	Years Ended December 31,			
	2011		2010	
	As previously reported	As corrected	As previously reported	As corrected
	(In Thousands)			
Income Statement				
Income taxes	$88,313	$89,736	$75,878	$92,297
Net income	$203,027	$201,604	$190,738	$174,319
Earnings applicable to common equity	$202,202	$200,779	$189,911	$173,492
Statement of Cash Flows				
Net income	$203,027	$201,604	$190,738	$174,319
Deferred income taxes, investment tax credits, and non-current taxes accrued	($6,268)	($4,845)	$87,920	$104,339
Changes in other regulatory assets	($80,027)	($77,713)	$114,528	$141,216
Other operating activities	($35,248)	($37,562)	$30,717	$4,029

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

	Years Ended December 31, 2011 and 2010			
	Member's Equity		Total Equity	
	As previously reported	As corrected	As previously reported	As corrected
	(In Thousands)			
Statement of Changes in Equity				
Balance at December 31, 2009	$1,473,930	$1,445,425	$1,441,759	$1,413,254
2010 Net income	$190,738	$174,319	$190,738	$174,319
Balance at December 31, 2010	$1,539,517	$1,494,593	$1,509,213	$1,464,289
2011 Net income	$203,027	$201,604	$203,027	$201,604
Balance at December 31, 2011	$1,439,733	$1,393,386	$1,380,123	$1,333,776

Fuel and purchased power cost recovery

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas are allowed to recover fuel and purchased power costs through fuel mechanisms included in electric and gas rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and the current fuel and purchased power costs is generally recorded as "Deferred fuel costs" on the Utility operating companies' financial statements. The table below shows the amount of deferred fuel costs as of December 31, 2012 and 2011 that Entergy expects to recover (or return to customers) through fuel mechanisms, subject to subsequent regulatory review.

	2012	2011
	(In Millions)	
Entergy Arkansas	$97.3	$209.8
Entergy Gulf States Louisiana (a)	$99.2	$2.9
Entergy Louisiana (a)	$94.6	$1.5
Entergy Mississippi	$26.5	($15.8)
Entergy New Orleans (a)	$1.9	($7.5)
Entergy Texas	($93.3)	($64.7)

(a) 2012 and 2011 include $100.1 million for Entergy Gulf States Louisiana, $68 million for Entergy Louisiana, and $4.1 million for Entergy New Orleans of fuel, purchased power, and capacity costs, which do not currently earn a return on investment and whose recovery periods are indeterminate but are expected to be over a period greater than twelve months.

Entergy Arkansas

Production Cost Allocation Rider

The APSC approved a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas as a result of the System Agreement proceedings, which are discussed in the "**System Agreement Cost Equalization Proceedings**" section below. These costs cause an increase in Entergy Arkansas's deferred fuel cost balance because Entergy Arkansas pays the costs over seven months but collects them from customers over twelve months.

Energy Cost Recovery Rider

Entergy Arkansas's retail rates include an energy cost recovery rider to recover fuel and purchased energy costs in monthly bills. The rider utilizes prior calendar year energy costs and projected energy sales for the twelve-month period commencing on April 1 of each year to develop an energy cost rate, which is redetermined annually and includes a true-up adjustment reflecting the over-recovery or under-recovery, including carrying charges, of the energy costs for the prior calendar year. The energy cost recovery rider tariff also allows an interim rate request depending upon the level of over- or under-recovery of fuel and purchased energy costs.

In October 2005 the APSC initiated an investigation into Entergy Arkansas's interim energy cost recovery rate. The investigation focused on Entergy Arkansas's 1) gas contracting, portfolio, and hedging practices; 2) wholesale purchases during the period; 3) management of the coal inventory at its coal generation plants; and 4) response to the contractual failure of the railroads to provide coal deliveries. In March 2006 the APSC extended its investigation to cover the costs included in Entergy Arkansas's March 2006 annual energy cost rate filing, and a hearing was held in the APSC energy cost recovery investigation in October 2006.

In January 2007 the APSC issued an order in its review of the energy cost rate. The APSC found that Entergy Arkansas failed to maintain an adequate coal inventory level going into the summer of 2005 and that Entergy Arkansas should be responsible for any incremental energy costs resulting from two outages caused by employee and contractor error. The coal plant generation curtailments were caused by railroad delivery problems and Entergy Arkansas has since resolved litigation with the railroad regarding the delivery problems. The APSC staff was directed to perform an analysis with Entergy Arkansas's assistance to determine the additional fuel and purchased energy costs associated with these findings and file the analysis within 60 days of the order. After a final determination of the costs is made by the APSC, Entergy Arkansas would be directed to refund that amount with interest to its customers as a credit on the energy cost recovery rider. Entergy Arkansas requested rehearing of the order. In March 2007, in order to allow further consideration by the APSC, the APSC granted Entergy Arkansas's petition for rehearing and for stay of the APSC order.

In October 2008, Entergy Arkansas filed a motion to lift the stay and to rescind the APSC's January 2007 order in light of the arguments advanced in Entergy Arkansas's rehearing petition and because the value for Entergy Arkansas's customers obtained through the resolved railroad litigation is significantly greater than the incremental cost of actions identified by the APSC as imprudent. In December 2008 the APSC denied the motion to lift the stay pending resolution of Entergy Arkansas's rehearing request and the unresolved issues in the proceeding. The APSC ordered the parties to submit their unresolved issues list in the pending proceeding, which the parties did. In February 2010 the APSC denied Entergy Arkansas's request for rehearing, and held a hearing in September 2010 to determine the amount of damages, if any, that should be assessed against Entergy Arkansas. A decision is pending. Entergy Arkansas expects the amount of damages, if any, to have an immaterial effect on its results of operations, financial position, or cash flows.

The APSC also established a separate docket to consider the resolved railroad litigation, and in February 2010 it established a procedural schedule that concluded with testimony through September 2010. Testimony has been filed, and the APSC will decide the case based on the record in the proceeding, including the prefiled testimony.

Entergy Gulf States Louisiana and Entergy Louisiana

Entergy Gulf States Louisiana and Entergy Louisiana recover electric fuel and purchased power costs for the billing month based upon the level of such costs incurred two months prior to the billing month. Entergy Gulf States Louisiana's purchased gas adjustments include estimates for the billing month adjusted by a surcharge or credit that arises from an annual reconciliation of fuel costs incurred with fuel cost revenues billed to customers, including carrying charges.

In January 2003 the LPSC authorized its staff to initiate a proceeding to audit the fuel adjustment clause filings of Entergy Gulf States Louisiana and its affiliates. The audit included a review of the reasonableness of charges flowed by Entergy Gulf States Louisiana through its fuel adjustment clause for the period 1995 through 2004. Entergy Gulf States Louisiana and the LPSC Staff reached a settlement to resolve the audit that requires

Entergy Gulf States Louisiana to refund $18 million to customers, including the realignment to base rates of $2 million of SO2 costs. The ALJ held a stipulation hearing and in November 2011 the LPSC issued an order approving the settlement. The refund was made in the November 2011 billing cycle. Entergy Gulf States Louisiana had previously recorded provisions for the estimated outcome of this proceeding.

In December 2011 the LPSC authorized its staff to initiate another proceeding to audit the fuel adjustment clause filings of Entergy Gulf States Louisiana and its affiliates. The audit includes a review of the reasonableness of charges flowed by Entergy Gulf States Louisiana through its fuel adjustment clause for the period 2005 through 2009. Discovery is in progress, but a procedural schedule has not been established.

In April 2010 the LPSC authorized its staff to initiate an audit of Entergy Louisiana's fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed through the fuel adjustment clause by Entergy Louisiana for the period from 2005 through 2009. The LPSC Staff issued its audit report in January 2013. The LPSC staff recommended that Entergy Louisiana refund approximately $1.9 million, plus interest, to customers and realign the recovery of approximately $1.0 million from Entergy Louisiana's fuel adjustment clause to base rates. Two parties have intervened in the proceeding. A procedural schedule has not yet been established. Entergy Louisiana has recorded provisions for the estimated outcome of this proceeding.

Entergy Mississippi

Entergy Mississippi's rate schedules include an energy cost recovery rider that, effective January 1, 2013, is adjusted annually to reflect accumulated over- or under-recoveries. Entergy Mississippi's fuel cost recoveries are subject to annual audits conducted pursuant to the authority of the MPSC.

Mississippi Attorney General Complaint

The Mississippi attorney general filed a complaint in state court in December 2008 against Entergy Corporation, Entergy Mississippi, Entergy Services, and Entergy Power alleging, among other things, violations of Mississippi statutes, fraud, and breach of good faith and fair dealing, and requesting an accounting and restitution. The complaint is wide ranging and relates to tariffs and procedures under which Entergy Mississippi purchases power not generated in Mississippi to meet electricity demand. Entergy believes the complaint is unfounded. In December 2008 the defendant Entergy companies removed the attorney general's suit to U.S. District Court in Jackson, Mississippi. The Mississippi attorney general moved to remand the matter to state court. In August 2012 the District Court issued an opinion denying the Attorney General's motion for remand, finding that the District Court has subject matter jurisdiction under the Class Action Fairness Act.

The defendant Entergy companies answered the complaint and filed a counterclaim for relief based upon the Mississippi Public Utilities Act and the Federal Power Act. In May 2009 the defendant Entergy companies filed a motion for judgment on the pleadings asserting grounds of federal preemption, the exclusive jurisdiction of the MPSC, and factual errors in the attorney general's complaint. In September 2012 the District Court heard oral argument on Entergy's motion for judgment on the pleadings. The District Court's ruling on the motion for judgment on the pleadings is pending.

Entergy New Orleans

Entergy New Orleans's electric rate schedules include a fuel adjustment tariff designed to reflect no more than targeted fuel and purchased power costs, adjusted by a surcharge or credit for deferred fuel expense arising from the monthly reconciliation of actual fuel and purchased power costs incurred with fuel cost revenues billed to customers, including carrying charges.

Entergy New Orleans's gas rate schedules include a purchased gas adjustment to reflect estimated gas costs for the billing month, adjusted by a surcharge or credit similar to that included in the electric fuel adjustment clause, including carrying charges.

Entergy Texas

Entergy Texas's rate schedules include a fixed fuel factor to recover fuel and purchased power costs, including interest, not recovered in base rates. Semi-annual revisions of the fixed fuel factor are made in March and September based on the market price of natural gas and changes in fuel mix. The amounts collected under Entergy Texas's fixed fuel factor and any interim surcharge or refund are subject to fuel reconciliation proceedings before the PUCT.

In October 2009, Entergy Texas filed with the PUCT a request to refund approximately $71 million, including interest, of fuel cost recovery over-collections through September 2009. Pursuant to a stipulation among the various parties, the PUCT issued an order approving a refund of $87.8 million, including interest, of fuel cost recovery overcollections through October 2009. The refund was made for most customers over a three-month period beginning January 2010.

In June 2010, Entergy Texas filed with the PUCT a request to refund approximately $66 million, including interest, of fuel cost recovery over-collections through May 2010. In September 2010 the PUCT issued an order providing for a $77 million refund, including interest, for fuel cost recovery over-collections through June 2010. The refund was made for most customers over a three-month period beginning with the September 2010 billing cycle.

In December 2010, Entergy Texas filed with the PUCT a request to refund fuel cost recovery over-collections through October 2010. Pursuant to a stipulation among the parties that was approved by the PUCT in March 2011, Entergy Texas refunded over-collections through November 2010 of approximately $73 million, including interest through the refund period. The refund was made for most customers over a three-month period that began with the February 2011 billing cycle.

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

In October 2012, Entergy Texas filed with the PUCT a request to refund approximately $78 million, including interest, of fuel cost recovery over-collections through September 2012. Entergy Texas requested that the refund be implemented over a six-month period effective with the January 2013 billing month. Entergy Texas and the parties to the proceeding reached an agreement that Entergy Texas would refund $84 million, including interest and additional over-recoveries through October 2012, to most customers over a three-month period beginning January 2013. The PUCT approved the stipulation in January 2013.

In July 2012, Entergy Texas filed with the PUCT an application to credit its customers approximately $37.5 million, including interest, resulting from the FERC's October 2011 order in the System Agreement rough production cost equalization proceeding which is discussed below in "**System Agreement Cost Equalization Proceedings**". In September 2012 the parties submitted a stipulation resolving the proceeding. The stipulation provided that most Entergy Texas customers would be credited over a four-month period beginning October 2012. The credits were initiated with the October 2012 billing month on an interim basis, and the PUCT subsequently approved the stipulation, also in October 2012.

In November 2012, Entergy Texas filed a pleading seeking a PUCT finding that special circumstances exist for limited cost recovery of capacity costs associated with two power purchase agreements until such time that these costs are included in base rates or a purchased capacity recovery rider or other recovery mechanism.

Retail Rate Proceedings

Filings with the APSC (Entergy Arkansas)

Retail Rates

2009 Base Rate Filing

In September 2009, Entergy Arkansas filed with the APSC for a general change in rates, charges, and tariffs. In June 2010 the APSC approved a settlement and subsequent compliance tariffs that provide for a $63.7 million rate increase, effective for bills rendered for the first billing cycle of July 2010. The settlement provides for a 10.2% return on common equity.

2013 Base Rate Filing

On December 31, 2012, in accordance with the requirements of Arkansas law, Entergy Arkansas filed with the APSC notice of its intent to file an application for a general change or modification in its rates and tariffs no sooner than 60 days and no longer than 90 days from the date of its notice.

Filings with the LPSC

Retail Rates - Electric

(Entergy Gulf States Louisiana)

In October 2009 the LPSC approved a settlement that resolved Entergy Gulf States Louisiana's 2007 test year filing and provided for a formula rate plan for the 2008, 2009, and 2010 test years. 10.65% is the target midpoint return on equity for the formula rate plan, with an earnings bandwidth of +/- 75 basis points (9.90% - 11.40%). Entergy Gulf States Louisiana, effective with the November 2009 billing cycle, reset its rates to achieve a 10.65% return on equity for the 2008 test year. The rate reset, a $44.3 million increase that includes a $36.9 million cost of service adjustment, plus $7.4 million net for increased capacity costs and a base rate reclassification, was implemented for the November 2009 billing cycle, and the rate reset was subject to refund pending review of the 2008 test year filing that was made in October 2009. In January 2010, Entergy Gulf States Louisiana implemented an additional $23.9 million rate increase pursuant to a special rate implementation filing made in December 2009, primarily for incremental capacity costs approved by the LPSC. In May 2010, Entergy Gulf States Louisiana and the LPSC staff submitted a joint report on the 2008 test year filing and requested that the LPSC accept the report, which resulted in a $0.8 million reduction in rates effective in the June 2010 billing cycle and a $0.5 million refund. At its May 19, 2010 meeting, the LPSC accepted the joint report.

In May 2010, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2009 test year. The filing reflected a 10.25% return on common equity, which is within the allowed earnings bandwidth, indicating no cost of service rate change is necessary under the formula rate plan. The filing does reflect, however, a revenue requirement increase to provide supplemental funding for the decommissioning trust maintained for the LPSC-regulated 70% share of River Bend, in response to a NRC notification of a projected shortfall of decommissioning funding assurance. The filing also reflected a rate increase for incremental capacity costs. In July 2010 the LPSC approved a $7.8 million increase in the revenue requirement for decommissioning, effective September 2010. In August 2010, Entergy Gulf States Louisiana made a revised 2009 test year filing. The revised filing reflected a 10.12% earned return on common equity, which is within the allowed earnings bandwidth resulting in no cost of service adjustment. The revised filing also reflected two increases outside of the formula rate plan sharing mechanism: (1) the previously-approved decommissioning revenue requirement, and (2) $25.2 million for capacity costs. The rates reflected in the revised filing became effective, beginning with the first billing cycle of September 2010. Entergy Gulf States Louisiana and the LPSC staff subsequently submitted a joint report on the 2009 test year filing consistent with these terms and the LPSC approved the joint report in January 2011.

In May 2011, Entergy Gulf States Louisiana made a special formula rate plan rate implementation filing with the LPSC that implements effective with the May 2011 billing cycle a $5.1 million rate decrease to reflect adjustments in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center by Entergy Louisiana. As a result of the closing of the acquisition and termination of the pre-acquisition power purchase agreement with Acadia, Entergy Gulf States Louisiana's allocation of capacity related to this unit ended, resulting in a reduction in the additional capacity revenue requirement.

In May 2011, Entergy Gulf States Louisiana made its formula rate plan filing with the LPSC for the 2010 test year. The filing reflects an 11.11% earned return on common equity, which is within the allowed earnings bandwidth, indicating no cost of service rate change is necessary under the formula rate plan. The filing also reflects a $22.8 million rate decrease for incremental capacity costs. Entergy Gulf States Louisiana and the LPSC Staff subsequently filed a joint report that also stated that no cost of service rate change is necessary under the formula rate plan, and the LPSC approved it in October 2011.

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

In connection with its decision to extend the formula rate plan to the 2011 test year, the LPSC required that a base rate case be filed by Entergy Gulf States Louisiana, and the required filing was made on February 15, 2013. Recognizing that the final structure of Entergy Gulf States Louisiana's transmission business has not been determined, the filing presents two alternative scenarios for the LPSC to establish the appropriate level of rates for Entergy Gulf States Louisiana.

Under its primary request, Entergy Gulf States Louisiana assumes that it has completed integration into MISO and that the spin-off and merger of its transmission business with a subsidiary of ITC Holdings has occurred (the MISO/ITC Scenario). Under the MISO/ITC Scenario, Entergy Gulf States Louisiana requests:

- authorization to increase the revenue it collects from customers by approximately $28 million;
- an authorized return on common equity of 10.4%;
- authorization to increase depreciation rates embedded in the proposed revenue requirement;
- authorization to implement a transmission cost recovery rider with a forward-looking test year and an annual true-up component; and,

- authorization to implement a three-year formula rate plan with a midpoint return on common equity of 10.4%, plus or minus 75 basis points (the deadband), that would provide a means for the annual re-setting of rates (commencing with calendar year 2013 as its first test year), that would retain the primary aspects of the prior formula rate plan, including a 60% to customers/40% to Entergy Gulf States Louisiana sharing mechanism for earnings outside the deadband, and a capacity rider mechanism that would permit recovery of incremental capacity additions approved by the LPSC.

Under the alternative request contained in its filing, Entergy Gulf States Louisiana assumes that it has completed integration into MISO, but that the spin-off and merger of its transmission business with a subsidiary of ITC Holdings has not occurred (the MISO-Only Scenario). Under the MISO-Only Scenario, Entergy Gulf States Louisiana requests:

- authorization to increase the revenue it collects from customers by approximately $24 million;
- an authorized return on common equity of 10.4%;
- authorization to increase depreciation rates embedded in the proposed revenue requirement; and,
- authorization to implement a three-year formula rate plan with a midpoint return on common equity of 10.4%, plus or minus 75 basis points (the deadband), that would provide a means for the annual re-setting of rates (commencing with calendar year 2013 as its first test year), that would include a mechanism to recover incremental transmission revenue requirement on the basis of a forward-looking test year as compared to the initial base year of 2014 with an annual true-up, that would retain the primary aspects of the prior formula rate plan, including a 60% to customers/40% to Entergy Gulf States Louisiana sharing mechanism for earnings outside the deadband, and a capacity rider mechanism that would permit recovery of incremental capacity additions approved by the LPSC.

(Entergy Louisiana)

In October 2009 the LPSC approved a settlement that resolved Entergy Louisiana's 2006 and 2007 test year filings and provided for a new formula rate plan for the 2008, 2009, and 2010 test years. 10.25% is the target midpoint return on equity for the formula rate plan, with an earnings bandwidth of +/- 80 basis points (9.45% - 11.05%).

Entergy Louisiana was permitted, effective with the November 2009 billing cycle, to reset its rates to achieve a 10.25% return on equity for the 2008 test year. The rate reset, a $2.5 million increase that included a $16.3 million cost of service adjustment less a $13.8 million net reduction for decreased capacity costs and a base rate reclassification, was implemented for the November 2009 billing cycle, and the rate reset was subject to refund pending review of the 2008 test year filing that was made in October 2009. In April 2010, Entergy Louisiana and the LPSC staff submitted a joint report on the 2008 test year filing and requested that the LPSC accept the report, which resulted in a $0.1 million reduction in rates effective in the May 2010 billing cycle and a $0.1 million refund. In addition, Entergy Louisiana moved the recovery of approximately $12.5 million of capacity costs from fuel adjustment clause recovery to base rate recovery. At its April 21, 2010 meeting, the LPSC accepted the joint report.

In May 2010, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2009 test year. The filing reflected a 10.82% return on common equity, which is within the allowed earnings bandwidth, indicating no cost of service rate change is necessary under the formula rate plan. The filing does reflect, however, a revenue requirement increase to provide supplemental funding for the decommissioning trust maintained for Waterford 3, in response to a NRC notification of a projected shortfall of decommissioning funding assurance. The filing also reflected a rate change for incremental capacity costs. In July 2010 the LPSC approved a $3.5 million increase in the retail revenue requirement for decommissioning, effective September 2010. In August 2010, Entergy Louisiana made a revised 2009 test year formula rate plan filing. The revised filing reflected a 10.82% earned return on common equity, which is within the allowed earnings bandwidth resulting in no cost of service adjustment. The filing also reflected two increases outside of the formula rate plan sharing mechanism: (1) the previously-approved decommissioning revenue requirement, and (2) $2.2 million for capacity costs. The rates reflected in the revised filing became effective beginning with the first billing cycle of September 2010. Entergy Louisiana and the LPSC staff subsequently submitted a joint report on the 2009 test year filing consistent with these terms and the LPSC approved the joint report in December 2010.

In May 2011, Entergy Louisiana made a special formula rate plan rate implementation filing with the LPSC that implements effective with the May 2011 billing cycle a $43.1 million net rate increase to reflect adjustments in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center. The net rate increase represents the decrease in the additional capacity revenue requirement resulting from the termination of the power purchase agreement with Acadia and the increase in the revenue requirement resulting from the ownership of the Acadia facility. In August 2011, Entergy Louisiana made a filing to correct the May 2011 filing and decrease the rate by $1.1 million.

In May 2011, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2010 test year. The filing reflects an 11.07% earned return on common equity, which is just outside of the allowed earnings bandwidth and results in no cost of service rate change under the formula rate plan. The filing also reflects a very slight ($9 thousand) rate increase for incremental capacity costs. Entergy Louisiana and the LPSC Staff subsequently filed a joint report that reflects an 11.07% earned return and results in no cost of service rate change under the formula rate plan, and the LPSC approved the joint report in October 2011.

In November 2011 the LPSC approved a one-year extension of Entergy Louisiana's formula rate plan. In May 2012, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2011 test year. The filing reflected a 9.63% earned return on common equity, which is within the earnings bandwidth and results in no cost of service rate change under the formula rate plan. The filing also reflected an $18.1 million rate increase for incremental capacity costs. In August 2012, Entergy Louisiana submitted a revised filing that reflects an earned return on common equity of 10.38%, which is still within the earnings bandwidth, resulting in no cost of service rate change. The revised filing also indicates that an increase of $15.9 million should be reflected in the incremental capacity rider. The rate change was implemented, subject to refund, effective for bills rendered the first billing cycle of September 2012. The September 2012 rate change contributed approximately $5.3 million to Entergy Louisiana's revenues in 2012. Subsequently, in December 2012, Entergy Louisiana submitted a revised evaluation report that reflects two items: 1) a $17 million reduction for the first-year capacity charges for the purchase by Entergy Gulf States Louisiana from Entergy Louisiana of one-third of Acadia Unit 2 capacity and energy, and 2) an $88 million increase for the first-year retail revenue requirement associated with the Waterford 3 replacement steam generator project, which was in-service in December 2012. These rate changes were implemented, subject to refund, effective with the first billing cycle of January 2013. The 2011 test year filings remain subject to LPSC review. With completion of the Waterford 3 replacement steam generator project, the LPSC will undertake a prudence review in connection with a filing to be made by Entergy Louisiana on or before April 30, 2013 with regard to the following aspects of the replacement project: 1) project management; 2) cost controls; 3) success in achieving stated objectives; 4) the costs of the replacement project; and 5) the outage length and replacement power costs.

In connection with its decision to extend the formula rate plan to the 2011 test year, the LPSC required that a base rate case be filed by Entergy Louisiana, and the required filing was made on February 15, 2013. Recognizing that the final structure of Entergy Louisiana's transmission business has not been determined, the filing presents two alternative scenarios for the LPSC to establish the appropriate level of rates for Entergy Louisiana.

Under its primary request, Entergy Louisiana assumes that it has completed integration into MISO and that the spin-off and merger of its transmission business with a subsidiary of ITC Holdings has occurred (the MISO/ITC Scenario). Under the MISO/ITC Scenario, Entergy Louisiana requests:

- authorization to increase the revenue it collects from customers by approximately $169 million (which does not take into account a revenue offset of approximately $1 million resulting from a proposed increase for those customers taking service under the Qualifying Facility Standby Service);
- an authorized return on common equity of 10.4%;

- authorization to increase depreciation rates embedded in the proposed revenue requirement;
- authorization to implement a transmission cost recovery rider with a forward-looking test year and an annual true-up component; and,
- authorization to implement a three-year formula rate plan with a midpoint return on common equity of 10.4%, plus or minus 75 basis points (the deadband), that would provide a means for the annual re-setting of rates (commencing with calendar year 2013 as its first test year), that would retain the primary aspects of the prior formula rate plan, including a 60% to customers/40% to Entergy Louisiana sharing mechanism for earnings outside the deadband, and a capacity rider mechanism that would permit recovery of incremental capacity additions approved by the LPSC.

Under the alternative request contained in its filing, Entergy Louisiana assumes that it has completed integration into MISO, but that the spin-off and merger of its transmission business with a subsidiary of ITC Holdings has not occurred (the MISO-Only Scenario). Under the MISO-Only Scenario, Entergy Louisiana requests:

- authorization to increase the revenue it collects from customers by approximately $145 million (which does not take into account a revenue offset of approximately $2 million resulting from a proposed increase for those customers taking service under the Qualifying Facility Standby Service);
- an authorized return on common equity of 10.4%;
- authorization to increase depreciation rates embedded in the proposed revenue requirement; and,
- authorization to implement a three-year formula rate plan with a midpoint return on common equity of 10.4%, plus or minus 75 basis points (the deadband), that would provide a means for the annual re-setting of rates (commencing with calendar year 2013 as its first test year), that would include a mechanism to recover incremental transmission revenue requirement on the basis of a forward-looking test year as compared to the initial base year of 2014 with an annual true-up, that would retain the primary aspects of the prior formula rate plan, including a 60% to customers/40% to Entergy Louisiana sharing mechanism for earnings outside the deadband, and a capacity rider mechanism that would permit recovery of incremental capacity additions approved by the LPSC.

Retail Rates - Gas (Entergy Gulf States Louisiana)

In January 2013, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2012. The filing showed an earned return on common equity of 11.18%, which results in a $43 thousand rate reduction. The sixty-day review and comment period for this filing remains open.

Related to the annual gas rate stabilization plan proceedings, the LPSC directed its staff to initiate an evaluation of the 10.5% allowed return on common equity for the Entergy Gulf States Louisiana gas rate stabilization plan. The LPSC directed that its staff should provide an analysis of the current return on equity and justification for any proposed changes to the return on equity. A hearing in the proceeding was held in November 2012. The ALJ issued a proposed recommendation in December 2012, finding that 9.4% is a more reasonable and appropriate rate of return on common equity. Entergy Gulf States Louisiana filed exceptions to the ALJ's recommendation and an LPSC decision is pending.

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

In January 2011, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2010. The filing showed an earned return on common equity of 8.84% and a revenue deficiency of $0.3 million. In March 2011 the LPSC Staff filed its findings, suggesting an adjustment that produced an 11.76% earned return on common equity for the test year and a $0.2 million rate reduction. Entergy Gulf States Louisiana implemented the $0.2 million rate reduction effective with the May 2011 billing cycle. The LPSC docket is now closed.

In January 2010, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2009. The filing showed an earned return on common equity of 10.87%, which is within the earnings bandwidth of 10.5% plus or minus fifty basis points, resulting in no rate change. In April 2010, Entergy Gulf States Louisiana filed a revised evaluation report reflecting changes agreed upon with the LPSC Staff. The revised evaluation report also resulted in no rate change.

Filings with the MPSC (Entergy Mississippi)

Formula Rate Plan Filings

In September 2009, Entergy Mississippi filed with the MPSC proposed modifications to its formula rate plan rider. In March 2010 the MPSC issued an order: (1) providing the opportunity for a reset of Entergy Mississippi's return on common equity to a point within the formula rate plan bandwidth and eliminating the 50/50 sharing that had been in the plan, (2) modifying the performance measurement process, and (3) replacing the revenue change limit of two percent of revenues, which was subject to a $14.5 million revenue adjustment cap, with a limit of four percent of revenues, although any adjustment above two percent requires a hearing before the MPSC. The MPSC did not approve Entergy Mississippi's request to use a projected test year for its annual scheduled formula rate plan filing and, therefore, Entergy Mississippi will continue to use a historical test year for its annual evaluation reports under the plan.

In March 2010, Entergy Mississippi submitted its 2009 test year filing, its first annual filing under the new formula rate plan rider. In June 2010 the MPSC approved a joint stipulation between Entergy Mississippi and the Mississippi Public Utilities Staff that provides for no change in rates, but does provide for the deferral as a regulatory asset of $3.9 million of legal expenses associated with certain litigation involving the Mississippi Attorney General, as well as ongoing legal expenses in that litigation until the litigation is resolved.

In March 2011, Entergy Mississippi submitted its formula rate plan 2010 test year filing. The filing shows an earned return on common equity of 10.65% for the test year, which is within the earnings bandwidth and results in no change in rates. In November 2011 the MPSC approved a joint stipulation between Entergy Mississippi and the Mississippi Public Utilities Staff that provides for no change in rates.

In March 2012, Entergy Mississippi submitted its formula rate plan filing for the 2011 test year. The filing shows an earned return on common equity of 10.92% for the test year, which is within the earnings bandwidth and results in no change in rates. In February 2013 the MPSC approved a joint stipulation between Entergy Mississippi and the Mississippi Public Utilities Staff that provides for no change in rates.

Filings with the City Council (Entergy New Orleans)

Formula Rate Plan

In April 2009 the City Council approved a new three-year formula rate plan for Entergy New Orleans, with terms including an 11.1% benchmark electric return on common equity (ROE) with a +/- 40 basis point bandwidth and a 10.75% benchmark gas ROE with a +/- 50 basis point bandwidth. Earnings outside the bandwidth reset to the midpoint benchmark ROE, with rates changing on a prospective basis depending on whether Entergy New Orleans was over- or under-earning. The formula rate plan also included a recovery mechanism for City Council-approved capacity additions, plus provisions for extraordinary cost changes and force majeure events.

In May 2010, Entergy New Orleans filed its electric and gas formula rate plan evaluation reports. The filings requested a $12.8 million electric base revenue decrease and a $2.4 million gas base revenue increase. Entergy New Orleans and the City Council's Advisors reached a settlement that resulted in an $18.0 million electric base revenue decrease and zero gas base revenue change effective with the October 2010 billing cycle. The City Council approved the settlement in November 2010.

In May 2011, Entergy New Orleans filed its electric and gas formula rate plan evaluation reports for the 2010 test year. The filings requested a $6.5 million electric rate decrease and a $1.1 million gas rate decrease. Entergy New Orleans and the City Council's Advisors reached a settlement that results in an $8.5 million incremental electric rate decrease and a $1.6 million gas rate decrease. The settlement also provides for the deferral of $13.4 million of Michoud plant maintenance expenses incurred in 2010 and the establishment of a regulatory asset that will be amortized over the period October 2011 through September 2018. The City Council approved the settlement in September 2011. The new rates were effective with the first billing cycle of October 2011.

In May 2012, Entergy New Orleans filed its electric and gas formula rate plan evaluation reports for the 2011 test year. Subsequent adjustments agreed upon with the City Council Advisors indicate a $4.9 million electric base revenue increase and a $0.05 million gas base revenue increase as necessary under the formula rate plan. As part of the original filing, Entergy New Orleans is also requesting to increase annual funding for its storm reserve by approximately $5.7 million for the next five years. On September 26, 2012, Entergy New Orleans made a filing with the City Council that implemented the $4.9 million electric formula rate plan rate increase and the $0.05 million gas formula rate plan rate increase. The new rates were effective with the first billing cycle in October 2012. The new rates have not affected the net amount of Entergy New Orleans's operating revenues. In October 2012 the City Council approved a procedural schedule to resolve disputed items that includes a hearing in April 2013. The rates implemented in October 2012 are subject to retroactive adjustments depending on the outcome of the proceeding. The City Council has not yet acted on Entergy New Orleans's request for an increase in storm reserve funding. Entergy New Orleans's formula rate plan ended with the 2011 test year and has not yet been extended. Entergy New Orleans is expected to file a full rate case 12 months prior to the anticipated completion of the Ninemile 6 generating facility.

A 2008 rate case settlement included $3.1 million per year in electric rates to fund the Energy Smart energy efficiency programs. In September 2009 the City Council approved the energy efficiency programs filed by Entergy New Orleans. The rate settlement provides an incentive for Entergy New Orleans to meet or exceed energy savings targets set by the City Council and provides a mechanism for Entergy New Orleans to recover lost contribution to fixed costs associated with the energy savings generated from the energy efficiency programs.

Filings with the PUCT and Texas Cities (Entergy Texas)

<u>Retail Rates</u>

2009 Rate Case

In December 2009, Entergy Texas filed a rate case requesting a $198.7 million increase reflecting an 11.5% return on common equity based on an adjusted June 2009 test year. The rate case also included a $2.8 million revenue requirement to provide supplemental funding for the decommissioning trust maintained for the 70% share of River Bend for which Entergy Texas retail customers are partially responsible, in response to an NRC notification of a projected shortfall of decommissioning funding assurance. Beginning in May 2010, Entergy Texas implemented a $17.5 million interim rate increase, subject to refund. Intervenors and PUCT Staff filed testimony recommending adjustments that would result in a maximum rate increase, based on the PUCT Staff's testimony, of $58 million.

The parties filed a settlement in August 2010 intended to resolve the rate case proceeding. The settlement provided for a $59 million base rate increase for electricity usage beginning August 15, 2010, with an additional increase of $9 million for bills rendered beginning May 2, 2011. The settlement stipulated an authorized return on equity of 10.125%. The settlement stated that Entergy Texas's fuel costs for the period April 2007 through June 2009 are reconciled, with $3.25 million of disallowed costs, which were included in an interim fuel refund. The settlement also set River Bend decommissioning costs at $2.0 million annually. Consistent with the settlement, in the third quarter 2010, Entergy Texas amortized $11 million of rate case costs. The PUCT approved the settlement in December 2010.

2011 Rate Case

In November 2011, Entergy Texas filed a rate case requesting a $112 million base rate increase reflecting a 10.6% return on common equity based on an adjusted June 2011 test year. The rate case also proposed a purchased power recovery rider. On January 12, 2012, the PUCT voted not to address the purchased power recovery rider in the current rate case, but the PUCT voted to set a baseline in the rate case proceeding that would be applicable if a purchased power capacity rider is approved in a separate proceeding. In April 2012 the PUCT Staff filed direct testimony recommending a base rate increase of $66 million and a 9.6% return on common equity. The PUCT Staff, however, subsequently filed a statement of position in the proceeding indicating that it was still evaluating the position it would ultimately take in the case regarding Entergy Texas's recovery of purchased power capacity costs and Entergy Texas's proposal to defer its MISO transition expenses. In April 2012, Entergy Texas filed rebuttal testimony indicating a revised request for a $105 million base rate increase. A hearing was held in late-April through early-May 2012.

In September 2012 the PUCT issued an order approving a $28 million rate increase, effective July 2012. The order includes a finding that "a return on common equity (ROE) of 9.80 percent will allow [Entergy Texas] a reasonable opportunity to earn a reasonable return on invested capital." The order also provides for increases in depreciation rates and the annual storm reserve accrual. The order also reduced Entergy Texas's proposed purchased power capacity costs, stating that they are not known and measureable; reduced Entergy Texas's regulatory assets associated with Hurricane Rita; excluded from rate recovery capitalized financially-based incentive compensation; included $1.6 million of MISO transition expense in base rates, and reduced Entergy's Texas's fuel reconciliation recovery by $4.0 million because it disagreed with the line-loss factor used in the calculation. After considering the progress of the proceeding in light of the PUCT order, Entergy Texas recorded in the third quarter 2012 an approximate $24 million charge to recognize that assets associated with Hurricane Rita, financially-based incentive compensation, and fuel recovery are no longer probable of recovery. Entergy Texas continues to believe that it is entitled to recover these prudently incurred costs, however, and it filed a motion for rehearing regarding these and several other issues in the PUCT's order on October 4, 2012. Several other parties have also filed motions for rehearing of the PUCT's order. The PUCT subsequently denied rehearing of substantive issues. Several parties, including Entergy Texas, have appealed the PUCT's order to the Travis County District Court.

System Agreement Cost Equalization Proceedings

The Utility operating companies historically have engaged in the coordinated planning, construction, and operation of generating and bulk transmission facilities under the terms of the System Agreement, which is a rate schedule that has been approved by the FERC. Certain of the Utility operating companies' retail regulators and other parties are pursuing litigation involving the System Agreement at the FERC. The proceedings include challenges to the allocation of costs as defined by the System Agreement and allegations of imprudence by the Utility operating companies in their execution of their obligations under the System Agreement.

In June 2005, the FERC issued a decision in System Agreement litigation that had been commenced by the LPSC, and essentially affirmed its decision in a December 2005 order on rehearing. The FERC decision concluded, among other things, that:

- The System Agreement no longer roughly equalizes total production costs among the Utility operating companies.
- In order to reach rough production cost equalization, the FERC imposed a bandwidth remedy by which each company's total annual production costs will have to be within +/- 11% of Entergy System average total annual production costs.
- In calculating the production costs for this purpose under the FERC's order, output from the Vidalia hydroelectric power plant will not reflect the actual Vidalia price for the year but is priced at that year's average price paid by Entergy Louisiana for the exchange of electric energy under Service Schedule MSS-3 of the System Agreement, thereby reducing the amount of Vidalia costs reflected in the comparison of the Utility operating companies' total production costs.
- The remedy ordered by FERC in 2005 required no refunds and became effective based on calendar year 2006 production costs and the first reallocation payments were made in 2007.

The FERC's decision reallocates total production costs of the Utility operating companies whose relative total production costs expressed as a percentage of Entergy System average production costs are outside an upper or lower bandwidth. Under the current circumstances, this will be accomplished by payments from Utility operating companies whose production costs are more than 11% below Entergy System average production costs to Utility operating companies whose production costs are more than the Entergy System average production cost, with payments going first to those Utility operating companies whose total production costs are farthest above the Entergy System average.

Assessing the potential effects of the FERC's decision requires assumptions regarding the future total production cost of each Utility operating company, which assumptions include the mix of solid fuel and gas-fired generation available to each company and the costs of natural gas and purchased power. Entergy Louisiana, Entergy Gulf States Louisiana, Entergy Texas, and Entergy Mississippi are more dependent upon gas-fired generation sources than Entergy Arkansas or Entergy New Orleans. Of these, Entergy Arkansas is the least dependent upon gas-fired generation sources. Therefore, increases in natural gas prices likely will increase the amount by which Entergy Arkansas's total production costs are below the Entergy System average production costs.

The LPSC, APSC, MPSC, and the Arkansas Electric Energy Consumers appealed the FERC's December 2005 decision to the United States Court of Appeals for the D.C. Circuit. Entergy and the City of New Orleans intervened in the various appeals. The D.C. Circuit issued its decision in April 2008. The D.C. Circuit concluded that the FERC's orders had failed to adequately explain both its conclusion that it was prohibited from ordering refunds for the 20-month period from September 13, 2001 - May 2, 2003 and its determination to implement the bandwidth remedy commencing on January 1, 2006, rather than June 1, 2005. The D.C. Circuit remanded the case to the FERC for further proceedings on these issues.

In October 2011, the FERC issued an order addressing the D.C. Circuit remand on these two issues. On the first issue, the FERC concluded that it did have the authority to order refunds, but decided that it would exercise its equitable discretion and not require refunds for the 20-month period from September 13, 2001 - May 2, 2003. Because the ruling on refunds relied on findings in the interruptible load proceeding, which is discussed in a separate section below, the FERC concluded that the refund ruling will be held in abeyance pending the outcome of the rehearing requests in that proceeding. On the second issue, the FERC reversed its prior decision and ordered that the prospective bandwidth remedy begin on June 1, 2005 (the date of its initial order in the proceeding) rather than January 1, 2006, as it had previously ordered. Pursuant to the October 2011 order, Entergy was required to calculate the additional bandwidth payments for the period June - December 2005 utilizing the bandwidth formula tariff prescribed by the FERC that was filed in a December 2006 compliance filing and accepted by the FERC in an April 2007 order. As is the case with bandwidth remedy payments, these payments and receipts will ultimately be paid by Utility operating company customers to other Utility operating company customers.

In December 2011, Entergy filed with the FERC its compliance filing that provides the payments and receipts among the Utility operating companies pursuant to the FERC's October 2011 order. The filing shows the following payments/receipts among the Utility operating companies:

	Payments or (Receipts)
	(In Millions)
Entergy Arkansas	$156
Entergy Gulf States Louisiana	($75)
Entergy Louisiana	$-
Entergy Mississippi	($33)
Entergy New Orleans	($5)
Entergy Texas	($43)

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

Calendar Year 2012 Production Costs

The liabilities and assets for the preliminary estimate of the payments and receipts required to implement the FERC's remedy based on calendar year 2012 production costs were recorded in December 2012, based on certain year-to-date information. The preliminary estimate was recorded based on the following estimate of the payments/receipts among the Utility operating companies for 2013.

	Payments or (Receipts)
	(In Millions)
Entergy Arkansas	$-
Entergy Gulf States Louisiana	$-
Entergy Louisiana	$-
Entergy Mississippi	$-
Entergy New Orleans	($17)
Entergy Texas	$17

The actual payments/receipts for 2013, based on calendar year 2012 production costs, will not be calculated until the Utility operating companies' 2012 FERC Form 1s have been filed. Once the calculation is completed, it will be filed at the FERC. The level of any payments and receipts is significantly affected by a number of factors, including, among others, weather, the price of alternative fuels, the operating characteristics of the Entergy System generating fleet, and multiple factors affecting the calculation of the non-fuel related revenue requirement components of the total production costs, such as plant investment.

Rough Production Cost Equalization Rates

Each May since 2007 Entergy has filed with the FERC the rates to implement the FERC's orders in the System Agreement proceeding. These filings show the following payments/receipts among the Utility operating companies are necessary to achieve rough production cost equalization as defined by the FERC's orders:

	2007 Pmts (Rcts)	2008 Pmts (Rcts)	2009 Pmts (Rcts)	2010 Pmts (Rcts)	2011 Pmts (Rcts)	2012 Pmts (Rcts)
			(In Millions)			
Entergy Arkansas	$252	$252	$390	$41	$77	$41
Entergy Gulf States La.	($120)	($124)	($107)	$-	($12)	$-
Entergy Louisiana	($91)	($36)	($140)	($22)	$-	($41)
Entergy Mississippi	($41)	($20)	($24)	($19)	($40)	$-
Entergy New Orleans	$-	($7)	$-	$-	($25)	$-
Entergy Texas	($30)	($65)	($119)	$-	$-	$-

The APSC has approved a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas. Management believes that any changes in the allocation of production costs resulting from the FERC's decision and related retail proceedings should result in similar rate changes for retail customers, subject to specific circumstances that have caused trapped costs. See "**Fuel and purchased power cost recovery**, Entergy Texas," above for discussion of a PUCT decision that resulted in $18.6 million of trapped costs between Entergy's Texas and Louisiana jurisdictions. See "2007 Rate Filing Based on Calendar Year 2006 Production Costs" below for a discussion of a FERC decision that could result in trapped costs at Entergy Arkansas related to its contract with AmerenUE.

Entergy Arkansas, and, for December 2012, Entergy Texas, records accounts payable and Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas record accounts receivable to reflect the rough production cost equalization payments and receipts required to implement the FERC's remedy. Entergy Arkansas, and, for December 2012, Entergy Texas, records a corresponding regulatory asset for its right to collect the payments from its customers, and Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas record corresponding regulatory liabilities for their obligations to pass the receipts on to their customers. The regulatory asset and liabilities are shown as "System Agreement cost equalization" on the respective balance sheets.

2007 Rate Filing Based on Calendar Year 2006 Production Costs

Several parties intervened in the 2007 rate proceeding at the FERC, including the APSC, the MPSC, the Council, and the LPSC, which have also filed protests. The PUCT also intervened. Intervenor testimony was filed in which the intervenors and also the FERC Staff advocated a number of positions on issues that affect the level of production costs the individual Utility operating companies are permitted to reflect in the bandwidth calculation, including the level of depreciation and decommissioning expense for nuclear facilities. The effect of the various positions would be to reallocate costs among the Utility operating companies. The Utility operating companies filed rebuttal testimony explaining why the bandwidth payments are properly recoverable under the AmerenUE contract, and explaining why the positions of FERC Staff and intervenors on the other issues should be rejected. A hearing in this proceeding concluded in July 2008, and the ALJ issued an initial decision in September 2008. The ALJ's initial decision concluded, among other things, that: (1) the decisions to not exercise Entergy Arkansas's option to purchase the Independence plant in 1996 and 1997 were prudent; (2) Entergy Arkansas properly flowed a portion of the bandwidth payments through to AmerenUE in accordance with the wholesale power contract; and (3) the level of nuclear depreciation and decommissioning expense reflected in the bandwidth calculation should be calculated based on NRC-authorized license life, rather than the nuclear depreciation and decommissioning expense authorized by the retail regulators for purposes of retail ratemaking. Following briefing by the parties, the matter was submitted to the FERC for decision. On January 11, 2010, the FERC issued its decision both affirming and overturning certain of the ALJ's rulings, including overturning the decision on nuclear depreciation and decommissioning expense. The FERC's conclusion related to the AmerenUE contract does not permit Entergy Arkansas to recover a portion of its bandwidth payment from AmerenUE. The Utility operating companies requested rehearing of that portion of the decision and requested clarification on certain other portions of the decision.

AmerenUE argued that its wholesale power contract with Entergy Arkansas, pursuant to which Entergy Arkansas sells power to AmerenUE, does not permit Entergy Arkansas to flow through to AmerenUE any portion of Entergy Arkansas's bandwidth payment. The AmerenUE contract expired in August 2009. In April 2008, AmerenUE filed a complaint with the FERC seeking refunds, plus interest, in the event the FERC ultimately determines that bandwidth payments are not properly recovered under the AmerenUE contract. In response to the FERC's decision discussed in the previous paragraph, Entergy Arkansas recorded a regulatory provision in the fourth quarter 2009 for a potential refund to AmerenUE.

In May 2012, the FERC issued an order on rehearing in the proceeding. The order may result in the reallocation of costs among the Utility operating companies, although there are still FERC decisions pending in other System Agreement proceedings that could affect the rough production cost equalization payments and receipts. The FERC directed Entergy, within 45 days of the issuance of a pending FERC order on rehearing regarding the functionalization of costs in the 2007 rate filing, to file a comprehensive bandwidth recalculation report showing updated payments and receipts in the 2007 rate filing proceeding. The May 2012 FERC order also denied Entergy's request for rehearing regarding the AmerenUE contract and ordered Entergy Arkansas to refund to AmerenUE the rough production cost equalization payments collected from AmerenUE. Under the terms of the FERC's order a refund of $30.6 million, including interest, was made in June 2012. Entergy and the LPSC appealed certain aspects of the FERC's decisions to the U.S. Court of Appeals for the D.C. Circuit. On December 7, 2012, the D.C. Circuit dismissed Entergy's petition for review as premature because Entergy filed a rehearing request of the May 2012 FERC order and that rehearing request is still pending. The court also ordered that the LPSC's appeal be held in abeyance and that the parties file motions to govern further proceedings within 30 days of the FERC's completion of the ongoing "Entergy bandwidth proceedings."

<u>2008 Rate Filing Based on Calendar Year 2007 Production Costs</u>

Several parties intervened in the 2008 rate proceeding at the FERC, including the APSC, the LPSC, and AmerenUE, which have also filed protests. Several other parties, including the MPSC and the City Council, have intervened in the proceeding without filing a protest. In direct testimony filed on January 9, 2009, certain intervenors and also the FERC staff advocated a number of positions on issues that affect the level of production costs the individual Utility operating companies are permitted to reflect in the bandwidth calculation, including the level of depreciation and decommissioning expense for the nuclear and fossil-fueled generating facilities. The effect of these various positions would be to reallocate costs among the Utility operating companies. In addition, three issues were raised alleging imprudence by the Utility operating companies, including whether the Utility operating companies had properly reflected generating units' minimum operating levels for purposes of making unit commitment and dispatch decisions, whether Entergy Arkansas's sales to third parties from its retained share of the Grand Gulf nuclear facility were reasonable, prudent, and non-discriminatory, and whether Entergy Louisiana's long-term Evangeline gas purchase contract was prudent and reasonable.

The parties reached a partial settlement agreement of certain of the issues initially raised in this proceeding. The partial settlement agreement was conditioned on the FERC accepting the agreement without modification or condition, which the FERC did on August 24, 2009. A hearing on the remaining issues in the proceeding was completed in June 2009, and in September 2009 the ALJ issued an initial decision. The initial decision affirms Entergy's position in the filing, except for two issues that may result in a reallocation of costs among the Utility operating companies. In October 2011 the FERC issued an order on the ALJ's initial decision. The FERC's order resulted in a minor reallocation of payments/receipts among the Utility operating companies on one issue in the 2008 rate filing. Entergy made a compliance filing in December 2011 showing the updated payment/receipt amounts. The LPSC filed a protest in response to the compliance filing. On January 3, 2013, the FERC issued an order accepting Entergy's compliance filing. In the January 2013 order the FERC required Entergy to include interest on the recalculated bandwidth payment and receipt amounts for the period from June 1, 2008 until the date of the Entergy intra-system bill that will reflect the bandwidth recalculation amounts for calendar year 2007. On February 4, 2013, Entergy filed a request for rehearing of the FERC's ruling requiring interest.

2009 Rate Filing Based on Calendar Year 2008 Production Costs

Several parties intervened in the 2009 rate proceeding at the FERC, including the LPSC and Ameren, which have also filed protests. In July 2009 the FERC accepted Entergy's proposed rates for filing, effective June 1, 2009, subject to refund, and set the proceeding for hearing and settlement procedures. Settlement procedures were terminated and a hearing before the ALJ was held in April 2010. In August 2010 the ALJ issued an initial decision. The initial decision substantially affirms Entergy's position in the filing, except for one issue that may result in some reallocation of costs among the Utility operating companies. The LPSC, the FERC trial staff, and Entergy submitted briefs on exceptions in the proceeding. In May 2012 the FERC issued an order affirming the ALJ's initial decision, or finding certain issues in that decision moot. Rehearing and clarification of FERC's order have been requested.

2010 Rate Filing Based on Calendar Year 2009 Production Costs

In May 2010, Entergy filed with the FERC the 2010 rates in accordance with the FERC's orders in the System Agreement proceeding, and supplemented the filing in September 2010. Several parties intervened in the proceeding at the FERC, including the LPSC and the City Council, which have also filed protests. In July 2010 the FERC accepted Entergy's proposed rates for filing, effective June 1, 2010, subject to refund, and set the proceeding for hearing and settlement procedures. Settlement procedures have been terminated, and the ALJ scheduled hearings to begin in March 2011. Subsequently, in January 2011 the ALJ issued an order directing the parties and FERC Staff to show cause why this proceeding should not be stayed pending the issuance of FERC decisions in the prior production cost proceedings currently before the FERC on review. In March 2011 the ALJ issued an order placing this proceeding in abeyance.

2011 Rate Filing Based on Calendar Year 2010 Production Costs

In May 2011, Entergy filed with the FERC the 2011 rates in accordance with the FERC's orders in the System Agreement proceeding. Several parties intervened in the proceeding at the FERC, including the LPSC, which filed a protest as well. In July 2011 the FERC accepted Entergy's proposed rates for filing, effective June 1, 2011, subject to refund, set the proceeding for hearing procedures, and then held those procedures in abeyance pending FERC decisions in the prior production cost proceedings currently before the FERC on review.

2012 Rate Filing Based on Calendar Year 2011 Production Costs

In May 2012, Entergy filed with the FERC the 2012 rates in accordance with the FERC's orders in the System Agreement proceeding. Several parties intervened in the proceeding at the FERC, including the LPSC, which filed a protest as well. In August 2012 the FERC accepted Entergy's proposed rates for filing, effective June 2012, subject to refund, set the proceeding for hearing procedures, and then held those procedures in abeyance pending FERC decisions in prior production cost proceedings currently before the FERC on review.

Interruptible Load Proceeding

In April 2007, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in the LPSC's appeal of the FERC's March 2004 and April 2005 orders related to the treatment under the System Agreement of the Utility operating companies' interruptible loads. In its opinion the D.C. Circuit concluded that the FERC (1) acted arbitrarily and capriciously by allowing the Utility operating companies to phase-in the effects of the elimination of the interruptible load over a 12-month period of time; (2) failed to adequately explain why refunds could not be ordered under Section 206(c) of the Federal Power Act; and (3) exercised appropriately its discretion to defer addressing the cost of sulfur dioxide allowances until a later time. The D.C. Circuit remanded the matter to the

FERC for a more considered determination on the issue of refunds. The FERC issued its order on remand in September 2007, in which it directed Entergy to make a compliance filing removing all interruptible load from the computation of peak load responsibility commencing April 1, 2004 and to issue any necessary refunds to reflect this change. In addition, the order directed the Utility operating companies to make refunds for the period May 1995 through July 1996. In November 2007 the Utility operating companies filed a refund report describing the refunds to be issued pursuant to the FERC's orders. The LPSC filed a protest to the refund report in December 2007, and the Utility operating companies filed an answer to the protest in January 2008. The refunds were made in October 2008 by the Utility operating companies that owed refunds to the Utility operating companies that were due a refund under the decision. The APSC and the Utility operating companies appealed the FERC decisions to the D.C. Circuit. Because of its refund obligation to its customers as a result of this proceeding and a related LPSC proceeding, Entergy Louisiana recorded provisions during 2008 of approximately $16 million, including interest, for rate refunds. The refunds were made in the fourth quarter 2009.

Following the filing of petitioners' initial briefs, the FERC filed a motion requesting the D.C. Circuit hold the appeal of the FERC's decisions ordering refunds in the interruptible load proceeding in abeyance and remand the record to the FERC. The D.C. Circuit granted the FERC's unopposed motion in June 2009. In December 2009 the FERC established a paper hearing to determine whether the FERC had the authority and, if so, whether it would be appropriate to order refunds resulting from changes in the treatment of interruptible load in the allocation of capacity costs by the Utility operating companies. In August 2010 the FERC issued an order stating that it has the authority and refunds are appropriate. The APSC, MPSC, and Entergy requested rehearing of the FERC's decision. In June 2011 the FERC issued an order granting rehearing in part and denying rehearing in part, in which the FERC determined to invoke its discretion to deny refunds. The FERC held that in this case where "the Entergy system as a whole collected the proper level of revenue, but, as was later established, incorrectly allocated peak load responsibility among the various Entergy operating companies....the Commission will apply here our usual practice in such cases, invoking our equitable discretion to not order refunds, notwithstanding our authority to do so." The LPSC has requested rehearing of the FERC's June 2011 decision. On October 6, 2011 the FERC issued an "Order Establishing Paper Hearing" inviting parties that oppose refunds to file briefs within 30 days addressing the LPSC's argument that FERC precedent supports refunds under the circumstances present in this proceeding. Parties that favor refunds were then invited to file reply briefs within 21 days of the date that the initial briefs are due. Briefs were submitted and the matter is pending.

In September 2010, the FERC had issued an order setting the refund report filed in the proceeding in November 2007 for hearing and settlement judge procedures. In May 2011, Entergy filed a settlement agreement that resolved all issues relating to the refund report set for hearing. In June 2011 the settlement judge certified the settlement as uncontested and the settlement agreement is currently pending before the FERC. In July 2011, Entergy filed an amended/corrected refund report and a motion to defer action on the settlement agreement until after the FERC rules on the LPSC's rehearing request regarding the June 2011 decision denying refunds.

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

Entergy Arkansas Opportunity Sales Proceeding

In June 2009, the LPSC filed a complaint requesting that the FERC determine that certain of Entergy Arkansas's sales of electric energy to third parties: (a) violated the provisions of the System Agreement that allocate the energy generated by Entergy System resources, (b) imprudently denied the Entergy System and its ultimate consumers the benefits of low-cost Entergy System generating capacity, and (c) violated the provision of the System Agreement that prohibits sales to third parties by individual companies absent an offer of a right-of-first-refusal to other Utility operating companies. The LPSC's complaint challenges sales made beginning in 2002 and requests refunds. On July 20, 2009, the Utility operating companies filed a response to the complaint requesting that the FERC dismiss the complaint on the merits without hearing because the LPSC has failed to meet its burden of showing any violation of the System Agreement and failed to produce any evidence of imprudent action by the Entergy System. In their response, the Utility operating companies explained that the System Agreement clearly contemplates that the Utility operating companies may make sales to third parties for their own account, subject to the requirement that those sales be included in the load (or load shape) for the applicable Utility operating company. The response further explains that the FERC already has determined that Entergy Arkansas's short-term wholesale sales did not trigger the "right-of-first-refusal" provision of the System Agreement. While the D.C. Circuit recently determined that the "right-of-first-refusal" issue was not properly before the FERC at the time of its earlier decision on the issue, the LPSC has raised no additional claims or facts that would warrant the FERC reaching a different conclusion.

The LPSC filed direct testimony in the proceeding alleging, among other things, (1) that Entergy violated the System Agreement by permitting Entergy Arkansas to make non-requirements sales to non-affiliated third parties rather than making such energy available to the other Utility operating companies' customers; and (2) that over the period 2000 - 2009, these non-requirements sales caused harm to the Utility operating companies' customers and these customers should be compensated for this harm by Entergy. In subsequent testimony, the LPSC modified its original damages claim in favor of quantifying damages by re-running intra-system bills. The Utility operating companies believe the LPSC's allegations are without merit. A hearing in the matter was held in August 2010.

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

The FERC issued a decision in June 2012 and held that, while the System Agreement is ambiguous, it does provide authority for individual Utility operating companies to make opportunity sales for their own account and Entergy Arkansas made and priced these sales in good faith. The FERC found, however, that the System Agreement does not provide authority for an individual Utility operating company to allocate the energy associated with such opportunity sales as part of its load, but provides a different allocation authority. The FERC further found that the after-the-fact accounting methodology used to allocate the energy used to supply the sales was inconsistent with the System Agreement. Quantifying the effect of the FERC's decision will require re-running intra-system bills for a ten-year period, and the FERC in its decision established further hearing procedures to determine the calculation of the effects. In July 2012, Entergy and the LPSC filed requests for rehearing of the FERC's June 2012 decision, which are pending with the FERC.

As required by the procedural schedule established in the calculation proceeding, Entergy filed its direct testimony that included a proposed illustrative re-run, consistent with the directives in FERC's order, of intra-system bills for 2003, 2004, and 2006, the three years with the highest volume of opportunity sales. Entergy's proposed illustrative re-run of intra-system bills shows that the potential cost for Entergy Arkansas would be up to $12 million for the years 2003, 2004, and 2006, and the potential benefit would be significantly less than that for each of the other Utility operating companies. Entergy's proposed illustrative rerun of the intra-system bills also shows an offsetting potential benefit to Entergy Arkansas for the years 2003, 2004, and 2006 resulting from the effects of the

FERC's order on System Agreement Service Schedules MSS-1, MSS-2, and MSS-3, and the potential offsetting cost would be significantly less than that for each of the other Utility operating companies. Entergy provided to the LPSC an illustrative intra-system bill recalculation as specified by the LPSC for the years 2003, 2004, and 2006, and the LPSC then filed answering testimony in December 2012. In its testimony the LPSC claims that the damages that should be paid by Entergy Arkansas to the Utility operating company's customers for 2003, 2004, and 2006 are $42 million to Entergy Gulf States, Inc., $7 million to Entergy Louisiana, $23 million to Entergy Mississippi, and $4 million to Entergy New Orleans; and that Entergy Arkansas "shareholders" should pay Entergy Arkansas customers $34 million. The FERC staff and certain intervenors filed direct and answering testimony in February 2013. A hearing is scheduled for May 2013, and the ALJ's initial decision on the calculation of the effects is due by August 28, 2013.

Storm Cost Recovery Filings with Retail Regulators

Entergy Arkansas

Entergy Arkansas January 2009 Ice Storm

In January 2009 a severe ice storm caused significant damage to Entergy Arkansas's transmission and distribution lines, equipment, poles, and other facilities. A law was enacted in April 2009 in Arkansas that authorizes securitization of storm damage restoration costs. In June 2010 the APSC issued a financing order authorizing the issuance of approximately $126.3 million in storm cost recovery bonds, which includes carrying costs of $11.5 million and $4.6 million of up-front financing costs. See Note 5 to the financial statements for a discussion of the August 2010 issuance of the securitization bonds.

Entergy Arkansas December 2012 Winter Storm

In December 2012 a severe winter storm consisting of ice, snow, and high winds caused significant damage to Entergy Arkansas's distribution lines, equipment, poles, and other facilities. Total restoration costs for the repair and/or replacement of Entergy Arkansas's electrical facilities in areas damaged from the winter storm are estimated to be in the range of $55 million to $65 million. Entergy Arkansas recorded accruals for the estimated costs incurred that were necessary to return customers to service. Entergy Arkansas recorded corresponding regulatory assets of approximately $21 million and construction work in progress of approximately $37 million. Entergy Arkansas recorded the regulatory assets in accordance with its accounting policies and based on the historic treatment of such costs in its service area because management believes that recovery through some form of regulatory mechanism is probable. Because Entergy Arkansas has not gone through the regulatory process regarding these storm costs, however, there is an element of risk, and Entergy Arkansas is unable to predict with certainty the degree of success it may have in its recovery initiatives, the amount of restoration costs that it may ultimately recover, or the timing of such recovery. Entergy Arkansas plans to present a cost recovery proposal to the APSC in a base rate case filing in March 2013.

Entergy Gulf States Louisiana and Entergy Louisiana

Hurricane Gustav and Hurricane Ike

In September 2008, Hurricane Gustav and Hurricane Ike caused catastrophic damage to Entergy's service territory. Entergy Gulf States Louisiana and Entergy Louisiana filed their Hurricane Gustav and Hurricane Ike storm cost recovery case with the LPSC in May 2009. In September 2009, Entergy Gulf States Louisiana and Entergy Louisiana and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed with the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana's and Entergy Louisiana's storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Regular Session of 2007 (Act 55 financings). Entergy Gulf States Louisiana's and Entergy Louisiana's Hurricane Katrina and Hurricane Rita storm costs were financed primarily by Act 55 financings, as discussed below. Entergy Gulf States Louisiana and Entergy Louisiana also filed an application requesting LPSC approval for ancillary issues including the mechanism to flow charges and Act 55 financing savings to customers via a Storm Cost Offset rider.

In December 2009, Entergy Gulf States Louisiana and Entergy Louisiana entered into a stipulation agreement with the LPSC Staff that provides for total recoverable costs of approximately $234 million for Entergy Gulf States Louisiana and $394 million for Entergy Louisiana, including carrying costs. Under this stipulation, Entergy Gulf States Louisiana agrees not to recover $4.4 million and Entergy Louisiana agrees not to recover $7.2 million of their storm restoration spending. The stipulation also permits replenishing Entergy Gulf States Louisiana's storm reserve in the amount of $90 million and Entergy Louisiana's storm reserve in the amount of $200 million when the Act 55 financings are accomplished. In March and April 2010, Entergy Gulf States Louisiana, Entergy Louisiana, and other parties to the proceeding filed with the LPSC an uncontested stipulated settlement that includes these terms and also includes Entergy Gulf States Louisiana's and Entergy Louisiana's proposals under the Act 55 financings, which includes a commitment to pass on to customers a minimum of $15.5 million and $27.75 million of customer benefits, respectively, through prospective annual rate reductions of $3.1 million and $5.55 million for five years. A stipulation hearing was held before the ALJ on April 13, 2010. On April 21, 2010, the LPSC approved the settlement and subsequently issued two financing orders and one ratemaking order intended to facilitate the implementation of the Act 55 financings. In June 2010 the Louisiana State Bond Commission approved the Act 55 financings.

In July 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $468.9 million in bonds under Act 55. From the $462.4 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $200 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $262.4 million directly to Entergy Louisiana. From the bond proceeds received by Entergy Louisiana from the LURC, Entergy Louisiana used $262.4 million to acquire 2,624,297.11 Class B preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 9% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2010, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion.

In July 2010, the LCDA issued another $244.1 million in bonds under Act 55. From the $240.3 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $90 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $150.3 million directly to Entergy Gulf States Louisiana. From the bond proceeds received by Entergy Gulf States Louisiana from the LURC, Entergy Gulf States Louisiana used $150.3 million to acquire 1,502,643.04 Class B preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 9% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2010, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion.

Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana do not report the bonds on their balance sheets because the bonds are the obligation of the LCDA, and there is no recourse against Entergy, Entergy Gulf States Louisiana or Entergy Louisiana in the event of a bond default. To service the bonds, Entergy Gulf States Louisiana and Entergy Louisiana collect a system restoration charge on behalf of the LURC, and remit the collections to the bond indenture trustee. Entergy Gulf States Louisiana and Entergy Louisiana do not report the collections as revenue because they are merely acting as the billing and collection agents for the state.

Hurricane Katrina and Hurricane Rita

In August and September 2005, Hurricanes Katrina and Rita caused catastrophic damage to large portions of the Utility's service territories in Louisiana, Mississippi, and Texas, including the effect of extensive flooding that resulted from levee breaks in and around the greater New Orleans area. The storms and flooding resulted in widespread power outages, significant damage to electric distribution, transmission, and generation and gas infrastructure, and the loss of sales and customers due to mandatory evacuations and the destruction of homes and businesses.

In March 2008, Entergy Gulf States Louisiana, Entergy Louisiana, and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed at the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana and Entergy Louisiana storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Legislature (Act 55 financings). The Act 55 financings are expected to produce additional customer benefits as compared to traditional securitization. Entergy Gulf States Louisiana and Entergy Louisiana also filed an application requesting LPSC approval for ancillary issues including the mechanism to flow charges and savings to customers via a Storm Cost Offset rider. On April 8, 2008, the Louisiana Public Facilities Authority (LPFA), which is the issuer of the bonds pursuant to the Act 55 financings, approved requests for the Act 55 financings. On April 10, 2008, Entergy Gulf States Louisiana and Entergy Louisiana and the LPSC Staff filed with the LPSC an uncontested stipulated settlement that includes Entergy Gulf States Louisiana and Entergy Louisiana's proposals under the Act 55 financings, which includes a commitment to pass on to customers a minimum of $10 million and $30 million of customer benefits, respectively, through prospective annual rate reductions of $2 million and $6 million for five years. On April 16, 2008, the LPSC approved the settlement and issued two financing orders and one ratemaking order intended to facilitate implementation of the Act 55 financings. In May 2008 the Louisiana State Bond Commission granted final approval of the Act 55 financings.

In July 2008, the LPFA issued $687.7 million in bonds under the aforementioned Act 55. From the $679 million of bond proceeds loaned by the LPFA to the LURC, the LURC deposited $152 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $527 million directly to Entergy Louisiana. From the bond proceeds received by Entergy Louisiana from the LURC, Entergy Louisiana invested $545 million, including $17.8 million that was withdrawn from the restricted escrow account as approved by the April 16, 2008 LPSC orders, in exchange for 5,449,861.85 Class A preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 10% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2008 and have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion.

In August 2008, the LPFA issued $278.4 million in bonds under the aforementioned Act 55. From the $274.7 million of bond proceeds loaned by the LPFA to the LURC, the LURC deposited $87 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $187.7 million directly to Entergy Gulf States Louisiana. From the bond proceeds received by Entergy Gulf States Louisiana from the LURC, Entergy Gulf States Louisiana invested $189.4 million, including $1.7 million that was withdrawn from the restricted escrow account as approved by the April 16, 2008 LPSC orders, in exchange for 1,893,918.39 Class A preferred, non-voting, membership interest units of Entergy Holdings Company LLC that carry a 10% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2008 and have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion. In February 2012, Entergy Gulf States Louisiana sold 500,000 of its Class A preferred membership units in Entergy Holdings Company LLC, a wholly-owned Entergy subsidiary, to a third party in exchange for $51 million plus accrued but unpaid distributions on the units. The 500,000 preferred membership units are mandatorily redeemable in January 2112.

Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana do not report the bonds on their balance sheets because the bonds are the obligation of the LPFA, and there is no recourse against Entergy, Entergy Gulf States Louisiana or Entergy Louisiana in the event of a bond default. To service the bonds, Entergy Gulf States Louisiana and Entergy Louisiana collect a system restoration charge on behalf of the LURC, and remit the collections to the bond indenture trustee. Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana do not report the collections as revenue because they are merely acting as the billing and collection agent for the state.

Entergy New Orleans

In December 2005, the U.S. Congress passed the Katrina Relief Bill, a hurricane aid package that included Community Development Block Grant (CDBG) funding (for the states affected by Hurricanes Katrina, Rita, and Wilma) that allowed state and local leaders to fund individual recovery priorities. In March 2007 the City Council certified that Entergy New Orleans incurred $205 million in storm-related costs through December 2006 that are eligible for CDBG funding under the state action plan. Entergy New Orleans received $180.8 million of CDBG funds in 2007 and $19.2 million in 2010.

In October 2006, the City Council approved a rate filing settlement agreement that, among other things, authorized a $75 million storm reserve for damage from future storms, which will be created over a ten-year period through a storm reserve rider that began in March 2007. These storm reserve funds are held in a restricted escrow account until needed in response to a storm. In November 2012, Entergy New Orleans withdrew $10 million from the storm reserve escrow account to partially offset the costs associated with Hurricane Isaac.

New Nuclear Generation Development Costs

Entergy Gulf States Louisiana and Entergy Louisiana

Entergy Gulf States Louisiana and Entergy Louisiana have been developing and are preserving a project option for new nuclear generation at River Bend. In March 2010, Entergy Gulf States Louisiana and Entergy Louisiana filed with the LPSC seeking approval to continue the limited development activities necessary to preserve an option to construct a new unit at River Bend. The testimony and legal briefs of the LPSC staff generally support the request of Entergy Gulf States Louisiana and Entergy Louisiana, although other parties filed briefs, without supporting testimony, in opposition to the request. At an evidentiary hearing in October 2011, Entergy Gulf States Louisiana, Entergy Louisiana, and the LPSC staff presented testimony in support of certification of activities to preserve an option for a new nuclear plant at River Bend. The ALJ recommended, however, that the LPSC decline the request of Entergy Gulf States Louisiana and Entergy Louisiana on the basis that the LPSC's rule on new nuclear development does not apply to activities to preserve an option to develop and on the further grounds that the companies improperly engaged in advanced preparation activities prior to certification. There has been no suggestion that the planning activities or costs incurred were imprudent. At its June 28, 2012 meeting the LPSC voted to uphold the ALJ's decision and directed that Entergy Gulf States Louisiana and Entergy Louisiana be permitted to seek recovery of these costs in their anticipated, upcoming rate case filings, fully reserving the LPSC's right to determine the recoverability of such costs in rates. On September 10, 2012, Entergy Gulf States Louisiana and Entergy Louisiana filed a petition for appeal and judicial review of the LPSC's order with the Louisiana Nineteenth Judicial District Court. A schedule for the appeal has not been established. In their rate cases filed in February 2013, Entergy Gulf States Louisiana and Entergy Louisiana request recovery of their new nuclear generation development costs over a ten-year amortization period, with the costs included in rate base.

Entergy Mississippi

Pursuant to the Mississippi Baseload Act and the Mississippi Public Utilities Act, Entergy Mississippi has been developing and is preserving a project option for new nuclear generation at Grand Gulf Nuclear Station. This project is in the early stages, and several issues remain to be addressed over time before significant additional capital would be committed to this project. In October 2010, Entergy Mississippi filed an application with the MPSC requesting that the MPSC determine that it is in the public interest to preserve the option to construct new nuclear generation at Grand Gulf and that the MPSC approve the deferral of Entergy Mississippi's costs incurred to date and in the future related to this project, including the accrual of AFUDC or similar carrying charges. In October 2011, Entergy Mississippi and the Mississippi Public Utilities Staff filed with the MPSC a joint stipulation that the MPSC approved in November 2011. The stipulation states that there should be a deferral of the $57 million of costs incurred through September 2011 in connection with planning, evaluation, monitoring, and other and related generation resource development activities for new nuclear generation at Grand Gulf. The costs shall be treated as a regulatory asset until the proceeding is resolved. The Mississippi Public Utilities Staff and Entergy Mississippi also agree that the MPSC should conduct a hearing to consider the relief requested by Entergy Mississippi in its application, including evidence regarding whether costs incurred in connection with planning, evaluation, monitoring, and other and related generation resource development activities for new nuclear generation at Grand Gulf were prudently incurred and are otherwise allowable. The Mississippi Public Utilities Staff and Entergy Mississippi further agree that such prudently incurred costs shall be recoverable in a manner to be determined by the MPSC. In the Stipulation, the Mississippi Public Utilities Staff and Entergy Mississippi agree that the development of a nuclear unit project option is consistent with the Mississippi Baseload Act. The Mississippi Public Utilities Staff and Entergy Mississippi further agree that the deferral of costs incurred in connection with planning, evaluation, monitoring, and other and related generation resource development activities for new nuclear generation at Grand Gulf also is consistent with the Mississippi Baseload Act. Entergy Mississippi will not accrue carrying charges or continue to accrue AFUDC on the costs, pending the outcome of the proceeding. Further proceedings before the MPSC have not been scheduled.

Texas Power Price Lawsuit

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

Plaintiffs allege that the defendants implemented a "price gouging accounting scheme" to sell to plaintiffs and similarly situated utility customers higher priced power generated by the defendants while rejecting less expensive power offered from off-system suppliers. In particular, plaintiffs allege that the defendants manipulated and continue to manipulate the dispatch of generation so that power is purchased from affiliated expensive resources instead of buying cheaper off-system power.

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

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

NOTE 3. INCOME TAXES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Income taxes from continuing operations for 2012, 2011, and 2010 for Entergy Corporation and Subsidiaries consist of the following:

	2012	2011	2010
		(In Thousands)	
Current:			
Federal	($47,851)	$452,713	$145,161
Foreign	143	130	131
State	(41,516)	152,711	19,313
Total	(89,224)	605,554	164,605
Deferred and non-current - net	131,130	(311,708)	468,698
Investment tax credit adjustments - net	(11,051)	(7,583)	(16,064)
Income tax expense from continuing operations	$30,855	$286,263	$617,239

Income taxes for 2012, 2011, and 2010 for Entergy's Registrant Subsidiaries consist of the following:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	$64,069	($66,081)	($132,999)	$3,188	($9,484)	($114,677)	($50,491)
State	6,712	9,535	(1,269)	(4,425)	(1,617)	4,933	(8,544)
Total	70,781	(56,546)	(134,268)	(1,237)	(11,101)	(109,744)	(59,035)
Deferred and non-current - net	26,042	112,390	8,463	59,045	18,586	144,471	137,832
Investment tax credit adjustments - net	(2,017)	(3,228)	(3,117)	871	(245)	(1,609)	(1,682)
Income taxes	$94,806	$52,616	($128,922)	$58,679	$7,240	$33,118	$77,115

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	($12,448)	($30,106)	($136,800)	($9,466)	$14,641	($33,045)	$139,529
State	(1,751)	15,950	34,832	6,069	1,724	3,153	16,825
Total	(14,199)	(14,156)	(101,968)	(3,397)	16,365	(29,892)	156,354
Deferred and non-current - net	148,978	107,250	(265,046)	32,380	(201)	80,993	(84,505)
Investment tax credit adjustments - net	(2,014)	(3,358)	(3,197)	(182)	(302)	(1,609)	3,104
Income taxes	$132,765	$89,736	($370,211)	$28,801	$15,862	$49,492	$74,953

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	$114,821	$196,230	$73,174	$13,722	($114,382)	($10,607)	($4,102)
State	(9,200)	481	(4,324)	5,959	1,427	1,060	3,328
Total	105,621	196,711	68,850	19,681	(112,955)	(9,547)	(774)
Deferred and non-current - net	10,328	(101,007)	918	31,415	129,880	53,539	60,305
Investment tax credit adjustments - net	(3,005)	(3,407)	(3,222)	(985)	(324)	(1,609)	(3,482)
Income taxes	$112,944	$92,297	$66,546	$50,111	$16,601	$42,383	$56,049

Total income taxes for Entergy Corporation and Subsidiaries differ from the amounts computed by applying the statutory income tax rate to income before income taxes. The reasons for the differences for the years 2012, 2011, and 2010 are:

	2012	2011	2010
		(In Thousands)	
Net income attributable to Entergy Corporation	$846,673	$1,346,439	$1,250,242
Preferred dividend requirements of subsidiaries	21,690	20,933	20,063
Consolidated net income	868,363	1,367,372	1,270,305
Income taxes	30,855	286,263	617,239
Income before income taxes	$899,218	$1,653,635	$1,887,544
Computed at statutory rate (35%)	$314,726	$578,772	$660,640
Increases (reductions) in tax resulting from:			
State income taxes net of federal income tax effect	40,699	93,940	40,530
Regulatory differences - utility plant items	35,527	39,970	31,473
Equity component of AFUDC	(30,838)	(30,184)	(16,542)
Amortization of investment tax credits	(14,000)	(14,962)	(15,980)
Flow-through / permanent differences	(14,801)	(17,848)	(26,370)
Net-of-tax regulatory liability (a)	(4,356)	65,357	-
Deferred tax reversal on PPA settlement (a)	-	(421,819)	-
Deferred tax asset on additional depreciation (b)	(155,300)	-	-
Write-off of reorganization costs	-	-	(19,974)
Tax law change-Medicare Part D	-	-	13,616
Write-off of regulatory asset for income taxes	42,159	-	-
Capital losses	(20,188)	-	-
Provision for uncertain tax positions (c)	(159,957)	2,698	(43,115)
Other - net	(2,816)	(9,661)	(7,039)
Total income taxes as reported	$30,855	$286,263	$617,239
Effective Income Tax Rate	3.4%	17.3%	32.7%

(a) See "**Income Tax Audits** - **2006-2007 IRS Audit**" below for discussion of these items.
(b) See "**Income Tax Audits** - **2004-2005 IRS Audit**" below for discussion of this item.
(c) See "**Income Tax Audits** - **2008-2009 IRS Audit**" below for discussion of the most significant item in 2012.

Total income taxes for the Registrant Subsidiaries differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences for the years 2012, 2011, and 2010 are:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	152,365	$158,977	$281,081	$46,768	$17,065	$41,971	$111,866
Income taxes (benefit)	94,806	52,616	(128,922)	58,679	7,240	33,118	77,115
Pretax income	$247,171	$211,593	$152,159	$105,447	$24,305	$75,089	$188,981
Computed at statutory rate (35%)	$86,510	$74,058	$53,256	$36,906	$8,507	$26,281	$66,143
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	11,282	5,087	1,976	3,944	505	3,115	6,652
Regulatory differences - utility plant items	6,778	8,472	312	2,619	2,289	3,668	11,389
Equity component of AFUDC	(2,495)	(3,042)	(12,919)	(1,383)	(276)	(1,587)	(9,136)
Amortization of investment tax credits	(1,992)	(3,204)	(3,089)	(264)	(240)	(1,596)	(3,480)
Flow-through / permanent differences	3,427	(7,646)	1,397	1,961	(4,385)	1,585	(357)
Net-of-tax regulatory liability (a)	-	-	(4,356)	-	-	-	-
Non-taxable dividend income	-	(9,836)	(27,336)	-	-	-	-
Expense (benefit) of Entergy Corporation expenses	(19,403)	(17,703)	-	14,449	2,758	-	(10,241)
Provision for uncertain tax positions (b)	11,227	8,745	(143,583)	870	(2,095)	1,651	17,966
Change in regulatory recovery	-	(553)	7,854	-	-	-	-
Other - net	(528)	(1,762)	(2,434)	(423)	177	1	(1,821)
Total income taxes	$94,806	$52,616	($128,922)	$58,679	$7,240	$33,118	$77,115
Effective Income Tax Rate	38.4%	24.9%	-84.7%	55.6%	29.8%	44.1%	40.8%

(a) See "**Income Tax Audits** - **2006-2007 IRS Audit**" below for discussion of these items.
(b) See "**Income Tax Audits** - **2008-2009 IRS Audit**" below for discussion of the most significant item in 2012.

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	$164,891	$201,604	$473,923	$108,729	$35,976	$80,845	$64,197
Income taxes (benefit)	132,765	89,736	(370,211)	28,801	15,862	49,492	74,953
Pretax income	$297,656	$291,340	$103,712	$137,530	$51,838	$130,337	$139,150
Computed at statutory rate (35%)	$104,180	$101,969	$36,299	$48,136	$18,143	$45,618	$48,703
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	13,727	9,618	943	3,211	3,350	2,033	4,436
Regulatory differences - utility plant items	10,079	8,379	1,404	2,038	3,860	4,003	10,207
Equity component of AFUDC	(3,363)	(3,181)	(11,315)	(2,963)	(215)	(1,322)	(7,825)
Amortization of investment tax credits	(1,992)	(3,336)	(3,168)	(960)	(295)	(1,596)	(3,480)
Net-of-tax regulatory liability (a)	-	-	65,357	-	-	-	-
Deferred tax reversal on PPA settlement (a)	-	-	(421,819)	-	-	-	-
Flow-through / permanent differences	(1,365)	587	(1,285)	304	(4,983)	88	529
Non-taxable dividend income	-	(11,364)	(27,336)	-	-	-	-
Expense (benefit) of Entergy Corporation expenses	-	(5,694)	-	(21,248)	(6,235)	(16)	16,559
Provision for uncertain tax positions	12,016	(7,144)	(4,880)	(2)	2,241	717	5,878
Other -- net	(517)	(98)	(4,411)	285	(4)	(33)	(54)
Total income taxes	$132,765	$89,736	($370,211)	$28,801	$15,862	$49,492	$74,953
Effective Income Tax Rate	44.6%	30.8%	-357.0%	20.9%	30.6%	38.0%	53.9%

(a) See "**Income Tax Audits** - **2006-2007 IRS Audit**" below for discussion of these items.

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	$172,618	$174,319	$231,435	$85,377	$31,114	$66,200	$82,624
Income taxes	112,944	92,297	66,546	50,111	16,601	42,383	56,049
Pretax income	$285,562	$266,616	$297,981	$135,488	$47,715	$108,583	$138,673
Computed at statutory rate (35%)	$99,947	$93,316	$104,293	$47,421	$16,700	$38,004	$48,536
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	13,156	1,142	(10,618)	1,245	1,387	424	2,206
Regulatory differences - utility plant items	6,126	(4,004)	7,374	3,455	3,999	4,089	10,435
Equity component of AFUDC	(144)	(1,547)	(8,361)	(1,643)	(184)	(1,525)	(3,138)
Amortization of investment tax credits	(2,983)	(3,309)	(3,192)	(972)	(313)	(1,596)	(3,480)
Flow-through / permanent differences	(1,235)	8,423	(754)	153	(4,883)	236	(497)
Non-taxable dividend income	-	(9,189)	(23,603)	-	-	-	-
Provision for uncertain tax positions	(2,100)	7,200	2,200	700	(300)	2,800	2,090
Other – net	177	265	(793)	(248)	195	(49)	(103)
Total income taxes	$112,944	$92,297	$66,546	$50,111	$16,601	$42,383	$56,049
Effective Income Tax Rate	39.6%	34.6%	22.3%	37.0%	34.8%	39.0%	40.4%

Significant components of accumulated deferred income taxes and taxes accrued for Entergy Corporation and Subsidiaries as of December 31, 2012 and 2011 are as follows:

	2012	2011
	(In Thousands)	
Deferred tax liabilities:		
Plant basis differences - net	($8,240,342)	($7,043,758)
Regulatory assets	(898,143)	(930,370)
Nuclear decommissioning trusts	(848,918)	(553,558)
Combined unitary state taxes	(233,210)	(227,427)
Power purchase agreements	-	(17,138)
Other	(485,550)	(402,097)
Total	(10,706,163)	(9,174,348)
Deferred tax assets:		
Nuclear decommissioning liabilities	733,103	612,945
Regulatory liabilities	404,852	197,554
Pension and other post-employment benefits	358,893	315,134
Sale and leaseback	195,074	217,430
Accumulated deferred investment tax credit	110,690	108,338
Provision for contingencies	61,576	28,504
Power purchase agreements	43,717	-
Net operating loss carryforwards	960,235	253,518
Capital losses	13,631	12,995
Valuation allowance	(86,881)	(85,615)
Other	141,592	160,620
Total	2,936,482	1,821,423
Noncurrent accrued taxes (including unrecognized tax benefits)	(210,534)	(814,597)
Accumulated deferred income taxes and taxes accrued	($7,980,215)	($8,167,522)

Entergy's estimated tax attributes carryovers and their expiration dates as of December 31, 2012 are as follows:

Carryover Description	Carryover Amount	Year(s) of expiration
Federal net operating losses	$12.6 billion	2028-2032
State net operating losses	$11.2 billion	2013-2032
State capital losses	$177 million	2013-2015
Miscellaneous federal and state credits	$81.9 million	2013-2032

As a result of the accounting for uncertain tax positions, the amount of the deferred tax assets reflected in the financial statements is less than the amount of the tax effect of the federal and state net operating loss carryovers, tax credit carryovers, and other tax attributes reflected on income tax returns.

Because it is more likely than not that the benefit from certain state net operating and capital loss carryovers will not be utilized, a valuation allowance of $69.6 million and $13.6 million has been provided on the deferred tax assets relating to these state net operating and capital loss carryovers, respectively.

Significant components of accumulated deferred income taxes and taxes accrued for the Registrant Subsidiaries as of December 31, 2012 and 2011 are as follows:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Deferred tax liabilities.							
Plant basis differences - net	($1,565,988)	($1,268,164)	($1,544,256)	($727,442)	($202,496)	($770,084)	($759,896)
Regulatory assets	(172,915)	(100,578)	(249,051)	(27,077)	(4,790)	(220,417)	(119,209)
Nuclear decommissioning trusts	(67,025)	(25,472)	(29,493)	-	-	-	(27,809)
Deferred fuel	(50,068)	(1,618)	(11,815)	(11,332)	(976)	3,932	(445)
Other	(55,000)	(27,501)	(92,433)	(12,641)	(10,576)	(23,681)	(6,592)
Total	($1,910,996)	($1,423,333)	($1,927,048)	($778,492)	($218,838)	($1,010,250)	($913,951)
Deferred tax assets·							
Nuclear decommissioning liabilities	(63,189)	51,593	92,930	-	-	-	(65,564)
Regulatory liabilities	79,805	47,474	173,046	8,515	47,257	3,429	45,327
Pension and other post-employment benefits	(75,278)	47,469	34,283	(22,140)	(10,815)	(40,389)	(19,160)
Sale and leaseback	-	-	57,423	-	-	-	137,651
Accumulated deferred investment tax credit	16,062	36,642	27,008	2,776	500	6,210	21,492
Provision for contingencies	4,723	33,074	48,241	9,564	(2,865)	(35,505)	-
Power purchase agreements	94	37,771	-	84	21	2,752	-
Unbilled/deferred revenues	27,651	(23,150)	(7,101)	9,242	3,352	12,986	-
Compensation	3,587	580	18	(664)	13	4,547	180
Net operating loss carryforwards	102,034	-	460,367	45,475	-	20,307	86,228
Other	5,565	6,106	5,513	8,758	4,472	6,707	2,000
Total	101,054	237,559	891,728	61,610	41,935	(18,956)	208,154
Noncurrent accrued taxes (including unrecognized tax benefits)	46,930	(239,670)	218,033	(1,121)	13,630	55,113	(4,130)
Accumulated deferred income taxes and taxes accrued	($1,763,012)	($1,425,444)	($817,287)	($718,003)	($163,273)	($974,093)	($709,927)

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Deferred tax liabilities.							
Plant basis differences - net	($1,334,016)	($1,124,284)	($1,077,835)	($608,596)	($148,296)	($735,310)	($505,369)
Regulatory assets	(222,429)	(103,585)	(249,459)	(32,611)	-	(227,224)	(120,886)
Nuclear decommissioning trusts	(53,789)	(21,096)	(22,441)	-	-	-	(19,138)
Deferred fuel	(82,452)	(1,225)	(4,285)	718	(331)	3,932	(8)
Other	(54,277)	(1,394)	(26,237)	(7,263)	(18,319)	(14,098)	(9,333)
Total	($1,746,963)	($1,251,584)	($1,380,257)	($647,752)	($166,946)	($972,700)	($654,734)
Deferred tax assets:							
Nuclear decommissioning liabilities	(104,862)	(38,683)	56,399	-	-	-	(47,360)
Regulatory liabilities	29,473	(39,265)	111,705	1,497	53,191	35,072	18,301
Pension and other post-employment benefits	(75,399)	123,085	19,866	(30,390)	(11,713)	(41,964)	(19,593)
Sale and leaseback	-	-	66,801	-	-	-	150,629
Accumulated deferred investment tax credit	16,843	31,367	28,197	2,437	592	6,769	22,133
Provision for contingencies	4,167	(1,406)	3,940	2,465	10,121	2,299	-
Power purchase agreements	94	3,938	(1)	2,383	22	2,547	-
Unbilled/deferred revenues	15,222	(21,918)	(7,108)	8,990	2,707	14,324	-
Net operating loss carryforwards	-	-	39,153	-	-	58,547	-
Other	56,116	27,548	33,675	6,206	1,899	8,753	40,759
Total	(58,346)	84,666	352,627	(6,412)	56,819	86,347	164,869
Noncurrent accrued taxes (including unrecognized tax benefits)	(27,718)	(206,752)	(75,750)	(6,271)	(27,859)	39,799	(165,981)
Accumulated deferred income taxes and taxes accrued	($1,833,027)	($1,373,670)	($1,103,380)	($660,435)	($137,986)	($846,554)	($655,846)

The Registrant Subsidiaries' estimated tax attributes carryovers and their expiration dates as of December 31, 2012 are as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
Federal net operating losses	$1.3 billion	$321 million	$2.3 billion	$155 million	$81 million	$60 million	$875 million
Year(s) of expiration	2029-2031	2029-2030	2028-2032	2029-2032	2030-2032	2029-2032	2029-2032
State net operating losses	$48 million	$852 million	$3.2 billion	-	$94 million	-	$220 million
Year(s) of expiration	2023-2026	2024-2025	2023-2027	N/A	2025-2027	N/A	2029-2030
Misc. federal credits	$2 million	$1 million	$4 million	$1 million	$1 million	-	$2 million
Year(s) of expiration	2024-2031	2024-2031	2026-2031	2024-2031	2024-2031	N/A	2024-2031
State credits	-	-	-	$10.1 million	-	$4.2 million	$15.6 million
Year(s) of expiration	N/A	N/A	N/A	2013-2016	N/A	2013-2027	2015-2016

As a result of the accounting for uncertain tax positions, the amount of the deferred tax assets reflected in the financial statements is less than the amount of the tax effect of the federal and state net operating loss carryovers and tax credit carryovers.

Unrecognized tax benefits

Accounting standards establish a "more-likely-than-not" recognition threshold that must be met before a tax benefit can be recognized in the financial statements. If a tax deduction is taken on a tax return, but does not meet the more-likely-than-not recognition threshold, an increase in income tax liability, above what is payable on the tax return, is required to be recorded. A reconciliation of Entergy's beginning and ending amount of unrecognized tax benefits is as follows:

	2012	2011	2010
		(In Thousands)	
Gross balance at January 1	$4,387,780	$4,949,788	$4,050,491
Additions based on tax positions related to the current year	163,612	211,966	480,843
Additions for tax positions of prior years	1,517,797	332,744	871,682
Reductions for tax positions of prior years	(476,873)	(259,895)	(438,460)
Settlements	(1,421,913)	(841,528)	(10,462)
Lapse of statute of limitations	-	(5,295)	(4,306)
Gross balance at December 31	4,170,403	4,387,780	4,949,788
Offsets to gross unrecognized tax benefits:			
Credit and loss carryovers	(4,022,535)	(3,212,397)	(3,771,301)
Cash paid to taxing authorities	-	(363,266)	(373,000)
Unrecognized tax benefits net of unused tax attributes and payments (1)	$147,868	$812,117	$805,487

(1) Potential tax liability above what is payable on tax returns

The balances of unrecognized tax benefits include $203 million, $521 million, and $605 million as of December 31, 2012, 2011, and 2010, respectively, which, if recognized, would lower the effective income tax rates. Because of the effect of deferred tax accounting, the remaining balances of unrecognized tax benefits of $3.968 billion, $3.867 billion, and $4.345 billion as of December 31, 2012, 2011, and 2010, respectively, if disallowed, would not affect the annual effective income tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

Entergy has made deposits with the IRS against its potential liabilities arising from audit adjustments and settlements related to its uncertain tax positions. Deposits are expected to be made to the IRS as the cash tax benefits of uncertain tax positions are realized. The total amount of cash deposits shown for 2011 has been fully offset against settled liabilities which arose in 2012.

Entergy accrues interest expense, if any, related to unrecognized tax benefits in income tax expense. Entergy's December 31, 2012, 2011, and 2010 accrued balance for the possible payment of interest is approximately $146.3 million, $99 million, and $45 million, respectively.

A reconciliation of the Registrant Subsidiaries' beginning and ending amount of unrecognized tax benefits for 2012, 2011, and 2010 is as follows:

2012	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2012	$335,493	$390,493	$446,187	$11,052	$56,052	$19,225	$281,183
Additions based on tax positions related to the current year	10,409	8,974	67,721	8,401	497	1,656	8,715
Additions for tax positions of prior years	429,232	392,548	331,432	4,057	445	4,834	271,172
Reductions for tax positions of prior years	(39,534)	(50,518)	(169,465)	(5,703)	(2,506)	(11,649)	(20,934)
Settlements	(390,931)	(275,776)	(139,202)	(966)	(2,470)	(112)	(279,790)
Gross balance at December 31, 2012	344,669	465,721	536,673	16,841	52,018	13,954	260,346
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(342,127)	(160,955)	(536,673)	(16,841)	(35,511)	(1,593)	(249,424)
Cash paid to taxing authorities	-	-	-	-	-	-	-
Unrecognized tax benefits net of unused tax attributes and payments	$2,542	$304,766	$-	$-	$16,507	$12,361	$10,922

2011	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2011	$240,239	$353,886	$505,188	$24,163	$18,176	$14,229	$224,518
Additions based on tax positions related to the current year	11,216	9,398	8,748	457	50,212	1,760	44,419
Additions for tax positions of prior years	44,202	50,944	21,052	21,902	7,343	7,533	14,200
Reductions for tax positions of prior years	(3,255)	(21,719)	(27,991)	(5,022)	(12,289)	(3,432)	(4,942)
Settlements	43,091	(2,016)	(60,810)	(30,448)	(7,390)	(865)	2,988
Gross balance at December 31, 2011	335,493	390,493	446,187	11,052	56,052	19,225	281,183
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(146,429)	(26,394)	(216,720)	(5,930)	(1,211)	(10,645)	(10,752)
Cash paid to taxing authorities	(75,977)	(45,493)	-	(7,556)	(1,174)	(1,376)	(41,878)
Unrecognized tax benefits net of unused tax attributes and payments	$113,087	$318,606	$229,467	($2,434)	$53,667	$7,204	$228,553

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2010	$293,920	$311,311	$352,577	$17,137	($53,295)	$32,299	$211,247
Additions based on tax positions related to the current year	38,205	87,755	183,188	4,679	173	5,169	16,829
Additions for tax positions of prior years	1,838	25,960	34,236	6,857	72,169	5,868	10,402
Reductions for tax positions of prior years	(92,699)	(71,083)	(64,868)	(4,469)	(863)	(29,100)	(13,116)
Settlements	(1,025)	(107)	55	(41)	(8)	(7)	(844)
Gross balance at December 31, 2010	240,239	353,886	505,188	24,163	18,176	14,229	224,518
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(123,968)	(29,257)	(131,805)	(6,477)	(3,751)	(6,269)	(10,487)
Cash paid to taxing authorities	(75,977)	(45,493)	-	(7,556)	(1,174)	(1,376)	(41,878)
Unrecognized tax benefits net of unused tax attributes and payments	$40,294	$279,136	$373,383	$10,130	$13,251	$6,584	$172,153

The Registrant Subsidiaries' balances of unrecognized tax benefits included amounts which, if recognized, would have reduced income tax expense as follows:

	December 31, 2012	December 31, 2011	December 31, 2010
		(In Millions)	
Entergy Arkansas	$0.6	$-	$0.2
Entergy Gulf States Louisiana	$44.0	$107.9	$129.6
Entergy Louisiana	$92.4	$281.3	$286.7
Entergy Mississippi	$3.9	$3.8	$5.3
Entergy New Orleans	$-	$-	$-
Entergy Texas	$8.6	$7.3	$6.0
System Energy	$3.5	$-	$12.1

The Registrant Subsidiaries accrue interest and penalties related to unrecognized tax benefits in income tax expense. Penalties have not been accrued. Accrued balances for the possible payment of interest are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010
		(In Millions)	
Entergy Arkansas	$21.8	$11.4	$-
Entergy Gulf States Louisiana	$33.1	$14.4	$9.7
Entergy Louisiana	$0.9	$0.8	$3.3
Entergy Mississippi	$2.4	$1.7	$1.6
Entergy New Orleans	$0.1	$2.4	$-
Entergy Texas	$0.7	$0.1	$0.1
System Energy	$33.2	$18.5	$8.2

Income Tax Litigation

In October 2010 the U.S. Tax Court entered a decision in favor of Entergy for tax years 1997 and 1998. The issues decided by the Tax Court are as follows:

- The ability to credit the U.K. Windfall Tax against U.S. tax as a foreign tax credit. The U.K. Windfall Tax relates to Entergy's former investment in London Electricity.
- The validity of Entergy's change in method of tax accounting for street lighting assets and the related increase in depreciation deductions.

The IRS did not appeal street lighting depreciation, and that matter is final. The IRS filed an appeal of the U.K. Windfall Tax decision, however, with the U.S. Court of Appeals for the Fifth Circuit in December 2010. Oral arguments were heard in November 2011. In June 2012 the U.S. Court of Appeals for the Fifth Circuit unanimously affirmed the U.S. Tax Court decision. As a result of this decision, Entergy reversed its liability for uncertain tax positions associated with this issue. On September 4, 2012, the U.S. Solicitor General, on behalf of the Commissioner of Internal Revenue, petitioned the U.S. Supreme Court for a writ of certiorari to review the Fifth Circuit judgment.

Concurrent with the Tax Court's issuance of a favorable decision regarding the above issues, the Tax Court issued a favorable decision in a separate proceeding, *PPL Corp. v. Commissioner*, regarding the creditability of the U.K. Windfall Tax. The IRS appealed the PPL decision to the United States Court of Appeals for the Third Circuit. In December 2011 the Third Circuit reversed the Tax Court's holding in *PPL Corp. v. Commissioner*, stating that the U.K. tax was not eligible for the foreign tax credit. PPL Corp. petitioned the U.S. Supreme Court for a writ of certiorari to review the U.S. Court of Appeals for the Third Circuit decision. On October 29, 2012, the U.S. Supreme Court granted PPL Corp.'s petition for certiorari. The Solicitor General's petition for writ of certiorari in Entergy's case is currently on hold pending the disposition of the PPL case. Entergy's case will be determined consistent with the U.S. Supreme Court's decision in the PPL proceeding. Oral argument in PPL's case was heard on February 20, 2013.

The total tax at issue on the U.K. Windfall Tax credit matter is $152 million, and interest on the underpayment of such tax is estimated to be $102 million resulting in total exposure of $254 million.

In February 2008 the IRS issued a Statutory Notice of Deficiency for the year 2000. The deficiency resulted from a disallowance of foreign tax credits (the same issue discussed above) as well as the disallowance of depreciation deductions on non-utility nuclear plants. Entergy filed a Tax Court petition in May 2008 challenging the IRS treatment of these issues. In June 2010 a trial on the depreciation issue was held in Washington, D.C. In February 2011 a joint stipulation of settled issues was filed under which the IRS conceded its position with respect to the depreciation issue. The outcome of the foreign tax credit matter for the year 2000 will also be determined consistent with the U.S. Supreme Court's decision in the PPL proceeding.

Income Tax Audits

Entergy and its subsidiaries file U.S. federal and various state and foreign income tax returns. Other than the matters discussed in the Income Tax Litigation section above, the IRS's and substantially all state taxing authorities' examinations are completed for years before 2005.

2002-2003 IRS Audit

In September 2009, Entergy entered into a partial agreement with the IRS for the years 2002 and 2003. In the partial agreement, Entergy did not agree to the IRS's disallowance of foreign tax credits for the U.K. Windfall Tax and the street lighting depreciation issues. As discussed above, the IRS did not appeal the Tax Court ruling on the street lighting depreciation. The U.K. Windfall tax credit issue will be governed by the U.S. Supreme Court's decision in the PPL Corp. proceeding as explained in "**Income Tax Litigation**", above.

2004-2005 IRS Audit

The IRS issued its 2004-2005 Revenue Agent's Report (RAR) in May 2009.

In June 2009, Entergy filed a formal protest with the IRS Appeals Division indicating disagreement with certain issues contained in the 2004-2005 RAR. The major issues in dispute are:

- Depreciation of street lighting assets (because the IRS did not appeal the Tax Court's 2010 decision on this issue, it will be fully allowed in the final Appeals Division calculations for this audit).
- Inclusion of nuclear decommissioning liabilities in cost of goods sold for the nuclear power plants owned by the Utility resulting from an Application for Change in Accounting Method for tax purposes (the "2004 CAM").

During the fourth quarter 2012, Entergy settled the position relating to the 2004 CAM. Under the settlement Entergy conceded its tax position, resulting in an increase in taxable income of approximately $2.97 billion for the tax years 2004 - 2007. The settlement provides that Entergy Louisiana is entitled to additional tax depreciation of approximately $547 million for years 2006 and beyond. The deferred tax asset net of interest charges associated with the settlement is $155 million for Entergy. There was a related increase to Entergy Louisiana's member's equity account.

2006-2007 IRS Audit

The IRS issued its 2006-2007 RAR in October 2011. In connection with the 2006-2007 IRS audit and resulting RAR, Entergy resolved the significant issues discussed below.

In August 2011, Entergy entered into a settlement agreement with the IRS relating to the mark-to-market income tax treatment of various wholesale electric power purchase and sale agreements, including Entergy Louisiana's contract to purchase electricity from the Vidalia hydroelectric facility. See Note 8 to the financial statements for further details regarding this contract and a previous LPSC-approved settlement regarding the tax treatment of the contract.

With respect to income tax accounting for wholesale electric power purchase agreements, Entergy recognized income for tax purposes of approximately $1.5 billion, which represents a reversal of previously deducted temporary differences on which deferred taxes had been provided. Also in connection with this settlement, Entergy recognized a gain for income tax purposes of approximately $1.03 billion on the formation of a wholly-owned subsidiary in 2005 with a corresponding step-up in the tax basis of depreciable assets resulting in additional tax depreciation at Entergy Louisiana. Because Entergy Louisiana is entitled to deduct additional tax depreciation of $1.03 billion in the future, Entergy Louisiana recorded a deferred tax asset for this additional tax basis. The tax expense associated with the gain is offset by recording the deferred tax asset and by utilization of net operating losses. With the recording of the deferred tax asset, there was a corresponding increase to Entergy Louisiana's member's equity account. The agreement with the IRS effectively settled the tax treatment of various wholesale electric power purchase and sale agreements, resulting in the reversal in third quarter 2011 of approximately $422 million of deferred tax liabilities and liabilities for uncertain tax positions at Entergy Louisiana, with a corresponding reduction in income tax expense. Under the terms of an LPSC-approved final settlement, Entergy Louisiana recorded a $199 million regulatory charge and a corresponding net-of-tax regulatory liability.

After consideration of the taxable income recognition and the additional depreciation deductions provided for in the settlement, Entergy's net operating loss carryover was reduced by approximately $2.5 billion.

2008-2009 IRS Audit

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

In June 2012, Entergy effectively settled the tax treatment of the receipt of these funds, which resulted in an increase to 2008 taxable income of $129 million and $104 million for Entergy Louisiana and Entergy Gulf States Louisiana, respectively. As a result of the settlement, Entergy recorded an income tax benefit of $172 million, including $143 million for Entergy Louisiana and $20 million for Entergy Gulf States Louisiana, resulting from the reversal of liabilities for uncertain tax positions. Under the terms of an LPSC-approved settlement related to the Louisiana Act 55 financings, Entergy Louisiana and Entergy Gulf States Louisiana recorded, respectively, a $137 million ($84 million net-of-tax) and a $28 million ($17 million net-of-tax) regulatory charge and a corresponding regulatory liability to reflect their obligations to customers with respect to the settlement. See Note 8 to the financial statements for further discussion of the LPSC settlement.

In the fourth quarter 2009, Entergy filed Applications for Change in Accounting Method (the "2009 CAM") for tax purposes with the IRS for certain costs under Section 263A of the Internal Revenue Code. In the Applications, Entergy proposed to treat the nuclear decommissioning liability associated with the operation of its nuclear power plants as a production cost properly includable in cost of goods sold. The effect of the 2009 CAM was a $5.7 billion reduction in 2009 taxable income. The 2009 CAM was adjusted to $9.3 billion in 2012.

In the fourth quarter 2012 the IRS disallowed the reduction to 2009 taxable income related to the 2009 CAM. Entergy has disagreed with this disallowance and will file a protest with IRS Appeals at the conclusion of the 2008-09 examination.

Other Tax Matters

Entergy regularly negotiates with the IRS to achieve settlements. The results of all pending litigations and audit issues could result in significant changes to the amounts of unrecognized tax benefits, as discussed above.

In March 2010, Entergy filed an Application for Change in Accounting Method with the IRS. In the application, Entergy proposed to change the definition of unit of property for its generation assets to determine the appropriate characterization of costs associated with such units as capital or repair under the Internal Revenue Code and related Treasury Regulations. The effect of this change was an approximate $1.3 billion reduction in 2010 taxable income for Entergy, including reductions of $292 million for Entergy Arkansas, $132 million for Entergy Gulf States Louisiana, $185 million for Entergy Louisiana, $48 million for Entergy Mississippi, $45 million for Entergy Texas, $13 million for Entergy New Orleans, and $180 million for System Energy.

During the second quarter 2011, Entergy filed an Application for Change in Accounting Method with the IRS related to the allocation of overhead costs between production and non-production activities. The accounting method affects the amount of overhead that will be capitalized or deducted for tax purposes. The accounting method is expected to be implemented for the 2014 tax year.

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

Entergy Corporation has in place a credit facility that has a borrowing capacity of $3.5 billion and expires in March 2017. Entergy Corporation also has the ability to issue letters of credit against 50% of the total borrowing capacity of the credit facility. The commitment fee is currently 0.275% of the commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate for the year ended December 31, 2012 was 2.04% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of December 31, 2012.

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,500	$795	$8	$2,697

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

In September 2012, Entergy Corporation implemented a commercial paper program with a program limit of up to $500 million. In November 2012, Entergy Corporation increased the limit for the commercial paper program to $1 billion. At December 31, 2012, Entergy Corporation had $665 million of commercial paper outstanding. The weighted-average interest rate for the year ended December 31, 2012 was 0.88%.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of December 31, 2012 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of December 31, 2012
Entergy Arkansas	April 2013	$20 million (b)	1.81%	-
Entergy Arkansas	March 2017	$150 million (c)	1.71%	-
Entergy Gulf States Louisiana	March 2017	$150 million (d)	1.71%	-
Entergy Louisiana	March 2017	$200 million (e)	1.71%	-
Entergy Mississippi	May 2013	$35 million (f)	1.96%	-
Entergy Mississippi	May 2013	$25 million (f)	1.96%	-
Entergy Mississippi	May 2013	$10 million (f)	1.96%	-
Entergy New Orleans	November 2013	$25 million (g)	1.69%	-
Entergy Texas	March 2017	$150 million (h)	1.96%	-

(a) The interest rate is the rate as of December 31, 2012 that would be applied to outstanding borrowings under the facility.
(b) The credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization. Borrowings under this Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.
(c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the

facility. As of December 31, 2012, no letters of credit were outstanding. The credit facility requires Entergy Arkansas to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(d) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of December 31, 2012, no letters of credit were outstanding. The credit facility requires Entergy Gulf States Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(e) The credit facility allows Entergy Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of December 31, 2012, no letters of credit were outstanding. The credit facility requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(f) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable. Entergy Mississippi is required to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(g) The credit facility requires Entergy New Orleans to maintain a debt ratio of 65% or less of its total capitalization.

(h) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of December 31, 2012, no letters of credit were outstanding. The credit facility requires Entergy Texas to maintain a consolidated debt ratio of 65% or less of its total capitalization.

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

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

	Authorized	**Borrowings**
	(In Millions)	
Entergy Arkansas	$250	-
Entergy Gulf States Louisiana	$200	$7
Entergy Louisiana	$250	-
Entergy Mississippi	$175	-
Entergy New Orleans	$100	-
Entergy Texas	$200	-
System Energy	$200	-

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

See Note 18 to the financial statements for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIE). The nuclear fuel company variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of December 31, 2012:

Company	Expiration Date	Amount of Facility	Weighted Average Interest Rate on Borrowings (a)	Amount Outstanding as of December 31, 2012
		(Dollars in Millions)		
Entergy Arkansas VIE	July 2013	$85	2.31%	$36.7
Entergy Gulf States Louisiana VIE	July 2013	$85	n/a	$-
Entergy Louisiana VIE	July 2013	$90	2.36%	$54.7
System Energy VIE	July 2013	$100	2.37%	$40.0

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

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

The nuclear fuel company variable interest entities had notes payable that are included in debt on the respective balance sheets as of December 31, 2012 as follows:

Company	Description	Amount
Entergy Arkansas VIE	9% Series H due June 2013	$30 million
Entergy Arkansas VIE	5.69% Series I due July 2014	$70 million
Entergy Arkansas VIE	3.23% Series J due July 2016	$55 million
Entergy Arkansas VIE	2.62% Series K due December 2017	$60 million
Entergy Gulf States Louisiana VIE	5.56% Series N due May 2013	$75 million
Entergy Gulf States Louisiana VIE	3.25% Series Q due July 2017	$75 million
Entergy Louisiana VIE	5.69% Series E due July 2014	$50 million
Entergy Louisiana VIE	3.30% Series F due March 2016	$20 million
Entergy Louisiana VIE	3.25% Series G due July 2017	$25 million
System Energy VIE	6.29% Series F due September 2013	$70 million
System Energy VIE	5.33% Series G due April 2015	$60 million
System Energy VIE	4.02% Series H due February 2017	$50 million

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

In February 2013 the Entergy Gulf States Louisiana nuclear fuel company variable interest entity issued $70 million of 3.38% Series R notes due August 2020. The Entergy Gulf States Louisiana nuclear fuel company variable interest entity used the proceeds principally to purchase additional nuclear fuel.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy each have obtained long-term financing authorizations from the FERC that extend through May 2013, September 2014, January 2015, and November 2013, respectively, for issuances by its nuclear fuel company variable interest entity.

NOTE 5. LONG - TERM DEBT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Long-term debt for Entergy Corporation and subsidiaries as of December 31, 2012 and 2011 consisted of:

Type of Debt and Maturity	Weighted Average Interest Rate December 31, 2012	Interest Rate Ranges at December 31, 2012	Interest Rate Ranges at December 31, 2011	Outstanding at December 31, 2012 (In Thousands)	Outstanding at December 31, 2011 (In Thousands)
Mortgage Bonds					
2012-2017	3.24%	1.88%-5.40%	3.25%-6.20%	$1,045,000	$865,000
2018-2022	5.15%	3.30%-7.13%	3.75%-7.13%	2,635,000	2,435,000
2023-2027	4.82%	3.10%-5.66%	4.44%-5.66%	1,658,369	1,158,449
2028-2037	6.18%	5.65%-6.40%	5.65%-6.40%	867,976	868,145
2039-2052	6.22%	4.90%-7.88%	5.75%-7.88%	1,335,000	905,000
Governmental Bonds (a)					
2012-2017	4.15%	2.88%-4.60%	2.88%-5.80%	86,655	97,495
2018-2022	5.59%	4.60%-5.88%	4.60%-5.9%	307,030	410,005
2023-2030	5.00%	5.00%	5.0%-6.20%	198,680	248,680
Securitization Bonds					
2013-2020	4.18%	2.12%-5.79%	2.12%-5.79%	357,577	416,899
2021-2023	3.74%	2.04%-5.93%	2.04%-5.93%	616,159	653,948
Variable Interest Entities Notes Payable (Note 4)					
2012-2017	3.85%	2.62%-9.00%	2.25%-9.00%	640,000	519,400
Entergy Corporation Notes					
due September 2015	n/a	3.625%	3.625%	550,000	550,000
due January 2017	n/a	4.7%	n/a	500,000	-
due September 2020	n/a	5.125%	5.125%	450,000	450,000
Note Payable to NYPA	(b)	(b)	(b)	109,679	133,363
5 Year Credit Facility (Note 4)	n/a	2.04%	0.75%	795,000	1,920,000
Long-term DOE Obligation (c)	-	-	-	181,157	181,031
Waterford 3 Lease Obligation (d)	n/a	7.45%	7.45%	162,949	188,255
Grand Gulf Lease Obligation (d)	n/a	5.13%	5.13%	138,893	178,784
Bank Credit Facility – Entergy Louisiana	n/a	n/a	0.67%	-	50,000
Unamortized Premium and Discount - Net				(10,744)	(9,531)
Other				14,454	16,523
Total Long-Term Debt				12,638,834	12,236,446
Less Amount Due Within One Year				718,516	2,192,733
Long-Term Debt Excluding Amount Due Within One Year				$11,920,318	$10,043,713
Fair Value of Long-Term Debt (e)				$12,849,330	$12,176,251

(a) Consists of pollution control revenue bonds and environmental revenue bonds.

(b) These notes do not have a stated interest rate, but have an implicit interest rate of 4.8%.

(c) Pursuant to the Nuclear Waste Policy Act of 1982, Entergy's nuclear owner/licensee subsidiaries have contracts with the DOE for spent nuclear fuel disposal service. The contracts include a one-time fee for generation prior to April 7, 1983. Entergy Arkansas is the only Entergy company that generated electric power with nuclear fuel prior to that date and includes the one-time fee, plus accrued interest, in long-term debt.

(d) See Note 10 for further discussion of the Waterford 3 and Grand Gulf Lease Obligations.

(e) The fair value excludes lease obligations of $163 million at Entergy Louisiana and $139 million at System Energy, long-term DOE obligations of $181 million at Entergy Arkansas, and the note payable to NYPA of $110 million at Entergy, and includes debt due within one year. Fair values are classified as Level 2 in the fair value hierarchy discussed in Note 16 to the financial statements and are based on prices derived from inputs such as benchmark yields and reported trades.

The annual long-term debt maturities (excluding lease obligations and long-term DOE obligations) for debt outstanding as of December 31, 2012, for the next five years are as follows:

	Amount
	(In Thousands)
2013	$659,720
2014	$385,373
2015	$860,566
2016	$295,441
2017	$1,561,801

In November 2000, Entergy's non-utility nuclear business purchased the FitzPatrick and Indian Point 3 power plants in a seller-financed transaction. Entergy issued notes to NYPA with seven annual installments of approximately $108 million commencing one year from the date of the closing, and eight annual installments of $20 million commencing eight years from the date of the closing. These notes do not have a stated interest rate, but have an implicit interest rate of 4.8%. In accordance with the purchase agreement with NYPA, the purchase of Indian Point 2 in 2001 resulted in Entergy becoming liable to NYPA for an additional $10 million per year for 10 years, beginning in September 2003. This liability was recorded upon the purchase of Indian Point 2 in September 2001, and is included in the note payable to NYPA balance above. In July 2003 a payment of $102 million was made prior to maturity on the note payable to NYPA. Under a provision in a letter of credit supporting these notes, if certain of the Utility operating companies or System Energy were to default on other indebtedness, Entergy could be required to post collateral to support the letter of credit.

Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy Texas, and System Energy have obtained long-term financing authorizations from the FERC that extend through July 2013. Entergy Arkansas has obtained long-term financing authorization from the APSC that extends through December 2015. Entergy New Orleans has obtained long-term financing authorization from the City Council that extends through July 2014.

Capital Funds Agreement

Pursuant to an agreement with certain creditors, Entergy Corporation has agreed to supply System Energy with sufficient capital to:

- maintain System Energy's equity capital at a minimum of 35% of its total capitalization (excluding short-term debt);
- permit the continued commercial operation of Grand Gulf;
- pay in full all System Energy indebtedness for borrowed money when due; and

- enable System Energy to make payments on specific System Energy debt, under supplements to the agreement assigning System Energy's rights in the agreement as security for the specific debt.

Long-term debt for the Registrant Subsidiaries as of December 31, 2012 and 2011 consisted of:

	2012	2011
	(In Thousands)	
Entergy Arkansas		
Mortgage Bonds:		
5.40% Series due August 2013	$300,000	$300,000
5.0% Series due July 2018	115,000	115,000
3.75% Series due February 2021	350,000	350,000
5.66% Series due February 2025	175,000	175,000
5.9% Series due June 2033	100,000	100,000
6.38% Series due November 2034	60,000	60,000
5.75% Series due November 2040	225,000	225,000
4.9% Series due December 2052	200,000	-
Total mortgage bonds	1,525,000	1,325,000
Governmental Bonds (a):		
4.6% Series due 2017, Jefferson County (d)	54,700	54,700
5.0% Series due 2021, Independence County (d)	45,000	45,000
Total governmental bonds	99,700	99,700
Variable Interest Entity Notes Payable (Note 4):		
9% Series H due June 2013	30,000	30,000
5.69% Series I due July 2014	70,000	70,000
3.23% Series J due July 2016	55,000	55,000
2.62% Series K due December 2017	60,000	-
Total variable interest entity notes payable	215,000	155,000
Securitization Bonds:		
2.30% Series Senior Secured due August 2021	101,575	113,792
Total securitization bonds	101,575	113,792
Other:		
Long-term DOE Obligation (b)	181,157	181,031
Unamortized Premium and Discount – Net	(655)	(733)
Other	2,118	2,131
Total Long-Term Debt	2,123,895	1,875,921
Less Amount Due Within One Year	330,000	-
Long-Term Debt Excluding Amount Due Within One Year	$1,793,895	$1,875,921
Fair Value of Long-Term Debt (c)	$1,876,335	$1,756,361

	2012	2011
	(In Thousands)	
Entergy Gulf States Louisiana		
Mortgage Bonds:		
6.0% Series due May 2018	$375,000	$375,000
3.95% Series due October 2020	250,000	250,000
5.59% Series due October 2024	300,000	300,000
6.2% Series due July 2033	240,000	240,000
6.18% Series due March 2035	85,000	85,000
Total mortgage bonds	1,250,000	1,250,000
Governmental Bonds (a):		
2.875% Series due 2015, Louisiana Public Facilities Authority (d)	31,955	31,955
5.8% Series due 2016, West Feliciana Parish	-	10,840
5.0% Series due 2028, Louisiana Public Facilities Authority (d)	83,680	83,680
Total governmental bonds	115,635	126,475
Variable Interest Entity Notes Payable (Note 4):		
5.41% Series O due July 2012	-	60,000
5.56% Series N due May 2013	75,000	75,000
3.25% Series Q due July 2017	75,000	-
Credit Facility due July 2013, weighted avg rate 2.25%	-	29,400
Total variable interest entity notes payable	150,000	164,400
Other:		
Unamortized Premium and Discount – Net	(1,810)	(2,048)
Other	3,604	3,603
Total Long-Term Debt	1,517,429	1,542,430
Less Amount Due Within One Year	75,000	60,000
Long-Term Debt Excluding Amount Due Within One Year	$1,442,429	$1,482,430
Fair Value of Long-Term Debt (c)	$1,668,819	$1,642,388

	2012	2011
	(In Thousands)	
Entergy Louisiana		
Mortgage Bonds:		
1.875% Series due December 2014	$250,000	$-
6.50% Series due September 2018	300,000	300,000
4.8% Series due May 2021	200,000	200,000
3.3% Series due December 2022	200,000	-
5.40% Series due November 2024	400,000	400,000
4.44% Series due January 2026	250,000	250,000
6.4% Series due October 2034	70,000	70,000
6.3% Series due September 2035	100,000	100,000
6.0% Series due March 2040	150,000	150,000
5.875% Series due June 2041	150,000	150,000
5.25% Series due July 2052	200,000	-
Total mortgage bonds	2,270,000	1,620,000
Governmental Bonds (a):		
5.0% Series due 2030, Louisiana Public Facilities Authority (d)	115,000	115,000
Total governmental bonds	115,000	115,000
Variable Interest Entity Notes Payable (Note 4):		
5.69% Series E due July 2014	50,000	50,000
3.30% Series F due March 2016	20,000	20,000
3.25% Series G due July 2017	25,000	-
Total variable interest entity notes payable	95,000	70,000
Securitization Bonds:		
2.04% Series Senior Secured due June 2021	181,584	207,156
Total securitization bonds	181,584	207,156
Other:		
Waterford 3 Lease Obligation 7.45% (Note 10)	162,949	188,255
Bank Credit Facility, weighted average rate 0.67% (Note 4)	-	50,000
Unamortized Premium and Discount - Net	(2,230)	(1,912)
Other	3,792	3,813
Total Long-Term Debt	2,826,095	2,252,312
Less Amount Due Within One Year	14,236	75,309
Long-Term Debt Excluding Amount Due Within One Year	$2,811,859	$2,177,003
Fair Value of Long-Term Debt (c)	$2,921,322	$2,211,355

	2012	2011
	(In Thousands)	
Entergy Mississippi		
Mortgage Bonds:		
5.15% Series due February 2013	$100,000	$100,000
3.25% Series due June 2016	125,000	125,000
4.95% Series due June 2018	95,000	95,000
6.64% Series due July 2019	150,000	150,000
3.1% Series due July 2023	250,000	-
6.0% Series due November 2032	75,000	75,000
6.25% Series due April 2034	100,000	100,000
6.20% Series due April 2040	80,000	80,000
6.0% Series due May 2051	150,000	150,000
Total mortgage bonds	1,125,000	875,000
Governmental Bonds (a):		
4.60% Series due 2022, Mississippi Business Finance Corp.(d)	16,030	16,030
4.90% Series due 2022, Independence County (d)	30,000	30,000
Total governmental bonds	46,030	46,030
Other:		
Unamortized Premium and Discount – Net	(1,511)	(591)
Total Long-Term Debt	1,169,519	920,439
Less Amount Due Within One Year	100,000	-
Long-Term Debt Excluding Amount Due Within One Year	$1,069,519	$920,439
Fair Value of Long-Term Debt (c)	$1,230,714	$985,600

	2012	2011
	(In Thousands)	
Entergy New Orleans		
Mortgage Bonds:		
5.25% Series due August 2013	$70,000	$70,000
5.10% Series due December 2020	25,000	25,000
5.6% Series due September 2024	33,369	33,449
5.65% Series due September 2029	37,976	38,145
5.0% Series due December 2052	30,000	-
Total mortgage bonds	196,345	166,594
Other:		
Unamortized Premium and Discount – Net	(45)	(57)
Total Long-Term Debt	196,300	166,537
Less Amount Due Within One Year	70,000	-
Long-Term Debt Excluding Amount Due Within One Year	$126,300	$166,537
Fair Value of Long-Term Debt (c)	$200,725	$169,270