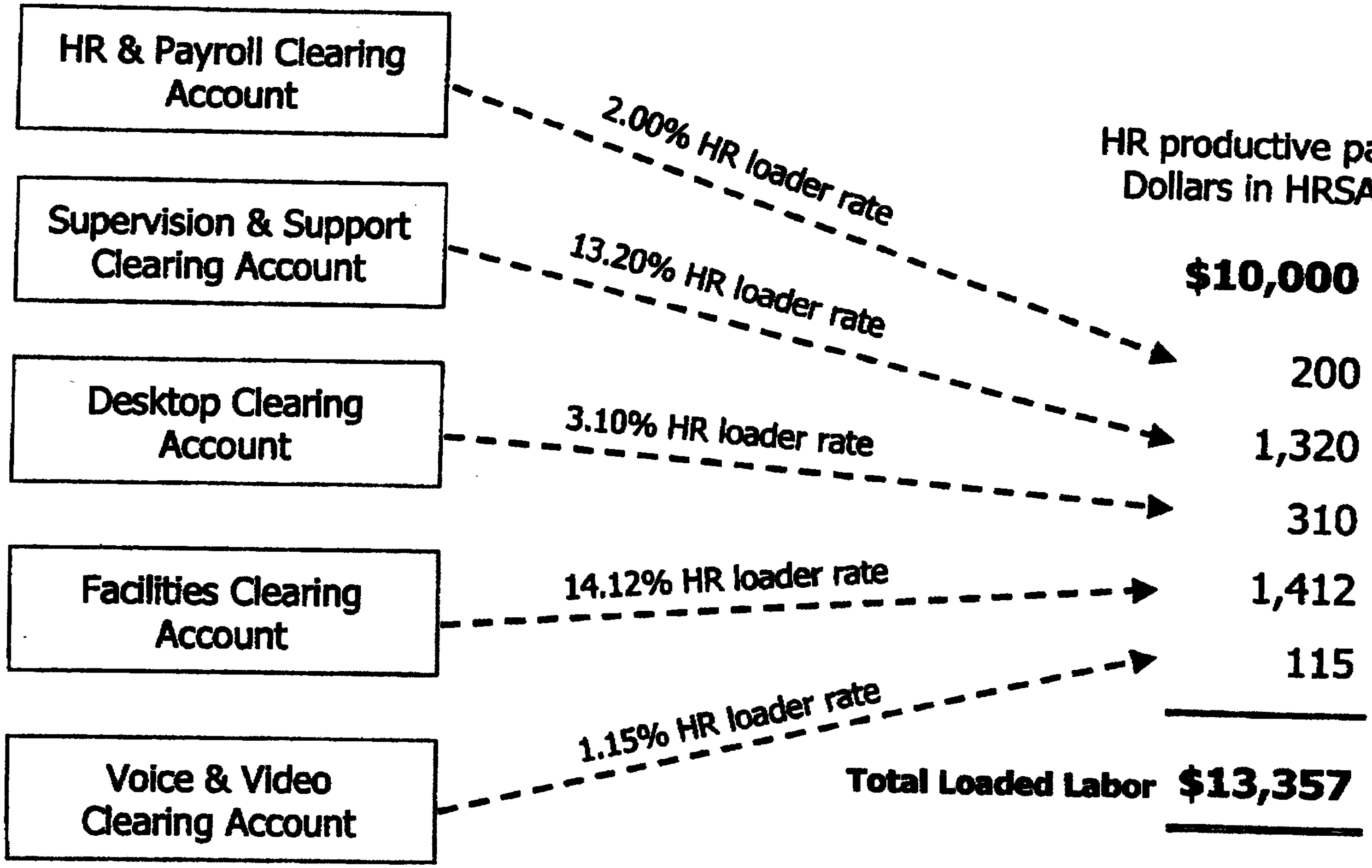
ESI Billing Process - Example

Step 6... Step 2: For HR as an ESI *benefiting* function, HR productive payroll is loaded based on the HR Clearing rates calculated for each clearing account



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ESI Billing Process

Additional Notes:

- The percentage of additional cost varies with each clearing account and benefiting function.
- The rate is calculated by dividing the pool of the costs allocated to each benefiting function in the clearing account by the benefiting function's *total* productive labor.
- The costs are cleared from the loader accounts by allocating them to Projects and Accounts based on the benefiting functions' pre-billed (ESI services billing) labor allocation.
- Since the loading process occurs pre-ESI billing, an estimated percentage is used initially (based on budget) and is trued-up throughout the year as actual costs are incurred.

Reclassification Of 2001 Merger Costs

Exhibit B

2001	A	EAI	ENTERGY ARKANSAS INC.	183	STORES EXPENSES UNDISTRIBUTED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	5,002	-	-	-	(5,002)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	196080	ACTIVE DEVELOPMENT COSTS	F55556	PROJECT RING	ASST	1,664	(1,664)	-	-	-	-
2001	A	EAI	ENTERGY ARKANSAS INC.	196080	ACTIVE DEVELOPMENT COSTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	45	(45)	-	-	-	-
2001	A	EAI	ENTERGY ARKANSAS INC.	40611	EMPLOYMENT TAXES	F55556	PROJECT RING	ASST	1,041	96	-	-	(1,137)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	40611	EMPLOYMENT TAXES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	13,783	1,363	37	-	(15,152)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	40611	EMPLOYMENT TAXES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	7,838	71	504	-	(8,413)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	4264	EXP-CIVIC,POLITICAL & REL ACT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	615	-	-	-	-	615
2001	A	EAI	ENTERGY ARKANSAS INC.	4265	OTHER DEDUCTIONS	F55556	PROJECT RING	ASST	-	-	-	(0)	25,786	25,786
2001	A	EAI	ENTERGY ARKANSAS INC.	4265	OTHER DEDUCTIONS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	57	-	-	58,612	1,016,365	1,075,233
2001	A	EAI	ENTERGY ARKANSAS INC.	4265	OTHER DEDUCTIONS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,187	-	-	-	366,935	387,122
2001	A	EAI	ENTERGY ARKANSAS INC.	500	OPER SUPERVISION & ENGINEERIN	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	3,166	-	-	-	(3,166)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	506	MISC STEAM POWER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	766	-	-	-	(766)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	507	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	6	-	-	-	(6)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	507	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	10	-	-	-	(10)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	517	OPERATION, SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	868	-	-	-	(868)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	517	OPERATION, SUPERVISION & ENGR	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,990	-	-	-	(1,990)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	525	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	763	773	-	-	(1,536)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	525	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	48	-	-	-	(48)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	528	MAINT SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	111	-	-	-	(111)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	540	OPER SUPER & ENGINEERING	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,826	-	-	-	(1,826)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	547	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	29	-	-	-	(29)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	580	OPERATION SUPERVISION&ENGINEE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	27,486	-	40,507	-	(67,995)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	580	OPERATION SUPERVISION&ENGINEE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	33	-	-	-	(33)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	582	STATION EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	7	-	-	-	(7)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	586	METER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	231	-	-	-	(231)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	588	MISC DISTRIBUTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	845	123	-	-	(968)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	590	MAINT. SUPERVISION & ENGINEER	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,063	-	-	-	(1,063)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	592	MAINT. OF STATION EQUIPMENT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	8	-	-	-	(8)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	597	MAINTENANCE OF METERS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	37	-	-	-	(37)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	902	METER READING EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	185	-	-	-	(185)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	903001	CUSTOMER RECORDS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,803	-	488	-	(2,291)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	903002	COLLECTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	697	-	-	-	(697)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	907	SUPERVISION	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	-	31,305	-	(31,305)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	909	INFORMATION & INSTRUCT ADV EX	F55556	PROJECT RING	ASST	108	-	-	-	(108)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	909	INFORMATION & INSTRUCT ADV EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	4,474	-	-	-	(4,474)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	910	MISC CUST SER &INFORMATION EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	126	-	-	(126)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	911	SUPERVISION	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	10	-	-	-	(10)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	920	ADM & GENERAL SALARIES	F55556	PROJECT RING	ASST	18,938	1,688	-	-	(20,626)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	920	ADM & GENERAL SALARIES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	204,308	16,094	195,440	-	(415,842)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	920	ADM & GENERAL SALARIES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	70,679	2,946	1,141	-	(74,766)	-
2001	A	EAI	ENTERGY ARKANSAS INC.	921	OFFICE SUPPLIES AND EXPENSES	F55556	PROJECT RING	ASST	38	55	-	-	(90)	
2001	A	EAI	ENTERGY ARKANSAS INC.	921	OFFICE SUPPLIES AND EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	44,622	(29)	-	-	(44,493)	
2001	A	EAI	ENTERGY ARKANSAS INC.	921	OFFICE SUPPLIES AND EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	11,748	-	71	-	(11,819)	
2001	A	EAI	ENTERGY ARKANSAS INC.	923	OUTSIDE SERVICES EMPLOYED	F55556	PROJECT RING	ASST	705	-	-	-	(705)	
2001	A	EAI	ENTERGY ARKANSAS INC.	923	OUTSIDE SERVICES EMPLOYED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	311,128	(55)	53,213	(53,213)	(311,072)	
2001	A	EAI	ENTERGY ARKANSAS INC.	923	OUTSIDE SERVICES EMPLOYED	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	64,294	48,160	4,258	-	(106,711)	
2001	A	EAI	ENTERGY ARKANSAS INC.	926	EMPLOYEE PENSION & BENEFITS	F55556	PROJECT RING	ASST	2,621	230	-	-	(2,850)	
2001	A	EAI	ENTERGY ARKANSAS INC.	926	EMPLOYEE PENSION & BENEFITS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	33,114	3,277	68	-	(36,460)	
2001	A	EAI	ENTERGY ARKANSAS INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	18,640	172	1,212	-	(20,024)	
2001	A	EAI	ENTERGY ARKANSAS INC.	928	REGULATORY COMMISSION EXPENSE	F55556	PROJECT RING	ASST	61	-	-	-	(61)	
2001	A	EAI	ENTERGY ARKANSAS INC.	928	REGULATORY COMMISSION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	13,639	3,561	-	-	(17,200)	
2001	A	EAI	ENTERGY ARKANSAS INC.	928	REGULATORY COMMISSION EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	148,201	1,596	5,582	-	(156,378)	
2001	A	EAI	ENTERGY ARKANSAS INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	11,720	-	-	-	(11,720)	
2001	A	EAI	ENTERGY ARKANSAS INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	
2001	A	EAI	ENTERGY ARKANSAS INC.	930201	ACTIVE DEVELOPMENT EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	7,457	11,267	-	-	(18,724)	
2001	A	EAI	ENTERGY ARKANSAS INC.	931	RENTS	F55556	PROJECT RING	ASST	178	13	-	-	(186)	
2001	A	EAI	ENTERGY ARKANSAS INC.	931	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	7,080	4,425	-	-	(11,505)	
2001	A	EAI	ENTERGY ARKANSAS INC.	931	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	3,960	909	-	-	(4,869)	
2001	A	EAI	ENTERGY ARKANSAS INC.	935	MAINTENANCE OF GENERAL PLANT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	13,460	-	-	-	(13,460)	
2001	A	EAI	ENTERGY ARKANSAS INC.	935	MAINTENANCE OF GENERAL PLANT	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	-	-	-	-	-	
	A Total								1,084,040	95,274	333,843	5,399	0	1,488,75[illegible]
2001	G	EGSI	ENTERGY GULF STATES INC.	107		ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	-	-	-	-	-
2001	G	EGSI	ENTERGY GULF STATES INC.	183	STORES EXPENSES UNDISTRIBUTED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	7,462	-	-	-	(7,452)	
2001	G	EGSI	ENTERGY GULF STATES INC.	196080	ACTIVE DEVELOPMENT COSTS	F55556	PROJECT RING	ASST	2,436	(2,436)	-	-	-	
2001	G	EGSI	ENTERGY GULF STATES INC.	196080	ACTIVE DEVELOPMENT COSTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	66	(66)	-	-	-	
2001	G	EGSI	ENTERGY GULF STATES INC.	40611	EMPLOYMENT TAXES	F55556	PROJECT RING	ASST	1,524	144	-	-	(1,668)	

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Reclassification Of 2001 Merger Costs

Exhibit B

2001	G	EGSI	ENTERGY GULF STATES INC.	40811	EMPLOYMENT TAXES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	20,127	2,362	60	-	(22,549)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	40811	EMPLOYMENT TAXES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	11,472	116	2,380	1,892	(15,859)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	40811	EMPLOYMENT TAXES	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	1,863	-	-	-	(1,563)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	4171	EXPENSES- NONUTILITY OPER	F55558	PROJECT RING	ASST	-	30	-	-	-	30
2001	G	EGSI	ENTERGY GULF STATES INC.	4171	EXPENSES- NONUTILITY OPER	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	255	2,032	-	-	2,286
2001	G	EGSI	ENTERGY GULF STATES INC.	4171	EXPENSES- NONUTILITY OPER	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	-	1,012	601	(595)	-	1,018
2001	G	EGSI	ENTERGY GULF STATES INC.	4264	EXP-CIVIC,POLITICAL & REL ACT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	899	-	-	-	(9)	890
2001	G	EGSI	ENTERGY GULF STATES INC.	4265	OTHER DEDUCTIONS	F55556	PROJECT RING	ASST	-	-	-	(0)	37,784	37,784
2001	G	EGSI	ENTERGY GULF STATES INC.	4265	OTHER DEDUCTIONS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	93	-	-	84,167	1,393,846	1,478,097
2001	G	EGSI	ENTERGY GULF STATES INC.	4265	OTHER DEDUCTIONS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,738	-	-	-	901,864	903,602
2001	G	EGSI	ENTERGY GULF STATES INC.	4265	OTHER DEDUCTIONS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	-	-	-	0	164,049	164,049
2001	G	EGSI	ENTERGY GULF STATES INC.	500	OPER SUPERVISION & ENGINEERIN	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	4,637	-	-	-	(4,637)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	506	MISC STEAM POWER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,124	-	-	-	(1,124)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	507	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	8	-	-	-	(8)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	507	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	15	-	-	-	(15)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	517	OPERATION, SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	978	-	-	-	(978)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	517	OPERATION, SUPERVISION & ENGR	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	2,912	-	-	-	(2,912)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	525	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,117	1,244	-	-	(2,361)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	525	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	71	-	-	-	(71)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	528	MAINT SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	162	-	-	-	(162)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	550	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	550	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	1	-	-	-	(1)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	560	OPER SUPER & ENGINEERING	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	2,672	-	-	-	(2,672)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	567	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	42	-	-	-	(42)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	567	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	1	-	-	-	(1)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	580	OPERATION SUPERVISION&ENGINEE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	40,228	-	-	-	(40,228)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	580	OPERATION SUPERVISION&ENGINEE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	49	-	-	-	(49)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	582	STATION EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	10	-	-	-	(10)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	586	METER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	336	-	-	-	(336)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	588	MISC DISTRIBUTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,236	180	-	-	(1,416)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	590	MAINT, SUPERVISION & ENGINEER	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,542	-	-	-	(1,542)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	592	MAINT, OF STATION EQUIPMENT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	11	-	-	-	(11)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	597	MAINTENANCE OF METERS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	53	-	-	-	(53)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	902	METER READING EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	270	-	-	-	(270)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	903001	CUSTOMER RECORDS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	2,638	-	-	-	(2,638)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	903002	COLLECTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,020	-	-	-	(1,020)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	909	INFORMATION & INSTRUCT ADV EX	F55556	PROJECT RING	ASST	158	-	-	-	(158)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	909	INFORMATION & INSTRUCT ADV EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	6,547	-	-	-	(6,547)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	910	MISC CUST SER &INFORMATION EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	184	-	-	(184)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	911	SUPERVISION	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	15	-	-	-	(15)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	920	ADM & GENERAL SALARIES	F55556	PROJECT RING	ASST	27,714	2,508	-	-	(30,222)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	920	ADM & GENERAL SALARIES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	298,986	27,979	270,782	2,011	(599,747)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	920	ADM & GENERAL SALARIES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	103,435	4,789	25,201	20,039	(153,444)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	921	OFFICE SUPPLIES AND EXPENSES	F55556	PROJECT RING	ASST	52	79	-	-	(131)	-
2001	G	EGSI	ENTERGY GULF STATES INC.	921	OFFICE SUPPLIES AND EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	65,155	(15)	-	-	(65,139)	
2001	G	EGSI	ENTERGY GULF STATES INC.	921	OFFICE SUPPLIES AND EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	17,192	(0)	-	-	(17,192)	
2001	G	EGSI	ENTERGY GULF STATES INC.	923	OUTSIDE SERVICES EMPLOYED	F55556	PROJECT RING	ASST	1,031	-	-	-	(1,031)	
2001	G	EGSI	ENTERGY GULF STATES INC.	923	OUTSIDE SERVICES EMPLOYED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	455,316	(84)	77,848	(77,848)	(455,233)	
2001	G	EGSI	ENTERGY GULF STATES INC.	923	OUTSIDE SERVICES EMPLOYED	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	79,467	94,150	168,025	585	(342,228)	
2001	G	EGSI	ENTERGY GULF STATES INC.	926	EMPLOYEE PENSION & BENEFITS	F55556	PROJECT RING	ASST	3,835	343	-	-	(4,178)	
2001	G	EGSI	ENTERGY GULF STATES INC.	926	EMPLOYEE PENSION & BENEFITS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	48,462	5,670	115	-	(54,247)	
2001	G	EGSI	ENTERGY GULF STATES INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	27,279	282	5,736	4,550	(37,849)	
2001	G	EGSI	ENTERGY GULF STATES INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	3,296	-	-	-	(3,296)	
2001	G	EGSI	ENTERGY GULF STATES INC.	928	REGULATORY COMMISSION EXPENSE	F55556	PROJECT RING	ASST	119	-	-	-	(119)	
2001	G	EGSI	ENTERGY GULF STATES INC.	928	REGULATORY COMMISSION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	19,814	6,182	-	14,809	(40,806)	
2001	G	EGSI	ENTERGY GULF STATES INC.	928	REGULATORY COMMISSION EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	216,885	2,776	97,299	5,192	(322,152)	
2001	G	EGSI	ENTERGY GULF STATES INC.	928	REGULATORY COMMISSION EXPENSE	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	28,904	-	72,571	67,235	(168,710)	
2001	G	EGSI	ENTERGY GULF STATES INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	17,152	-	-	-	(17,152)	
2001	G	EGSI	ENTERGY GULF STATES INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	
2001	G	EGSI	ENTERGY GULF STATES INC.	930201	ACTIVE DEVELOPMENT EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	10,864	19,289	-	-	(30,153)	
2001	G	EGSI	ENTERGY GULF STATES INC.	931	RENTS	F55556	PROJECT RING	ASST	257	19	-	-	(276)	
2001	G	EGSI	ENTERGY GULF STATES INC.	931	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	10,361	7,985	-	-	(18,346)	
2001	G	EGSI	ENTERGY GULF STATES INC.	931	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	5,795	1,557	-	-	(7,352)	
2001	G	EGSI	ENTERGY GULF STATES INC.	931	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	486	-	-	-	(486)	
2001	G	EGSI	ENTERGY GULF STATES INC.	935	MAINTENANCE OF GENERAL PLANT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	19,897	-	-	-	(19,897)	
2001	G	EGSI	ENTERGY GULF STATES INC.	935	MAINTENANCE OF GENERAL PLANT	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	-	-	-	-	-	

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Reclassification Of 2001 Merger Costs

Exhibit B

	G Total								1,576,781	176,494	722,633	111,848	0	2,587,756
2001	L	ELI	ENTERGY LOUISIANA INC.	163	STORES EXPENSES UNDISTRIBUTED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	5,288	-	-	-	(5,288)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	186080	ACTIVE DEVELOPMENT COSTS	F55656	PROJECT RING	ASST	1,729	(1,729)	-	-	(0)	(0)
2001	L	ELI	ENTERGY LOUISIANA INC.	186080	ACTIVE DEVELOPMENT COSTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	47	(47)	-	-	-	-
2001	L	ELI	ENTERGY LOUISIANA INC.	40611	EMPLOYMENT TAXES	F55656	PROJECT RING	ASST	1,062	98	-	-	(1,160)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	40611	EMPLOYMENT TAXES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	14,284	1,365	-	-	(15,639)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	40611	EMPLOYMENT TAXES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	8,141	71	-	-	(8,212)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	40611	EMPLOYMENT TAXES	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	2,898	-	-	-	(2,898)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	4264	EXP-CIVIC,POLITICAL & REL ACT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	636	-	-	-	-	636
2001	L	ELI	ENTERGY LOUISIANA INC.	4265	OTHER DEDUCTIONS	F55656	PROJECT RING	ASST	-	-	-	(0)	28,771	28,770
2001	L	ELI	ENTERGY LOUISIANA INC.	4265	OTHER DEDUCTIONS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	59	-	-	60,944	775,584	836,587
2001	L	ELI	ENTERGY LOUISIANA INC.	4265	OTHER DEDUCTIONS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,233	-	-	-	383,281	384,515
2001	L	ELI	ENTERGY LOUISIANA INC.	4265	OTHER DEDUCTIONS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	-	-	-	-	284,937	284,937
2001	L	ELI	ENTERGY LOUISIANA INC.	500	OPER SUPERVISION & ENGINEERIN	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	3,291	-	-	-	(3,291)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	506	MISC STEAM POWER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	797	-	-	-	(797)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	507	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	6	-	-	-	(6)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	507	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	11	-	-	-	(11)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	517	OPERATION, SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	694	-	-	-	(694)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	517	OPERATION, SUPERVISION & ENGR	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	2,087	-	-	-	(2,087)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	525	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	792	784	-	-	(1,577)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	525	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	50	-	-	-	(50)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	528	MAINT SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	115	-	-	-	(115)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	550	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	1	-	-	-	(1)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	560	OPER SUPER & ENGINEERING	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,898	-	-	-	(1,898)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	567	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	30	-	-	-	(30)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	567	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	2	-	-	-	(2)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	580	OPERATION SUPERVISION&ENGINEE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	28,551	-	-	-	(28,551)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	580	OPERATION SUPERVISION&ENGINEE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	36	-	-	-	(36)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	582	STATION EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	7	-	-	-	(7)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	586	METER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	240	-	-	-	(240)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	588	MISC DISTRIBUTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	877	128	-	-	(1,005)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	590	MAINT. SUPERVISION & ENGINEER	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,094	-	-	-	(1,094)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	592	MAINT. OF STATION EQUIPMENT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	8	-	-	-	(8)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	597	MAINTENANCE OF METERS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	38	-	-	-	(38)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	902	METER READING EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	192	-	-	-	(192)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	903001	CUSTOMER RECORDS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,873	-	-	-	(1,873)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	903002	COLLECTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	724	-	-	-	(724)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	909	INFORMATION & INSTRUCT ADV EX	F55656	PROJECT RING	ASST	112	-	-	-	(112)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	909	INFORMATION & INSTRUCT ADV EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	4,647	-	-	-	(4,647)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	910	MISC CUST SER &INFORMATION EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	131	-	-	(131)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	911	SUPERVISION	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	11	-	-	-	(11)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	920	ADM & GENERAL SALARIES	F55656	PROJECT RING	ASST	19,670	1,743	-	-	(21,414)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	920	ADM & GENERAL SALARIES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	212,209	15,947	-	-	(228,156)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	920	ADM & GENERAL SALARIES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	73,412	2,979	-	-	(76,390)	-
2001	L	ELI	ENTERGY LOUISIANA INC.	921	OFFICE SUPPLIES AND EXPENSES	F55656	PROJECT RING	ASST	37	57	-	-	(94)	
2001	L	ELI	ENTERGY LOUISIANA INC.	921	OFFICE SUPPLIES AND EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	46,244	(34)	-	-	(46,209)	
2001	L	ELI	ENTERGY LOUISIANA INC.	921	OFFICE SUPPLIES AND EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	12,202	-	-	-	(12,202)	
2001	L	ELI	ENTERGY LOUISIANA INC.	923	OUTSIDE SERVICES EMPLOYED	F55656	PROJECT RING	ASST	732	-	-	-	(732)	
2001	L	ELI	ENTERGY LOUISIANA INC.	923	OUTSIDE SERVICES EMPLOYED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	323,158	(56)	-	-	(323,102)	
2001	L	ELI	ENTERGY LOUISIANA INC.	923	OUTSIDE SERVICES EMPLOYED	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	56,394	45,909	55,265	(55,265)	(102,303)	
2001	L	ELI	ENTERGY LOUISIANA INC.	926	EMPLOYEE PENSION & BENEFITS	F55656	PROJECT RING	ASST	2,722	237	-	-	(2,959)	
2001	L	ELI	ENTERGY LOUISIANA INC.	926	EMPLOYEE PENSION & BENEFITS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	34,395	3,257	-	-	(37,652)	
2001	L	ELI	ENTERGY LOUISIANA INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	19,361	173	-	-	(19,535)	
2001	L	ELI	ENTERGY LOUISIANA INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	6,152	-	-	-	(6,152)	
2001	L	ELI	ENTERGY LOUISIANA INC.	928	REGULATORY COMMISSION EXPENSE	F55656	PROJECT RING	ASST	84	-	-	-	(84)	
2001	L	ELI	ENTERGY LOUISIANA INC.	928	REGULATORY COMMISSION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	14,063	3,665	-	-	(17,728)	
2001	L	ELI	ENTERGY LOUISIANA INC.	928	REGULATORY COMMISSION EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	153,932	1,584	-	-	(155,516)	
2001	L	ELI	ENTERGY LOUISIANA INC.	928	REGULATORY COMMISSION EXPENSE	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	53,915	-	131,324	89,739	(274,978)	
2001	L	ELI	ENTERGY LOUISIANA INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	12,173	-	-	-	(12,173)	
2001	L	ELI	ENTERGY LOUISIANA INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	
2001	L	ELI	ENTERGY LOUISIANA INC.	930201	ACTIVE DEVELOPMENT EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	7,725	11,264	-	-	(18,989)	
2001	L	ELI	ENTERGY LOUISIANA INC.	931	RENTS	F55656	PROJECT RING	ASST	182	13	-	-	(195)	
2001	L	ELI	ENTERGY LOUISIANA INC.	931	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	7,354	4,332	-	-	(11,686)	
2001	L	ELI	ENTERGY LOUISIANA INC.	931	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	4,113	904	-	-	(5,017)	
2001	L	ELI	ENTERGY LOUISIANA INC.	931	RENTS	ZRNULA	ETR/FPL MERGER - LPSC REGULATORY COSTS	3LA	908	-	-	-	(908)	
2001	L	ELI	ENTERGY LOUISIANA INC.	935	MAINTENANCE OF GENERAL PLANT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	13,980	-	-	-	(13,980)	

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Reclassification Of 2001 Merger Costs

Exhibit 8

	L Total								1,158,875	92,766	196,599	95,418	0	1,633,449
2001	M	EMI	ENTERGY MISSISSIPPI INC.	163	STORES EXPENSES UNDISTRIBUTED	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	2,034	-	-	-	(2,034)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	188080	ACTIVE DEVELOPMENT COSTS	F55556	PROJECT RING	ASST	665	(665)	-	-	-	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	188080	ACTIVE DEVELOPMENT COSTS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	18	(18)	-	-	-	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	40811	EMPLOYMENT TAXES	F55556	PROJECT RING	ASST	416	38	-	-	(454)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	40811	EMPLOYMENT TAXES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	5,493	577	-	-	(6,069)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	40811	EMPLOYMENT TAXES	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	3,130	29	1,482	1,719	(6,361)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	4264	EXP-CIVIC,POLITICAL & REL ACT	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	245					245
2001	M	EMI	ENTERGY MISSISSIPPI INC.	4265	OTHER DEDUCTIONS	F55556	PROJECT RING	ASST	-	-	-	(0)	10,305	10,305
2001	M	EMI	ENTERGY MISSISSIPPI INC.	4265	OTHER DEDUCTIONS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	23	-	-	23,108	653,120	676,251
2001	M	EMI	ENTERGY MISSISSIPPI INC.	4265	OTHER DEDUCTIONS	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	474	-	-	-	204,886	205,360
2001	M	EMI	ENTERGY MISSISSIPPI INC.	500	OPER SUPERVISION & ENGINEERIN	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	1,265	-	-	-	(1,265)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	506	MISC STEAM POWER EXPENSES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	307	-	-	-	(307)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	507	RENTS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	2	-	-	-	(2)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	507	RENTS	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	4	-	-	-	(4)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	525	RENTS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	57	(15)	-	-	(42)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	560	OPER SUPER & ENGINEERING	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	729	-	-	-	(729)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	567	RENTS	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	11	-	-	-	(11)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	580	OPERATION SUPERVISION&ENGINEE	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	10,979	-	36,162	-	(47,141)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	580	OPERATION SUPERVISION&ENGINEE	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	13	-	-	-	(13)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	582	STATION EXPENSES	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	3	-	-	-	(3)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	586	METER EXPENSES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	92	-	-	-	(92)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	588	MISC DISTRIBUTION EXPENSE	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	337	49	-	-	(387)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	590	MAINT. SUPERVISION & ENGINEER	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	421	-	-	-	(421)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	592	MAINT. OF STATION EQUIPMENT	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	3	-	-	-	(3)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	597	MAINTENANCE OF METERS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	15	-	-	-	(15)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	902	METER READING EXPENSES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	74	-	-	-	(74)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	903001	CUSTOMER RECORDS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	720	-	-	-	(720)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	903002	COLLECTION EXPENSE	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	276	-	-	-	(276)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	909	INFORMATION & INSTRUCT ADV EX	F55556	PROJECT RING	ASST	43	-	-	-	(43)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	909	INFORMATION & INSTRUCT ADV EX	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	1,787	-	-	-	(1,787)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	910	MISC CUST SER &INFORMATION EX	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	-	50	-	-	(50)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	911	SUPERVISION	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	-	-	75,348	-	(75,348)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	911	SUPERVISION	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	4	-	-	-	(4)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	912	DEMON. & SELLING EXP.	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	-	-	81	-	(81)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	920	ADM & GENERAL SALARIES	F55556	PROJECT RING	ASST	7,584	660	-	-	(8,243)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	920	ADM & GENERAL SALARIES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	81,900	5,531	240,032	-	(328,463)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	920	ADM & GENERAL SALARIES	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	28,229	1,222	-	-	(29,450)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	921	OFFICE SUPPLIES AND EXPENSES	F55556	PROJECT RING	ASST	14	22	-	-	(36)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	921	OFFICE SUPPLIES AND EXPENSES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	17,782	(9)	-	-	(17,773)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	921	OFFICE SUPPLIES AND EXPENSES	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	4,892	-	-	-	(4,892)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	923	OUTSIDE SERVICES EMPLOYED	F55556	PROJECT RING	ASST	291	-	-	-	(291)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	923	OUTSIDE SERVICES EMPLOYED	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	124,263	(22)	21,090	(21,090)	(124,240)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	923	OUTSIDE SERVICES EMPLOYED	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	21,686	21,391	-	-	(43,076)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	926	EMPLOYEE PENSION & BENEFITS	F55556	PROJECT RING	ASST	1,047	93	-	-	(1,139)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	926	EMPLOYEE PENSION & BENEFITS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	13,225	1,386	-	-	(14,612)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	7,445	71	3,562	4,134	(15,212)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	928	REGULATORY COMMISSION EXPENSE	F55556	PROJECT RING	ASST	32	-	-	-	(32)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	928	REGULATORY COMMISSION EXPENSE	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	5,408	1,534	-	-	(6,942)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	928	REGULATORY COMMISSION EXPENSE	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	60,191	676	18,757	22,927	(102,550)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	5,239	334	1,573	-	(7,146)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	814	-	-	-	(814)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	930201	ACTIVE DEVELOPMENT EXPENSES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	2,970	4,749	-	-	(7,719)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	931	RENTS	F55556	PROJECT RING	ASST	70	5	-	-	(75)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	931	RENTS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	2,828	1,906	-	-	(4,733)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	931	RENTS	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	1,582	384	-	-	(1,966)	-
2001	M	EMI	ENTERGY MISSISSIPPI INC.	935	MAINTENANCE OF GENERAL PLANT	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	5,376	-	-	-	(5,376)	-
	M Total								420,879	41,287	399,087	30,799	0	892,162
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	163	STORES EXPENSES UNDISTRIBUTED	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	660	-	-	-	(660)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	188080	ACTIVE DEVELOPMENT COSTS	F55556	PROJECT RING	ASST	222	(222)	-	-	-	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	188080	ACTIVE DEVELOPMENT COSTS	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	6	(6)	-	-	-	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	40811	EMPLOYMENT TAXES	F55556	PROJECT RING	ASST	139	13	-	-	(152)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	40811	EMPLOYMENT TAXES	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	1,836	172	-	-	(2,008)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	40811	EMPLOYMENT TAXES	ZRNUCO	ETR/PPL MERGER - REGULATORY COSTS	ASST	1,047	9	92	-	(1,147)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	4264	EXP-CIVIC,POLITICAL & REL ACT	ZINUCO	ETR/PPL MERGER - INTEGRATION COSTS	ASST	82					82
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	4265	OTHER DEDUCTIONS	F55556	PROJECT RING	ASST	-	-	-	(0)	441	3,441

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Reclassification Of 2001 Merger Costs

Exhibit B

2001	N	ENOI	ENTERGY NEW ORLEANS INC.	4265	OTHER DEDUCTIONS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	8	-	-	7,666	384,904	392,578
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	4265	OTHER DEDUCTIONS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	159	-	-	0	611,684	611,842
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	500	OPER SUPERVISION & ENGINEERIN	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	423	-	-	-	(423)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	506	MISC STEAM POWER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	103	-	-	-	(103)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	507	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1	-	-	-	(1)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	507	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	525	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	102	100	-	-	(202)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	525	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	8	-	-	-	(8)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	528	MAINT SUPERVISION & ENGR	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	16	-	-	-	(16)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	560	OPER SUPER & ENGINEERING	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	244	-	-	-	(244)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	567	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	4	-	-	-	(4)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	580	OPERATION SUPERVISION&ENGINEE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	3,671	-	-	-	(3,671)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	580	OPERATION SUPERVISION&ENGINEE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	4	-	-	-	(4)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	582	STATION EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	586	METER EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	31	-	-	-	(31)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	588	MISC DISTRIBUTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	113	16	-	-	(129)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	590	MAINT. SUPERVISION & ENGINEER	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	141	-	-	-	(141)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	592	MAINT. OF STATION EQUIPMENT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1	-	-	-	(1)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	597	MAINTENANCE OF METERS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	5	-	-	-	(5)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	902	METER READING EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	25	-	-	-	(25)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	903001	CUSTOMER RECORDS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	241	-	-	-	(241)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	903002	COLLECTION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	93	-	-	-	(93)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	909	INFORMATION & INSTRUCT ADV EX	F55556	PROJECT RING	ASST	14	-	-	-	(14)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	909	INFORMATION & INSTRUCT ADV EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	597	-	860	-	(1,457)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	910	MISC CUST SER &INFORMATION EX	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	-	17	-	-	(17)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	911	SUPERVISION	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1	-	-	-	(1)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	920	ADM & GENERAL SALARIES	F55556	PROJECT RING	ASST	2,529	224	-	-	(2,753)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	920	ADM & GENERAL SALARIES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	27,282	2,023	284,399	-	(313,704)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	920	ADM & GENERAL SALARIES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	9,438	380	1,222	-	(11,040)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	921	OFFICE SUPPLIES AND EXPENSES	F55556	PROJECT RING	ASST	5	7	-	-	(12)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	921	OFFICE SUPPLIES AND EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	5,945	(5)	-	-	(5,940)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	921	OFFICE SUPPLIES AND EXPENSES	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	1,569	-	1,672	-	(3,241)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	923	OUTSIDE SERVICES EMPLOYED	F55556	PROJECT RING	ASST	94	-	-	-	(94)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	923	OUTSIDE SERVICES EMPLOYED	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	41,546	(7)	7,055	(7,055)	(41,539)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	923	OUTSIDE SERVICES EMPLOYED	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	7,250	5,754	363,247	61,513	(437,764)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	926	EMPLOYEE PENSION & BENEFITS	F55556	PROJECT RING	ASST	330	30	-	-	(360)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	926	EMPLOYEE PENSION & BENEFITS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	4,422	413	-	-	(4,835)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	926	EMPLOYEE PENSION & BENEFITS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	2,489	22	223	(0)	(2,734)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	928	REGULATORY COMMISSION EXPENSE	F55556	PROJECT RING	ASST	11	-	-	-	(11)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	928	REGULATORY COMMISSION EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,808	466	-	-	(2,274)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	928	REGULATORY COMMISSION EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	19,760	201	128,995	5,600	(154,556)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,654	-	-	-	(1,654)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	9302	MISCELLANEOUS GENERAL EXPENSE	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	286	-	-	-	(286)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	930201	ACTIVE DEVELOPMENT EXPENSES	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	993	1,432	-	-	(2,425)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	931	RENTS	F55556	PROJECT RING	ASST	23	2	-	-	(25)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	931	RENTS	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	946	547	-	-	(1,493)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	931	RENTS	ZRNUCO	ETR/FPL MERGER - REGULATORY COSTS	ASST	529	115	-	-	(644)	-
2001	N	ENOI	ENTERGY NEW ORLEANS INC.	935	MAINTENANCE OF GENERAL PLANT	ZINUCO	ETR/FPL MERGER - INTEGRATION COSTS	ASST	1,797	-	-	-	(1,797)	-
	N Total								140,781	11,704	787,785	67,724	(0)	1,007,943
	Grand Total								4,351,227	417,535	2,429,916	311,368	0	7,510,066

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EXHIBIT C

SUMMARY OF ESI BILLINGS TO NON-UTILITY
ASSOCIATE COMPANIES FOR THE PERIOD
JUNE 1999 - NOVEMBER 2001

Period		ESI Billings to EEI Subject to Surcharge	5% Surcharge - EEI	ESI Billings to EPI Subject to Surcharge	5% Surcharge - EPI	5% Surcharge - Total
June-99	(a)	2,848,512	142,426	62,089	3,104	65,193
Jul-99	(a)	1,913,839	95,692	82,891	4,145	87,036
August-99	(a)	2,342,738	117,137	66,055	3,303	69,358
Sep-99		1,549,863	77,493	76,924	3,846	80,770
October-99		1,809,074	90,454	108,551	5,428	113,978
Nov-99		2,143,448	107,172	77,749	3,887	81,636
December-99		2,638,240	131,912	74,340	3,717	78,057
Jan-00		860,301	43,015	20,631	1,032	21,662
February-00		1,200,957	61,048	20,732	1,037	21,769
Mar-00		1,456,857	72,843	26,573	1,329	27,901
April-00		1,738,375	86,919	24,841	1,242	26,084
May-00		1,755,440	87,772	33,842	1,692	35,535
June-00		3,780,896	189,045	49,457	2,473	51,930
Jul-00		2,362,166	118,108	25,771	1,289	27,059
August-00		2,567,059	128,353	23,721	1,186	24,907
Sep-00		2,869,443	143,472	31,278	1,564	32,842
October-00		3,341,172	167,059	28,431	1,422	29,852
Nov-00		575,349	28,767	16,424	821	17,245
December-00		6,141,700	307,085	60,599	3,030	63,629
Jan-01		2,093,089	104,654	15,451	773	16,223
February-01		3,134,053	156,703	29,566	1,478	31,045
Mar-01		2,934,091	146,705	25,061	1,253	26,314
April-01		3,422,991	171,150	22,898	1,145	24,043
May-01		4,107,058	205,353	19,578	979	20,556
June-01		4,878,540	243,927	22,028	1,101	23,130
Jul-01		2,227,291	111,365	13,934	697	14,631
August-01		2,799,363	139,968	19,687	984	140,952
Sep-01		3,615,685	180,784	17,843	892	18,735
October-01		3,327,264	166,365	18,037	902	18,939
Nov-01		3,700,005	185,000	14,721	736	15,457
TOTALS		80,134,859	4,007,745	1,129,702	56,485	1,306,468

(a) The 5% surcharge for these months was billed in September 1999 as the SEC's June 22, 1999 Order was not implemented by Entergy until September 1999.

EXHIBIT D

SUMMARY OF ENTERGY REGULATED UTILITY BILLINGS
TO NON-UTILITY ASSOCIATE COMPANIES FOR THE PERIOD
JUNE 1999 - NOVEMBER 2001

Period		EAI Billings Subject to Surcharge	5% Surcharge - EEI	EGSI Billings Subject to Surcharge	5% Surcharge - EEI	ELI Billings Subject to Surcharge	5% Surcharge - EEI	EMI Billings Subject to Surcharge	5% Surcharge - EEI	ENOI Billings Subject to Surcharge	5% Surcharge - EEI	EOI Billings Subject to Surcharge	5% Surcharge - EEI
June-99	(a)	90,860	3,043	20,915	1,046	1,273	64	8,374	419	-	-	-	-
Jul-99	(a)	25,307	1,265	51,369	2,568	13,724	686	10,422	521	1,286	64	-	-
August-99	(a)	15,959	798	60,459	3,023	12,218	611	34,053	1,703	-	-	-	-
Sep-99		20,145	1,007	66,595	3,330	4,077	204	7,920	396	-	-	-	-
October-99		13,826	691	51,656	2,583	2,431	122	13,204	660	-	-	-	-
Nov-99		25,602	1,280	56,498	2,825	-	-	1,666	83	-	-	-	-
December-99		2,854	135	39,400	1,970	-	-	418	20	7,744	387	18,633	932
Jan-00		(229)	(11)	52,643	2,632	1,061	54	4,176	209	-	-	-	-
February-00		27,362	1,368.10	643,851	32,193	4,304	215.21	388	19.39	-	-	-	-
Mar-00		38,205	1,910.24	92,231	4,612	-	-	6,033	301.63	-	-	-	-
April-00		57,237	2,862	56,961	2,848	19,729	986	2,060	103	-	-	-	-
May-00		51,361	2,568	52,340	2,617	19,980	999	985	49	-	-	-	-
June-00		38,101	1,905	72,740	3,637	16,603	830	3,523	176	-	-	-	-
Jul-00		27,561	1,378	26,800	1,340	(1,000)	(50)	260	13	63	4	-	-
August-00		40,196	2,010	76,175	3,809	8,338	417	33,294	1,665	493	25	146	7
Sep-00		34,666	1,733	30,531	1,527	-	-	3,061	153	36	2	-	-
October-00		49,157	2,458	30,905	1,545	246	12	3,170	159	-	-	-	-
Nov-00		(7,227)	(361)	27,363	1,368	4,534	227	2,488	123	197	10	-	-
December-00		1,186	59	27,792	1,390	1,536	77	2,626	131	10	0	-	-
Jan-01		-	-	-	-	-	-	-	-	227	11	-	-
February-01		6,500	325	22,702	1,135	2,198	110	6,070	254	-	-	-	-
Mar-01		11,266	563	24,840	1,242	3,842	191	34,194	1,710	-	-	(2,844)	(142)
April-01		4,709	235	26,401	1,320	(47,287)	(2,364)	35,351	1,768	-	-	-	-
May-01		-	-	11,195	560	-	-	80,497	4,025	-	-	6,839	342
June-01		3,494	175	32,795	1,640	(47,570)	(2,378)	100,933	5,047	-	-	-	-
Jul-01		6,640	332	15,121	756	-	-	84,266	4,214	-	-	28,810	1,441
August-01		13,312	666	68,172	3,409	1,137	57	81,929	4,096	-	-	-	-
Sep-01		8,391	420	54,518	2,726	1,559	78	49,391	2,467	1,716	86	-	-
October-01		3,853	193	36,801	1,840	3,931	197	67,934	3,397	-	-	-	-
Nov-01		1,669	83	44,381	2,219	5,950	297	67,796	3,390	-	-	-	-
TOTALS		579,944	28,990	1,874,136	93,706	32,830	1,640	746,422	37,270	11,772	589	51,584	2,580

(a) The 5% surcharge for these months was billed in September 1999 as the SEC's June 22, 1999 Order was not implemented by Entergy until September 1999.

Exhibit E

EC Examination
SI Billings
ro Forma Analysis of Corporate Governance Costs - 2000

Department (A)	Total Costs	30% Allocation to Parent	Total Amount Billed to Parent	Total Amount Billed to EEI	Total Amount Billed to EPI	Total Amount Billed to Shareholders	Percentage Billed to Shareholders
ccounting	633,646	190,094	11,928	23,356	3,455	38,739	6.11%
ax	1,963,620	589,086	76,204	459,384	21,938	556,526	28.49%
nance	2,083,559	625,068	176,475	345,986	2,381	524,841	25.19%
vestor Relations	2,817,598	845,279	2,256,865	58,297	2,252	2,317,414	82.25%
ternal Audit	1,575,585	472,675	26,872	350,889	8	378,559	23.90%
xecutive	8,793,496	2,638,049	287,106	959,542	30,099	1,276,749	14.52%
orporate/Strategic Planning	4,940,877	1,482,263	78,143	1,616,879	13,867	1,708,886	34.59%
egal	15,354,118	4,606,235	1,242,179	2,301,205	7,974	3,551,358	23.13%
orporate Communications/Public Relations	2,399,487	719,846	988,203	68,884	410	1,057,497	44.07%
uman Resources (B)							
tal	40,561,986	12,168,596	5,141,976	6,184,222	82,384	11,408,582	28.13%

eakdown of Actual 2000 Billings

	Direct Billings	Allocated Billings	Total Billings
tal 2000 ESI Billings	168,172,000	409,640,000	577,812,000
llings to Shareholders:			
arent (ETR)	11,620,000	1,716,000	13,336,000
EI	20,323,000	8,828,000	29,151,000
PI	79,000	292,000	371,000
Total Shareholder Billings	32,022,000	10,836,000	42,880,000

Footnotes

(A) The listed departments, along with the related costs, are those departments identified by the SEC in their examination manual as "corporate governance" departments for a service company. (Please also refer to Entergy's response to the SEC's Initial Examination Request #61 for Entergy Corporation.)

(B) In the June 2001 Recommendations and Examination Findings of Service Companies, Item A. Holding Company Costs, the SEC Staff detailed the types of officer and director specific benefit plans that should be categorized as Human Resources corporate governance costs. Entergy currently does not use separate project codes to capture the costs associated with ESI officer and director specific benefit plans. Certain of Entergy's plans cover officers from all legal entities (not just ESI), others cover middle management employees up through the officer level and others cover all employees, including officers. Because the officer and director specific costs for these plans cannot be readily identified and separated, these costs have not been included in our pro forma analysis.

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

OFFICE OF
PUBLIC UTILITY REGULATION

May 7, 2002

Mr. Nathan Langston
Senior Vice President and
Chief Accounting Officer
Entergy Services, Inc.
Post Office Box 61000
New Orleans, La. 70161

Dear Mr. Langston:

The Examination Staff has reviewed your January 4, 2002 letter and our responses are included below. We would appreciate your response to the findings of this examination letter no later than May 31, 2002.

Finding 1 (Item 3):

The final decision on the Entergy PAC allocation issues will be deferred until the Entergy Corporation's ("Parent" or "Entergy") proposed study is completed. We ask that you commit to a date to complete this study and insert that date in your response to this examination letter.

Finding 2 (Item 4):

The final decision on the Entergy study of the allocation of lobbying and political action activity costs will be deferred until Entergy's proposal is completed. We ask that you commit to a date to complete this study and insert that date in your response to this examination letter.

Finding 3 (Item 6):

You make the statement that the Facilities loader clearing process achieves substantially the same result as allocating floor space based on labor dollars billed. Provide the Examination Staff a copy of the analysis you completed in order to make the above statement.

Finding 4 (Item 7):

This Item is now closed.

Finding 5 (Item 11):

Entergy has disagreed with the Examination Staff's interpretation of Rule 45 (c). Entergy also requested a meeting with the Director of the Office of Public Utility Regulation ("OPUR") and other appropriate Commission Staff to discuss the issue. After inquiries to the Assistant Director of OPUR and other staff personnel, we could not confirm that any meeting has been requested.

The Rule 45(c) adopting release, HCAR #21968 (March 18, 1981), stated in its response, to changing the Rule 45(c)(4) public comment language of a tax agreement excluding a "subsidiary" company to read instead excluding "associate companies", that a "holding company will not normally have a positive corporate taxable income, since intercompany dividends, its principal resource, are excluded". This change was not an oversight and was envisioned by the Commission staff in the Commission's adoption of Rule 45(c). The Commission structured Rule 45(c) as an allocation system that would channel tax benefits to the subsidiary that earned the benefit while adhering to the principle that the "tax apportioned to any subsidiary shall not exceed the separate return tax of such subsidiary" (see Rule 45(c)(2)(ii)). The proposing release language for Rule 45(c)(5) and the final rule language deliberately distinguished between "associate companies" paying their "positive allocation" (or tax liability) while only "subsidiary companies" with a "negative allocation" (tax credit or tax benefit) are to receive payment for their own tax credits. The Commission's emphasis for Rule 45(c) and the only correct legal interpretation was the "subsidiary" member of the tax allocation agreement to be in receipt of their tax benefits. The holding company as an associate company would have to, through the application –declaration process, argue for similar fair and equitable treatment.

It is also very clear to the Examination Staff that Entergy cannot just adopt a tax allocation agreement that allows a holding company to carryforward and/or retain tax benefits attributable to holding company expenses in order to offset the loss against a subsequent year tax liability without having first filed for such approval under Section 12(b) and Rule 45(a). The carryforward character of Rule 45(c) proposing release that addresses the carryover provisions can only be interpreted in light of the same distinctions between subsidiary companies and associate company members of a consolidated tax return.

We asked Entergy to comply with Public Utility Holding Company Act of 1935 ("PUHCA") in our Examination Staff letter of November 27, 2001. We are asking you again for the second time.

The adopting release clearly stated that no provision was made in the rule for amending the tax agreement. Because of this provision the only recourse to Entergy is to file an application-declaration under Section 12(b) and Rule 45(a) to seek authorization from the Commission under PUHCA to approve a tax allocation agreement that deviates from Rule 45(c). On these specific points, I direct you to the National Grid order of March 15, 2000, HCAR No. 27154 and the Progress Energy order of April 18, 2002, HCAR No. 27522. We also point out that the adopting release stated that any amendment with a retroactive effect will not be treated as a routine filing.

The Examination Staff also points-out that where changes in tax law occur or changes by the IRS take place after a return is filed that the 60-day procedure of Rule 45(c)(6) exists to lessen the burden of having to file an application-declaration. This use of the rule through a 60-day notification procedure is not meant to allow for a deviation from the core standards of Rule 45(c). The proposing release notes that:

> "While tax agreements inconsistent with the rule may, in principle, still be applied for under rule 45(a), such action is not expected. It would be justified only in truly unforeseen and exceptional circumstances."

Finding 6 (Item 14):

This Item is now closed.

Finding 7 (Item 15):

This Item is now closed.

Finding 8 (Item 20):

Please provide us with the dates for receiving the audit scope for the next Entergy Services, Inc. ("ESI") billing and allocation audit and the estimated date (or at least the general time period) for the expected completion of the audit.

Finding 9 (Item 22):

It is the position of the Examination Staff that a "formalized benchmarking program" is a program of periodic review of certain functions. The type of analysis presented in your response related to the Legal Department, Information Services, and Investor Relations is the type of analysis/review we are looking for in benchmarking. We would like to see this documented on a regular basis as you have done in the letter. It is important that Entergy sustain the economical and efficient standards of Sections 13(b) by having available a periodic benchmarking system.

Finding 10 (Item 27):

Please provide the Examination Staff an indication of when you will meet or have met with Mr. Leonard and Mr. Hintz. Please report to us the results of your meeting. At that point, we will determine if additional follow-up is necessary which might include new project codes and allocation methods.

Finding 11 (Item 30):

The ASST allocation method as calculated by Entergy eliminates the asset "Investment in subsidiaries" when calculating the Parent company assets for the formula. This is why the percentage to the Parent (approximately 2%) is so low. The Examination Staff has disageed with this calculation with other companies. We do not believe in the "double-counting" argument. The "double-counting" involves including the investment in subsidiaries as an asset on the Parent and the assets of the individual subsidiaries. If the Parent did not have the investment in the subsidiaries, they would have that asset in cash or some other vehicle and it would be counted as an asset. We first have to address the proper calculation of the allocation and then the fairness. Please recalculate the asset method and present your findings to the Examination Staff.

Finding 12 (Item 33):

The first sentence to your response is confusing. It sounds as if the Parent also directly pays (cuts checks) for many of its own expenses in addition to costs billed from ESI. If this is the case, please explain how this is accomplished and what types of costs are paid. Entergy has made the argument that when Parent company and other non-regulated companies allocated percentages are combined and examined for corporate governance costs that approximately 28% was charged to these companies (i.e. shareholder cost). We accept and support this argument. The Examination Staff, in looking at the fairness question, is willing to consider the amounts charged to shareholders versus charged to ratepayers (regulated companies).

Exclusive of corporate governance costs, the specific costs items should be evaluated. For example, you discuss costs of senior executive officers and the appropriateness of using the ASST method. As discussed in the prior Item, the ASST is calculated incorrectly and therefore the costs allocated are incorrect. The Number of Employees Method is another one you present in the discussion. Again, since you exclude the Parent company as having any employees, they would receive little or no costs allocated using this method. You have committed to a further study of the types of services charged to project codes C31255 (Operations-Office of the CEO), C08500 (Operations-ETR President and COO), FSPVPI (Operations-VP Strategic Planning) and F10445 (Entergy Consolidated Tax Services). The Examination Staff would like to see the results of this study before making a final conclusion on this Item.

Finding 13 (Item 42):

(A) ESI committed to meeting with appropriate personnel charging time and expenses to project codes FSPVP1 and F10555. The Examination Staff would like to review the results of those meeting before final acceptance on this Item.

(B) We understand this project code (R16447) was closed January 1, 2002. Is there a new code established to accumulate these type costs? Or is this function eliminated?

(C) This Item is closed

Finding 14 (Item 44):

The determination of this Item hinges on the proper calculation of the ASST method as discussed in Item 11. The Examination Staff will hold judgement on agreeing with this response until the ASST allocation method issue is resolved.

Finding 15 (Item 45):

The Examination Staff agrees with your response on Goldberg, Marchesano Partners, Inc. Classic Foundation, Inc. and Cajun Made Golf Products. The Media Direct and International Business Publishers, Inc. response suffer from the problem of allocation using the ASST method (which is calculated incorrectly). The proper allocation of these two vendor costs remains open pending the resolution on the ASST method.

Finding 16 (Item 52):

Entergy has committed that the cost of certain prospective invoices, such as (Aramark Sports and Entertainment costs, Wayne Leonard and Robert Luft travel costs, Theme Parks, etc. will be billed using a method that allocates a fair and equitable portion either directly or indirectly to the Parent company. Entergy expressed its desire not to reallocate the costs for these items as outlined in the examination due to the date of the invoices and the effort to rebill and adjust prior year earnings. The costs should be reallocated, with the adjustment made in the current year so that prior year financials do not have to be restated. The Examination Staff also requests further quantification on the method Entergy is planning to use. Will this be a new allocation method? Please expand your response.

NEW ITEM

The Examination Staff has added some new questions to our Examination, since the Entergy examination that is being asked of all companies. Please respond to the following questions:

1. The Commission's examination program of registered holding company systems ("RHC") under PUHCA centers around three major issues:
   (1) Do all three of the functional components of a registered holding company, holding company, utility and non-utility, operate under positive financial performance goals;
   (2) What is the purpose of the corporate and/or legal entities formed by the RHC and the propriety of corporate governance; and

(3) How effective are the RHCs internal controls and how far down the chain of companies within the RHC umbrella do they reach.

Financial performance under the above standards is a measure of profitability, not as a requirement of PUHCA but an objective of each RHC that acts to protect investors and consumers by not becoming a detriment to their protective standards. Corporate structure and governance looks at the extensiveness of management knowledge of the business functions of the RHCs and communication and coordination of RHC policy throughout the system. Internal controls and procedures is a required principle under PUHCA that mandates (Sections 13, 14 and 15) full and complete financial statement reporting and consolidation combined with the identification of all affiliate transactions between the companies that control the RHC.

We are asking that Entergy provide a full and complete explanation for each of the following questions:

(a) What internal controls are in place at Entergy that enables executive management to know that all expense, financial, acquisition and corporate structure transactions have been accounted for, recorded and/or disclosed to books and records and are done so at the proper corporate level within the RHC?
(b) What internal controls are in place that monitors the use of proceeds of any Entergy equity investment and the leveraging of or commitment to any other funds in non-utility businesses?
(c) What internal and external controls are in place that identifies and reports (i) any off the balance sheet financings or investments and (ii) the formation of any corporate or business entities formed to hold, control or own any type of investment, asset or liability?

We ask that Entergy provide flow-charts, organization charts, chain-of-command structure, executive review procedures, investment threshold level approval procedures or any other type of quality oversight procedures that are in place and designed to identify the controls that are in place as to the above three questions. We also ask that Entergy specifically identify problems they either foresee or know have existed from their efforts to achieve the above levels of control.

Sincerely,

R.P. Wason

Robert P. Wason
Chief Financial Analyst

Entergy

Entergy Services, Inc.
Post Office Box 61000
New Orleans, LA 70161
Tel 504 576 4326
Fax 504 576 2187
nlangst@entergy.com

Nathan E. Langston
Senior Vice President & Chief Accounting Officer

May 31, 2002

Mr. Robert P. Wason
Chief Financial Analyst
Office of Public Utility Regulation
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N. W.
Judiciary Plaza
Washington, D.C. 20549

Re: Entergy Response to Findings and Actions Required (May 7, 2002)
Examination of Entergy Corporation ("Entergy" or "Parent"), Entergy Services, Inc. ("ESI"), Entergy Enterprises, Inc. ("EEI"), and Entergy Power, Inc. ("EPI")

Dear Mr. Wason:

This letter is in response to the remaining Findings and Actions Required stated in your letter dated May 7, 2002 in connection with the above referenced companies. As requested in your letter, we submit the following responses to the Staff's Findings:

Finding 1 (Item 3):
The final decision on the Entergy PAC allocation issues will be deferred until the Entergy Corporation's ("Parent" or "Entergy") proposed study is completed. We ask that you commit to a date to complete this study and insert that date in your response to this examination letter.

Entergy Response to Finding 1:
Entergy's PAC costs are coordinated by Entergy's Governmental Affairs Departments and are closely related to the costs that are the subject of the Examination Staff's Finding 2. Entergy will include the allocation of its PAC costs in the study referred to in our response to Finding 2 below. Entergy commits that it will complete this study and report the findings to the Staff by August 31, 2002.

Finding 2 (Item 4):
The final decision on the Entergy study of the allocation of lobbying and political action activity costs will be deferred until Entergy's proposal is completed. We ask that you commit to a date to complete this study and insert that date in your response to this examination letter.

Entergy Response to Finding 2:
Entergy commits that it will complete this study and report the findings to the Staff by August 31, 2002. This study will also include the specific PAC costs referred to in the Examination Staff's Finding 1 above.

Finding 3 (Item 6):
You make the statement that the Facilities loader clearing process achieves substantially the same result as allocating floor space based on labor dollars billed. Provide the Examination Staff a copy of the analysis you completed in order to make the above statement.

Entergy Response to Finding 3:
The analysis included as Exhibit A supports Entergy's statement that the Facilities loader clearing process achieves substantially the same result as allocating floor space based on labor dollars billed. This analysis provides a comparison of Facilities loader percentages to payroll dollars billed percentages for 2000. As you will note, the percentages are materially the same.

Finding 4 (Item 7):
This Item is now closed.

Finding 5 (Item 11)
Entergy Response to Finding 5:
Entergy's response to this Finding will be submitted in a supplemental response to be provided to the Staff on or before July 1, 2002.

Finding 6 (Item 14):
This Item is now closed.

Finding 7 (Item 15):
This Item is now closed.

Finding 8 (Item 20):
Please provide us with the dates for receiving the audit scope for the next Entergy Services, Inc. ("ESI") billing and allocation audit and the estimated date (or at least the general time period) for the expected completion of the audit.

Entergy Response to Finding 8:
Entergy has provided the Staff with both the audit scope and the final audit report on the most recent ESI billing and allocation audit. Specifically, Ms. Gina Morello, former Manager of Risk Management Services, emailed the scope for this audit to Mr. Dave Marsh on February 21, 2002. Ms. Morello emailed the final audit report to both Mr. Robert Wason and Mr. Dave Marsh on May 16, 2002. In the event that these email transmittals were not received, hard copies of the audit scope and the final audit report are attached as Exhibits B and C, respectively.

Finding 9 (Item 22):
It is the position of the Examination Staff that a "formalized benchmarking program" is a program of periodic review of certain functions. The type of analysis presented in your response related to the Legal Department, Information Services, and Investor Relations is the type of analysis/review we are looking for in benchmarking. We would like to see this documented on a regular basis as you have done in the letter. It is important that Entergy sustain the economical and efficient standards of Sections 13(b) by having available a periodic benchmarking system.

Entergy Response to Finding 9:
Entergy commits that it will continue to routinely take steps to insure the effectiveness and efficiency of its business processes, and therefore, its costs. These steps may include, but are not limited to, best practices analyses, target setting, performance management, process improvement initiatives, internal reporting and accountability by management, and benchmarking studies. Entergy will continue to track and document these various studies and/or analyses and will provide copies of any studies and/or analyses to the Staff upon request.

Finding 10 (Item 27):
Please provide the Examination Staff an indication of when you will meet or have met with Mr. Leonard and Mr. Hintz. Please report to us the results of your meeting. At that point, we will determine if additional follow-up is necessary which might include new project codes and allocation methods.

Entergy Response to Finding 10:
Entergy commits that ESI representatives will meet with Messrs. Leonard and Hintz prior to August 31, 2002 to review the nature of services rendered by them and their time and expense charging procedures for such services. Entergy will report the results of these meetings to the Staff by August 31, 2002.

Finding 11 (Item 30):
The ASST allocation method as calculated by Entergy eliminates the asset "Investment in subsidiaries" when calculating the Parent company assets for the formula. This is why the percentage to the Parent (approximately 2%) is so low. The Examination Staff has disageed with this calculation with other companies. We do not believe in the "double-counting" argument. The "double-counting" involves including the investment in subsidiaries as an asset on the Parent and the assets of the individual subsidiaries. If the Parent did not have the investment in the subsidiaries, they would have that asset in cash or some other vehicle and it would be counted as an asset. We first have to address the proper calculation of the allocation and then the fairness. Please recalculate the asset method and present your findings to the Examination Staff.

Entergy Response to Finding 11:
In this Finding, the Staff takes exception to Entergy's calculation of its Total Assets (ASST) allocation method. From a computational perspective, it appears that both the Staff and Entergy agree that the denominator in this calculation should be consolidated assets as opposed to combined assets. The Staff's issue appears to be with the numerator in this calculation. Entergy's structure is such that the Parent company functions as a funding company. The proceeds from the issuance of Entergy Corporation stock are used to invest in the Entergy subsidiaries. Given Entergy's structure, the Parent company would not have an asset in cash or some other vehicle if it had not made the investment in subsidiaries. Absent the intent to invest in the subsidiaries, there would be no business purpose for the Parent company to issue stock. In addition, the subsidiary companies would not have the cash or some other vehicle if the Parent company had not made the investment in subsidiaries or, alternatively, unless they had obtained financing from some other source. As presented in Entergy's consolidated financial statements, prepared in accordance with generally accepted accounting principles (ARB-51, par. 6), it is the assets of the subsidiaries that survive at the consolidated level. The use of combined financial statements is not a factual representation of assets. Entergy believes that its calculation of the ASST allocation method is accurate.

Additionally, this ASST method, as currently calculated, was used to allocate many of the shared or allocable corporate governance costs presented in Exhibit E that was included in Entergy's January 4, 2002 response to the Staff's Findings and Actions Required. The analysis presented in Exhibit E demonstrates that a fair amount of corporate governance costs have been charged to the Parent company. In the latter half of Finding 11, the Staff states that, "We first have to address the proper calculation of the allocation and then the fairness." Entergy believes that our response to this Finding clearly documents Entergy's view on the accuracy of its current ASST calculation. Entergy also believes that the fairness of this method is supported by our response to Finding 12 below and the Staff's own conclusions about the fairness as documented in that Finding.

Finding 12 (Item 33):
The first sentence to your response is confusing. It sounds as if the Parent also directly pays (cuts checks) for many of its own expenses in addition to costs billed from ESI. If this is the case, please explain how this is accomplished and what types of costs are paid. Entergy has made the argument that when Parent company and other non-regulated companies allocated percentages are combined and examined for corporate governance costs that approximately 28% was charged to these companies (i.e. shareholder cost). We accept and support this argument. The Examination Staff, in looking at the fairness question, is willing to consider the amounts charged to shareholders versus charged to ratepayers (regulated companies).

Exclusive of corporate governance costs, the specific cost items should be evaluated. For example, you discuss costs of senior executive officers and the appropriateness of using the ASST method. As discussed in the prior Item, the ASST is calculated incorrectly and therefore the costs allocated are incorrect. The Number of

Employees Method is another one you present in the discussion. Again, since you exclude the Parent company as having any employees, they would receive little or no costs allocated using this method. You have committed to a further study of the types of services charged to project codes C31255 (Operations-Office of the CEO), C08500 (Operations-ETR President and COO), FSPVPI (Operations-VP Strategic Planning) and F10445 (Entergy Consolidated Tax Services). The Examination Staff would like to see the results of this study before making a final conclusion on this item.

Entergy Response to Finding 12:
As a System, Entergy's accounting processes are such that legal entity specific costs not related to services provided by ESI can be charged directly to a specific legal entity, i.e. the costs are not billed through ESI. In the case of the Parent company, these direct charges relate primarily to costs associated with the annual shareholder meeting, fees and expenses related to the Entergy Board of Directors and general and administrative expenses of the Chairman that are not related to any legal entity or project. In 2000, these direct charges to the Parent company totaled approximately $5,110,000 (exclusive of merger-related transaction costs).

In our January 4, 2002 response, Entergy provided the Staff with a pro forma analysis of corporate governance costs based on 2000 billings (Exhibit E of that response). This analysis included total corporate governance costs billed by ESI, both direct and allocated, to the Parent company and shareholders. The analysis showed that approximately 28% of total ESI corporate governance costs were billed to shareholders. As noted above by the Staff in this Finding, the Staff accepts and supports the fairness of the amount of corporate governance charged to shareholders (Parent company and non-regulated companies) by Entergy. Entergy's January 4, 2002 response also noted that the analysis presented in Exhibit E excluded any corporate governance type costs charged directly to the Parent company and the non-regulated companies, i.e. not billed through ESI. As noted above, direct charges to the Parent company totaled approximately $5,110,000 in 2000. The types of costs included in this total meet the SEC's definition of corporate governance costs. Including these Parent company directly charged corporate governance costs and corporate governance costs directly charged to the non-regulated companies further supports the fairness of Entergy's corporate governance costs charged to shareholders.

In this Finding, the Staff again refers to the calculation of Entergy's ASST method and their belief that the costs allocated using this method are incorrect. With regard to this issue, please see Entergy's response to Finding 11 above. The Staff has also requested that Entergy conduct a study of the types of services charged to project codes C31255 (Operations-Office of the CEO), C08500 (Operations-ETR President and COO), FSPVP1 (Operations-VP Strategic Planning) and F10445 (Entergy Consolidated Tax Services). Each of these project codes currently uses the ASST allocation method. The ASST allocation method was selected because the costs associated with these project codes are driven by the oversight and stewardship of corporate assets. The types of costs associated with these project codes meet the Staff's definition of corporate governance costs and these project codes are included in the summary totals presented in Entergy's Exhibit E referred to above. Entergy believes that its use of the ASST method, and as currently calculated, results in a fair amount of corporate governance charged to shareholders (Parent company and non-regulated companies). Further, with the use of this ASST method and the application of cost causation principles, Entergy believes that it meets the Staff's definition of fairness. Entergy commits that ESI representatives will conduct a further study of the types of services charged to project codes C31255, C08500, FSPVP1 and F10445. Entergy will report the results of this study to the Staff by August 31, 2002.

Finding 13 (Item 42):

(A) ESI committed to meeting with appropriate personnel charging time and expenses to project codes FSPVP1 and F10555. The Examination Staff would like to review the results of those meeting before final acceptance on this Item.

Entergy Response to Finding 13(A):
Entergy commits that ESI representatives will meet with personnel charging time and expenses to project codes FSPVP1 and F10555 prior to August 31, 2002. Entergy will report the results of these meetings to the Staff by August 31, 2002.

(B) We understand this project code (R16447) was closed January 1, 2002. Is there a new code established to accumulate these type costs? Or is this function eliminated?

Entergy Response to Finding 13(B):
Project code R16447, General Market Research, was closed effective January 1, 2002. This general project code was replaced with codes that bill the regulated companies and the non-regulated companies separately, i.e. there are no market research-related project codes that allocate to both the regulated and non-regulated companies.

(C) This Item is closed

Finding 14 (Item 44):
The determination of this Item hinges on the proper calculation of the ASST method as discussed in Item 11. The Examination Staff will hold judgement on agreeing with this response until the ASST allocation method issue is resolved.

Entergy Response to Finding 14:
Please refer to Entergy's response to Finding 11.

Finding 15 (Item 45):
The Examination Staff agrees with your response on Goldberg, Marchesano Partners, Inc. Classic Foundation, Inc. and Cajun Made Golf Products. The Media Direct and International Business Publishers, Inc. response suffer from the problem of allocation using the ASST method (which is calculated incorrectly). The proper

allocation of these two vendor costs remains open pending the resolution on the ASST method.

Entergy Response to Finding 15:
Please refer to Entergy's response to Finding 11.

Finding 16 (Item 52):
Entergy has committed that the cost of certain prospective invoices, such as (Aramark Sports and Entertainment costs, Wayne Leonard and Robert Luft travel costs, Theme Parks, etc. will be billed using a method that allocates a fair and equitable portion either directly or indirectly to the Parent company. Entergy expressed its desire not to reallocate the costs for these items as outlined in the examination due to the date of the invoices and the effort to rebill and adjust prior year earnings. The costs should be reallocated, with the adjustment made in the current year so that prior year financials do not have to be restated. The Examination Staff also requests further quantification on the method Entergy is planning to use. Will this be a new allocation method? Please expand your response.

Entergy Response to Finding 16:
The Staff's November 29, 2001 Findings and Actions Required letter addressed five specific invoices in this finding. The five invoices included Wayne Leonard travel costs, Robert Luft travel costs, Theme Parks New Orleans, LeMeridien New Orleans and The Woodlands. Aramark Sports and Entertainment costs were not addressed in the Finding, but appeared to be inadvertently included in the Action Required. Entergy's January 4, 2002 response to the Staff's Findings and Actions Required separately addressed the four invoices charged to project codes C31255 and ZZ0150 (Wayne Leonard travel costs, Robert Luft travel costs, Le Meridien New Orleans and The Woodlands). Entergy stated that these invoices were related to costs driven by the oversight and stewardship of corporate assets. As further stated in that response, ESI believes that the ASST allocation method is appropriate to effect a fair and equitable allocation of costs based on the services provided. (Please also refer to Entergy's response above to Finding 12).

Entergy's January 4, 2002 response to the Staff's Findings and Actions Required separately addressed the Theme Parks New Orleans invoice. The costs associated with this invoice were allocated using allocation method 18, which is based on the number of full and part-time employees. In our response we acknowledged that the Theme Parks New Orleans costs should have been allocated more broadly, including an allocated portion to the Parent company. Our response also stated that, "Given the date of the invoice in question and prior year in which it was recorded, a rebilling and adjustment of prior year earnings would not be appropriate. Entergy commits that prospective costs of this type will be billed using a method that allocates a fair and equitable portion either directly or indirectly to the Parent company." Since our January 4, 2002 response, Entergy has studied this issue and determined that the Theme Parks New Orleans costs, and prospective costs of this type, should be more appropriately allocated based on our allocation method 40, ESI Labor Costs Billed. This method allocates costs based on total labor dollars billed to each company by ESI, with an allocated portion to the Parent company. Entergy commits that it will rebill the Theme Parks New Orleans costs, and any 2001 and 2002 costs to date of this type. The adjustment(s) will be made in the third quarter of 2002 so that prior year financials do not have to be restated.

As discussed in my telephone conversation with you on May 30, 2002, Entergy will submit a supplemental response by July 1, 2002 related to both Finding 5 and the "New Items" addressed in your May 7 letter. The responses for these items require extensive information and documentation. Rather than sending information on a piecemeal basis, Entergy is committed to providing the Staff with organized and comprehensive responses for these items. Entergy will also submit a supplemental response by August 31, 2002 that will address the results of various studies to be conducted in connection with Findings 1, 2, 10, 12 and 13. Should you have any questions, please contact me at 504-576-4326 or Ms. Lee Canova at 504-576-2289.

Sincerely,

Nathan E Langston

Nathan Langston
Senior Vice President,
Chief Accounting Officer

(Attachments)
c: Mr. David Marsh
Mr. Jack Adams
Ms. Lee Canova
Ms. Debbie Dudenhefer
Ms. Carol Gernon
Ms. Jill Israel
Mr. Jay Lewis

Comparison of Facilities Loader Clearing Process
to Payroll Dollars Billed for Year 2000

Exhibit A

[redacted]											
Facilities Loader	4,580,466	6,083,190	4,413,785	2,446,401	1,745,751	572,358	2,282,861	19,235	1,113,022	29,487	23,286,556
	19.67%	26.12%	18.95%	10.51%	7.50%	2.46%	9.80%	0.08%	4.78%	0.13%	100.00%
Payroll Dollars Billed	26,506,450	36,546,912	27,345,056	13,832,155	9,882,737	3,507,068	11,674,659	80,498	7,201,865	304,678	136,882,080
	19.36%	26.70%	19.98%	10.11%	7.22%	2.56%	8.53%	0.06%	5.26%	0.22%	100.00%

PARHAM, KATHRYN R

From:	MORELLO, GINA M
Sent:	Thursday, February 21, 2002 4:26 PM
To:	CANOVA, LEE A
Cc:	LUKE, ELIZABETH; HUBER, CARA S; GRANTHAM, SUSAN; RICHARDSON, PAUL E; BARNETT, LEE D; PARHAM, KATHRYN R
Subject:	FW: Entergy Audit Scoping Document - Response to Action Item #8

FYI - I sent this to Dave with the SEC today.

-----Original Message-----
From: MORELLO, GINA M
Sent: Thursday, February 21, 2002 4:23 PM
To: 'dmarsh@sec.gov'
Subject: Entergy Audit Scoping Document - Response to Action Item #8

Dave,

In response to the SEC's Findings and Action Required letter dated November 29, 2001 item number 8, attached is a copy of the audit scope for the billing and allocation audit currently being conducted by Entergy's Risk Management Services department.

If you have any questions, please contact me at 504-576-4134.

Thanks,
Gina Morello
Risk Manager
Entergy Services, Inc.

Final RBIA Template.doc

Risk Based Integrated Auditing Worksheet

Audit Project	Intra-System Billing Process	[illegible]	1/9/02
[illegible]	Nathan Langston & Jill Israel	[illegible]	3/31/02
[illegible]	Gina Morello		
[illegible]	Susan Grantham, Ryan Hubbs, Cara Huber, and Elizabeth Luke		
[illegible]	To determine whether adequate process controls exist which ensure that IntraSystem billings are performed accurately, completely, and timely.		
[illegible]	The scope of our project will include a review of the IntraSystem billing process from the time a billable project code is established until the time it is billed and paid by the appropriate legal entity (see attached test plan). The project scope does not include compliance aspects of affiliate billings such as compliance with the Service Agreements, SEC laws and regulations or any other regulatory affiliate billing rules. In addition, the scope will not include testing the appropriateness of billing methods or the appropriateness of charges to each legal entity as this was tested extensively by a recent SEC audit. The scope of the audit excludes a review of the various source systems in which charges to project codes are initiated. The various source system (accounts payable, payroll, etc.) are audited based on a three year cycle. Source System controls will be documented and reviewed at a high level but will not be tested.		
[illegible]	Project Number: RM1018 Activity Code: CMPA Task: AFFTRANS		

Risk Based Integrated Auditing Worksheet

[redacted]	Business Risk	[redacted]	Management Control Structure to Keep Risk within Limits
[redacted]	• Inaccurate billings • Incomplete billings • Non-timely billings • Unauthorized billings	[redacted]	• External audits of the process, i.e. D&T, SEC. • Review of monthly charges by the Billing Analysis Review Team (BART). • Account Reconciliations. • All billable project codes go through an approval process. • ISABill maintains all billing methods. • SEC approval of all billing methods. • Service agreements are in place. • ESTER, EARL, and PEARL training. • PeopleSoft (PS) Project Costing edits and validations. • Budgetary controls in place to monitor charges. • ISABill performs monthly reasonableness testing. • A monthly Management Reporting Package is provided to management to monitor costs for completeness and accuracy.

Risk Based Integrated Auditing Worksheet

[redacted]	Test Standard of Proof	[redacted]	Communicate
[redacted]	<u>IntraSystem Affiliate Billing Process</u> • Interview subject matter experts (SMEs) to gain an understanding of the IntraSystem billing process. • Obtain copies of any process documentation. • Flowchart the process and document the control points. • Determine the total dollar value of IntraSystem billings for 2001. <u>Establishment of Project Codes</u> • Perform a walk-through of the project code set up process. • Obtain a listing of active, billable project codes. Select a statistical, random sample and test for the following attributes: ⇒ All required elements were completed in PS Project Costing. ⇒ Proper approval was obtained in PS Project Costing. ⇒ Project codes were approved timely. <u>Use of Project Codes (testing of source system internal controls is excluded from the scope of this audit)</u> • Determine the effectiveness of controls to ensure that billings are complete and accurate. ⇒ Document the various source systems in which charges can be charged. Discuss the controls within those systems which support complete, accurate, timely and authorized billings. ⇒ Determine what training is performed to ensure that charges incurred are properly coded. ⇒ Describe the budget process and the controls in place to identify in accurate charges. Validate that budget reviews are taking place. Interview several budget coordinators to determine how charges are monitored. ⇒ Interview Management Reporting personnel to gain an understanding of the reports used to aid in the monitoring of charges. ⇒ Obtain a listing of the BART team members and an attendance listing for 2001. Obtain and review the December reports utilized by the BART team and attend one meeting to determine the effectiveness of their review. ⇒ Review re-billings. Determine how often they are performed and how significant they are.	[redacted]	

Risk Based Integrated Auditing Worksheet

[redacted]	Test Standard of Proof	[redacted]	Communicate
	<u>Maintenance and Closing of project codes and billing methods</u> • Gain an understanding of the ISABill process to monitor, maintain and close billable project codes. • Confirm that the following controls exists: ⇒ Request, review and assess the access listing of employees with the ability to update billing methods in BATS. ⇒ Request, review and assess the access listing of employees with the ability to approve and/or update project codes in PeopleSoft project costing. ⇒ Perform a walk through of the billing method update process. ⇒ Obtain a listing of all billing methods. ⇒ Select a judgmental sample of billing methods to achieve 85% coverage of dollars charged and test for the following attributes: • Proper documentation was maintained to support the billing method percentages. • SEC approval was obtained. <u>Billing</u> • Gain an understanding of the month end close process. • Test's one month's closing process to ensure the billing process was accurate and complete, payment was made timely, account reconciliations were performed, and intercompany payables and receivables were in agreement. • Select a judgmental sample of billing methods. Determine one project code assigned to the billing method. Recalculate the charges to ensure that they were allocated in accordance with the billing method percentages		

PARHAM, KATHRYN R

From:	MORELLO, GINA M
Sent:	Thursday, May 16, 2002 12:53 PM
To:	'wasonr@sec.gov'; 'marshd@sec.gov'
Cc:	VINCI, DONALD W; LANGSTON, NATHAN E; ISRAEL, JILL I; ADAMS, JOHN M (JACK); ANDERSON, J WAYNE; GERNON, CAROL S; CANOVA, LEE A; PARHAM, KATHRYN R; BARNETT, LEE D; HUBER, CARA S; GRANTHAM, SUSAN; LUKE, ELIZABETH
Subject:	Entergy Audit Report on Intra-System Billing

Bob and Dave,

In response to the SEC's Findings and Actions Required letter dated November 29, 2001 item number 8, attached is a copy of the final audit report for the Intra-System Billings audit conducted by Entergy's Risk Management Services department. We will also send a copy to you in the mail. The audit scoping document was sent to Mr. Marsh on February 21, 2002.

If you have any questions, please contact me at 504-576-4134.

Thanks,
Gina Morello
Director, Financial Processes
Entergy Services, Inc.

ISB Internal Audit Report.pdf

Entergy

Inter-Office Correspondence

Date: May 15, 2002

To: Nathan Langston
Jill Israel

From: Gina Morello

Subject: **Intra-System Billing Process**

Risk Management Services (RMS) has completed an audit of the Intra-System Billing process. In our opinion, the internal controls over affiliate billings are *adequate*.

The improvement opportunities noted in the report should be included in the Internal Controls Information System (ICIS) for tracking purposes and marked as closed once they are resolved.

RMS would like to thank the Intra-System Billings department for their help during the course of this audit. If you have any questions, please feel free to call me at extension 4134.

c Carol Gemon
Lee Canova
Melissa Lejeune

Report on the Intra-System Billing Process

March 2002

Audit Team: Susan Grantham, Cara Huber and Elizabeth Luke

Supporting Manager: Gina Morello

Entergy

Risk Management Services
Report on the Intra-System Billing Process

AUDIT OPINION

In our opinion, the controls over the Intra-System billing process are adequate in order to meet management's objectives. See the matrix in Attachment 1 for improvement opportunities to the intra-system billing process.

Gina M. Morello
Gina Morello
Manager, Risk Management Services

5/15/02
Date of Issue

BUSINESS OBJECTIVE, RISK FACTORS, AND LIMITS OF RISK

Management's business objective is to monitor all costs incurred by the service companies and billed to the regulated and non-regulated legal entities to ensure that the costs are allocated accurately, completely, and timely. Management's risk factors and limits of risk are as follows:

Risk Factors	Limits of Risk
1. Inaccurate project code set-up.	1. 2% error rate.
2. Ineffective control environment regarding use of project codes.	2. Zero tolerance
3. Ineffective control environment over the maintenance and monitoring of project codes.	3. Zero tolerance.
4. Failure to bill all costs according to the assigned billing method	4. 2% error rate.

AUDIT OBJECTIVE

The audit objective was to determine that an effective process exists for the establishment of project codes, that an appropriate control environment surrounds the use of project codes, that maintenance and monitoring processes for billing methods are sufficient, and that all service company charges are billed.

AUDIT SCOPE

The scope of the audit included a review of the IntraSystem billing process from the time a billable project code is established until the time it is billed and paid by the appropriate legal entity. The project scope did not include compliance aspects of affiliate billings such as compliance with the Service Agreements, SEC laws and regulations or any other regulatory affiliate billing rules. In addition, the scope did not include testing the appropriateness of billing methods or the appropriateness of charges to each legal entity as this was tested extensively during a recent SEC audit. The scope of the audit excludes a review of the various source systems in which charges to project codes are initiated. The various source systems (accounts payable, payroll, etc.) are audited separately based on a three year cycle. Source System controls were documented and reviewed at a high level but were not be tested.

AUDIT PROCEDURES

Audit procedures included the following:

- Interviewing key personnel and performing walk-throughs to gain an understanding of the IntraSystem billing processes.
- Flowcharting the process and documenting the control points.
- Reviewing the BART function.
- Reviewing and assessing the access listing of employees with the ability to approve and/or update project codes in PeopleSoft project costing PSPC) and to update the BATS (Billing Allocation Table System)..
- Verifying the agreement of the intercompany payable and receivable balances.
- Testing a statistically derived sample of 185 project codes to ensure all required elements were completed in PSPC, proper approval was obtained and the project code was approved timely.
- Testing seven billing methods that accounted for 60% of the 2001 billings for SEC approval and proper documentation to support the percentages.
- Recalculating the charges of seven project codes to ensure they were allocated in accordance with the applicable billing method.
- Reviewing the November ESI payable and receivable account reconciliations for timeliness and completeness.

Attachment 1

Entergy

Risk Management Services
Report on the Intra-System Billing Process

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inaccurate Project Code Set-up **Conclusion:** The result of testing reflected an error rate of less than ½%. This result is within management's established limit of risk.	• Performed a detailed walk-through of the project code set up process • Tested a statistically valid sample of project codes for the following attributes: ⇒ All required elements completed in PS Project Costing ⇒ Proper approval obtained in PS Project Costing ⇒ Project codes approved timely	• The ISABill group reviews and approves all billable expense project codes for completeness and accuracy. • The Finance Operations Center (FOC) provides code block training and FERC derivation training. • The access for BATS and PS Project Costing is limited to those who need access to these systems. • Each Project Code has a specific billing method and functional allocation method. • ISABill provides training and instructions to the requesters of project codes.	• In reviewing the access listing for PS Project Costing, one former ISABill employee had the ability to approve ESI billable project codes. ISABill has since revoked the employee's access; however, the access listing should be reviewed on a quarterly basis.	

Entergy

Attachment 1

Risk Management Services
Report on the Intra-System Billing Process

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ineffective Control Environment Regarding the Use of Project Codes **Conclusion:** Management has established an effective control environment regarding the use of project codes.	• Documented the various source systems for charges. Identified the controls within those systems that support complete, accurate, timely and authorized billings. • Documented training provided to support proper coding of charges. • Documented how the budget process promotes accurate charges. Validated that budget reviews take place. Interviewed budget coordinators to confirm how charges are monitored. • Interviewed Management Reporting personnel to gain an understanding of the reports used to aid in the monitoring of charges. • Assessed the effectiveness of the BART Team by reviewing reports utilized by the team, and observed a meeting. • Reviewed re-billings and assessed their frequency and significance.	• The ISABill group is in the process of refining the documentation of their key processes and plan to complete this initiative in the second quarter. • The FOC provides code block training and FERC derivation training. • Budget coordinators review monthly reports to ensure that charges are accurate and complete. • Supervisors review source system data, i.e. ESTER time, EARL expense reports, etc. and the charging of project codes for accuracy and completeness (this control exists but was not tested as a part of the audit).	• ESI - (Service Company) employees are not always aware of the billing method when a project code is selected for charges. The only information that is readily available is the title and description that does not always describe what company will be billed. The ISABill group should explore potential opportunities whereby the companies billed are more visible to the end user. Compensating controls, such as the BART team, budget review process, source system controls, etc. are currently in place and functioning as intended.	[redacted]

Exhibit CEB-5
2005 TTC Cost Case
Page 90 of 108

Entergy

Risk Management Services
Report on the Intra-System Billing Process

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ineffective Control Environment Over Maintenance and Monitoring of Project Codes **Conclusion:** Management has established an effective control environment regarding the maintenance and monitoring of project codes.	▪ Reviewed the listing of employees with the ability to update billing methods in BATS for appropriateness. ▪ Reviewed the listing of employees with the ability to approve and/or update project codes in PeopleSoft project costing for appropriateness. ▪ Performed a walk-through of the process for updating billing methods. ▪ Reviewed all billing methods. ▪ Tested a judgmental sample of billing methods to achieve 85% coverage of dollars charged for the following attributes: ⇒ Proper documentation maintained to the billing method percentages. ⇒ SEC approval obtained.	▪ The ISABill group creates, maintains, and modifies all billing methods and functional allocation methods. The ISABill group is the gatekeeper for billing method maintenance, which is performed, at a minimum, on an annual basis. ▪ The ISABill group conducts monthly BART (Billing Analysis Review Team) meetings to review service company billing and usage of billable project codes valid for ESI and EOI with representatives from each regulatory jurisdiction.	▪ A project code purification has not been performed recently. As a result, there were 1,673 of 8,809 (19%) project codes that had effective dates prior to 1/1/01 and had $0 balances in 2001. The ISABill group should perform a project code purification to reduce the number of project codes available for charges.	[illegible]

Entergy

Risk Management Services
Report on the Intra-System Billing Process

Failure to Bill All Costs According to the Assigned Billing Method **Conclusion:** RMS tested closing procedures and determined that all costs were billed – 0% error rate detected.	• Tested one closing to ensure the billing process was accurate and complete, payment was made timely, account reconciliations were performed, and intercompany payables and receivables were in agreement. • Selected a judgmental sample of billing methods. Tested one project code assigned to each selected billing method by recalculating the charges to ensure that they were allocated in accordance with the billing method percentages.	• The ISABill group reconciles all service company intercompany payable and receivable accounts, and initiates the necessary funding for those accounts • During the month end closing, the records of ESI and EOI are monitored to ensure all billings are performed accurately and completely. • ISABill group approves funding for the regulated companies. • The ISABill group invoices the non-regulated companies for intercompany dollars owed. Competitive Operations collects the dollars owed and remits one payment to ESI on a timely basis.	• In reviewing the November ESI account reconciliations for the payables and receivables accounts, all account reconciliations were not initialed to evidence a review was performed. RMS could not verify the timeliness, as the reconciliations do not include a date that the reconciliation was performed. The ISABill group should ensure that all account reconciliations evidence a reviewer and approver, as well as the date the reconciliation was performed.	

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Entergy

June 28, 2002

Nathan E. Langston
Senior Vice President & Chief Accounting Officer

Mr. Robert P. Wason, Chief Financial Analyst

Office of Public Utility Regulation
Division of Investment Management

Securities and Exchange Commission

450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Entergy Response to New Item- Examination of Entergy Corporation (Entergy or Parent), Entergy Services, Inc. (ESI), Entergy Enterprises, Inc. (EEI), and Entergy Power, Inc. (EPI).

Dear Mr. Wason,

This letter is in response to the "new item" included in your letter dated May 7, 2002 in connection with the above referenced companies. The request by the Staff was as follows:

"We are asking Entergy provide a full and complete explanation for each of the following questions:

(a) What internal controls are in place at Entergy that enables executive management to know that all expense, financial, acquisition and corporate structure transactions have been accounted for, recorded and/or disclosed to books and records and are done so at the proper corporate level within the RHC?

(b) What internal controls are in place that monitors the use of proceeds of any Entergy equity investment and the leveraging of or commitment to any other funds in non-utility business?

(c) What internal and external controls are in place that identifies and reports (i) any off the balance sheet financings or investments and (ii) the formation of any corporate or business entities formed to hold, control or won any type of investment, asset or liability?"

As summarized in the Report of Management (Binder 1 Exhibit A) Entergy's management maintains and enforces a system of internal accounting controls designed to provide reasonable assurance that all expense, financial, acquisition, and corporate structure transactions, on a cost effective basis, have been accounted for, recorded and/or disclosed in the books and records and approved at the proper corporate level within Entergy. This system of internal accounting controls includes, among other things, the following:

1. Entergy System Policies & Procedures designed to provide guidance to all Entergy employees in the proper procedures for business functions conducted by Entergy (Binder2).

2. Entergy System Accounting Policies Manual designed to provide guidance to all Entergy employees in the proper methods of recording, approving, and disclosing all accounting transactions (Binder3).

3. Entergy Budget Guidelines designed to provide planning and budget controls for all of the business units of Entergy (Binder1 Exhibit B).

4. Entergy Expense Account Reporting and Log System designed to provide detailed instructions to all Entergy employees concerning the reporting of employee incurred expenses (Binder 1 Exhibit C).

5. Entergy- Ester Instruction Manual designed to provide instructions to all employees concerning the proper procedures for reporting and allocation of hours worked (Binder 1 Exhibit D).

6. Entergy- Pearl System designed to provide instructions to all employees concerning the processing, reporting, and recording of vendor invoices (Binder 1 Exhibit E).

7. Entergy- Guide to the Vehicle Entry Application designed to provide employees with vehicles the proper procedures regarding the reporting and allocation of vehicle expenses (Binder 1 Exhibit F).

8. Management provides employees with written approval limits for all transactions (Binder 1 Exhibit G) to prescribe the proper level of management review of all transactions impacting the accounting records of Entergy.

9. Management provides its employees with a Code of Entegrity – Guidelines for Business Ethics and Compliance (Binder 1 Exhibit H) to set standards of business conduct for all employees as well as a method to resolve concerns and questions. All employees are required to read and document acceptance of the Code of Entegrity on an annual basis.

Entergy is organized such that business units initiate and approve transactions and designated employees within ESI test approval authority for all transactions, produce and distribute payments, record and review transactions, summarize and analyze transactions, and report the financial results of such transactions to management. Business units are strictly controlled by budget analysis and centralized transactions processing. (Binder 1 Exhibit I).

Management tests the functioning of the system of internal controls by a comprehensive Internal Audit Function (see 2002 Internal Audit Plan Binder 1 Exhibit J) and an annual audit of its financial statements by its outside auditor, Deloitte & Touche.

Management monitors the investment and/or commitment of capital in the non-utility business through detailed written policies (Binder 1 Exhibit K) controlling the documentation of the justification and required authorization for the formation of new non-utility subsidiaries and subsequent budget review of monthly operating results.

Any material off-balance sheet financing would of necessity involve the Corporate Treasury Group, which has a long working history of involving the corporate tax group and the corporate accounting group in all non-traditional project financing. Entergy's corporate policies require the involvement of the Corporate legal group in the formation of any new entity in the regulated business (handling of the formation of new non-utility subsidiaries is discussed above). The authorization tables (Binder 1 Exhibit G) cover authorization of the initial funding of any investment in any new subsidiary.

Management also monitors financial results through a series of monthly meetings to update the budget (Sample of Present Estimate Binder 1 Exhibit L), a monthly update meeting with the Chief Accounting Officer and a separate monthly meeting to update the Chief Financial Officer.

Management has recently formed a Corporate Risk Committee (comprised of senior corporate officers- see Binder 1 Exhibit M) which meets weekly to review all large unusual transactions and formation of any new subsidiaries and is in the process of overseeing the drafting of a Risk Manual to provide guidance for all managers. We believe that such actions will strengthen the overall controls of executive management.

Although not included in your request, the Board of Directors and Committees of the Board provide controls over certain transactions. We would be pleased to provide such documentation if needed.

If you have any questions regarding the above information or the enclosed documentation, we would be happy to discuss these matters further or to provide additional information or documentation.

Nathan E. Langston

Senior Vice President
Chief Accounting Officer

cc: John M. Adams
Lee Canova
Kathy Parham

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Entergy

Nathan E. Langston
Senior Vice President & Chief Accounting Officer

June 28, 2002

Mr. Robert P. Wason
Chief Financial Analyst
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

RE: Examination of Entergy Corporation (Entergy or Parent), Entergy Services, Inc. (ESI), Entergy Enterprises, Inc. (EEI), and Entergy Power, Inc. (EPI) – ENTERGY'S RESPONSE TO AUDIT FINDING #5 (TAX ALLOCATION)

Dear Mr. Wason,

This letter is in response to your letter dated May 7, 2002 regarding Audit Finding #5 (Tax Allocation). Entergy would like to take this opportunity to correct certain statements in the May 7th letter and provide an explanation of the Company's interpretation of Rule 45(c).

In your May 7th letter, you stated that it is "very clear to the Examination Staff that Entergy cannot just adopt a tax allocation agreement that allows a holding company to carryforward and/or retain tax benefits attributable to holding company expenses in order to offset the loss against a subsequent year tax liability without having first filed for such approval under Section 12(b) and Rule 45(a)." You also indicated, "The adopting release clearly stated that no provision was made in the rule for amending the tax agreement. Because of this provision the only recourse to Entergy is to file an application-declaration under Section 12(b) and Rule 45(a) to seek authorization from the Commission under PUHCA to approve a tax allocation agreement that deviates from Rule 45(c)."

First, Entergy did not "just adopt a tax allocation agreement...without having first filed for such approval under Section 12(b) and Rule 45(a)." Entergy is operating under its existing Tax Allocation Agreement ("Agreement") dated April 28, 1988, as modified by four amendments filed through July 31, 1997. It is not operating under the proposed agreement. It is our understanding that the Staff has not challenged the procedure by which we adopted our existing Tax Allocation Agreement. Further, it is Entergy's position that it's current Tax Allocation Agreement is in compliance with Rule 250.45(c) ("Rule 45(c)" or "the Rule") as would be the Proposed Tax Allocation Agreement ("Proposed Agreement"), if and when adopted. A detailed discussion of Entergy's position is included, below. Finally, Entergy's Proposed Agreement seeks to clarify, not change, it's existing Tax Allocation Agreement.

The Entergy Proposed Agreement was necessitated based upon discussions with Mr. Wason, in 1995 and 1996, in which he sought clarification of the Agreement and requested that two substantive changes be made. The two changes requested by Mr. Wason were first, to treat Entergy Services, Inc. the same as all other subsidiaries in the Allocation and, second, to add a provision regarding regulatory impacts of consolidated savings on the public utilities. In the Fourth Amendment to the Entergy Tax Allocation Agreement, dated July 31, 1997, Mr. Wason's request with regard to Entergy Services, Inc. was implemented. Therefore, the only substantive change remaining is Mr. Wason's request regarding regulatory impacts. All other provisions in the Proposed Agreement merely seek to clarify the existing Agreement. Consequently, Entergy does not believe that it needs to file under the application-declaration process of Section 12(b) and Rule 45(a) in order to adopt the proposed allocation agreement. The filing with the U5S is sufficient. Entergy asserts that the Proposed Amendment has not been filed with the Form U5S because we were waiting for the Staff to reply to us regarding the fine-tuning of the Proposed Amendment.

Second, the Staff erred in its reading of the adopting release for Rule 45(c) by indicating that the Rule made no provision for amendment of tax allocation agreements. The Supplemental Information to the Final Rule, reads as follows:

> "No provision was made in the **proposal** *{emphasis added}* for amending the tax agreement..."

"Unexpected events, including changes in the tax laws, may require modification of the agreement during its operation, as may some kinds of adjustments by the taxing authority after the return is filed. But amendments with retroactive effect cannot be treated as routine filings. The effect of the rule, as proposed *{emphasis added}*, would have been to require a declaration under Rule 45(a) for amendments. The adopted rule permits amendment *{emphasis added}*, subject to Commission approval if the Commission directs within 60 days of the filing that the amendment be deemed a declaration under Rule 45(a). It thus eliminates formal procedures under Rule 23 if the amendment is of a character which does not need further examination."[1]

Further, Paragraph 6 of Rule 45(c) clearly states that amendments to tax allocation agreements are allowed and provides that the amendments are made by filing, with the Form U5S. It is accepted practice to file changes to the tax allocation agreement in the form of an "amendment". Entergy has previously added four amendments to the existing Agreement. Also, other public utility holding companies frequently use the designation "Amendment".

In addition, Staff asserts that their position, of disallowing the holding company from retaining the benefits of its own loss carryforwards and carrybacks, is the "only correct legal interpretation". Further, it was implied that no other PUHCA system interpreted Rule 45(c) the way that Entergy interpreted it. Entergy respectfully disagrees. Entergy believes that its long held interpretation is correct and further, that other public utility holding company systems have similar interpretations of the Rule.

General

Entergy maintains that Rule 45(c) allows a holding company to reflect its own net operating loss ("NOL") carryforward in the calculation of "corporate taxable income" as that term is defined in Rule 45(c)(1). The consequence of this is that the holding company may derive a benefit from the NOL carryforward if, and only if, it produces

[1] SEC 17 CFR Part 250, Release No. 21968 (March 18, 1981) 1981 SEC Lexis 1819 Final Rule: Supplementary Information.

sufficient taxable income to absorb the prior year NOL during the carryforward period. The Staff believes that Rule 45(c) prohibits this.

Our research discloses no evidence whatsoever that Rule 45(c) was intended to prevent a holding company from absorbing its own NOL carryforwards. In fact, it is apparent that the Rule was promulgated on the presumption that a holding company would *never* be in a position to absorb NOLs. Thus, the SUPPLEMENTARY INFORMATION section of the Release in which the SEC published the proposed Rule 45(c) states:

> "The corporate relationships required by the Act assure that the deductible corporate expenses of the holding company itself will always create a consolidated tax saving, since Section 13(a) of the Act precludes such expenses being passed on to the subsidiaries, through service charge or contract, so as to transform them into corporate deductions of the subsidiaries..."[2]

Again, the SUPPLEMENTARY INFORMATION section of the Release in which Rule 45(c) was finally adopted states:

> "As stated in the release on the proposed rule, the holding company will not normally have a positive corporate taxable income, since intercompany dividends, its principal resource, are excluded."[3]

What is clear, then, is that the Rule as written is not the result of policy deliberations in which a conscious determination was made as to the method of handling holding company NOLs. Further, none of the numerous HCA (Public Utility Holding Company Act of 1935) releases cited and/or discussed by the Staff in its Audit Findings address the question of holding company NOL carryforward usage. These pronouncements address subsidiary, not holding company, NOLs.[4] Simply put, we are constrained to apply a set of principles promulgated to address one set of circumstances to an entirely different set of circumstances.

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[2] HCA Release No. 21767 (October 29, 1980).
[3] HCA Release No. 21968 (March 18, 1981).
[4] For example, the Staff devotes significant attention to *General Public Utilities, Inc.*, HCA Release 21358 (December 26, 1979). This Release addressed a situation in which it was anticipated that two operating subsidiaries would generate NOLs (in addition to the NOL normally produced by the holding company). The Commission permitted the loss subsidiaries, but not the holding company, to be paid for the tax losses. This result is neither surprising nor at odds with Entergy's position. The Commission did not have to address, nor did it address, any implications of the holding company generating taxable income in a subsequent year.

Because any effort to divine the intent of the drafters would be in vain, there ought to be only two potential constraints on Entergy's approach to holding company NOLs. First, there must be nothing in the literal language of Rule 45(c) that precludes Entergy's approach. Assuming there is none, then the approach must not contravene any policy or purpose articulated in the Public Utility Holding Company Act of 1935 (the "'35 Act"). Analysis discloses neither specific regulatory language nor any policy consideration that should preclude our approach. To the contrary, Entergy's approach is entirely consistent with the provisions of Rule 45(c), with the policy of the Holding Company Act and, further, is both logical and equitable.

The Regulatory Language

The purpose of Rule 45(c) was to establish a tax sharing "safe harbor." It set out a number of tax allocation techniques which, if incorporated into an agreement among the participants in a consolidated tax return, could be employed without the necessity of a Declaration. There is no doubt that the techniques established by the Rule operate independently of any tax allocation techniques described in the Internal Revenue Code and/or the regulations promulgated thereunder. In short, they stand entirely on their own. Thus, Entergy agrees with Staff's conclusion in this regard. However, the fact that this is so simply means that it is the language of the Rule itself that establishes the permissible methods of tax allocation. In no way does the Rule's independence from the tax law validate the Staff's interpretation. In fact, it is the language of the Rule itself that Entergy relies on to support its position regarding holding company NOLs.

The operative provision of the Rule is contained in subparagraph (2). It provides two alternative bases upon which to allocate consolidated taxes: "corporate taxable income" and "separate return tax." It is this very provision that accommodates Entergy's approach to the utilization of holding company NOLs. While the Entergy agreement employs the "corporate taxable income" method of allocation, its approach would be equally acceptable were it to employ the "separate return tax" allocation method.

It is clear from subparagraphs (4) and (5) that it is only subsidiaries, never the holding company, that can be paid for its NOLs. However, the ability of the holding company to avail itself of its own previously generated NOLs does not constitute a prohibited payment. Moreover, this ability is inherent in the definitions of "corporate taxable income" and "separate return tax."

The starting point for this analysis is the definition of "separate return tax." "Separate return tax" plays two distinct roles in the Rule. As indicated above, it constitutes one of the two permissible bases upon which to allocate consolidated tax. It also serves as a limitation on the amount of tax a subsidiary (but not the holding company) may be allocated. Rule 45(c)(2). Subparagraph (1) defines "separate return tax" as:

> "...the tax on corporate taxable income of an associate company computed as though such company were not a member of a consolidated group."

By use of the term "associate," it is clear that this definition applies to all members of the consolidated group – to holding companies as well as to subsidiaries. However, this definition fails to clearly articulate whether the tax calculation is to be based on corporate taxable income computed as if the company was not a member of the consolidated group *in that particular year* (*i.e.*, on a "non-historical" basis) or as if the company had *never* been a member of the consolidated group (*i.e.*, on an "historical" basis). This is a critical distinction because a "non-historical" approach would not afford recognition to separate company NOL carryforwards in the computation of "separate return tax" while an "historical" approach would afford such recognition.

A careful reading of the Rule leads us to conclude that the only approach that fits its language is the "historical" one. This is because the allocation methodology permitted by subparagraph (4), (the "wait and see" methodology) simply cannot co-exist with subparagraph (2)'s overall limitation on taxes allocated to subsidiaries unless an "historical" approach is adopted. More specifically, if the "separate return tax" limitation of subparagraph (2) were to be computed only with regard to current year tax results, it would effectively render the allocation methodology explicitly provided for in subparagraph (4) a nullity.

An illustration best demonstrates this. The subsidiary tax limitation of subparagraph (2) reads:

> "...but the tax apportioned to any subsidiary shall not exceed the separate return tax of such subsidiary."

This is an over-riding limitation and all other provisions of the Rule are subordinate to it. Assume a parent (P) has two operating subsidiaries (X and Y). Further assume that P, X and Y produce the following taxable incomes in Years 1 and 2.

Member	Year 1 Taxable Income	Year 2 Taxable Income
P	$100	$100
X	($100)	$100
Y	$100	$100

Assuming that consolidated tax is allocated on the basis of corporate taxable income, that the Rule 45(c)(4) allocation method is employed and that a 35% tax rate prevails, the following table depicts the allocated tax:

Member	Year 1 Tax Allocated Per Rule 45(c)(4)	Year 2 Tax Allocated Per Rule 45(c)(4)
P	$17.50	$52.50
X	$0	$0
Y	$17.50	$52.50

If one interprets the subsidiary limitation contained in Rule 45(c)(2) to be computed on a year-by-year (*i.e.*, a non-historical) basis, the applicable limitations would be as follows:

Member	Year 1 Limitation Per Rule 45(c)(2)	Year 2 Limitation Per Rule 45(c)(2)
P	$35	$35
X	$0	$35
Y	$35	$35

It is apparent from these last two tables that the tax allocated to Y pursuant to Rule 45(c)(4) in Year 2, $52.50, would unquestionably violate the Rule 45(c)(2) separate return tax limitation in that year, $35, if that limitation is computed on a "non-historical" basis. Only if the limitation is applied by giving recognition to Y's history can the allocation methodology described in Rule 45(c)(4) be squared with the subparagraph (2) subsidiary limitation. Thus, "separate return tax" must be computed on a cumulative, historical basis in order to give subparagraph (4) any meaning whatsoever.

This conclusion is further supported by an examination of the evolution of Rule U-45(b)(6), Rule 45(c)'s predecessor. The first version of Rule U-45(b)(6) was adopted in 1941.[5] It permitted a holding company to possess a "right to contribution" from each subsidiary for the payment of taxes:

> "…in an amount not exceeding as to any company that percentage of the total tax with the individual tax of such company (if paid under a separate return) would bear to the total amount of the individual taxes for all members of the group, for the particular tax period."

The precise computation of the individual (*i.e.*, separate return) tax under this formulation was somewhat ambiguous.

However, soon thereafter, Rule U-45(b)(6) was amended to, among other things, augment the description of each company's tax liability.[6] Inserted into the body of the text of the Rule was the following sentence:

> "In computing each company's tax on a separate return basis, allowance shall be made for loss carry-over and other adjustments as if the company had always filed its tax return on a separate return basis."

[5] HCA Release 2902 (July 23, 1941).
[6] HCA Release 4167 (March 13, 1943).

This language clarified that the computation was to proceed on an "historical" basis.

Finally, in 1955, Rule U-45(b)(6) was further amended, this time to alter the structure of the relevant agreement from a contribution right to a tax allocation.[7] In so doing, it imposed the following limitation on the amount of tax that could be allocated to a subsidiary:

> "...the tax allocated to each subsidiary company shall not exceed the amount of tax of such company based upon a separate return computed as if such company had always filed its tax returns on a separate return basis;"

At the time Rule 45(c) was adopted,[8] there existed almost forty years of history, from 1943 through 1981, during which period a company's separate return tax was computed on an historical basis. If the adoption of Rule 45(c) was intended to jettison all of this precedent, there was absolutely no indication of it. To the contrary, the language of the Rule is entirely consistent with that history.

Rule 45(c)(1) defines "separate return tax" as a tax on "corporate taxable income." Since, as indicated above, this tax is an historical computation, it stands to reason that "corporate taxable income" must be an historical computation also. In fact, there is no justification for treating the tax-based allocation method differently from the income-based allocation method in this regard.[9]

As with "separate return tax," the definition of "corporate taxable income" applies to associate companies – that is, to holding companies as well as to subsidiaries. Thus, the incorporation of its prior year NOLs into the holding company's computation of its "corporate taxable income" is entirely consistent with the literal language of the Rule. While this mechanism provides the holding company a benefit for these prior tax losses, there is no direct payment from one or more subsidiaries for the NOLs – a direct violation of the Rule. Instead, there is merely an allocation of the consolidated tax liability in a

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[7] HCA Release 12776 (January 12, 1955).

[8] By HCA Release 21968 (March 18, 1981).

[9] While, as previously mentioned, the tax allocation rules of the Internal Revenue Code and the regulations thereunder have not been adopted by the Commission, it is noteworthy that a company's "taxable income" as recorded on line 30 of its Federal Corporate Income Tax Return (Form 1120) is its taxable income for the year reduced by any NOLs it may have available to it. This is harmonious with Entergy's view of the definition of "corporate taxable income." So is the GAAP treatment of tax NOL carryforwards which prescribes that the benefit of an NOL will not be recognized by a company having no prospect of producing taxable income in the carryforward period until such time as the NOL can be used to offset taxable income.