

ENTERGY ARKANSAS INC
Form 10-Q
November 06, 2009

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2009

OR

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

For the transition period from _____ to _____

File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-31508	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 64-0205830
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900	0-05807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
0-20371	ENTERGY GULF STATES LOUISIANA, L.L.C. (a Louisiana limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749 74-0662730	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798

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1-32718 ENTERGY LOUISIANA, LLC
(a Texas limited liability company)
446 North Boulevard
Baton Rouge, Louisiana 70802
Telephone (800) 368-3749
75-3206126

1-09067 SYSTEM ENERGY RESOURCES,
INC.
(an Arkansas corporation)
Echelon One
1340 Echelon Parkway
Jackson, Mississippi 39213
Telephone (601) 368-5000
72-0752777

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on Entergy's corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large accelerated filer	Accelerated filer	Non- accelerated filer	Smaller reporting company
Entergy Corporation	<input type="checkbox"/>			
Entergy Arkansas, Inc.			<input type="checkbox"/>	
Entergy Gulf States Louisiana, L.L.C.			<input type="checkbox"/>	
Entergy Louisiana, LLC			<input type="checkbox"/>	
Entergy Mississippi, Inc.			<input type="checkbox"/>	
Entergy New Orleans, Inc.			<input type="checkbox"/>	
Entergy Texas, Inc.			<input type="checkbox"/>	
System Energy Resources, Inc.			<input type="checkbox"/>	

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes No

Common Stock Outstanding	Outstanding at October 30, 2009
Entergy Corporation (\$0.01 par value)	188,932,291

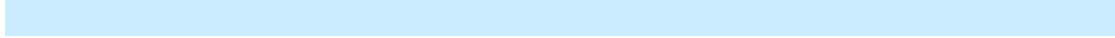
Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc. and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company reports herein only as to itself and makes no other representations whatsoever as to any other company. This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2008 and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

ENTERGY CORPORATION AND SUBSIDIARIES
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FORWARD-LOOKING INFORMATION

In this combined report and from time to time, Entergy Corporation and the Registrant Subsidiaries each makes statements as a registrant concerning its expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "could," "project," "believe," "anticipate," "intend," "expect," "estimate," "continue," "potential," "plan," "predict," "forecast," and other similar words or expressions are intended to identify forward-looking statements but are not the only means to identify these statements. Although each of these registrants believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Any forward-looking statement is based on information current as of the date of this combined report and speaks only as of the date on which such statement is made. Except to the extent required by the federal securities laws, these registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including those factors discussed or incorporated by reference in (a) Item 1A. Risk Factors in the Form 10-K, (b) Management's Financial Discussion and Analysis in the Form 10-K and in this report, and (c) the following factors (in addition to others described elsewhere in this combined report and in subsequent securities filings):

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions and implementation of legislation ending the Texas transition to competition, and other regulatory proceedings, including those related to Entergy's System Agreement, Entergy's utility supply plan, recovery of storm costs, and recovery of fuel and purchased power costs
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, the operations of the independent coordinator of transmission for Entergy's utility service territory, and the application of more stringent transmission reliability requirements or market power criteria by the FERC
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Non-Utility Nuclear business
- resolution of pending or future applications for license renewals or modifications of nuclear generating facilities
- the performance of and deliverability of power from Entergy's generating plants, including the capacity factors at its nuclear generating facilities
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities
- prices for power generated by Entergy's merchant generating facilities, the ability to hedge, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Non-Utility Nuclear plants, and the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts
 - volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities
 - changes in law resulting from federal or state energy legislation
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes and ice storms (including most recently, Hurricane Gustav and Hurricane Ike and the January 2009 ice storm in Arkansas) and recovery of costs associated with

restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance

- Entergy's ability to manage its capital projects and operation and maintenance costs
 - Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms
 - the economic climate, and particularly growth in Entergy's Utility service territory and the Northeast United States
-

FORWARD-LOOKING INFORMATION (Concluded)

- the effects of Entergy's strategies to reduce tax payments
 - changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions
 - actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria
 - changes in inflation and interest rates
 - the effect of litigation and government investigations or proceedings
 - advances in technology
 - the potential effects of threatened or actual terrorism and war
 - Entergy's ability to attract and retain talented management and directors
 - changes in accounting standards and corporate governance
 - declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans
 - changes in the results of decommissioning trust fund earnings or in the timing of or cost to decommission nuclear plant sites
 - the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture
 - and the risks inherent in the contemplated Non-Utility Nuclear spin-off, joint venture, and related transactions. Entergy Corporation cannot provide any assurances that the spin-off or any of the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which such transactions will be consummated. The transaction is subject to certain conditions precedent, including regulatory approvals and the final approval by the Board.
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DEFINITIONS

Certain abbreviations or acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
AEEC	Arkansas Electric Energy Consumers
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One Steam Electric Generating Station (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
Board	Board of Directors of Entergy Corporation
capacity factor	Actual plant output divided by maximum potential plant output for the period
City Council or Council	Council of the City of New Orleans, Louisiana
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy-Koch	Entergy-Koch, LP, a joint venture equally owned by subsidiaries of Entergy and Koch Industries, Inc.
Entergy Texas	Entergy Texas, Inc., a company created in connection with the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires.
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
firm liquidated damages	Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset); if a party fails to deliver or receive energy, the defaulting party must compensate the other party as specified in the contract
Form 10-K	Annual Report on Form 10-K for the calendar year ended December 31, 2008 filed by Entergy Corporation and its Registrant Subsidiaries with the SEC
FSP	FASB Staff Position
Grand Gulf	Unit No. 1 of Grand Gulf Steam Electric Generating Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	

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Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power

IRS	Internal Revenue Service
ISO	Independent System Operator
kW	Kilowatt
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
MMBtu	One million British Thermal Units

DEFINITIONS (Continued)

MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatt(s)
MWh	Megawatt-hour(s)
Net debt ratio	Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents
Net MW in operation	Installed capacity owned or operated
Non-Utility Nuclear	Entergy's business segment that owns and operates six nuclear power plants and sells electric power produced by those plants to wholesale customers
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
PPA	Purchased power agreement
production cost	Cost in \$/MMBtu associated with delivering gas, excluding the cost of the gas
PUCT	Public Utility Commission of Texas
PUHCA 1935	Public Utility Holding Company Act of 1935, as amended
PUHCA 2005	Public Utility Holding Company Act of 2005, which repealed PUHCA 1935, among other things
Registrant Subsidiaries	Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc.
River Bend	River Bend Steam Electric Generating Station (nuclear), owned by Entergy Gulf States Louisiana
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards as promulgated by the FASB
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources
System Energy	System Energy Resources, Inc.
TIEC	Texas Industrial Energy Consumers
TWh	Terawatt-hour(s), which equals one billion kilowatt-hours
unit-contingent	Transaction under which power is supplied from a specific generation asset; if the asset is not operating the seller is generally not liable to the buyer for any damages
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf
Utility	Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility operating companies	Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Generating Station, 100% owned or leased by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather

ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy operates primarily through two business segments: Utility and Non-Utility Nuclear.

- Utility generates, transmits, distributes, and sells electric power in service territories in four states that include portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business.
- Non-Utility Nuclear owns and operates six nuclear power plants located in the northern United States and sells the electric power produced by those plants primarily to wholesale customers. This business also provides services to other nuclear power plant owners.

In addition to its two primary, reportable, operating segments, Entergy also operates the non-nuclear wholesale assets business. The non-nuclear wholesale assets business sells to wholesale customers the electric power produced by power plants that it owns while it focuses on improving performance and exploring sales or restructuring opportunities for its power plants. Such opportunities are evaluated consistent with Entergy's market-based point-of-view.

Plan to Pursue Separation of Non-Utility Nuclear

See the Form 10-K for a discussion of the Board-approved plan to pursue a separation of the Non-Utility Nuclear business from Entergy through a tax-free spin-off of the Non-Utility Nuclear business to Entergy shareholders. Following are updates to that discussion.

Entergy Nuclear Operations, Inc., the current NRC-licensed operator of the Non-Utility Nuclear plants, filed an application in July 2007 with the NRC seeking indirect transfer of control of the operating licenses for the six Non-Utility Nuclear power plants, and supplemented that application in December 2007 to incorporate the planned business separation. The NRC approved Entergy Nuclear Operations, Inc.'s application on July 28, 2008, with the approval effective for a period of one year. In May 2009, Entergy Nuclear Operations, Inc. filed a request for extension of the approval for six months, through January 28, 2010, and the NRC approved the extension on July 24, 2009.

Pursuant to Federal Power Act section 203, in February 2008 an application was filed with the FERC requesting approval for the indirect disposition and transfer of control of jurisdictional facilities of a public utility. The FERC issued an order in June 2008 authorizing the requested indirect disposition and transfer of control. In August 2009 an amended application was filed with the FERC to reflect the transfer to the exchange trust by Entergy of the 19.9 percent of Enexus' common stock shares. In September 2009 the FERC approved the amended application.

As discussed more fully in the Form 10-K, on January 28, 2008, Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc. requested approval from the Vermont Public Service Board (VPSB) for the indirect transfer of control, consent to pledge assets, issue guarantees and assign material contracts, amendment to certificate of public good, and replacement of guaranty and substitution of a credit support agreement for Vermont Yankee. Entergy Nuclear Operations, Inc. supplied supplemental data to the VPSB outlining the enhanced transaction structure detailed in the amended petition filed in New York (discussed below). On October 8, 2009, a memorandum of understanding was filed with the VPSB outlining an agreement reached with the Vermont Department of Public Service, which, if approved by the VPSB, would result in approval of the spin-off transaction in Vermont. A decision on the memorandum of understanding as submitted is pending before the VPSB. Entergy Nuclear Vermont Yankee requested that the VPSB expedite its final consideration and issue its decision and a final order approving the

transactions by mid-November 2009.

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

On July 13, 2009, Entergy Corporation, Entergy Nuclear FitzPatrick, LLC, Entergy Nuclear Indian Point 2, LLC, Entergy Nuclear Indian Point 3, LLC, Entergy Nuclear Operations, Inc., and Enexus filed a motion with the New York Public Service Commission (NYPSC) in connection with the planned separation requesting procedures and a schedule to enable the report of the presiding ALJs to be issued in time for the NYPSC to issue a final order no later than its regularly scheduled meeting in November 2009 so that the proposed reorganization can be completed by the end of 2009. In December 2008, notice had been provided to the NYPSC that the parties intended to conduct settlement discussions. The discussions did not produce an agreement and have ended. Nevertheless, Entergy endeavored to address and resolve the concerns of the trial staff of the NYPSC related to the financial strength of Enexus and has developed further enhancements to the reorganization proposal that it believes should resolve these concerns. Accordingly, in its July 2009 motion Entergy proposed to file an amended petition reflecting these enhancements for the NYPSC's consideration. In addition, in its motion Entergy sought to ensure that the scope of review by the NYPSC would remain confined to the three issues (i.e., operating capability, financial capability, and decommissioning funding) previously set forth by the NYPSC and further defined by the ALJs.

Five parties replied to the motion, generally in opposition to it. The ALJs issued a ruling on the motion on July 29, 2009. The ALJs declined to adopt a specific schedule and process, pending receipt of the amended petition and a reasonable opportunity for other interested parties to respond shortly thereafter. The ALJs stated that they were inclined to adopt a process with procedural milestones that mirror those previously employed in the proceeding, including but not limited to a reasonable opportunity for some follow-up discovery. The ALJs stated that they remain open to the possibility that evidentiary hearings might be held as a matter of discretion; however, nothing presented in the responses to the motion persuaded them that evidentiary hearings are inherently necessary. The ALJs declined to rule until after the amended petition is filed on whether the list of issues in their previous ruling should be expanded or modified.

On August 11, 2009, Enexus filed with the NYPSC an amended petition for an order approving the reorganization and associated debt financings. The amended petition describes proposed enhancements to the corporate reorganization. These proposed enhancements include a commitment to reserve at least \$350 million of liquidity, a \$1.0 billion reduction in long-term bonds to \$3.5 billion, and an increase in the initial cash balance left at Enexus to \$750 million from the original \$250 million. The amended petition requested that the NYPSC: issue an order approving the corporate reorganization and associated financings; confirm the corporate reorganization will have no impact on the Enexus companies' status as lightly regulated entities; and issue a negative declaration and undertake no further review under the New York State Environmental Quality Review Act. On August 11, 2009, Enexus also served updated discovery responses on the other parties in this proceeding.

Once the spin-off transaction is complete, Entergy Corporation's shareholders will own all Entergy common stock and will receive a distribution of 80.1 percent of the Enexus common shares. Entergy will transfer the remaining Enexus common shares to a trust. While held by the trust, the Enexus common shares will be voted by the trustee in the same proportion as the other Enexus common shares on any matter submitted to a vote of the Enexus shareholders. Within a period of up to 18 months after the spin-off, Entergy is expected to exchange the Enexus common shares retained in the trust for Entergy common shares. Enexus common shares not ultimately exchanged, if any, will be distributed to Entergy shareholders.

On August 21, 2009, the ALJs issued a Ruling Concerning Scope, Process, and Schedule that determined that additional record development was warranted in light of the changes contained in the amended petition. The August 21, 2009 ruling limited the issues requiring further record development to environmental significance under the New York State Environmental Quality Review Act and whether Enexus will be at least as capable as Entergy in meeting all financial and other obligations related to the ownership and operation of the New York nuclear facilities. To

facilitate further development of the record, the ruling further established an interim schedule that provided for: (1) the prompt scheduling of a conference; (2) a discovery period to be completed by September 30, 2009; and (3) separate rounds of comments on State Environmental Quality Review Act and substantive issues to be completed by November 12, 2009. The ALJs invited comment on the ruling on or before August 28, 2009. On September 4, 2009, the ALJs issued a further ruling revising the

Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

schedule adopted on an interim basis on August 21, 2009 to provide for simultaneous briefing of State Environmental Quality Review Act and substantive issues. The September 4, 2009 ruling left until after the technical conference further possible revisions to the procedural schedule. On September 11, 2009, a technical conference was held at the offices of the NYPSC. Following the technical conference, the ALJs indicated that further discovery with respect to the changes reflected in the amended petition was warranted. On September 16, 2009, the ALJs issued a Further Ruling Concerning Scope, Process, and Schedule that established: (1) a discovery period to be completed by October 15, 2009; and (2) a comment period requiring open issues to be fully briefed by November 12, 2009. In early November 2009 the New York State Attorney General's Office, the New York Department of Public Service's Staff, and Westchester County filed initial comments on the amended petition stating their opposition to Enexus' request in the amended petition.

On October 1, 2009, Enexus executed Amendment No. 1 to its credit agreement dated December 23, 2008, increasing the total credit facility amount to \$1.2 billion from \$1.175 billion. Enexus is not permitted to draw down the facility until certain customary and transactional conditions related to the spin-off are met on or prior to July 1, 2010.

Hurricane Gustav and Hurricane Ike

See the Form 10-K for a discussion of Hurricane Gustav and Hurricane Ike, which caused catastrophic damage to portions of Entergy's service territories in Louisiana and Texas, and to a lesser extent in Arkansas and Mississippi, in September 2008. In April 2009 a law was enacted in Texas that authorizes recovery of these types of costs by securitization. Entergy Texas filed its storm cost recovery case with the PUCT in April 2009 seeking a determination that \$577.5 million of Hurricane Ike and Hurricane Gustav restoration costs are recoverable, including estimated costs for work to be completed. On August 5, 2009, Entergy Texas submitted to the ALJ an unopposed settlement agreement to resolve all issues in the storm cost recovery case. Under the terms of the agreement \$566.4 million, plus carrying costs, are eligible for recovery. Insurance proceeds will be credited as an offset to the securitized amount. The PUCT approved the settlement in August 2009, and in September 2009 the PUCT approved recovery of the costs, plus carrying costs, by securitization.

In the third quarter 2009, Entergy settled with its insurer on its Hurricane Ike claim and Entergy Texas received \$75.5 million in proceeds (Entergy received a total of \$76.5 million).

In November 2009, Entergy Texas Restoration Funding, LLC (Entergy Texas Restoration Funding), a company wholly-owned and consolidated by Entergy Texas, issued \$545.9 million of senior secured transition bonds (securitization bonds). With the proceeds, Entergy Texas Restoration Funding purchased from Entergy Texas the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. Entergy Texas expects to use the proceeds to reduce debt. See Note 4 to the financial statements for additional information regarding the securitization bonds.

Entergy Gulf States Louisiana and Entergy Louisiana filed their storm cost recovery case with the LPSC in May 2009. Entergy Gulf States Louisiana seeks a determination that \$152.6 million of storm restoration costs are recoverable and seeks to replenish its storm reserve in the amount of \$90 million. Entergy Louisiana seeks a determination that \$267.4 million of storm restoration costs are recoverable and seeks to replenish its storm reserve in the amount of \$200 million. The storm restoration costs are net of costs that have already been paid from previously funded storm reserves. In September 2009, Entergy Gulf States Louisiana and Entergy Louisiana made a supplemental filing to, among other things, recommend recovery of the costs and replenishment of the storm reserves by Louisiana Act 55 (passed in 2007) financing. Entergy Gulf States Louisiana and Entergy Louisiana recovered their costs from Hurricane Katrina and Hurricane Rita primarily by Act 55 financing. The parties have agreed to a procedural schedule that includes March 2010 hearing dates for both the recoverability and the method of recovery

proceedings.

Entergy Arkansas January 2009 Ice Storm

See the Form 10-K for a discussion of the severe ice storm that caused significant damage to Entergy Arkansas' transmission and distribution lines, equipment, poles, and other facilities in January 2009. See Note 2 to the financial statements herein for a discussion of Entergy Arkansas' accounting for and recovery of these storm costs.

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Entergy Corporation and Subsidiaries
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Results of Operations

Third Quarter 2009 Compared to Third Quarter 2008

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the third quarter 2009 to the third quarter 2008 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Non-Utility Nuclear (In Thousands)	Parent & Other (1)	Entergy
3rd Qtr 2008 Consolidated Net Income	\$262,144	\$205,324	\$7,819	\$475,287
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	77,258	22,157	4,317	103,732
Other operation and maintenance expenses	37,351	26,805	(19,569)	44,587
Taxes other than income taxes	(13,717)	684	1,065	(11,968)
Depreciation and amortization	12,984	4,201	(200)	16,985
Other income	30,479	32,153	(25,320)	37,312
Interest charges	8,081	2,533	(22,145)	(11,531)
Other expenses	1,430	4,486	-	5,916
Income taxes	24,662	20,493	67,020	112,175
3rd Qtr 2009 Consolidated Net Income	\$299,090	\$200,432	(\$39,355)	\$460,167

(1) Parent & Other includes eliminations, which are primarily intersegment activity.

Refer to "ENTERGY CORPORATION AND SUBSIDIARIES - SELECTED OPERATING RESULTS" for further information with respect to operating statistics.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the third quarter 2009 to the third quarter 2008.

Amount

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(In
Millions)

2008 net revenue	\$1,298
Volume/weather	54
Retail electric price	10
Purchased power capacity	10
Other	3
2009 net revenue	\$1,375

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The volume/weather variance is primarily due to increased electricity usage in the residential and commercial sectors, including increased usage during the unbilled sales period. Also contributing to the variance is more favorable weather compared to the same period in the prior year. Hurricane Gustav and Hurricane Ike contributed to decreased electricity usage in the residential and commercial sectors in the third quarter 2008. Electricity usage by industrial customers decreased, however, by 6%. The effect of the industrial sales volume decrease is mitigated, however, by the fixed charge basis of many industrial customers' rates, which causes average price per KWh sold to increase as the fixed charges are spread over lower volume.

The retail electric price increase is primarily due to:

- rate increases that were implemented at Entergy Texas in January 2009;
- an increase in the formula rate plan rider at Entergy Mississippi in July 2009; and
- an increase in the capacity acquisition rider related to the Ouachita acquisition at Entergy Arkansas. The net income effect of the Ouachita cost recovery is limited to a portion representing an allowed return on equity with the remainder offset by Ouachita plant costs in other operation and maintenance expenses, depreciation expenses and taxes other than income taxes.

The retail electric price increase was partially offset by:

- a credit passed on to customers as a result of the Act 55 storm cost financings; and
- a formula rate plan provision of \$16.6 million recorded in the third quarter 2009 for refunds that will be made to customers in accordance with a settlement approved by the LPSC. See Note 2 to the financial statements for further discussion of the settlement.

The purchased power capacity variance is primarily due to lower purchased power capacity costs due to Ouachita interim tolling agreement costs incurred in 2008 prior to the 2008 Ouachita purchase.

Non-Utility Nuclear

Following is an analysis of the change in net revenue comparing the third quarter 2009 to the third quarter 2008.

	Amount (In Millions)
2008 net revenue	\$599
Volume variance	30
Other	(8)
2009 net revenue	\$621

As shown in the table above, net revenue for Non-Utility Nuclear increased by \$22 million, or 4%, in the third quarter 2009 compared to the third quarter 2008 primarily due to higher volume resulting from fewer refueling outage days as well as fewer unplanned outages in 2009. Included in net revenue is \$13 million and \$19 million of amortization of the Palisades purchased power agreement in the third quarter 2009 and 2008, respectively, which is non-cash revenue and is discussed in Note 15 to the financial statements in the Form 10-K. Following are key performance measures for Non-Utility Nuclear for the third quarter 2009 and 2008:

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2009 2008

Net MW in operation at September 30	4,998	4,998
Average realized price per MWh	\$61.70	\$61.59
GWh billed	10,876	10,316
Capacity factor	100%	95%
Refueling Outage Days:		
FitzPatrick	-	16

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Realized Price per MWh

See the Form 10-K for a discussion of factors that have influenced Non-Utility Nuclear's realized price per MWh. While Non-Utility Nuclear's annual average realized price per MWh increased from \$39.40 for 2003 to \$59.51 for 2008, the recent economic downturn and negative trends in the energy commodity markets have resulted in lower natural gas prices and therefore current prevailing market prices for electricity in the New York and New England power regions are generally below the prices in Non-Utility Nuclear's existing contracts in those regions. Therefore, it is uncertain whether Non-Utility Nuclear will continue to experience increases in its annual realized price per MWh. As shown in the contracted sale of energy table in "Market and Credit Risk Sensitive Instruments," Non-Utility Nuclear has sold forward 86% of its planned energy output for the fourth quarter 2009 for an average contracted energy price of \$59 per MWh and 88% of its planned energy output for 2010 for an average contracted energy price of \$57 per MWh.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$420 million for the third quarter 2008 to \$457 million for the third quarter 2009 primarily due to:

- an increase of \$15 million in nuclear expenses primarily due to increased nuclear labor and contract costs;
- an increase of \$10 million in fossil expenses primarily due to higher plant maintenance costs and plant outages; and
 - an increase of \$4 million in payroll-related and benefits costs.

Other income increased primarily due to:

- carrying charges of \$18 million on Hurricane Gustav and Hurricane Ike storm restoration costs; and
- a gain of \$16 million recorded on the sale of undeveloped real estate by Entergy Louisiana Properties, LLC.

This increase was partially offset by a decrease of \$4 million in taxes collected on advances for transmission projects.

Non-Utility Nuclear

Other operation and maintenance expenses increased from \$185 million for the third quarter 2008 to \$212 million for the third quarter 2009 primarily due to:

- spending of \$11 million in outside service costs and incremental labor costs related to the planned spin-off of the Non-Utility Nuclear business;
 - higher non-payroll costs; and
- the deferral of spending on other operation and maintenance expenses in 2008 resulting from more refueling outage days.

Other income increased primarily due to increases in interest income and realized earnings from the decommissioning trust funds, along with an increase in interest income from loans to Entergy subsidiaries.

Parent & Other

Other operation and maintenance expenses decreased for the parent company, Entergy Corporation, primarily due to a decrease of \$17 million in outside services costs related to the planned spin-off of the Non-Utility Nuclear business.

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Other income decreased primarily due to an increase in the elimination for consolidation purposes of interest income from Entergy subsidiaries.

Interest charges decreased primarily due to lower interest rates on borrowings under Entergy Corporation's revolving credit facility.

Income Taxes

The effective income tax rate for the third quarter 2009 was 37.9%. The difference in the effective income tax rate versus the statutory rate of 35% for the third quarter 2009 is primarily due to state income taxes and book and tax differences for utility plant items.

The effective income tax rate for the third quarter 2008 was 26.1%. The difference in the effective income tax rate versus the statutory rate of 35% for the third quarter 2008 is primarily due to:

- a capital loss recognized for income tax purposes on the liquidation of Entergy Power Generation, LLC in the third quarter 2008, which resulted in an income tax benefit of approximately \$79.5 million. Entergy Power Generation, LLC was a holding company in Entergy's non-nuclear wholesale assets business; and
- an adjustment to state income taxes for Non-Utility Nuclear to reflect the effect of a change in the methodology of computing Massachusetts state income taxes resulting from legislation passed in the third quarter 2008, which resulted in an income tax benefit of approximately \$18.8 million.

These factors were partially offset by:

- income taxes recorded by Entergy Power Generation, LLC, prior to its liquidation, resulting from the redemption payments it received in connection with its investment in Entergy Nuclear Power Marketing, LLC during the third quarter 2008, which resulted in an income tax expense of approximately \$16.1 million; and
 - book and tax differences for utility plant items and state income taxes at the Utility operating companies.

Nine Months Ended September 30, 2009 Compared to Nine Months Ended September 30, 2008

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the nine months ended September 30, 2009 to the nine months ended September 30, 2008 showing how much the line item increased or (decreased) in comparison to the prior period:

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Entergy Corporation and Subsidiaries
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	Utility	Non-Utility Nuclear	Parent & Other (1)	Entergy
	(In Thousands)			
2008 Consolidated Net Income	\$547,647	\$570,637	(\$53,321)	\$1,064,963
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	61,129	(61,509)	(7,881)	(8,261)
Other operation and maintenance expenses	42,355	48,158	(27,617)	62,896
Taxes other than income taxes	(368)	8,698	1,987	10,317
Depreciation and amortization	31,101	11,482	(17)	42,566
Other income	76,863	(17,122)	(80,922)	(21,181)
Interest charges	27,804	3,373	(54,659)	(23,482)
Other expenses	11,952	9,117	-	21,069
Income taxes	6,161	(50,346)	34,030	(10,155)
2009 Consolidated Net Income	\$566,634	\$461,524	(\$95,848)	\$932,310

(1) Parent & Other includes eliminations, which are primarily intersegment activity.

Refer to "ENTERGY CORPORATION AND SUBSIDIARIES - SELECTED OPERATING RESULTS" for further information with respect to operating statistics.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2009 to the nine months ended September 30, 2008.

	Amount (In Millions)
2008 net revenue	\$3,515

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Volume/weather	61
Purchased power capacity	30
Retail electric price	(6)
Rough production cost equalization	(19)
Other	(5)
2009 net revenue	\$3,576

The volume/weather variance is primarily due to increased electricity usage primarily during the unbilled sales period in addition to the effect of Hurricane Gustav and Hurricane Ike in 2008. Electricity usage by industrial customers decreased, however, by 10%. The overall decline of the economy led to lower usage affecting both the large customer industrial segment as well as small and mid-sized industrial customers, who are also being affected by overseas competition. The effect of the industrial sales volume decrease is mitigated, however, by the fixed charge basis of many industrial customers' rates, which causes average price per KWh sold to increase as the fixed charges are spread over lower volume.

Entergy Corporation and Subsidiaries
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The purchased power capacity variance is primarily due to lower purchased power capacity costs due to Ouachita interim tolling agreement costs incurred in 2008 prior to the 2008 Ouachita purchase.

The retail electric price decrease is primarily due to:

- a credit passed on to customers as a result of the Act 55 storm cost financings;
- a formula rate plan provision of \$16.6 million recorded in the third quarter 2009 for refunds that will be made to customers in accordance with a settlement approved by the LPSC. See Note 2 to the financial statements for further discussion of the settlement; and
- a net decrease in the formula rate plans effective August 2008 at Entergy Louisiana and Entergy Gulf States Louisiana to remove interim storm cost recovery upon the Act 55 financing of storm costs as well as the storm damage accrual. A portion of the decrease is offset in other operation and maintenance expenses. See Note 2 to the financial statements in the Form 10-K for further discussion of the formula rate plans.

The retail electric price decrease was partially offset by:

- rate increases that were implemented at Entergy Texas in January 2009;
- an increase in the Attala power plant costs recovered through the power management rider by Entergy Mississippi. The net income effect of this recovery is limited to a portion representing an allowed return on equity with the remainder offset by Attala power plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes;
 - an increase in the formula rate plan rider at Entergy Mississippi in July 2009; and
- an increase in the capacity acquisition rider related to the Ouachita acquisition at Entergy Arkansas. The net income effect of the Ouachita cost recovery is limited to a portion representing an allowed return on equity with the remainder offset by Ouachita plant costs in other operation and maintenance expenses, depreciation expenses and taxes other than income taxes.

As discussed further in Note 2 to the financial statements, the rough production cost equalization variance is due to an additional \$18.6 million allocation of 2007 rough production cost equalization receipts ordered by the PUCT to Texas retail customers over what was originally allocated to Entergy Texas prior to the jurisdictional separation of Entergy Gulf States, Inc. into Entergy Gulf States Louisiana and Entergy Texas, effective December 2007.

Non-Utility Nuclear

Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2009 to the nine months ended September 30, 2008.

Amount