

way that is both consistent with the regulatory definitions of Rule 45(c)(1) and which does not violate the overall limitation imposed by Rule 45 (c)(2) on the tax payments of subsidiaries. The holding company remains uncompensated for any of its NOLs to the extent that it generates no taxable income - and this is precisely the result intended when the Rule was promulgated.

#### Holding Company Act Policy

In the SUPPLEMENTARY INFORMATION portion of its release proposing Rule 45(c), the Commission stated that the "exploitation of utility companies by holding companies through asserted misallocation of consolidated tax return benefits" was among the abuses that led to the passage of the '35 Act.<sup>10</sup> The Commission went on to explain:

"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. In light of the legislative history referred to, an expense reimbursement of the holding company, in the guise of a tax allocation, would seem inconsistent with Section 13(a)."<sup>11</sup>

As this passage suggests, Rule 45(c)'s prohibition on a holding company sharing in the consolidated tax savings appears to have been largely founded on Section 13(a) of the '35 Act, which prohibits a registered holding company from entering into or performing any agreement for the sale of goods or services or construction for a charge to any subsidiary company. Section 13(a) was intended to prohibit holding companies from exacting tribute from subsidiaries through excessive and illusory service charges for management services.

The Entergy Tax Allocation Agreement in no sense contravenes this purpose. There is no reimbursement to or indemnification of the holding company on account of its tax losses. It merely retains the right to measure its taxes based on its performance over time. This is the way it is done under the tax law for all companies. And, notwithstanding the independence of Rule 45(c) from the tax law, what is being allocated is, in fact, a creature of that law. All of the protective mechanisms remain operative. No

---

<sup>10</sup> HCA Release No. 21767 (Oct. 29, 1980).

subsidiary can pay more tax than it would have paid had it not been a participant in the consolidated income tax return. The holding company can. Thus, there is upside but no downside for the subsidiaries. On the other hand, the holding company can derive no benefit from an NOL carryforward that could not be absorbed by it during the carryforward period. Thus, the holding company can under no circumstances be enriched by its participation in the consolidated filing (*i.e.*, there is downside but no upside).

In short, the Staff's position is unnecessary to effect the protections created by the '35 Act. The holding company is not seeking to recover its own corporate expenses from its subsidiaries in the "guise of a tax allocation." It is simply attempting to reflect its tax liability in as normal a way as is possible, giving due deference to the provisions of Rule 45(c).

#### **Logic And Equity**

The procedure adopted by Entergy with regard to holding company NOLs is not only technically permissible, there are very strong logical and equitable considerations which support it. For example, assume that, over a two-year period, the holding company incurs a \$100 expense and earns \$100 of income in a single, integrated undertaking.

Assume also that the expense is incurred in December of Year 1. If the income is earned on the final day of Year 1, then the holding company will be allocated no tax under either Entergy's or the Staff's methodology in either Year 1 or Year 2. If, on the other hand, the income is earned on the first day of Year 2, then, under the Staff's proposal, in Year 1 the holding company will be allocated no tax and in Year two it will be allocated \$35, the full measure of tax associated with the income. This one-day variation in the timing of income recognition does not logically justify the sharp divergence in tax allocation results. The Entergy approach would avoid this harsh and illogical result.

#### **Conclusion**

Entergy believes that its long-held interpretation of Rule 45(c) is correct. Though not dispositive, this interpretation happens to be consistent with the tax law and the GAAP rules. In addition, Entergy believes it is within the Staff's authority to accept

---

" Id.

Entergy's interpretation as reasonable, appropriate, and not requiring a Declaration. As this interpretation is embedded in Entergy's existing Tax Allocation Agreement, which has been accepted by the Commission, it is not a change, and, therefore, does not have to be applied only prospectively.

Further, it is significant that other public utility holding company systems hold similar interpretations. A brief review of several '35 Act tax allocation agreements supports Entergy's position. One agreement specifically provides that the holding company can recapture previously allocated corporate tax credits from associate companies when it (the holding company) has positive taxable income. Two other agreements provide that the holding company can recoup in future years amounts it has to pay to avoid a subsidiary's separate company violation. Several other agreements appear to implicitly allow the holding company to use its own carryforwards. Entergy is not alone.

The Commission has recognized that it has discretion to approve tax allocation agreements that do not, by their terms, comply with Rule 45(c) – so long as the policies and provisions of the Act are otherwise satisfied.<sup>12</sup> The record shows that the Commission has recently permitted several companies to deviate from the terms of Rule 45(c). Specifically, National Grid, which applied for and received approval to enter into a tax allocation agreement under which the tax benefit of the interest expense on acquisition debt would be allocated to the U.S. sub-holding company that incurred the debt.<sup>13</sup> Further, Progress Energy, Inc. received similar approval on April 18, 2002.<sup>14</sup> It is our understanding that there are several more applications for approval to allow holding companies to be compensated for tax benefits produced by interest expense on acquisition debt rather than to reallocating those tax savings to subsidiary companies. Unlike the treatment proposed by National Grid, Progress Energy and the others, Entergy's interpretation is not inconsistent with Rule 45(c). If those proposals are acceptable to the Commission, then it is hard to fathom why Entergy's approach should be controversial in the slightest.

---

<sup>12</sup> *National Grid Group plc*, HCA Release No. 27154 (Mar. 15, 2000).

<sup>13</sup> *Id.*

<sup>14</sup> *Progress Energy, Inc., et al.*, HCA Release No. 35-27522, 70-9659 (April 18, 2002).

In a previous letter, we indicated a desire to schedule a meeting with the Director of the Office of Public Utility Regulation to discuss this matter. The meeting was not scheduled due to conflicts in obtaining the services of Mr. James I. Warren, of Deloitte and Touche. Mr. Warren's presence is desired because of his long-term involvement with the drafting of the Proposed Amendment and his involvement in previous discussions with Mr. Wason on this matter. Upon further reflection, we believe a meeting with you and your staff would be beneficial, for all parties, prior to scheduling a meeting with the Director of the Office of Public Utility Regulation. We have eliminated the scheduling conflicts with Mr. Warren and would like to schedule a meeting to discuss this issue with you and your staff at your earliest convenience. I will call you, within the next week, to obtain a list of dates that are convenient for you.

Sincerely,

*Nathan E. Langston*

Cc: James I. Warren  
John M. Adams  
Deborah S. Dudenhefer  
Lee A. Canova  
Kathryn R. Parham

## **ESI Affiliate Billing Process**

Entergy Services uses a project billing mechanism to bill affiliates for services rendered. Project billings are transactions billed to affiliates for services rendered using project codes to determine how costs should be billed to affiliates.

The primary information systems used for accumulating affiliate charges are: Payroll (time reporting); Accounts Payable (expense accounts and vendor invoices); and General Ledger Journal Entries. Each information system is designed to facilitate ease of input by the end user. Each of these systems has an electronic link to the General Ledger to facilitate the effective and efficient recording of accounting information on the books of the affiliate generating the transaction.

### **Project Billings:**

In order for ESI to bill an affiliate for services provided via a project billing, a transaction must have an assigned project code. Each project code is assigned a single billing method that determines how costs captured under the project code will be distributed. The billing method results in either a "direct" billing (billed 100% to one affiliate) or an "allocation" to several affiliates. When services benefit more than one affiliate, charges for services rendered by ESI are allocated using billing methods based on SEC-approved formulae. Billing methods are discussed below under "Billing Allocation Methods."

**Project Code System:**

Entergy uses a project costing application ("Project Costing" or "Project Costing System") that provides a single point of entry for all project codes. During set-up, the preparer of the request enters several elements for the establishment of a project code in Project Costing. These elements are discussed below under "Project Code Setup." Project Costing also maintains electronic approvals for all PCs. Furthermore, procedures are in place to update the PC data whenever any change is made to any element of a PC. The procedures help ensure that employees have sufficient up-to-date information available on-line either to locate the proper PC to bill for a given activity or to determine that a new PC is warranted. WP/CEB-5 is the Project Training documentation, which contains guidelines for setting up project codes with emphasis on capital projects.

**Project Code Setup:**

Attachment 1 depicts in graphic form the process of setting up a project code. A new project code is needed primarily when a department or functional area begins a new process, project, or initiative and the department is required or wants to capture the costs associated with the new activity separately. As shown in Box 2 of Attachment 4, an employee (the "preparer"), often the employee who recognizes the need for a new project within the department, requests a new project code in the Project Costing System. During the process of completing a request, the preparer provides a descriptive title for the PC and determines the

## **ESI Affiliate Billing Process**

Exhibit CEB-6  
2005 TTC Cost Case  
Page 3 of 25

appropriate billing method, which may directly bill one legal entity, or allocate costs to several affiliates. The preparer also describes the scope of the PC, including its overall purpose, the primary activities to be performed, the products or deliverables expected, and an explanation of the billing method selected. The preparer also records whether the PC will accept actual and/or budget dollars and indicates which legal entities may use the project code. If the charges billed under the PC are to be billed to a specific account, state, or product, he or she also enters those requirements on the PC request to ensure that charges are billed correctly.

When completed, the request must be approved at multiple levels. First, as shown in Box 3, another employee in the department, primarily the budget coordinator or manager ("intermediate approver"), reviews the project for accuracy. Also, the intermediate approver will make sure that the costs intended to be incurred by the project are within budget parameters. Once reviewed, the intermediate approver will either approve or reject the project. If the request is rejected, the preparer must either delete the request or modify the request to the intermediate approver's specifications. Once modified, as shown in Box 7, the request is sent back to the intermediate approver for review and approval once again.

After the budget coordinator or manager approves the project, it is sent to the Intrasystem Affiliate Billing Team (ISABILL), as shown in Box 8. The ISABILL reviewer verifies that all elements of the scope statement are included and, most importantly, that the billing method chosen is appropriate. Also, if the preparer

does stipulate the account, state, or product to which the charges under the PC should be billed, the ISABILL reviewer ensures that the information is appropriate. The ISABILL reviewer also determines whether the legal entity assigned to the project code is appropriate, and that the legal entities valid to use the project code are reasonable. After the ISABILL reviewer determines whether all elements are appropriate, he or she approves or rejects the PC accordingly. As shown in Box 10, if the project is rejected, the preparer must modify it to ISABILL's specifications, and then send it back to the intermediate approver for review. After the intermediate approver accepts the project, it is once again considered by ISABILL. If the PC is approved, as shown in Box 11, the code is activated, enabling employees to charge costs to it. After charges are accumulated in a project code, they are either directly billed or allocated through the project billing process.

**Billing Process:**

Attachment 3 depicts a flowchart of the billing process. The affiliate billing process begins when costs associated with providing ESI services are recorded to a PC. Each PC has an assigned billing method which governs how ESI service costs will be distributed to the recipients of the services. Once the charges billed to each affiliate for a transaction are determined, the respective affiliates receiving the services record each transaction amount to a designated FERC account (Box 4), and record a corresponding payable for the amount due to each affiliate service provider. The manner in which the affiliate providing the



## **ESI Affiliate Billing Process**

Exhibit CEB-6  
2005 TTC Cost Case  
Page 5 of 25

service records the transaction on its books depends on the affiliate. The regulated affiliate service companies (e.g., ESI) record revenue in separate revenue accounts for each legal entity billed, and record a corresponding receivable for the amount due from each affiliate. As indicated in Boxes 8 and 9 of Attachment 3, the receivable and payable balances are relieved when each legal entity pays ESI for services rendered.

As described above, ESI billings are recorded on the receiving legal entities' books via project billings. As explained in Attachment 3, the affiliate billed records the transaction to a designated FERC account, and records a corresponding payable for the amount due to ESI. The designated FERC account number is determined through a process based on the accounting data associated with the PC charges.

### **Billing Process – Payroll-Related Costs**

Payroll-related costs include payroll taxes, employee benefits, incentive compensation, and paid time off. Payroll taxes include both state and federal payroll related taxes. Employee benefits include the costs of medical, dental, and life insurance plans for active and retired employees. In addition, employee benefits include long-term disability, pension, and savings plans costs for active employees. ESI loads payroll related costs to PCs based on the amount of labor dollars charged to each PC. For demonstrative purposes only, assume that one-tenth of all labor dollars were incurred under project code ABCDEF. This would

result in one-tenth of payroll related costs to be billed to PC ABCDEF. The costs are loaded to the same project code as the labor is charged.

The costs are loaded based on rates established to recover expected annual costs of such programs. The loader rates are adjusted if the total loaded costs based on current rates are expected to be significantly different than the expected annual costs.

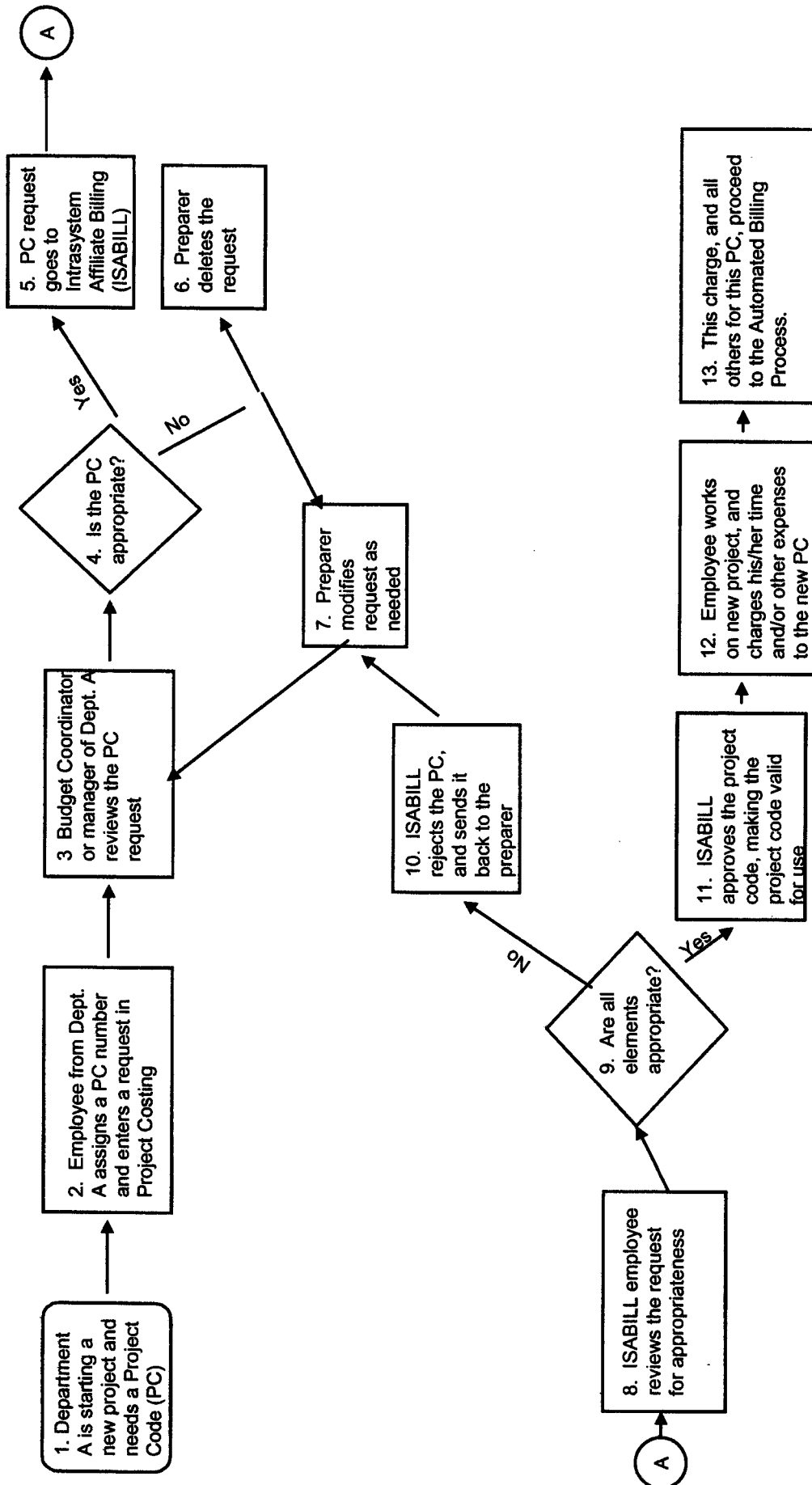
**Billing/Allocation Methods:**

As discussed earlier, project billings are transactions billed to affiliates for services rendered using project codes to determine how costs should be billed to affiliates. When initially established, a project code is assigned a single billing method that determines how costs captured under the project code will be distributed. Services that are provided to only one Entergy affiliate are billed using direct billing methods, which by definition bill only one affiliate. When services benefit more than one affiliate, charges for services rendered by ESI are allocated using allocation methods based on SEC-approved formulae. W/P CEB-7 contains a listing of the ESI allocation methods used to distribute TTC costs during the transition period. The calculation for each billing method employed by ESI to distribute TTC charges to affiliates during the TTC cost period is included in W/P CEB-7. Direct billing methods are not included in these workpapers. W/P CEB-7 also contains a listing of ESI allocation methods used to distribute costs to EGSi during the TTC cost period.

**Billing Process Controls**

A description of the billing process controls in place to help ensure that billings to affiliates properly reflect the actual cost of service is provided in Attachment 5.

# Project Code Set-Up and Use



**Guidelines for Completing a Project Scope Statement<sup>1</sup>**

A properly completed scope statement should include the following:

**1. Statement of Purpose (required)**

This should be a 1-2 sentence general description of services to be provided that summarizes the overall purpose or activity. The general description should expand on the title (i.e. not just repeat the title).

***Ex. The overall purpose of this project is to capture and manage costs associated with payroll, office expenses, and vendor service expenses required to effectively communicate with all regulated and unregulated employees of Entergy. The communications are necessary to help Entergy reach out to inform, motivate, coordinate, and lead employees.***

If the service is required by a regulatory agency or judicial body, the preparer should: Identify the regulatory requirement legislation or judiciary order in general terms, and identify the regulatory judicial body.

***Ex. This project Code is necessary to meet FERC transmission tariff policies set forth by FERC.***

**2. Primary Activities (optional)**

This should be a 1-2 sentence general description of the primary activities, tasks, processes, and projects that will be billed to the code. Uncommon acronyms should be avoided or defined.

***Ex. The primary activities associated with this project code are production of printed materials, audio visual materials, electronic, and face to face communications which educate employees to news, events, policies, and business activities of Entergy, as well as, provide information to all regulated and unregulated employees that are required to conduct the day to day business of Entergy. These activities provide employees with information intended to enhance performance, improve skills, and provide a central strategic focus that results in better service to customers***

**3. Primary Products or Deliverables (optional)**

<sup>1</sup> Project scope statements are required for billable projects only.

**Guidelines for Completing a Project Scope Statement<sup>1</sup>**

This should be a 1-2 sentence general description of the primary products or deliverables. It would be helpful to include a sentence on the benefits of the services provided under this project code.

***Ex. The primary products or deliverables of this project code are regularly produced employee communications (Inside Entergy, Entergy stories, ENN production, EntergyNet production); special employee communications (Customer Service videotapes production, Chairman's letters production); employee benefits and compensation materials (Savings Plan and Retirement Plan production); and other communications needed to benefit employees in their day to day activities (Corporate Financial and Strategic printed and electronic communications). Customers benefit because these materials are produced from a single source and are used by all Entergy entities.***

**4. Justification for Billing Method (required)**

**This is the most critical section and is subject to regulatory scrutiny. This section should clearly document the cost driver of the services provided under the Project Code and the connection between that cost driver and the billing method selected.**

**The billing method assigned to the Project Code determines the allocation of costs to the appropriate Legal Entity (ies). The Requester or Contact Person for the Project Code is responsible for selecting the billing method because he or she is most knowledgeable about the work to be performed. The billing method may be comprised of one or more components, or cost drivers. Each of these components should be considered in selecting the most appropriate method for the service provided. For example, a Marketing Project Code would use a billing method that has the number of customers as a component if the number of customers drives the level of costs to be charged to the Project Code. Again, the selection of the most appropriate (accurate and reasonable) billing method is critical because ESI billings are subject to intense regulatory and audit scrutiny.**

**This section should clearly document the driver of the services provided and the connection between that driver and the billing method selected. For those billing methods that allocate costs to EOI, also justify the EOI billing method that bills the allocated EOI costs to the sites.**

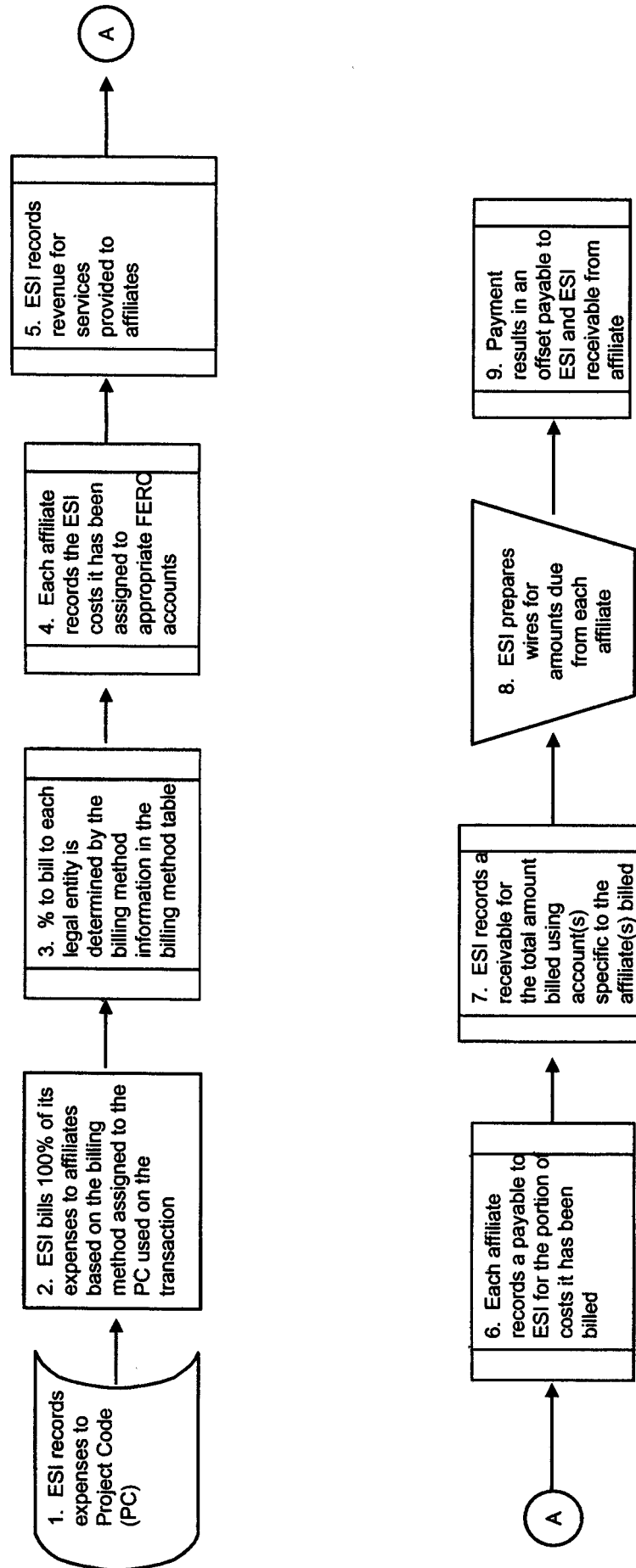
<sup>1</sup> Project scope statements are required for billable projects only.

**Guidelines for Completing a Project Scope Statement<sup>1</sup>**

***Ex. Costs are driven by the number of communications that are necessary throughout a twelve month period. The billing method is appropriate because these activities are directed to all regulated and nonregulated employees and costs are incurred as a result of such employees. Each company utilizes these communications services in proportion to the number of employees in each company. Costs are allocated based on the number of employees in each regulated and nonregulated company who give rise to these communications activities. The E039 billing method is appropriate because these costs arise as a function of the number of employees receiving communications at each nuclear site. The E039 billing method distributes nuclear costs to each site based on the number of employees who receive these communications.***

<sup>1</sup> Project scope statements are required for billable projects only.

# The ESI Billing Process





Deloitte & Touche LLP  
Suite 3700  
701 Poydras Street  
New Orleans, LA 70139-3700  
USA

Tel: +1 504 581 2727  
Fax: +1 504 561 7293  
www.deloitte.com

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Entergy Corporation:

We have performed the procedures enumerated below, which were agreed to by Entergy Corporation (the "Company"), solely to assist the Company in determining whether selected intercompany transactions billed to Entergy Enterprises, Inc. by Entergy Services, Inc., Entergy Operations, Inc., Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. and selected intercompany transactions billed to Entergy Power, Inc. by Entergy Services, Inc. during the year ended December 31, 2004, as shown in Attachment A, were billed in accordance with Sections 250.90(a)(2) and 250.91(a)-(c) of the Public Utility Holding Company Act of 1935, as amended, ("PUHCA") and the Company's letters to the Securities and Exchange Commission ("SEC") dated January 19, 1996 (as supplemented by letters dated April 4, 1996, May 30, 1996 and June 5, 1996), June 25, 1998 (as supplemented by letters dated August 20, 1998 and September 23, 1998), November 18, 1998 (as supplemented by a letter dated January 26, 1999), May 18, 1999 (as supplemented by a letter dated July 8, 1999), October 7, 1999, October 2, 2000, October 19, 2001 (as supplemented by a letter dated January 9, 2002), March 13, 2002, January 24, 2003, August 28, 2003, and March 9, 2004 (collectively referred to as "SEC Letters"). This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. We obtained the summary of intercompany transactions billed to Entergy Enterprises, Inc. and Entergy Power, Inc. during the year ended December 31, 2004, from the Intrasystem Affiliate Billing Group, as described in the preceding paragraph and included such summary in this report as Attachment A. We compared the individual company totals as reflected on the Attachment A to the sum of each month's bill in 2004 ("service billing report") and found such amounts to be in agreement.
2. We randomly selected 60 intercompany billing amounts from the service billing reports described in step 1 above and obtained a detailed list of the items comprising each selected intercompany billing amount. We randomly selected one transaction from each of these detailed lists, as reflected on Attachment B, and compared each amount to its related supporting documents such as payroll records, third-party invoices and/or other accounting records, as applicable, and found such amounts to be in agreement. The following differences were noted:

Selection Number	Selection Amount	Recalculated from Support	Difference
11	\$1,001.72	\$1,001.59	\$.13
16	1,046.95	1,046.93	.03
17	1,154.97	1,154.78	.19
40	2,515.56	2,515.21	.39
41	6,355.59	6,356.89	(1.30)
51	1,406.38	1,406.40	(.02)
53	1,687.11	1,687.08	.03
54	1,448.02	1,448.03	(.01)

3. We agreed that the determination of cost of each individual transaction selected in step 2 above was in accordance with Sections 250.90(a)(2) and 250.91(a)-(c) of PUHCA.
4. For each individual transaction selected in step 2 whose amounts were computed based on an allocation percentage, we recomputed, without exception, the amount based on allocation percentages provided by the Intrastate Affiliate Billing Group, which were in accordance with a billing methodology approved by the SEC in the Company's 60-day SEC Letters, granting approval for the billing methodologies utilized by the Company to allocate costs among subsidiaries. The following differences were noted:

Selection Number	Selection Amount	Recalculated Amount	Difference
3	\$1,608.11	\$1,608.12	\$(.01)
4	14,179.32	14,179.33	(.01)
6	3,111.41	3,111.42	(.01)
8	2,555.46	2,555.45	.01
14	1,296.48	1,297.00	(.52)
36	1,003.51	1,003.50	.01

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the Arkansas Public Service Commission, Mississippi Public Service Commission, and the City Council of New Orleans, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

June 23, 2005

Summary of intercompany transactions billed to Entergy Enterprises, Inc. by Entergy Services, Inc., Entergy Operations, Inc., Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. and intercompany transactions billed to Entergy Power, Inc. by Entergy Services, Inc. during the year ended December 31, 2004.

Entergy Services, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$57,820,557
Entergy Operations, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$4,877
Entergy Arkansas, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$5,994
Entergy Gulf States, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$97,179
Entergy Louisiana, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$9,340
Entergy Mississippi, Inc. billings to Entergy Enterprises, Inc. for the year ended December 31, 2004	\$549,584
Entergy Services, Inc. billings to Entergy Power, Inc. for the year ended December 31, 2004	\$384,490

**Estergy Agreed Upon Procedures  
Affiliate Billing Selections  
For Year Ended 12/31/04**

Selection Number	Period	Account	Billing LE	Project	Resource Code	Year	Journal Mask	Journal Sequence	LE	Original Journal Mask	TRANS AM
1	1 923	S		SPETEI	249	2004	78ESA	13964 78	Z AP1	\$	2,143.00
2	2 923	S		FAPWHS	386	2004	77ESA	15665 77	Z AP1	\$	4,927.76
3	3 107	S		NOVOCM	249	2004	77ESA	28294 77	Z AP1	\$	1,608.11
4	3 107	S		POIETR	225	2004	78ESA	28300 78	Z AP1	\$	14,179.32
5	4 923	S		TXI2L	249	2004	22ESA	36018 22	Z AP1	\$	1,678.50
6	5 107	S		SARESI	386	2004	4AESA	41441 4A	Z AP1	\$	3,111.41
7	5 107	S		FIB004	257	2004	95ESA	46279 95	Z AP1	\$	1,044.78
8	6 107	S		SARESI	249	2004	7AESA	54440 7A	Z AP1	\$	2,555.46
9	3 186NRN	S		F62572	249	2004	78EXK	29019 78	Z ESA	\$	1,319.11
10	4 506	S		ZZ4040	003	2004	72EXK	33883 72	Z ESA	\$	3,634.66
11	3 4264	S		R93300	741	2004	77ESA	25848 77	S L01	\$	1,001.72
12	6 920	S		CDVEKA	741	2004	4AESA	49649 4A	S L01	\$	1,774.90
13	6 920	S		CDVEKA	741	2004	4AESA	53236 4A	S L01	\$	1,955.46
14	2 931	S		HRSALL	745	2004	78ESA	14717 78	S L07	\$	1,296.48
15	6 931	S		SWRTXP	623	2004	95ESA	52262 95	Z L14	\$	1,254.88
16	2 517	S		N25040	004	2004	14ESA	16912 14	S PR1	\$	1,046.95
17	3 4264	S		6HENNE	003	2004	57ESA	22089 57	S PR1	\$	1,154.97
18	3 926	S		NN5517	018	2004	14ESA	25721 14	S PR3	\$	2,809.39
19	5 926	S		HRSALL	018	2004	72ESA	45451 72	S PR3	\$	1,055.94
20	6 926	S		TXI2L	018	2004	22ESA	53227 22	S PR3	\$	3,259.08
21	3 920	S		HRSALL	890	2004	7AESA	25867 7A	S PR5	\$	1,062.14
22	5 920	S		FI004A	007	2004	4AESA	45346 4A	S PR8	\$	1,164.26
23	5 920	S		F62533	007	2004	4HESA	45361 4H	S PR8	\$	3,409.15
24	5 920	S		FRM101	007	2004	78ESA	45485 78	S PR8	\$	1,613.02
25	6 517	S		N20707	007	2004	7AESA	53325 7A	S PR8	\$	1,474.57
26	4 920	S		ZZ4040	061	2004	8 ESA	39381 8	Z PRA	\$	2,764.62
27	3 41011	S		ZUTTNC	823	2004	84ESA	31597 84	Z TXE	\$	6,268.98
28	7 920	S		CFO002	003	2004	57ALO	61096 57		\$	1,785.03
29	7 923	S		E13802	202	2004	57ALO	61096 57		\$	43,600.46
30	7 4264	S		R93300	003	2004	77ALO	61104 77		\$	5,803.55
31	8 430	S		ZUIERIN ANDERSONF	855	2004	14ALO	65253 14		\$	1,412.17
32	8 920	S		C31255	003	2004	78ALO	65281 78		\$	3,675.20
33	8 920	S		E13807	003	2004	XUALO	65333 XU		\$	1,842.52
34	9 923	S		SAFEOM	226	2004	72ALO	70405 72		\$	1,157.78
35	9 921	S		HRSALL	113	2004	7AALO	70410 7A		\$	1,685.62
36	10 920	S		FI0443	003	2004	4AALO	75315 4A		\$	1,003.51
37	10 163	S		6HENNE	019	2004	78ALO	75334 78		\$	1,782.62
38	10 517	S		6HENNE	003	2004	7AALO	75335 7A		\$	2,478.46
39	10 920	S		E13806	003	2004	8DALO	75346 8D		\$	1,191.54
40	11 920	S		CRPEEI	003	2004	4AALO	80528 4A		\$	2,515.56
41	11 186EKP	S		F62549	003	2004	4AALO	80528 4A		\$	6,355.59
42	11 517	S		6H0001	003	2004	77ALO	80542 77		\$	2,555.02
43	11 920	S		FX3290	003	2004	7AALO	80544 7A		\$	4,461.91
44	11 920	S		HRSALL	003	2004	7AALO	80544 7A		\$	2,133.51
45	11 500	S		ZZ4040	061	2004	7AALO	80544 7A		\$	2,027.28
46	11 920	S		F62443	003	2004	VHALO	80590 VH		\$	2,455.99
47	12 107	S		P25910	002	2004	14ALO	86119 14		\$	11,201.44
48	12 920	S		FIBERO	705	2004	62ALO	86141 62		\$	1,045.59
49	12 9302	S		FPR07A	901	2004	7AALO	86152 7A		\$	30,515.72
50	12 923	S		E13806	202	2004	8DALO	86163 8D		\$	3,292.30
51	2 505	M		QQ4345	005	2004	8 LLC	18521 8	M PR1	\$	1,406.38
52	1 502	M		WE0131	005	2004	8MLLC	9916 8M	M PR1	\$	2,687.89
53	5 546100	M		QQ4345	003	2004	8 LLC	40676 8	M PR1	\$	1,687.11
54	10 548100	M		QQ4345	705	2004	8 PR3	72928 8		\$	1,448.02
55	5 548100	M		QQ4345	553	2004	8 LLC	43530 8	M PR1	\$	2,516.57
56	6 184001	G		n/a	201	2004	62LRC	56930 62	G TRD	\$	1,223.37
57	1 570	G		ZTE403	005	2004	15LLC	9832 15	G PR1	\$	1,830.02
58	12 107	A		WAE084	386	2004	9 ALO	86168 9		\$	3,958.20
59	12 107	A		WS0312	386	2004	9 ALO	86168 9		\$	4,311.85
60	1 935	G		FT9023	553	2004	62LLC	9865 62	G PR1	\$	1,144.85

## **ESI Affiliate Billing Process Controls**

### **Overview**

Several process controls have been established and are in place to help ensure that ESI billings to affiliates represent the actual costs of items or services provided to such affiliates. A brief discussion of each of these controls is provided below.

#### **Multiple Approvals of Project Codes:**

Before a project code becomes valid for use, multiple approvals by various parties are required. The preparer of a project code (PC) request is responsible for assigning an appropriate billing method to the PC, based on the scope and nature of the work to be performed. The preparer is often the person with the most knowledge about the project and, therefore, is most qualified to choose the appropriate billing method. As a check to make sure the PC has been set up correctly, a minimum of two review points exist. Attachment 1 to Exhibit CEB-6 is a flowchart that depicts the process of setting up a project code.

Depending on the PC, other reviews may also be required to further ensure that the PC is set up correctly. For instance, projects that result in capital expenditures must be reviewed by the Project Costing group. Personnel involved in establishing or reviewing PCs receive training on the selection of an appropriate billing method, and on proper procedures for capturing data using project codes.

## **ESI Affiliate Billing Process Controls**

### **Approval of Loaned Resource Billing Transactions:**

Manager approval is required before an employee can initiate a loaned resource transaction involving labor. This ensures that the process is being used correctly and when appropriate.

### **Approval of Source Documentation:**

Prior to the recording of a transaction on the Company's books, the appropriate personnel must review and approve source documentation (such as time sheets, accounts payable vouchers, and journal entries), in accordance with the requirements of Entergy's approval policies.

### **Budget Process Activities**

The budget process also serves as a method of control. Specifically, budget coordinators are directed during budget training to review the project codes used by their departments to ensure that they are appropriate for the services being provided, including the billing method assigned to the project code. The system-wide Entergy Budget Guidelines is a comprehensive manual utilized by budget coordinators during the budgeting process. This manual includes a section on the ESI billing process, which emphasizes to users the importance of selecting an appropriate billing method for each of their project codes. The Entergy Budget Guidelines also provide the location of available billing methods to assist

### **ESI Affiliate Billing Process Controls**

the requester in determining an appropriate billing method to use with a new project code.

In addition, the management of each organization reviews actual charges on a monthly basis and compares them to budget. This is accomplished through review of the organization's cost reports, which provide actual versus budget comparisons in several ways, e.g., by project, activity, and resource codes.

#### **Monthly Variance Analysis and Routine Testing of Billing Results:**

Reasonableness testing is performed on a monthly basis as a control to ensure the reasonableness of affiliate charges. This process includes reviewing variances within each account, as well as variances for types of costs such as salaries, postage, rents, and legal services. Once a material variance is discovered, it is analyzed and any necessary adjustments are made.

Specifically, personnel have the opportunity to identify billing exceptions (not previously identified) through the review, analysis, and reconciliation of budget variances. If, during the monthly analysis of financial results, a charge by an affiliate to another legal entity is questioned by management, functional budget coordinators, the Billing Analysis Review Team (BART), or others, then the charges are investigated by Intrasystem Affiliate Billing or another responsible party and handled appropriately. The charge can be traced back to the original entry that created the billing to the company to best analyze the charge.

### **ESI Affiliate Billing Process Controls**

For example, if the analysis of EGSI's non-fuel operation and maintenance ("O&M") expenses indicates that a charge originated from ESI, the PC generating the billing can be identified. The charges to the PC can then be researched in ESI's general ledger to see what sources initiated the charge and if the charge was billed appropriately.

In addition, Intrasystem Affiliate Billing tests the billing results monthly to ensure that project code transactions are billing correctly.

#### **Authorization Required to Access Corporate Applications:**

Another control is the authorization required to access certain software. Employees must be given permission, and must be issued an ID, prior to obtaining access to corporate applications such as the General Ledger, Accounts Payable, and Payroll systems. Each user is also often restricted to specific functions within each system relative to his or her requirements and position. Also, these programs are protected by user passwords. These controls help ensure that affiliate costs are properly supported, and no unauthorized changes are made for both project billings and loaned resource billings.

#### **BART monthly reviews of ESI billings:**

BART was established in 1995 by Intrasystem Affiliate Billing (formerly ESI Accounting) to develop and implement a process to review ESI billings with representatives from each of the regulated companies in order to provide



### **ESI Affiliate Billing Process Controls**

assurance to the legal entity Presidents and jurisdictional regulators that the ESI bill is descriptive and reasonable, and that ESI costs are properly allocated. As a result of this team's work, several monthly service billing reports were developed for use as tools to help monitor the cost allocation process on an ongoing basis. One report, prepared for each legal entity, lists each PC charging that legal entity by PC number, PC description, and billing method utilized. The data is summarized by month and includes a year-to-date total. The second report is an "all company" report that provides total year-to-date charges for each PC by company. Additional reports include listings for the most recent month that show new projects, closed projects, and changes to billing methods assigned to projects. The BART team is comprised of Intrasystem Affiliate Billing, ESI Regulatory Accounting, Nuclear - Business Services employees, Jurisdictional Finance Directors, and Business Analysis Managers and Regulatory Affairs representatives from the operating companies. The BART team has regularly scheduled monthly meetings to review billing results of the preceding month and to discuss billing issues.

During the monthly BART meetings, team members, among other things, review billing results, inquire about specific project billings, and challenge project billing method assignments. Many issues raised during the course of a BART meeting are successfully resolved. Unresolved issues are logged and the resolution of each issue is provided on an exception report that is distributed to BART prior to the next monthly meeting.

## **ESI Affiliate Billing Process Controls**

### **Employee Training:**

Because each ESI employee is responsible for charging the costs that he or she incurs to the appropriate PC, and thus billing the companies receiving the services appropriately, ESI provides training to employees. The training stresses the importance of choosing the correct project code. It also discusses the role of billing methods in billing the appropriate companies for services rendered, and emphasizes that direct billing is preferred over allocating charges when possible. Furthermore, the training reviews how to determine which PC should be used for specific services. Employee training is provided via several venues. New ESI employees are instructed how to correctly record employee time and expenses during their orientation and on the job training. During the annual budget process, budget coordinators/preparers are educated on the proper way to record ESI transactions during budget training. Lastly, Intrasystem Affiliate Billing has posted training materials on the Company's internal web as an additional reference source for ESI employees. WP/CEB-6 presents the training materials available to employees on the Company's internal web. Employee training ultimately helps ensure that PC selection appropriately reflects cost causation and that billings to affiliates represent the actual costs of items or services they receive.

### **Internal Reviews of Affiliate Transactions and Processes:**

### **ESI Affiliate Billing Process Controls**

Internal Audit, referred to as Risk Management Services, reviews the controls and performs tests of transactions and balances related to affiliate billings on a periodic basis. In May of 2002, Internal Audit completed a review of ESI's billing process.<sup>1</sup> The review checked the controls in place with regard to the ESI billing process. The review included a review of the establishment of a PC, including the associated scope statements and billing methods, as well as the automated billing process. Although some suggestions for specific controls were offered, the general findings were that adequate controls are in place to ensure that costs incurred and billed to regulated and non-regulated companies are allocated accurately, completely, and timely.

#### **External Reviews and Audits of Affiliate Transactions and Processes:**

There are several reviews or audits of affiliate transactions and processes that occur routinely. For instance, Deloitte & Touche LLP performs certain agreed upon procedures annually at the request of Entergy to satisfy a requirement included in an October 1992 Settlement Agreement between certain regulators and Entergy.

In connection with the performance of their procedures, Deloitte & Touche LLP selects several intercompany transactions billed to Entergy Enterprises by Entergy affiliates to ensure that they were billed in accordance with PUHCA affiliate billing requirements. Deloitte & Touche LLP's "Report of Independent

---

<sup>1</sup>W/P CEB-3 is a copy of the Risk Management Report on the Intrasystem Billing Process.

### **ESI Affiliate Billing Process Controls**

Accountant on Applying Agreed-Upon Procedures” for the year ended December 31, 2004, is included as Attachment 4 to Exhibit CEB-6.

In addition, the annual external audit of Entergy Corporation and its subsidiaries’ financial statements performed by Deloitte & Touche LLP helps to detect whether the intercompany accounts and billing processes are producing any material misstatements in the financial statements.

Further, the SEC periodically conducts audits of service companies which include an examination of the service company books, records, accounts, billing procedures, and methods of allocation. During the course of such audits, the SEC, among other things, reviews transactions to test for compliance with the “at cost” requirements under PUHCA and to evaluate the appropriateness of the allocation of such transaction costs. The SEC does not have a defined schedule for performing service company audits. However, such audits are generally conducted about every five years. The most recent SEC audit of ESI was of calendar years 1999, 2000, and the first six months of 2001. The SEC staff conducted this audit in the fall of 2001. Based on its evaluation of ESI’s overall accounting system, internal controls, and methods of allocation, the SEC Examination Staff concluded, subject to several qualifications, that ESI is in compliance with applicable sections of the Public Utility Holding Company Act of 1935. Exhibit CEB-5 includes an excerpt from the SEC Examination Staff’s November 29, 2001 audit report. The SEC’s findings and ESI’s responses in connection with the audit are included in W/P CEB-4.

## **ESI Affiliate Billing Process Controls**

### **Billing Method Updates:**

ESI billing allocation methods are updated annually (i.e. on January 1<sup>st</sup>) based on data for the previous 12 months ending in September. Certain billing methods are updated quarterly. Billing methods are also occasionally updated more frequently due to changes in the legal entities served (e.g., the addition of a new legal entity) or changes in business operations.

### **Summary**

The use of structured project/activity codes, the use of cost-causative and SEC-approved allocation factors and the internal review of charges among all affiliates, including EGSi, help to ensure that all affiliates bear only those charges for services each receives. Each of the controls discussed above is an integral part of a multi-faceted process that is designed to bill the appropriate share of reasonable and necessary charges to the affiliates.

This page has been intentionally left blank.

ENTERGY GULF STATES, INC.  
ESI TTC Costs to Affiliates By Project  
For the Transition Period June 1999 through June 17, 2005

ESG

Project Code	Project Description	ESI Billing Method	EEI	EPH	EAI	EJR	SEI	EGSI	EMI	ENQ	EOI	ESI	TOTAL
D0023	MARKET MECHANICS MAINTENANCE	EGSI	-	-	-	-	-	19,059	-	-	-	-	19,059
DMMTEX	MARKET MECH SYS-DISTR. TX	EGSI	-	-	-	-	-	680,157	-	-	-	-	680,157
DXPIL	MARKET MECH SYS-DISTR. TX	EGSI	-	-	-	-	-	480,776	-	-	-	-	480,776
R6037	TTC-TX SYSTEM INTEGRATION	EGSI	-	-	-	-	-	(418)	-	-	-	-	(418)
R610	CUSTOMER CARE SYSTEMS - WIRES	21	-	-	32,233,145	-	-	38,795,404	20,179,848	17,097,731	-	-	140,541,860
R6713	CCS BILL DELIVERY	CCXT	-	-	1,306,974	-	-	1,575,412	820,958	693,666	-	-	5,707,506
R6706	TX ROA Set Changes Technical Update	EGSI	-	-	-	-	-	583	-	-	-	-	583
F17027	Market Mechanics Enhm to ERCOT Tran	EGSI	-	-	-	-	-	13,910	-	-	-	-	13,910
FIAP12	APPLICATION GROWTH BLANKET	SMU	3,111	8	7,826	36	13	9,305	7,438	2,734	1,562	1,414	37,473
FIAPL4	APPLICATION GROWTH BLANKET	SMU	5,744	43	25,678	463	44	29,419	23,893	9,101	3,632	3,874	114,907
FTTCAA	TTC - BUSINESS SIMULATION CHANGES T	35	-	-	293,110	-	-	307,397	290,785	86,488	-	-	1,159,473
FTTCAX	TTC - BUSINESS SIMULATION CHANGES T	EGSI	-	-	-	-	-	(10,900)	-	-	-	-	(10,900)
FTTCXX	FUNCTIONAL & SYSTEMS INTEGRATION-T	EGSI	-	-	-	-	-	2,483,153	-	-	-	-	2,483,153
GST001	EGSI Texas 2004 Base Rate Case	EGSI	-	-	-	-	-	4,004,308	-	-	-	-	4,004,308
ITTCAT	MARKET MECH SYS FOR DISTRIBUTION	TTC	-	-	1,184,516	-	-	626,671	-	-	-	-	1,811,186
R20017	SUPPLY ACQUISITION SYSTEMS - COMP R	RTPB	16,684	-	-	-	-	-	-	-	-	-	16,684
R20500	SUPPLY ACQUISITION SYSTEMS - COMP R	RTPB	53,312	-	-	-	-	-	-	-	-	-	53,312
R21520	CCS - NON-REGULATED RETAIL	RLMS	22,677	-	-	-	-	-	-	-	-	-	22,677
R21530	CCS - NON-REGULATED RETAIL	RLMS	201,538	-	-	-	-	-	-	-	-	-	201,538
R21750	CCS - NON-REGULATED RETAIL	RLMS	237,724	-	-	-	-	-	-	-	-	-	237,724
R25111	BILLING EXPERT IMPLEMENT- COMP RETA	RLMS	3,239	-	-	-	-	-	-	-	-	-	3,239
R73468	MARKET MECHANICS - TX	EGSI	-	-	-	-	-	33,663	-	-	-	-	33,663
RMMRET	MKT MECH SYS-DEF SERV PROVIDER-SET	RTPA	61,485	-	-	-	-	-	-	-	-	-	61,485
RMMTEX	MARKET MECH SYS-DEFAULT SERVICE PRO	EGSI	-	-	-	-	-	5,913,270	-	-	-	-	5,913,270
RTLAJ1	RETAIL TRANSFER TO EGS-TX	EGSI	-	-	-	-	-	12,024,327	-	-	-	-	12,024,327
TRALCI	CUSTOMER INTERFACE INFRASTRUCTURE	35	-	-	12,004	-	-	12,492	11,961	3,581	-	-	47,427
TRALIM	TRANSITION INTERFACE INFRASTRUCTURE	35	-	-	320,374	-	-	333,586	319,138	197,306	-	-	1,265,901
TRALRM	RULEMAKING	35	-	-	1,932	-	-	2,017	1,921	574	-	-	7,636
TRALSA	SYSTEM AGREEMENT MODIFICATION	23	-	-	107,959	-	-	157,554	124,634	63,271	-	-	479,654
TRALSC	STRANDED COST (METHOD, DET, SECURIT	35	-	-	38,388	-	-	39,950	38,251	23,630	-	-	151,670
TRALUB	UNBUNDLING (TARIFFS, FUNCTIONS, BIL	35	-	-	116,935	-	-	121,970	116,368	72,130	-	-	462,174
TRCCII	CUSTOMR INTRFC INFRAST (COMMON) - I	TTC	-	-	707,810	-	-	374,468	-	-	-	-	1,082,278
TRCCMI	TRANSITION IMPLEMENTATION MGT - INC	TTC	-	-	2,946,523	-	-	1,559,218	-	-	-	-	4,505,741
TRCOCI	CUSTOMER INTERFACE INFRAST. - COMMO	TTC	-	-	350,616	-	-	185,526	-	-	-	-	536,142
TRCOIM	TRANSITION IMPLEMENTATION MANAGEEME	TTC	-	-	1,380,111	-	-	730,966	-	-	-	-	2,111,077
TRCORM	RULEMAKING	TTC	-	-	798,121	-	-	427,240	-	-	-	-	1,225,361
TRCOSA	SYSTEM AGREEMENT MODIFICATION	TTC	-	-	136,727	-	-	72,758	-	-	-	-	209,486
TRCOSC	STRANDED COST (MTHD, DTRMNATN, RE	TTC	-	-	88,613	-	-	47,042	-	-	-	-	135,655
TRCOUB	UNBUNDLING (TARIFFS, FUNCTIONS, BIL	TTC	-	-	1,702,783	-	-	903,953	-	-	-	-	2,606,735
TRCCMI	RULEMAKING - INCRMT	TTC	-	-	2,522	-	-	1,338	-	-	-	-	3,860
TRCSAI	SYSTEM AGREEMENT MODIFICATION - INC	TTC	-	-	15,940	-	-	8,483	-	-	-	-	24,424
TRCSCI	STD COST (MTD, DTRMNATN, RECVY) - I	TTC	-	-	78,986	-	-	41,857	-	-	-	-	120,844
TRCUBI	UNBUND (TARIFF, FUNCTION, BILL) - I	TTC	-	-	1,391,252	-	-	736,251	-	-	-	-	2,127,502
TRGTCE	CONSUMER EDUCATION - EGS TX DISTRIB	EGSI	-	-	-	-	-	7,973	-	-	-	-	7,973
TRGTCI	CUSTOMER INTERFACE INFRAST- EGS TX	EGSI	-	-	-	-	-	108,401	-	-	-	-	108,401
TRGTIM	TRANSITION IMPL MGMT - EGS TX DIST	EGSI	-	-	-	-	-	9,133,056	-	-	-	-	9,133,056
TRGTTP	TTC TEXAS RETAIL COMP PILOT PROJECT	EGSI	-	-	-	-	-	1,002,625	-	-	-	-	1,002,625

Amounts may not add or tie to other schedules due to rounding.

BARRILLEAUX, CHRIS

ENERGY GULF STATES, INC.  
ESI TTC Costs to Affiliates By Project  
For the Transition Period June 1999 through June 17, 2005

ESG

Project Code	Project Description	ESI Billing Method	EE	EP	EN	ET	ES	EU	EM	ENC	EO	ESI	TOTAL
TRGRM	RULEMAKING-EGS TEXAS	EGSI	-	-	-	-	-	-	-	-	-	-	962,985
TRGTS	SYSTEM AGRMNT MODIFICATION-EGS-TX	EGSI	-	-	-	-	-	-	-	-	-	-	42,228
TRGTSC	STRANDED COST(MTHD, DTRMNTN) - TX	EGSI	-	-	-	-	-	-	-	-	-	-	363,194
TRGTUB	UNBUNDLING(TARIFFS,FUNCTNS)EGS-TX	EGSI	-	-	-	-	-	-	-	-	-	-	12,678,778
TRJCEI	CONSUMER EDUCATION - INCRMT	35	-	-	90	-	-	90	56	27	-	-	357
TRJCI	CUSTOMER INTERFACE INFRASTRUCT - IN	35	-	-	7,905	-	-	7,877	4,866	2,358	-	-	31,232
TRJIMI	TRANSITION IMPLEMENTATION MGT - INC	35	-	-	355,785	-	-	354,266	219,260	105,944	-	-	1,405,983
TRJMI	RULEMAKING - INCRMT	35	-	-	16,111	-	-	16,040	9,930	4,796	-	-	63,669
TRJSAI	SYSTEM AGREEMENT MODIFICATION - INC	23	-	-	340,069	-	-	397,299	199,522	83,903	-	-	1,519,553
TRJSCI	STRANDED COST (MTD, DET, SECURTY) -	35	-	-	223,097	-	-	222,244	137,390	66,506	-	-	881,522
TRJUBI	UNBUNDLING (TARFF, FNCTN, BILL) - I	35	-	-	8,216	-	-	8,184	5,060	2,449	-	-	32,463
TS4656	TTC- DISTRIBUTION BPITS IN PREP FOR	TTC	-	-	518,044	-	-	274,287	-	-	-	-	792,331
TS465G	TTC- DISTRIBUTION BPITS IN PREP FOR	EGSI	-	-	-	-	-	-	-	-	-	-	36,179
TS465H	TTC- DISTRIBUTION BPITS IN PREP FOR	EGSI	-	-	-	-	-	-	-	-	-	-	109,006
TS465J	TTC- DISTRIBUTION BPITS IN PREP FOR	EGSI	-	-	-	-	-	-	-	-	-	-	1,345,514
TS465K	TTC- DISTRIBUTION BPITS IN PREP FOR	EGSI	-	-	-	-	-	-	-	-	-	-	163,977
TS465T	TTC- DISTRIBUTION BPITS IN PREP FOR	EGSI	-	-	-	-	-	-	-	-	-	-	215,160
TTTCAT	MARKET MECH SYS-DISTR. TX	EGSI	-	-	-	-	-	-	-	-	-	-	15,558,558
ZULGST	TRANSITION TO COMPETITION - EGSI TX	EGSI	-	-	-	-	-	-	-	-	-	-	1,181,399
ZULGSU	TRANSITION TO COMPETITION - EGSI AL	EGSI	-	-	-	-	-	-	-	-	-	-	24,785
ZULREG	TRANSITION TO COMPETITION - REG. C	35	-	-	934,677	-	-	934,107	574,369	281,689	-	-	3,719,483
			605,514	51	47,652,838	499	57	118,080,348	36,420,724	22,714,912	5,193	5,288	244,094,929

Amounts may not add or tie to other schedules due to rounding.

BARRILLEAUX, CHRIS

3B-278

3130



ENTERGY GULF STATES, INC.  
ESI Direct vs. Allocated TTC Affiliate Costs  
For the Transition Period June 1999 through June 17, 2005  
Amounts in Dollars

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
		Affiliate Billings									
Witness	Class	Group Description	Allocated Affiliate Billings				Direct Affiliate Billings			Total Net Requested Affiliate Costs	
			Total	Billed to Others	Billed to EGSI - TX	Pro Forma Adjustments	Net Requested	Billed to EGSI - TX	Pro Forma Adjustments		Net Requested
Quick, Andy	Customer Service	Internal - Payroll / Benefits	358,152	358,152	-	827,644	827,644	-	-	-	827,644
		Internal - All Other Internal Support Costs	195	195	-	52,214	52,214	-	-	-	52,214
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	12,283,537	740,183	-	7,447,675	7,447,675	11,543,354	(11,543,354)	-	7,447,675
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Customer Service	12,641,884	1,098,530	-	8,327,533	8,327,533	11,543,354	(11,543,354)	-	8,327,533	
Quick, Andy	Load Forecasting	Internal - Payroll / Benefits	53,312	53,312	-	92,060	92,060	-	-	-	92,060
		Internal - All Other Internal Support Costs	-	-	-	-	-	-	-	-	-
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	-	-	-	2,749,910	2,749,910	-	-	-	2,749,910
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Load Forecasting	53,312	53,312	-	2,841,969	2,841,969	-	-	-	2,841,969	
Quick, Andy	Retail SET	Internal - Payroll / Benefits	58,789	58,789	-	37,239	37,239	-	-	-	37,239
		Internal - All Other Internal Support Costs	-	-	-	-	-	-	-	-	-
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	2,696	2,696	-	2,407,343	2,407,343	-	-	-	2,407,343
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Retail SET	61,485	61,485	-	2,444,582	2,444,582	-	-	-	2,444,582	
Quick, Andy	Trading and Risk Management	Internal - Payroll / Benefits	15,742	15,742	-	48,856	48,856	-	-	-	48,856
		Internal - All Other Internal Support Costs	-	-	-	(118,634)	(118,634)	-	-	-	(118,634)
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	941	941	-	1,851,760	1,851,760	-	-	-	1,851,760
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Trading and Risk Management	16,684	16,684	-	1,781,982	1,781,982	-	-	-	1,781,982	

Amounts may not add or tie to other schedules due to rounding.

BARRILLEAUX, CHRIS

ENTERGY GULF STATES, INC.  
ESI Direct vs. Allocated TTC Affiliate Costs  
For the Transition Period June 1999 through June 17, 2005  
Amounts in Dollars

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Witness	Class	Group Description	Affiliate Billings							
			Allocated Affiliate Billings				Direct Affiliate Billings			
			Total	Billed to Others	Billed to EGSi - TX	Pro Forma Adjustments	Net Requested	Billed to EGSi - TX	Pro Forma Adjustments	Net Requested
Quick, Andy	Total Witness Classes	Internal - Payroll / Benefits	485,995	485,995	-	1,005,799	1,005,799	-	-	1,005,799
		Internal - All Other Internal Support Costs	195	195	-	(66,420)	(66,420)	-	-	(66,420)
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-
		External - All Other Support Costs	12,287,175	743,821	-	14,456,688	14,456,688	11,543,354	(11,543,354)	14,456,688
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-
	Total Andy Quick Classes	12,773,365	1,230,011	-	15,396,066	15,396,066	11,543,354	(11,543,354)	-	15,396,066
Craddock, Bill	Texas Distribution CCS	Internal - Payroll / Benefits	35,092,812	35,092,812	-	1,689,035	1,689,035	-	697	1,689,732
		Internal - All Other Internal Support Costs	553,558	553,558	-	-	-	-	-	-
		External - Legal Contractor Costs	56,820	56,820	-	-	-	-	-	-
		External - All Other Support Costs	110,546,743	110,546,743	-	5,218,913	5,218,913	-	(114)	5,218,798
		AFUDC & Capital Overhead	15	15	-	-	-	-	-	-
	Total Texas Distribution CCS	146,249,949	146,249,949	-	6,907,947	6,907,947	-	583	6,908,530	
Craddock, Bill	Total Witness Classes	Internal - Payroll / Benefits	35,092,812	35,092,812	-	1,689,035	1,689,035	-	697	1,689,732
		Internal - All Other Internal Support Costs	553,558	553,558	-	-	-	-	-	-
		External - Legal Contractor Costs	56,820	56,820	-	-	-	-	-	-
		External - All Other Support Costs	110,546,743	110,546,743	-	5,218,913	5,218,913	-	(114)	5,218,798
		AFUDC & Capital Overhead	15	15	-	-	-	-	-	-
	Total Bill Craddock Classes	146,249,949	146,249,949	-	6,907,947	6,907,947	-	583	6,908,530	
Radosevich, Karen	Energy Efficiency Programs	Internal - Payroll / Benefits	-	-	-	-	-	-	-	-
		Internal - All Other Internal Support Costs	-	-	-	-	-	-	-	-
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-
		External - All Other Support Costs	-	-	-	-	-	-	-	-
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-
	Total Energy Efficiency Programs	-	-	-	-	-	-	-	-	-

Amounts may not add or tie to other schedules due to rounding.

BARRILLEAUX, CHRIS

**Amounts in Dollars**

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Witness	Class	Group Description	Affiliate Billings								
			Allocated Affiliate Billings				Direct Affiliate Billings				
			Total	Billed to Others	Billed to ECSI - TX	Pro Forma Adjustments	Net Requested	Billed to ECSI - TX	Pro Forma Adjustments	Net Requested	Total Net Requested Affiliate Costs
Radosevich, Karen	Total Witness Classes										
		Internal - Payroll / Benefits									
		Internal - All Other Internal Support Costs									
		External - Legal Contractor Costs									
		External - All Other Support Costs									
		AFUDC & Capital Overhead									
		Total Karen Radosevich Classes									
May, Phillip	Default Service Provider										
		Internal - Payroll / Benefits									
		Internal - All Other Internal Support Costs	442,353	-	-	-	-	442,353	6,114	448,466	448,466
		External - Legal Contractor Costs	19,763	-	-	-	-	19,763	-	19,763	19,763
		External - All Other Support Costs	5,451,154	-	-	-	-	5,451,154	576	5,451,729	5,451,729
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
		Total Default Service Provider	5,913,270	-	-	-	-	5,913,270	6,689	5,919,959	5,919,959
May, Phillip	Implementation Management										
		Internal - Payroll / Benefits	8,840,538	4,366,574	529,129	-	529,129	3,944,834	(28,922)	3,915,912	4,445,042
		Internal - All Other Internal Support Costs	15,083	15,456	-	-	-	(373)	389	16	16
		External - Legal Contractor Costs	58,144	51,099	7,045	(7,791)	(746)	-	-	-	(746)
		External - All Other Support Costs	13,804,956	5,471,273	2,200,623	(94,227)	2,106,396	6,133,059	(177,747)	5,955,313	8,061,708
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
		Total Implementation Management	22,718,721	9,904,403	2,736,798	(102,019)	2,634,779	10,077,520	(206,280)	9,871,240	12,506,020
May, Phillip	SBF & REC's										
		Internal - Payroll / Benefits	-	-	-	-	-	-	-	-	-
		Internal - All Other Internal Support Costs	-	-	-	-	-	-	-	-	-
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	-	-	-	-	-	-	73,263	73,263	73,263
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
		Total SBF & REC's	-	-	-	-	-	-	73,263	73,263	73,263

**BARRILLEAUX, CHRIS**

ENTERGY GULF STATES, INC.  
ESI Direct vs. Allocated TTC Affiliate Costs  
For the Transition Period June 1999 through June 17, 2005  
Amounts in Dollars

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Witness	Class	Group Description	Affiliate Billings						Total Net Requested Affiliate Costs		
			Allocated Affiliate Billings			Direct Affiliate Billings					
			Total	Billed to Others	Billed to EGSi - TX	Pro Forma Adjustments	Net Requested	Billed to EGSi - TX		Pro Forma Adjustments	Net Requested
May, Phillip	Rates/Riders Preparation	Internal - Payroll / Benefits	3,320,121	276,435	-	88,398	88,398	3,043,686	(208,897)	2,834,789	2,923,187
		Internal - All Other Internal Support Costs	50,405	6,259	-	-	-	44,146	(44,146)	-	-
		External - Legal Contractor Costs	36,752	1,470	-	-	-	35,282	-	35,282	35,282
		External - All Other Support Costs	597,030	56,193	-	8,657	8,657	540,838	(145)	540,693	549,350
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Rates/Riders Preparation	4,004,308	340,357	-	97,055	97,055	3,663,951	(253,187)	3,410,764	3,507,819	
May, Phillip	Planning & Regulatory	Internal - Payroll / Benefits	14,728,857	6,360,771	957,712	-	957,712	7,410,373	(34,419)	7,375,954	8,333,666
		Internal - All Other Internal Support Costs	19,592	19,540	-	-	-	52	-	52	52
		External - Legal Contractor Costs	2,330,296	1,250,753	507,854	(137,062)	370,792	571,688	-	571,688	942,481
		External - All Other Support Costs	11,946,315	5,970,087	1,488,026	(37,050)	1,450,976	4,488,203	236,041	4,724,244	6,175,220
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Planning & Regulatory	29,025,059	13,601,151	2,953,592	(174,112)	2,779,480	12,470,317	201,622	12,671,939	15,451,419	
May, Phillip	Total Witness Classes	Internal - Payroll / Benefits	27,331,868	11,003,780	1,486,842	88,398	1,575,239	14,841,246	(266,124)	14,575,122	16,150,361
		Internal - All Other Internal Support Costs	85,080	41,255	-	-	-	43,825	(43,757)	68	68
		External - Legal Contractor Costs	2,444,955	1,303,322	514,899	(144,853)	370,046	626,733	-	626,733	996,779
		External - All Other Support Costs	31,799,455	11,497,553	3,688,649	(122,620)	3,566,029	16,613,254	131,988	16,745,242	20,311,271
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Philip May Classes	61,661,358	23,845,910	5,690,390	(179,076)	5,511,314	32,125,058	(177,893)	31,947,165	37,458,479	
Manasco, Tom	Pilot Operations	Internal - Payroll / Benefits	791,036	29,363	-	-	-	761,673	49,584	811,257	811,257
		Internal - All Other Internal Support Costs	130,685	6,739	-	-	-	123,945	(2,447)	121,499	121,499
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	422,248	(4,443)	-	-	-	426,691	435,960	862,651	862,651
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-
	Total Pilot Operations	1,343,969	31,659	-	-	-	1,312,309	483,098	1,795,407	1,795,407	

Amounts may not add or tie to other schedules due to rounding.

BARRILLEAUX, CHRIS

**ENTERGY GULF STATES, INC.**  
**ESI Direct vs. Allocated TTC Affiliate Costs**  
**For the Transition Period June 1999 through June 17, 2005**  
**Amounts in Dollars**

Witness	Class	Group Description	(A) (B) (C) (D) (E)					(F) (G) (H) (I)				
			Allocated Affiliate Billings					Direct Affiliate Billings				
			Total	Billed to Others	Billed to EGS - TX	Pro Forma Adjustments	Net Requested	Billed to EGS - TX	Pro Forma Adjustments	Net Requested	Total Net Requested	Affiliate Costs
Manasco, Tom	Pilot Project	Internal - Payroll / Benefits	198,995	27,479	-	-	-	171,516	20,691	192,206	192,206	-
		Internal - All Other Internal Support Costs	-	-	-	-	-	-	-	-	-	-
		External - Legal Contractor Costs	-	-	-	-	-	-	-	-	-	-
		External - All Other Support Costs	803,631	914	-	-	-	802,717	(424,007)	378,710	378,710	-
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-	-
	Total Pilot Project		1,002,625	28,393	-	-	-	974,232	(403,316)	570,916	570,916	-
Manasco, Tom	Texas SET & LPDA	Internal - Payroll / Benefits	4,404,032	727,232	350,710	-	350,710	3,326,090	93,265	3,419,355	3,770,065	-
		Internal - All Other Internal Support Costs	58,265	2,214	92	-	92	55,959	11,560	67,519	67,519	-
		External - Legal Contractor Costs	25,725	-	-	-	-	25,725	-	25,725	25,725	-
		External - All Other Support Costs	16,575,641	2,015,549	670,883	(97,522)	573,362	13,889,209	1,423,783	15,312,992	15,886,354	-
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-	-
	Total Texas SET & LPDA		21,063,663	2,744,995	1,021,686	(97,522)	924,164	17,296,983	1,528,608	18,825,591	19,749,755	-
Manasco, Tom	Total Witness Classes	Internal - Payroll / Benefits	5,394,063	784,074	350,710	-	350,710	4,259,278	163,540	4,422,819	4,773,529	-
		Internal - All Other Internal Support Costs	188,950	8,953	92	-	92	179,905	9,113	189,017	189,017	-
		External - Legal Contractor Costs	25,725	-	-	-	-	25,725	-	25,725	25,725	-
		External - All Other Support Costs	17,801,520	2,012,020	670,883	(97,522)	573,362	15,118,617	1,435,736	16,554,354	17,127,715	-
		AFUDC & Capital Overhead	-	-	-	-	-	-	-	-	-	-
	Total Tom Manasco Classes		23,410,258	2,805,047	1,021,686	(97,522)	924,164	19,583,525	1,608,389	21,191,914	22,116,078	-
Total for All Classes	Internal - Payroll / Benefits		68,304,738	47,366,661	1,837,552	2,783,231	4,620,783	19,100,525	(101,887)	18,998,638	23,619,421	-
	Internal - All Other Internal Support Costs		827,783	603,962	92	(66,420)	(66,328)	223,730	(34,644)	189,086	122,757	-
	External - Legal Contractor Costs		2,527,500	1,360,143	514,899	(144,853)	370,046	652,458	-	652,458	1,022,504	-
	External - All Other Support Costs		172,434,893	124,800,136	4,359,532	19,455,459	23,814,991	43,275,225	(9,975,744)	33,299,481	57,114,472	-
	AFUDC & Capital Overhead		15	15	-	-	-	-	-	-	-	-
	Total All Classes		244,094,929	174,130,917	6,712,075	22,027,416	28,739,492	63,251,937	(10,112,274)	53,139,663	81,879,154	-
	Allocated/Direct Percentages						35%			65%		

Amounts may not add or tie to other schedules due to rounding.

**BARRILLEAUX, CHRIS**

This page has been intentionally left blank.



OFFICE OF  
PUBLIC UTILITY REGULATION

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20540

March 7, 1997

Mr. Louis E. Buck, Jr., Vice President  
Chief Accounting Officer  
Entergy Corporation  
P. O. Box 61005  
New Orleans, LA 70161

Dear Mr. Buck:

On February 1, 1996 you requested our authorization to use Federal Energy Regulatory Commission ("FERC") subaccounts for purposes of reporting on Form U-13-60. You state in your letter that you seek concurrence from the Commission allowing Entergy Corporation ("Entergy") to keep its books and records in accordance with the FERC System of Accounts rather than the Securities and Exchange Commission's System of Accounts for Mutual and Subsidiary Service Companies 17 CFR Part 256. We advised you by letter dated February 28, 1996 to file a pre-form Form U-13-60 reflecting changes to the form that you proposed in your February 1, 1996 letter.

On March 3, 1997, you filed the requested U-13-60 prototype. The Commission is not opposed to Entergy's use of the FERC System of Accounts where the use of such accounts provides more detailed and accurate reporting in the Form U-13-60.

In order to maintain full disclosure of the proper accounting for Account 923 to the Form U-13-60, we direct you to our letter dated February 6, 1997 sent to Paulette Chatman of GPU, Inc. GPU was acting as agent for all non-associated service companies of registered holding companies requesting an increase in the \$25,000 limit to \$100,000 for the identification of vendors in Account 923-Outside Services Employed within the Form U-13-60, Annual Report for Service Companies.

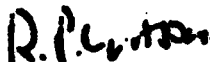
As a result of this reporting threshold increase, the service companies under the Public Utility Holding Company Act of 1935 ("Act") have agreed to provide a description of the type of service by the largest vendor for those listed services to Account 923. This description should attempt to adequately explain the type of service and not be limited to a one word summary. Increasing the threshold limit would still reduce the time spent preparing Account 923 information to the Form U-13-60 even if descriptions of the type of service provided by the largest vendors were reported.

Mr. Louis E. Buck, Jr.  
March 7, 1997  
Page 2

It is our opinion, based on the particular facts and representations stated in your letter that Entergy's proposal to use the FERC System of Accounts is consistent with the policy and authority under Sections 13(b) and 15(f), Rules 93 and 94, and 17 C.F.R. 256.01-13 of the Act. Because this determination is based on the facts and representations in your letters, you should note that any different facts or circumstances might require a different conclusion.

If you have any questions, please contact me at (202) 942-0543.

Sincerely,

  
Robert P. Wason  
Chief Financial Analyst

RPW/kn



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20540

FORM U-13-40

ANNUAL REPORT

FOR THE PERIOD

Beginning January 1, 2004 and Ending December 31, 2004

TO THE

U.S. SECURITIES AND EXCHANGE COMMISSION

OF

ENTERGY SERVICES, INC.

(Exact Name of Reporting Company)

A                                            
("Mutual" or "Subsidiary")                                          

Date of Incorporation February 11, 1963 If not Incorporated, Date of Organization                     

State or Sovereign Power under which Incorporated or Organized                      Delaware

Location of Principal Offices of Reporting Company                      639 Loyola Avenue, New Orleans, Louisiana

Name, title and address of officer to whom correspondence concerning this report should be addressed:

Mr. Nathan R. Lagaron Sr. VP, Chief Accounting Officer P.O. Box 61000, New Orleans, La. 70161  
(Name) (Title) (Address)

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company:

                      
Entergy Corporation

## INSTRUCTIONS FOR USE OF FORM U-13-60

### 1. Time of Filing

Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the Instructions for that form.

### 2. Number of Copies

Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.

### 3. Period Covered by Report

The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.

### 4. Report Format

Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to each size.

### 5. Money Amounts Displayed

All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X (Sec. 210.3-01 (b)).

### 6. Deficits Displayed

Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes (Regulation S-X, Sec. 210.3-01(c)).

### 7. Major Amendments or Corrections

Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.

### 8. Definitions

Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.

### 9. Organization Chart

The service company shall submit with each annual report a copy of its current organization chart.

### 10. Methods of Allocation

The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.

### 11. Annual Statement of Compensation for Use of Capital Billed

The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.

### 12. Collection of Information

The information requested by this form is being collected because rules 93 and 94 of the Public Utility Holding Company Act of 1935 ("Act") requires it. The Commission uses this information to determine the existence of detriment to interests the Act is designed to protect. The Commission estimates that it will take each respondent thirteen and one-half (13.5) hours to respond to this collection of information. A response to this form is mandatory. Without approval by the Commission, holding companies would be in violation of the Act. The information on this form will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

## LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

Description of Schedules and Accounts	Schedule or Account Number	Page Number
Comparative Balance Sheet	Schedule I	5
Service Company Property	Schedule II	7
Accumulated Provision for Depreciation and Amortization of Service Company Property	Schedule III	8
Investments	Schedule IV	9
Accounts Receivable from Associate Companies	Schedule V	9
Fuel Stock Expenses Undistributed	Schedule VI	10
Stores Expense Undistributed	Schedule VII	10
Miscellaneous Current and Accrued Assets	Schedule VIII	11
Miscellaneous Deferred Debits	Schedule IX	11
Research, Development, or Demonstration Expenditures	Schedule X	11
Proprietary Capital	Schedule XI	12
Long-Term Debt	Schedule XII	13
Current and Accrued Liabilities	Schedule XIII	14
Notes to Financial Statements	Schedule XIV	14
Statement of Income	Schedule XV	15
Analysis of Billing - Associate Companies	Account 457	16
Analysis of Billing - Nonassociate Companies	Account 458	17
Analysis of Charges for Service - Associate and Nonassociate Companies	Schedule XVI	18
Schedule of Expense Distribution of Department or Service Function	Schedule XVII	19
Departmental Analysis of Salaries	Various Accounts	21
Outside Services Employed	Various Accounts	22
Employee Pensions and Benefits	Various Accounts	24
General Advertising Expenses	Various Accounts	24
Miscellaneous General Expenses	Various Accounts	26
Rents	Various Accounts	26
Taxes Other Than Income Taxes	Various Accounts	27
Donations	Account 426.1	27
Other Deductions	Account 426.5	28
Notes to Statement of Income	Schedule XVIII	29

## LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

Description of Reports or Statements	Page Number
Organization Chart	30
Methods of Allocation	30
Annual Statement of Compensation for Use of Capital Billed	30
Appendix	
Information in compliance with Item 4 of SEC letter dated December 29, 1986	30

(Page left blank intentionally)

ANNUAL REPORT OF ENTERGY SERVICES, INC.

Schedule I - Comparative Balance Sheet

(In Thousands)

Give balance sheet of the Company as of December 31 of the current and prior year.

Account	Assets and Other Debits	As of December 31	
		Current	Prior
	<b>Service Company Property</b>		
101	Service company property (Schedule II)	\$295,733	\$275,746
107	Construction work in progress (Schedule II)	22,542	28,283
	<b>Total Property</b>	<b>318,275</b>	<b>304,029</b>
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	173,718	183,966
	<b>Net Service Company Property</b>	<b>144,557</b>	<b>120,063</b>
	<b>Investments</b>		
121	Non utility property	-	12
123	Investments in associate companies (Schedule IV)	-	-
124	Other Investments (Schedule IV)	-	-
	<b>Total Investments</b>	<b>-</b>	<b>12</b>
	<b>Current and Accrued Assets</b>		
131	Cash	34,481	43,954
134	Special deposits	153	153
135	Working funds	105	495
136	Temporary cash investments (Schedule IV)	-	-
141	Notes receivable	-	-
143	Accounts receivable	23,099	17,516
144	Accumulated provision of uncollectible accounts	-	-
146	Accounts receivable from associate companies (Schedule V)	178,451	227,544
152	Fuel stock expenses undistributed (Schedule VI)	-	-
154	Materials and supplies	-	-
163	Stores expense undistributed (Schedule VII)	-	-
165	Prepayments	11,042	2,447
171	Interest and dividend receivable	-	9
174	Miscellaneous current and accrued assets (Schedule VIII)	785	777
	<b>Total Current and Accrued Assets</b>	<b>248,116</b>	<b>292,895</b>
	<b>Deferred Debits</b>		
181	Unamortized debt expense	-	-
182	Other regulatory assets (See Note 4)	53,458	63,316
184	Clearing accounts	(2,541)	(2,705)
186	Miscellaneous deferred debits (Schedule IX)	112,509	102,065
188	Research, development, or demonstration expenditures (Schedule X)	-	-
190	Accumulated deferred income taxes	108,513	120,223
	<b>Total Deferred Debits</b>	<b>271,939</b>	<b>282,899</b>
	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$664,612</b>	<b>\$695,869</b>

ANNUAL REPORT OF ENTERGY SERVICES, INC.

**Schedule I - Comparative Balance Sheet**

(In Thousands)

Account	Account Liabilities and Proprietary Capital	As of December 31	
		Current	Prior
	<b>Proprietary Capital</b>		
201	Common stock issued (Schedule XI)	\$20	\$20
211	Miscellaneous paid-in-capital (Schedule XI)	-	-
215	Appropriated retained earnings (Schedule XI)	-	-
216	Unappropriated retained earnings (Schedule XI)	-	-
219	Other Comprehensive Income (Schedule XI)	(5,799)	(9,335)
	<b>Total Proprietary Capital</b>	<b>(5,779)</b>	<b>(9,315)</b>
	<b>Long-Term Debt</b>		
223	Advances from associate companies (Schedule XII)	-	-
224	Other long-term debt (Schedule XII)	-	-
225	Unamortized premium on long-term debt	-	-
226	Unamortized discount on long-term debt-debit	-	-
	<b>Total Long-Term Debt</b>	<b>-</b>	<b>-</b>
	<b>Current and Accrued Liabilities</b>		
231	Notes payable	-	-
232	Accounts payable	151,809	164,174
233	Notes payable to associate companies (Schedule XIII)	-	-
234	Accounts payable to associate companies (Schedule XIII)	58,470	92,515
235	Customer deposits	4,007	3,098
236	Taxes accrued	1,887	56,317
237	Interest accrued	-	-
238	Dividends declared	-	-
241	Tax collections payable	(125)	-
242	Miscellaneous current and accrued liabilities (Schedule XIII)	4,289	6,022
	<b>Total Current and Accrued Liabilities</b>	<b>220,337</b>	<b>322,126</b>
	<b>Deferred Credits</b>		
253	Other deferred credits (See Note 8)	390,570	363,677
255	Accumulated deferred investment tax credits	2,700	2,700
	<b>Total Deferred Credits</b>	<b>393,270</b>	<b>366,377</b>
282	<b>Accumulated Deferred Income Taxes</b>	<b>56,784</b>	<b>16,681</b>
	<b>TOTAL LIABILITIES AND PROPRIETARY CAPITAL</b>	<b>\$664,612</b>	<b>\$695,869</b>

## ANNUAL REPORT OF ENTERGY SERVICES, INC.

Exhibit CEB-10  
2005 TTC Cost Case  
Page 7 of 58

For the Year Ended December 31, 2004

## Schedule II - Service Company Property

(In Thousands)

Description		Balance at Beginning of Year	Additions	Retirements or Sales	Other Changes (1)	Balance at Close of Year
Account						
01	Organization	\$-	\$-	\$-	\$-	\$-
03	Miscellaneous Intangible Plant	52,128	20,101	-	-	72,229
04	Land and Land Rights	1,708	-	-	-	1,708
05	Structures and Improvements	9,475	41	247	-	9,269
06	Leasehold Improvements	25,929	1,274	-	-	27,203
07	Equipment (2)	116,053	2,649	27,477	-	91,225
08	Office Furniture and Equipment	27,075	394	2,954	-	24,515
09	Automobiles, Other Vehicles, and Related Garage Equipment	570	-	-	-	570
10	Aircraft and Airport Equipment	42,808	22,568	-	-	65,376
11	Other Service Company Property (3)	-	3,638	-	-	3,638
	SUB-TOTAL	275,746	50,665	30,678	-	295,733
07	Construction Work in Progress (4)	28,283	44,925	50,666	-	22,542
	TOTAL	\$304,029	\$95,590	\$81,344	\$-	\$318,275

(1) Provide an explanation of those changes considered material:

(2) Subaccounts are required for each class of equipment owned. The service company shall provide a listing by subaccount of equipment additions during the year and the balance at the close of the year:

Subaccount Description		Additions	Balance at Close of Year
Microwave Equipment			
	General Office	\$146	\$11,246
	Computer Center	-	2,929
	System Operations Center	-	402
EDF Equipment			
	General Office	2,503	64,488
	Computer Center	-	9,422
	System Operations Center	-	2,738
	TOTAL	\$2,649	\$91,225

(3) Describe other service company property: Represents property closed to plant in service but not at retirement unit level.

(4) Describe construction work in progress: Primarily computer equipment, computer software upgrades, and leasehold improvements.

ANNUAL REPORT OF ENTERGY SERVICES, INC.

For the Year Ended December 31, 2004

Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property

(In Thousands)

Description	Balance at Beginning of Year	Additions Charged to Account 403 or 404	Retirements	Other Changes Add (Deduct) (1)	Balance at Close of Year
Account					
301 Organization	\$-	\$-	\$-	\$-	\$-
303 Miscellaneous Intangible Plant	41,850	6,472	-	-	48,322
304 Land and Land Rights	-	-	-	-	-
305 Structures and Improvements	2,559	274	247	-	2,586
306 Leasehold Improvements	10,949	2,349	-	-	13,298
307 Equipment	91,312	8,487	27,477	8,405	80,727
308 Office Furniture and Equipment	22,179	2,049	2,954	-	21,274
309 Automobiles, Other Vehicles, and Related Garage Equipment	4,777	2	-	-	4,779
310 Aircraft and Airport Equipment	10,340	(8,617)	-	-	1,723
311 Other Service Company Property	-	1,009	-	-	1,009
<b>TOTAL</b>	<b>\$183,966</b>	<b>\$12,025</b>	<b>\$30,678</b>	<b>\$8,405</b>	<b>\$173,718</b>

(1) Provide an explanation of those changes considered material:

The amount in other represents salvage and removal costs. Other charges for the amortization of leased property not charged to Account 403 are detailed in Note 5 to the financial statements.



ANNUAL REPORT OF ENTERGY SERVICES, INC.

For the Year Ended December 31, 2004

**Schedule IV - Investments**

(In Thousands)

**Instructions:**

Complete the following schedule concerning investments.

Under Account 124 "Other Investments," state each investment separately, with description, including, the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments," list each investment separately.

Description	Balance at Beginning of Year	Balance at Close of Year
Account 123 - Investment in Associate Companies	\$-	\$-
Account 124 - Other Investments	-	-
Account 136 - Temporary Cash Investments	-	-
<b>TOTAL</b>	<b>\$-</b>	<b>\$-</b>

ANNUAL REPORT OF ENTERGY SERVICES, INC.

For the Year Ended December 31, 2004

**Schedule V - Accounts Receivable from Associate Companies**

(In Thousands)

**Instructions:**

Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

Description	Balance at Beginning of Year	Balance at Close of Year
Account 146 - Accounts Receivable from Associate Companies		
See page 9-A	\$227,544	\$178,451
<b>TOTAL</b>	<b>\$227,544</b>	<b>\$178,451</b>
		<b>Total Payments</b>
Analysis of Convenience or Accommodation Payments:		
See page 9-A		\$1,068
<b>TOTAL</b>		<b>\$1,068</b>

ANNUAL REPORT OF ENTERGY SERVICES, INC.

For the Year Ended December 31, 2004

**Schedule V - Accounts Receivable from Associate Companies**

(In Thousands)

Description	Balance at Beginning of Year	Balance at Close of Year
Account 146 - Accounts Receivable from Associate Companies		
Entergy Arkansas, Inc.	\$18,344	\$8,014
Entergy Louisiana, Inc.	44,556	31,947
Entergy Mississippi, Inc.	43,903	32,965
Entergy New Orleans, Inc.	-	297
Entergy Corporation	2,462	9,501
Entergy Operations, Inc.	5,416	53
Entergy Power, Inc.	99	81
System Fuels, Inc.	126	104
System Energy Resources, Inc.	2,072	1,926
Entergy Enterprises, Inc.	11,746	891
Entergy Gulf States, Inc.	98,820	92,672
<b>TOTAL</b>	<b>\$227,544</b>	<b>\$178,451</b>

**Analysis of Convenience or Accommodation Payments:**

	Bulk Power Payments	Other Payments
Entergy Arkansas, Inc.	(\$5,454)	\$-
Entergy Louisiana, Inc.	241,870	-
Entergy Mississippi, Inc.	228,403	-
Entergy New Orleans, Inc.	(24,982)	-
Entergy Corporation	(30,644)	-
Entergy Enterprises, Inc.	-	1,068
Entergy Gulf States, Inc.	666,230	-
Nonassociated Companies	(1,075,423)	-
<b>TOTAL</b>	<b>\$-</b>	<b>\$1,068</b>