

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

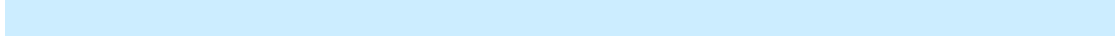
Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc. and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein 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.
-

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

(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

Entergy Corporation and Subsidiaries
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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.

Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

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.

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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 (In Millions)
2008 net revenue	\$1,778
Volume variance	(80)
Palisades purchased power amortization	(18)
Realized price changes	32

Other	4
2009 net revenue	\$1,716

As shown in the table above, net revenue for Non-Utility Nuclear decreased by \$62 million, or 3%, in the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008 primarily due to lower volume resulting from more refueling outage days, partially offset by higher pricing in its contracts to sell power. Included in net revenue is \$39 million and \$57 million of amortization of the Palisades purchased power agreement in the nine months ended September 30, 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 nine months ended September 30, 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	\$61.68	\$60.46
GWh billed	29,929	31,221
Capacity factor	91%	95%
Refueling Outage Days:		
FitzPatrick	-	16
Indian Point 2	-	26
Indian Point 3	36	-
Palisades	41	-
Pilgrim	31	-

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$1,319 million for the nine months ended September 30, 2008 to \$1,361 million for the nine months ended September 30, 2009 primarily due to:

- an increase of \$32 million in nuclear expenses primarily due to increased nuclear labor and contract costs;
- an increase of \$9 million in fossil expenses primarily due to higher plant maintenance costs and plant outages;
- an increase of \$7 million due to the Hurricane Ike and Hurricane Gustav storm cost recovery settlement agreement, as discussed above under Hurricane Gustav and Hurricane Ike; and
 - a reimbursement of \$7 million of costs in 2008 in connection with a litigation settlement.

These increases were partially offset by a decrease of \$18 million in payroll-related and benefits costs.

Depreciation and amortization expenses increased primarily due to an increase in plant in service.

Other income increased primarily due to:

- an increase in distributions of \$25 million earned by Entergy Louisiana and \$9 million earned by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company. The distributions on preferred membership interests are eliminated in consolidation and have no effect on net income because the investment is in another Entergy subsidiary. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Hurricane Katrina and Hurricane Rita – Storm Cost Financings" in the Form 10-K for discussion of these investments in preferred membership interests;
 - carrying charges of \$29 million on Hurricane Ike storm restoration costs as authorized by Texas legislation in the second quarter 2009;
- an increase of \$19 million in allowance for equity funds used during construction due to more construction work in progress primarily as a result of Hurricane Gustav and Hurricane Ike; 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 \$14 million in taxes collected on advances for transmission projects and a decrease of \$10 million resulting from lower interest earned on the decommissioning trust funds and short-term investments.

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Interest charges increased primarily due to an increase in long-term debt outstanding resulting from debt issuances by certain of the Utility operating companies in the second half of 2008 and the first half of 2009.

Non-Utility Nuclear

Other operation and maintenance expenses increased from \$567 million for the nine months ended September 30, 2008 to \$615 million for the nine months ended September 30, 2009 primarily due to \$34 million in outside service costs and incremental labor costs related to the planned spin-off of the Non-Utility Nuclear business. Also contributing to the increase are higher nuclear labor and regulatory costs.

Other income decreased primarily due to \$85 million in charges in 2009 compared to \$35 million in charges in 2008 resulting from the recognition of impairments of certain equity securities held in Non-Utility Nuclear's decommissioning trust funds that are not considered temporary, partially offset by increases in interest income and realized earnings from the decommissioning trust funds and interest income from loans to Entergy subsidiaries.

Parent & Other

Other income decreased primarily due to:

- an increase in the elimination for consolidation purposes of interest income from Entergy subsidiaries; and
- increases in the elimination for consolidation purposes of distributions earned of \$25 million by Entergy Louisiana and \$9 million by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company, as discussed above.

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 nine months ended September 30, 2009 was 36.4%. The difference in the effective income tax rate versus the statutory rate of 35% for the nine months ended September 30, 2009 is primarily due to increases related to state income taxes at the Utility operating companies and book and tax differences for utility plant items. These increases were partially offset by reductions related to:

- 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 as required by that state's taxing authority;
- the recognition of state loss carryovers that had been subject to a valuation allowance;
- the recognition of a federal capital loss carryover that had been subject to a valuation allowance; and
- an additional deferred tax benefit associated with writedowns on nuclear decommissioning qualified trust securities.

The effective income tax rate for the nine months ended September 30, 2008 was 33.8%. The difference in the effective income tax rate versus the statutory rate of 35% for the nine months ended September 30, 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.

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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.

Liquidity and Capital Resources

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy's capital structure, capital expenditure plans and other uses of capital, and sources of capital. Following are updates to that discussion.

Capital Structure

Entergy's capitalization is balanced between equity and debt, as shown in the following table. The decrease in the debt to capital percentage from 2008 to 2009 is primarily due to the repayment of borrowings under Entergy Corporation's revolving credit facility in 2009. Also contributing to the decrease is the unsuccessful remarketing of \$500 million of notes associated with Entergy Corporation's equity units resulting in a decrease in long-term debt and an increase in common shareholders' equity.

	September 30, 2009	December 31, 2008
Net debt to net capital	54.2%	55.6%
Effect of subtracting cash from debt	2.5%	4.1%
Debt to capital	56.7%	59.7%

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy's financial condition.

As discussed in the Form 10-K, Entergy Corporation has in place a \$3.5 billion credit facility that expires in August 2012. Entergy Corporation has the ability to issue letters of credit against the total borrowing capacity of the facility. As of September 30, 2009, amounts outstanding under the credit facility are:

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			

\$3,500	\$2,384	\$28	\$1,088
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Entergy Corporation's credit facility requires it to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility and in the indenture governing the Entergy Corporation senior notes is different than the calculation of the debt to capital ratio above. Entergy is currently 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's maturity date may occur, and there may be an acceleration of amounts due under Entergy Corporation's senior notes.

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See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital," that sets forth the amounts of planned construction and other capital investments by operating segment for 2009 through 2011. Following are updates to the discussion in the Form 10-K.

Entergy is developing its capital plan for 2010 through 2012 and currently anticipates that the Utility will make \$5.9 billion in capital investments during that period, including approximately \$2.3 billion for maintenance of existing assets, and that Non-Utility Nuclear will make \$1.1 billion in capital investments during that period, including approximately \$0.3 billion for maintenance of existing assets. The remaining \$3.6 billion of Utility investments is associated with specific investments such as the utility's portfolio transformation strategy including the Acadia Unit 2 purchase, replacement of the Waterford 3 steam generators, environmental compliance spending including the White Bluff project, an approximate 178 MW uprate project at Grand Gulf, transmission upgrades, and spending to comply with revised NERC transmission planning rules and NRC security requirements. The remaining \$0.8 billion of Non-Utility Nuclear investments is associated with specific investments such as dry cask storage, nuclear license renewal efforts, component replacement across the fleet, NYPA value sharing, spending in response to the Indian Point Independent Safety Evaluation and spending to comply with revised NRC security requirements.

Acadia Unit 2 Purchase Agreement

In October 2009 Entergy Louisiana announced that it has signed an agreement to acquire Unit 2 of the Acadia Energy Center, a 580 MW generating unit located near Eunice, La., from Acadia Power Partners, LLC, an independent power producer. The Acadia Energy Center, which entered commercial service in 2002, consists of two combined-cycle gas-fired generating units, each nominally rated at 580 MW. Entergy Louisiana proposes to acquire 100 percent of Acadia Unit 2 and a 50 percent ownership interest in the facility's common assets. In a separate transaction entered into earlier this year, Cleco Power is acquiring Acadia Unit 1 and the other 50 percent interest in the facility's common assets. Upon closing the transaction, Cleco Power will serve as operator for the entire facility. Entergy Louisiana has committed to sell one third of the output of Unit 2 to Entergy Gulf States Louisiana in accordance with terms and conditions detailed under the existing Entergy System Agreement.

Entergy Louisiana's purchase is contingent upon, among other things, obtaining necessary approvals, including full cost recovery, from various federal and state regulatory and permitting agencies. Closing is expected to occur in late 2010 or early 2011. Entergy Louisiana and Acadia Power Partners also have entered into a purchased power agreement for 100 percent of the output of Acadia Unit 2 that will commence on May 1, 2010 and is set to expire at the closing of the acquisition transaction.

Little Gypsy Repowering Project

See the Form 10-K for a discussion of Entergy Louisiana's Little Gypsy repowering project. On March 11, 2009, the LPSC voted in favor of a motion directing Entergy Louisiana to temporarily suspend the repowering project and, based upon an analysis of the project's economic viability, to make a recommendation regarding whether to proceed with the project. This action was based upon a number of factors including the recent decline in natural gas prices, as well as environmental concerns, the unknown costs of carbon legislation and changes in the capital/financial markets. On April 1, 2009, Entergy Louisiana complied with the LPSC's directive and recommended that the project

be suspended for an extended period of time of three years or more. Entergy Louisiana estimated that its total costs for the project, if suspended, including actual spending to date and estimated contract cancellation costs, would be approximately \$300 million. Entergy Louisiana had obtained all major environmental permits required to begin construction. A longer-term suspension places these

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permits at risk and may adversely affect the project's economics and technological feasibility. On May 22, 2009, the LPSC issued an order declaring that Entergy Louisiana's decision to place the Little Gypsy project into a longer-term suspension of three years or more is in the public interest and prudent. In October 2009, Entergy Louisiana made a filing with the LPSC seeking permission to cancel the project and seeking recovery over a five-year period of the project costs. The filing estimates that Entergy Louisiana's total costs for the project, if canceled, will be approximately \$209 million.

Waterford 3 Steam Generator Replacement Project

In July 2009 the LPSC granted Entergy Louisiana's motion to dismiss, without prejudice, its application seeking recovery of cash earnings on construction work in progress (CWIP) for the steam generator replacement project, acknowledging Entergy Louisiana's right, at any time, to seek cash earnings on CWIP if Entergy Louisiana believes that circumstances or projected circumstances are such that a request for cash earnings on CWIP is merited. The cash earnings on CWIP application had been consolidated with a similar request for the Little Gypsy repowering project that was also dismissed in response to the same motion.

White Bluff Coal Plant Project

See the Form 10-K for a discussion of the environmental compliance project that will install scrubbers and low NOx burners at Entergy Arkansas' White Bluff coal plant. In March 2009, Entergy Arkansas made a filing with the APSC seeking a declaratory order that the White Bluff project is in the public interest. In May 2009 the APSC Staff filed a motion requesting that the APSC require Entergy Arkansas to file testimony on several issues. In a subsequent order the APSC set a procedural schedule that includes an evidentiary hearing beginning in March 2010. In addition, in June 2009, Entergy Arkansas filed with the APSC, under Arkansas Act 310, an interim surcharge to recover the costs incurred through May 31, 2009, on the White Bluff project. Entergy Arkansas incurred \$1.9 million through May 31, 2009. Under Arkansas Act 310 the surcharge goes into effect immediately upon filing, subject to refund, and additional surcharge filings are permitted every six months. On July 20, 2009, the APSC staff filed a motion with the APSC requesting that the APSC enter an order regarding the conduct of this and subsequent Act 310 filings related to the White Bluff project, including requiring Entergy Arkansas to provide additional information and justification for costs recovered pursuant to Act 310. In July 2009 the Arkansas attorney general filed a motion in the Act 310 proceeding opposing the imposition of the surcharge, and challenging Entergy Arkansas' cost calculation.

In October 2009, Entergy Arkansas lowered the estimate of its share of the project costs from \$630 million to \$465 million.

Pension Contributions

For an update to the discussion on pension contributions see "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits – Costs and Funding."

Other Uses of Capital

Following are other significant, or potentially significant, uses of capital by Entergy, in addition to those discussed in the Form 10-K, affecting Entergy's expected level of capital expenditures or other uses of capital resources:

- In October 2009 the Board granted authority for an additional \$750 million share repurchase program.

As discussed in the Form 10-K as a potential use of capital, System Energy plans a 178 MW uprate of the Grand Gulf nuclear plant. The project is expected to cost \$575 million. On May 22, 2009, a petition and supporting testimony were filed at the MPSC requesting a Certificate of Public Convenience and Necessity for implementation of the uprate. The City of New Orleans is the only party that has intervened in the case. A hearing on the petition was held on October 29, 2009.

- The issues discussed below in Independent Coordinator of Transmission involving the transmission business will result in increased capital expenditures by the Utility operating companies.

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- On June 18, 2009, the NRC issued letters indicating that the NRC staff had concluded that there were shortfalls in the amount of decommissioning funding assurance provided for Indian Point 2, Vermont Yankee, Palisades, Waterford 3, and River Bend. The NRC staff conducted a telephone conference with Entergy on this issue on June 29, 2009, and Entergy agreed to submit a plan by August 13, 2009, for addressing the identified shortfalls. In its August 13, 2009 submittal, Entergy provided updated analyses to the NRC that indicated that there is no current shortfall in the amounts of the required decommissioning funding assurance for Palisades and Indian Point 2, based upon the balances as of July 31, 2009 and an analysis of the costs that would be incurred if Entergy elected to use a sixty-year period of safe storage for decommissioning, as permitted by the NRC's rules. For Vermont Yankee, Entergy concluded that there is a shortfall of approximately \$58 million, which could be satisfied with additional financial assurance in a current dollar value of approximately \$51 million. Entergy also indicated that it plans to address this shortfall by December 31, 2009 by providing a financial assurance mechanism that is consistent with the regulatory requirements and acceptable to the NRC. The NRC staff has requested that Entergy provide further details regarding the cash contribution or other financial assurance mechanism that Entergy would plan to implement in 2009. A subsequent submittal to the NRC indicates that increases in the decommissioning fund, as of September 30, 2009, have lowered the shortfall to approximately \$40 million, or approximately \$35 million on a current dollar basis. This submittal proposes using a corporate guarantee as financial assurance. For Waterford 3 and River Bend, Entergy plans to make the appropriate filings by December 31, 2009 with its retail regulators to address any funding shortfalls.

Sources of Capital

The short-term borrowings of the Registrant Subsidiaries and certain other Entergy subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through October 31, 2011, as established by a FERC order issued October 14, 2009. See Note 4 to the financial statements for further discussion of Entergy's short-term borrowing limits.

Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the nine months ended September 30, 2009 and 2008 were as follows:

	2009	2008
	(In Millions)	
Cash and cash equivalents at beginning of period	\$1,920	\$1,254
Cash flow provided by (used in):		
Operating activities	2,009	2,693
Investing activities	(1,447)	(1,943)
Financing activities	(1,351)	551
Effect of exchange rates on cash and cash equivalents	-	1
Net increase (decrease) in cash and cash equivalents	(789)	1,302
	\$1,131	\$2,556

Cash and cash equivalents at
end of period

Operating Activities

Entergy's cash flow provided by operating activities decreased by \$684 million for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. Following are cash flows from operating activities by segment:

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- Utility provided \$1,320 million in cash from operating activities in 2009 compared to providing \$1,885 million in 2008 primarily due to the receipt in 2008 of \$954 million from the Louisiana Utilities Restoration Corporation as a result of the Louisiana Act 55 storm cost financings. The Act 55 storm cost financings are discussed in more detail in Note 2 to the financial statements. Hurricane Gustav, Hurricane Ike, and Arkansas ice storm restoration spending also contributed to the decrease, partially offset by increased collection of fuel costs, a decrease of \$189 million in pension contributions, and a decrease of \$63 million in income tax payments.
- Non-Utility Nuclear provided \$845 million (excluding the effect of intercompany transactions) in cash from operating activities in 2009 compared to providing \$970 million in 2008 primarily due to more refueling outage days in 2009 than in 2008, a decline in net revenue, and spending related to the planned separation of Non-Utility Nuclear.
- Parent & Other used approximately \$156 million (excluding the effect of intercompany transactions) in cash from operating activities in 2009 compared to using \$162 million in 2008 primarily due to spending related to the planned separation of Non-Utility Nuclear.

Investing Activities

Net cash used in investing activities decreased by \$496 million for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. The following significant investing cash flow activity occurred in the nine months ended September 30, 2009 and 2008:

- Construction expenditures were \$113 million lower in 2009 than in 2008 primarily due to Hurricane Gustav and Hurricane Ike restoration spending in 2008.
- In March 2008, Entergy Gulf States Louisiana purchased the Calcasieu Generating Facility, a 322 MW simple-cycle, gas-fired power plant located near the city of Sulphur in southwestern Louisiana, for approximately \$56 million.
- In September 2008, Entergy Arkansas purchased the Ouachita Plant, a 789 MW gas-fired plant located 20 miles south of the Arkansas state line near Sterlington, Louisiana, for approximately \$210 million.
- Receipt in 2009 of insurance proceeds from Entergy Texas' Hurricane Ike claim and in 2008 of insurance proceeds from Entergy New Orleans' Hurricane Katrina claim.
- The investment in 2008 of a net total of \$220 million in Entergy Gulf States Louisiana's and Entergy Louisiana's storm reserve escrow accounts as a result of the Act 55 storm cost financings. The Act 55 storm cost financings are discussed in more detail in Note 2 to the financial statements.

Financing Activities

Financing activities used cash flow of \$1,351 million for the nine months ended September 30, 2009 compared to providing cash flow of \$551 million for the nine months ended September 30, 2008. The following significant financing cash flow activity occurred in the nine months ended September 30, 2009 and 2008:

- Entergy Corporation decreased the net borrowings under its credit facility by \$853 million in 2009 compared to increasing the net borrowings under its credit facility by \$957 million in 2008. See Note 4 to the financial statements for a description of the Entergy Corporation credit facility.
- Entergy Texas issued \$500 million of 7.125% Series Mortgage Bonds in January 2009 and used a portion of the proceeds to repay \$100 million in borrowings outstanding on its long-term credit facility and \$70.8 million in long-term debt prior to maturity.
 - Entergy Texas issued \$150 million of 7.875% Series Mortgage Bonds in May 2009.
 - Entergy Mississippi issued \$150 million of 6.64% Series first mortgage bonds in June 2009.
 - Entergy Arkansas issued \$300 million of 5.4% Series first mortgage bonds in July 2008.

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- Entergy Louisiana issued \$300 million of 6.5% Series first mortgage bonds in August 2008.
- Entergy Louisiana repurchased, prior to maturity, \$60 million of Auction Rate governmental bonds in April 2008.
 - Entergy New Orleans paid, at maturity, its \$30 million 3.875% Series first mortgage bonds in August 2008.
- The Utility operating companies decreased the borrowings outstanding on their long-term credit facilities by \$100 million in 2009 and increased the borrowings outstanding on their long-term credit facilities by \$400 million in 2008.
 - Entergy Corporation paid \$237 million of notes payable at their maturities in 2008.
- Entergy Corporation repurchased \$613 million of its common stock in 2009 and repurchased \$468 million of its common stock in 2008.

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Rate, Cost-recovery, and Other Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation" in the Form 10-K for discussions of rate regulation and federal regulation. Following are updates to the information provided in the Form 10-K.

State and Local Rate Regulation and Fuel-Cost Recovery

See the Form 10-K for a chart summarizing material rate proceedings. See Note 2 to the financial statements herein for updates to the proceedings discussed in that chart.

Federal Regulation

See the Form 10-K for a discussion of federal regulatory proceedings. Following are updates to that discussion.

System Agreement Proceedings

Entergy's Utility Operating Companies' Compliance Filing

On July 6, 2009, the D.C. Circuit denied the LPSC's appeal of the FERC's order accepting the Utility operating companies' compliance filing to implement the provisions of the FERC's rough production cost equalization bandwidth decision.

Rough Production Cost Equalization Rates

2008 Rate Filing Based on Calendar Year 2007 Production Costs

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 2 issues that may result in a reallocation of costs among the Utility operating companies. Entergy, the APSC, the LPSC, and the MPSC have submitted briefs on exceptions in the proceeding. The parties have submitted briefs on and opposing exceptions in the proceeding, and the matter will now be submitted to the FERC for decision.

2009 Rate Filing Based on Calendar Year 2008 Production Costs

In May 2009, Entergy filed with the FERC the rates for the third year to implement the FERC's order in the System Agreement proceeding. The filing shows the following payments/receipts among the Utility operating companies for 2009, based on calendar year 2008 production costs, commencing for service in June 2009, are necessary to achieve rough production cost equalization under the FERC's orders:

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	Payments or (Receipts) (In Millions)
Entergy Arkansas	\$390
Entergy Gulf States	(\$107)
Louisiana	
Entergy Louisiana	(\$140)
Entergy Mississippi	(\$24)
Entergy New Orleans	\$-
Entergy Texas	(\$119)

Several parties intervened in the proceeding at the FERC, including the LPSC and Ameren, which have also filed protests. On July 27, 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 have been terminated, and the ALJ scheduled hearings to begin in April 2010, with an initial decision scheduled for August 2010.

Entergy Arkansas and Entergy Mississippi Notices of Termination of System Agreement Participation and Related APSC Investigation

On February 2, 2009, Entergy Arkansas and Entergy Mississippi filed with the FERC their notices of cancellation to effectuate the termination of their participation in the Entergy System Agreement, effective December 18, 2013 and November 7, 2015, respectively. While the FERC had indicated previously that the notices should be filed 18 months prior to Entergy Arkansas' termination (approximately mid-2012), the filing explains that resolving this issue now, rather than later, is important to ensure that informed long-term resource planning decisions can be made during the years leading up to Entergy Arkansas' withdrawal and that all of the Utility operating companies are properly positioned to continue to operate reliably following Entergy Arkansas' and, eventually, Entergy Mississippi's, departure from the System Agreement. Entergy Arkansas and Entergy Mississippi requested that the FERC accept the proposed notices of cancellation without further proceedings. Various parties intervened or filed protests in the proceeding, including the APSC, the LPSC, the MPSC, and the City Council. The APSC and the MPSC support the notices, but the other parties generally request either dismissal of the filings or that the proceeding be set for hearing. Entergy Arkansas and Entergy Mississippi responded to the interventions and protests. Entergy Arkansas and Entergy Mississippi reiterated their request that the FERC accept the proposed notices of cancellation. If further inquiry by the FERC is necessary, Entergy Arkansas and Entergy Mississippi proposed that the FERC institute a paper hearing to resolve the major policy and legal issues and then, if necessary, set any remaining factual questions for an expedited hearing.

Interruptible Load Proceeding

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 on June 24, 2009, and directed the FERC to file status reports at 60-day intervals beginning August 24, 2009. The D.C. Circuit also directed the parties to file motions to govern future proceedings in the case within 30 days of the completion of the FERC proceedings.

June 2009 LPSC Complaint Proceeding

In June 2009, the LPSC filed a complaint requesting that the FERC determine that certain of Entergy Arkansas' 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

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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' 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 matter is pending before the FERC.

Entergy Arkansas Notice of Termination of System Agreement Participation and Related APSC Investigation

As discussed in the Form 10-K, in December 2005, Entergy Arkansas submitted its notice that it will terminate its participation in the current System Agreement effective ninety-six (96) months from the date of the notice or such earlier date as authorized by the FERC, and Entergy Arkansas' president, Hugh McDonald, has filed testimony with the APSC each month beginning in March 2008 detailing progress toward development of successor arrangements. In his September 2009 testimony Mr. McDonald reported to the APSC the results of a related study. According to the study total estimated cost to establish the systems and staff the organizations to perform the necessary functions for a stand-alone Entergy Arkansas operation are estimated at approximately \$23 million, including \$18 million to establish generation-related functions and \$5 million to modify the transmission system. Incremental costs for ongoing staffing and systems costs are estimated at approximately \$8 million. Cost and implementation schedule estimates will continue to be re-evaluated and refined as additional, more detailed analysis is completed. Entergy Arkansas expects it would take approximately two years to implement stand-alone operations for Entergy Arkansas.

Independent Coordinator of Transmission

In the FERC's April 2006 order that approved Entergy's Independent Coordinator of Transmission (ICT) proposal, the FERC stated that the Weekly Procurement Process (WPP) must be operational within approximately 14 months of the FERC order, or June 24, 2007, or the FERC may reevaluate all approvals to proceed with the ICT. The Utility operating companies filed status reports with the FERC notifying the FERC that, due to unexpected issues with the development of the WPP software and testing, the WPP was still not operational. The Utility operating companies also filed various tariff revisions with the FERC in 2007 and 2008 to address issues identified during the testing of the WPP and changes to the effective date of the WPP. On October 10, 2008, the FERC issued an order accepting a tariff amendment establishing that the WPP shall take effect at a date to be determined, after completion of successful simulation trials and the ICT's endorsement of the WPP's implementation. On January 16, 2009, the Utility operating companies filed a compliance filing with the FERC that included the ICT's endorsement of the WPP implementation, subject to the FERC's acceptance of certain additional tariff amendments and the completion of simulation testing and certain other items. The Utility operating companies filed the tariff amendments supported by the ICT on the same day. The amendments proposed to further amend the WPP to (a) limit supplier offers in the WPP to on-peak periods and (b) eliminate the granting of certain transmission service through the WPP.

On March 17, 2009, the FERC issued an order conditionally approving the proposed modification to the WPP to allow the process to be implemented the week of March 23, 2009. In its order approving the requested modifications, the FERC imposed additional conditions related to the ICT arrangement and indicated it was going to evaluate the success of the ICT arrangement, including the cost and benefits of implementing the WPP and whether the WPP goes far enough to address the transmission access issues that the ICT and WPP were intended to address. The FERC, in conjunction with the APSC, the LPSC, the MPSC, the PUCT, and the City Council, hosted a conference on June 24,

2009, to discuss the ICT arrangement and transmission access on the Entergy transmission system.

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During the conference, several issues were raised by regulators and market participants, including the adequacy of the Utility operating companies' capital investment in the transmission system, the Utility operating companies' compliance with the existing North American Electric Reliability Corporation (NERC) reliability planning standards, the availability of transmission service across the system, and whether the Utility operating companies could have purchased lower cost power from merchant generators located on the transmission system rather than running their older generating facilities. On July 20, 2009, the Utility operating companies filed comments with the FERC responding to the issues raised during the conference. The comments explain that: 1) the Utility operating companies believe that the ICT arrangement has fulfilled its objectives; 2) the Utility operating companies' transmission planning practices comply with laws and regulations regarding the planning and operation of the transmission system; and 3) these planning practices have resulted in a system that meets applicable reliability standards and is sufficiently robust to allow the Utility operating companies both to substantially increase the amount of transmission service available to third parties and to make significant amounts of economic purchases from the wholesale market for the benefit of the Utility operating companies' retail customers. The Utility operating companies also explain that, as with other transmission systems, there are certain times during which congestion occurs on the Utility operating companies' transmission system that limits the ability of the Utility operating companies as well as other parties to fully utilize the generating resources that have been granted transmission service. Additionally, the Utility operating companies commit in their response to exploring and working on potential reforms or alternatives for the ICT arrangement that could take effect following the initial term. The Utility operating companies' comments also recognize that NERC is in the process of amending certain of its transmission reliability planning standards and that the amended standards, if approved by the FERC, will result in more stringent transmission planning criteria being applicable in the future. The FERC may also make other changes to transmission reliability standards. These changes to the reliability standards would result in increased capital expenditures by the Utility operating companies.

The Entergy Regional State Committee (ERSC), which is comprised of representatives from all of the Utility operating companies' retail regulators, has been formed to consider several of these issues related to Entergy's transmission system. Among other things, the ERSC plans to conduct a cost/benefits analysis comparing the ICT arrangement and a proposal under which Entergy would join the Southwest Power Pool Regional Transmission Organization.

FERC Audits

The Division of Audits in the Office of Enforcement and the Division of Compliance in the Office of Reliability of the FERC jointly commenced an audit of Entergy Services, Inc. on October 1, 2009. The audit will evaluate Entergy Services': (1) practices related to Bulk Electric System planning and operations; (2) compliance with the requirements contained within its Open Access Transmission Tariff; and (3) other obligations and responsibilities as approved by the FERC. The audit will cover the period from April 1, 2006 to the present. The Energy Policy Act of 2005 provides the FERC with authority to impose civil penalties for violations of the Federal Power Act and FERC regulations.

SERC Reliability Corporation Reliability Standards

Entergy has notified the SERC Reliability Corporation (SERC) of potential violations of certain FERC reliability standards, including certain Critical Infrastructure Protection standards. Entergy is working with the SERC to provide information concerning these potential violations. The Energy Policy Act of 2005 provides authority to impose civil penalties for violations of the Federal Power Act and FERC regulations.

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Market and Credit Risk Sensitive Instruments

Commodity Price Risk

Power Generation

As discussed more fully in the Form 10-K, the sale of electricity from the power generation plants owned by Entergy's Non-Utility Nuclear business, unless otherwise contracted, is subject to the fluctuation of market power prices. Following is an updated summary of the amount of the Non-Utility Nuclear business' output that is currently sold forward under physical or financial contracts (2009 represents the remaining quarter of the year):

	2009	2010	2011	2012	2013	2014
Non-Utility Nuclear: Percent of planned generation sold forward:						
Unit-contingent	52%	53%	46%	18%	12%	14%
Unit-contingent with availability guarantees (1)	34%	35%	17%	7%	6%	3%
Total	86%	88%	63%	25%	18%	17%
Planned generation (TWh)	11	40	41	41	40	41
Average contracted price per MWh (2)	\$59	\$57	\$56	\$54	\$50	\$50

- (1) A sale of power on a unit-contingent basis coupled with a guarantee of availability provides for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.
- (2) The Vermont Yankee acquisition included a 10-year PPA under which the former owners will buy most of the power produced by the plant, which is through the expiration in 2012 of the current operating license for the plant. The PPA includes an adjustment clause under which the prices specified in the PPA will be adjusted downward monthly, beginning in November 2005, if twelve month rolling average power market prices drop below prices specified in the PPA, which has not happened thus far.

Some of the agreements to sell the power produced by Entergy's Non-Utility Nuclear power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted power prices in the regions where Non-Utility Nuclear sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At September 30, 2009, based on power prices at that time, Entergy had \$398 million of collateral in place to support Entergy Nuclear Power Marketing transactional activity, consisting primarily of Entergy Corporation guarantees, but also including \$20 million of guarantees that support letters of credit and \$2 million of cash collateral. As of September 30, 2009, the credit exposure associated with Non-Utility Nuclear assurance requirements could increase by an estimated amount of up to \$286 million for each \$1 per MMBtu increase in gas prices in both the short- and long-term markets, but because market prices have fallen below contract prices, gas prices would have to change

by substantially more than \$1 per MMBtu to change significantly the actual amount of collateral posted. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of September 30, 2009, Entergy would have been required to provide approximately \$85 million of additional cash or letters of credit under some of the agreements.

As of September 30, 2009, for the planned energy output under contract for Non-Utility Nuclear through 2014, 99.5% of the planned energy output is under contract with counterparties with public investment grade credit ratings and 0.5% is with load-serving entities without public credit ratings.

In addition to selling the power produced by its plants, the Non-Utility Nuclear business sells unforced capacity that is used to meet requirements placed on load-serving

Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

distribution companies by the ISO in their area. Following is a summary of the amount of the Non-Utility Nuclear business' unforced capacity that is currently sold forward, and the blended amount of the Non-Utility Nuclear business' planned generation output and unforced capacity that is currently sold forward (2009 represents the remaining quarter of the year):

	2009	2010	2011	2012	2013	2014
Non-Utility Nuclear:						
Percent of capacity sold forward:						
Bundled capacity and energy contracts	27%	26%	25%	18%	16%	16%
Capacity contracts	50%	35%	26%	10%	0%	0%
Total	77%	61%	51%	28%	16%	16%
Planned net MW in operation	4,998	4,998	4,998	4,998	4,998	4,998
Average capacity contract price per kW per month	\$2.3	\$3.3	\$3.6	\$3.6	\$-	\$-
Blended Capacity and Energy (based on revenues)						
% of planned generation and capacity sold forward	89%	86%	61%	22%	15%	13%
Average contract revenue per MWh	\$61	\$59	\$58	\$56	\$50	\$50

Critical Accounting Estimates

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy's accounting for nuclear decommissioning costs, unbilled revenue, impairment of long-lived assets and trust fund investments, qualified pension and other postretirement benefits, and other contingencies. The following are updates to that discussion.

Nuclear Decommissioning Costs

In the first quarter 2009, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and 2 as a result of a revised decommissioning cost study. The revised estimates resulted in an \$8.9 million reduction in its decommissioning liability, along with a corresponding reduction in the related regulatory asset.

In the second quarter 2009, System Energy recorded a revision to its estimated decommissioning cost liabilities for Grand Gulf as a result of a revised decommissioning cost study. The revised estimate resulted in a \$4.2 million reduction in its decommissioning liability, along with a corresponding reduction in the related regulatory asset.

Qualified Pension and Other Postretirement Benefits

Costs and Funding

The recent decline in stock market prices will affect Entergy's planned levels of contributions in the future. Minimum required funding calculations as determined under Pension Protection Act guidance are performed annually as of January 1 of each year and are based on measurements of the market-related values of assets and funding liabilities as measured at that date. An excess of the funding liability over the market-related value of assets results in a funding

shortfall which, under the Pension Protection Act, must be funded over a seven-year rolling period. The Pension Protection Act also imposes certain plan limitations if the funded percentage, which is based on the market-related values of assets divided by funding liabilities, does not meet certain thresholds. Entergy's minimum required contributions for the 2009 plan year are generally payable in installments throughout 2009 and 2010 and are based on the funding calculations as of January 1, 2009. The final date at which 2009 plan year contributions may be made is September 15, 2010.

On March 31, 2009, the United States Treasury Department issued guidance that allows plan sponsors to use interest rates earlier in 2008 to measure the present value of the funding liability at January 1, 2009. Prior to this change, the rates required to be used for Entergy were from the month of December 2008 and the sharp decrease in interest rates during

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December 2008 was expected to generate significant increases in the funding liability. A higher liability coupled with losses in the fair market value of pension assets would have increased the funding shortfall at January 1, 2009 and resulted in larger future contributions for the 2009 plan year, payable in 2009 and 2010 as described above. Entergy's January 1, 2009 funding liability valuation was favorably affected by this guidance and 2009 contributions are not expected to materially increase. However, to the extent that the higher interest rates experienced in 2008 do not recur in future periods and the fair market values of pension assets do not significantly recover, Entergy's January 1, 2010 funded status could be adversely affected and significantly increase future minimum required pension plan contributions. In addition to the minimum required contribution required under the Pension Protection Act to fund a shortfall based on the seven year rolling amortization, additional contributions could be needed in 2010 to avoid the plan limitations noted above. The necessity of such contributions and the actual funded status will be based on a number of factors, including asset performance through 2009 and the interest rates required to be used to measure funded status at January 1, 2010, and therefore cannot be determined at this time.

New Accounting Pronouncements

In December 2008 the FASB issued FSP FAS 132(R)-1 "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP 132(R)-1) that requires enhanced disclosures about plan assets of defined benefit pension and other postretirement plans including disclosure of each major category of plan assets using the fair value hierarchy and concentrations of risk within plan assets. FSP 132(R)-1 is effective for fiscal years ending after December 15, 2009.

In June 2009 the FASB issued SFAS 167, "Amendments to FASB Interpretation No. 46R". SFAS 167 replaces the current quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly affect the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. SFAS 167 also requires additional disclosures on an interim and annual basis about an enterprise's involvement in variable interest entities. The standard will be effective for Entergy in the first quarter 2010. Entergy does not expect the adoption of SFAS 167 to have a material effect on its financial position, results of operations, or cash flows.

In August 2009 the FASB issued ASU No. 2009-05, "Fair Value Measurements and Disclosures (Topic 820) - Measuring Liabilities at Fair Value" that amends ASC Topic 820 to clarify guidance on fair value measurements of liabilities when a quoted price in an active market for an identical liability is not available. ASU No. 2009-05 will be effective for Entergy in the fourth quarter 2009. Entergy does not expect the adoption of ASU No. 2009-05 to have a material effect on its financial position, results of operations, or cash flows.

In the third quarter 2009, Entergy adopted the FASB Accounting Standards Codification (ASC) as required by SFAS 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles." The ASC is the source of authoritative U.S. GAAP recognized by the FASB. Entergy will also continue to apply the rules and interpretive releases of the SEC as an authoritative source of GAAP. The adoption of the ASC did not have any effect on the financial statements included herein.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Nine Months Ended September 30, 2009 and 2008
(Unaudited)

Three Months Ended Nine Months Ended
2009 2008 2009 2008
(In Thousands, Except Share Data)

OPERATING REVENUES				
Electric	\$2,195,461	\$3,209,000	\$6,140,823	\$7,779,450
Natural gas	24,030	41,981	126,914	185,361
Competitive businesses	717,604	712,903	1,979,259	2,128,077
TOTAL	2,937,095	3,963,884	8,246,996	10,092,888
OPERATING EXPENSES				
Operating and Maintenance:				
Fuel, fuel-related expenses, and				
gas purchased for resale	559,129	1,270,160	1,927,692	2,537,498
Purchased power	388,308	764,122	1,034,483	2,132,967
Nuclear refueling outage expenses	61,441	58,079	178,454	165,177
Other operation and maintenance	681,576	636,989	2,021,462	1,958,566
Decommissioning	50,069	47,515	148,119	140,327
Taxes other than income taxes	128,851	140,819	385,649	375,332
Depreciation and amortization	280,641	263,656	799,183	756,617
Other regulatory charges (credits) - net	(13,224)	30,452	(29,371)	99,970
TOTAL	2,136,791	3,211,792	6,465,671	8,166,454
OPERATING INCOME	800,304	752,092	1,781,325	1,926,434
OTHER INCOME				
Allowance for equity funds used during construction	14,770	10,411	47,499	28,782
Interest and dividend income	64,730	37,533	170,007	143,273
Other than temporary impairment losses	(457)	(7,133)	(85,396)	(35,193)
Equity in earnings (loss) of unconsolidated equity affiliates	1,316	1,459	(442)	(2,042)
Miscellaneous - net	4,423	5,200	(20,468)	(2,439)
TOTAL	84,782	47,470	111,200	132,381
INTEREST AND OTHER CHARGES				
Interest on long-term debt	130,132	128,746	383,255	371,793
Other interest - net	22,625	33,229	69,406	93,795
Allowance for borrowed funds used during construction	(8,252)	(5,939)	(26,547)	(15,992)
TOTAL	144,505	156,036	426,114	449,596
INCOME BEFORE INCOME TAXES	740,581	643,526	1,466,411	1,609,219
Income taxes	280,414	168,239	534,101	544,256

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CONSOLIDATED NET INCOME	460,167	475,287	932,310	1,064,963
Preferred dividend requirements of subsidiaries	4,998	4,998	14,993	14,971
NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION	\$455,169	\$470,289	\$917,317	\$1,049,992
Earnings per average common share:				
Basic	\$2.35	\$2.47	\$4.73	\$5.48
Diluted	\$2.32	\$2.41	\$4.66	\$5.33
Dividends declared per common share	\$0.75	\$0.75	\$2.25	\$2.25
Basic average number of common shares outstanding	193,424,904	190,379,009	194,044,214	191,444,611
Diluted average number of common shares outstanding	195,875,241	194,960,830	197,382,562	197,064,629

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	2009	2008
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	\$932,310	\$1,064,963
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Reserve for regulatory adjustments	(1,080)	(1,861)
Other regulatory charges (credits) - net	(29,371)	99,970
Depreciation, amortization, and decommissioning	947,301	896,945
Deferred income taxes, investment tax credits, and non-current taxes accrued	512,795	561,704
Equity in losses of unconsolidated equity affiliates - net of dividends	442	2,042
Changes in working capital:		
Receivables	14,856	(265,349)
Fuel inventory	9,830	(19,881)
Accounts payable	(189,586)	126,665
Taxes accrued	46,931	-
Interest accrued	(12,176)	(8,152)
Deferred fuel	196,111	(395,618)
Other working capital accounts	(117,671)	(88,417)
Provision for estimated losses and reserves	(10,326)	230,834
Changes in other regulatory assets	(332,547)	941,625
Changes in pensions and other postretirement liabilities	(52,714)	(221,679)
Other	94,226	(230,977)
Net cash flow provided by operating activities	2,009,331	2,692,814
INVESTING ACTIVITIES		
Construction/capital expenditures	(1,342,840)	(1,455,657)
Allowance for equity funds used during construction	47,499	28,782
Nuclear fuel purchases	(291,721)	(327,606)
Proceeds from sale/leaseback of nuclear fuel	197,706	250,447
Proceeds from sale of assets and businesses	39,054	30,725
Payment for purchase of plant	-	(266,823)
Insurance proceeds received for property damages	32,914	130,120
Changes in transition charge account	(8,359)	(2,151)
NYPA value sharing payment	(72,000)	(72,000)
Increase (decrease) in other investments	24,305	(227,976)
Proceeds from nuclear decommissioning trust fund sales	1,733,370	1,228,760
Investment in nuclear decommissioning trust funds	(1,807,589)	(1,259,288)
Net cash flow used in investing activities	(1,447,661)	(1,942,667)

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	2009	2008
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	781,497	3,433,184
Common stock and treasury stock	17,215	35,841
Retirement of long-term debt	(1,084,732)	(2,004,118)
Repurchase of common stock	(613,125)	(468,079)
Redemption of preferred stock	(1,847)	-
Dividends paid:		
Common stock	(435,178)	(431,032)
Preferred stock	(14,993)	(15,028)
Net cash flow provided by (used in) financing activities	(1,351,163)	550,768
Effect of exchange rates on cash and cash equivalents	(218)	1,245
Net increase (decrease) in cash and cash equivalents	(789,711)	1,302,160
Cash and cash equivalents at beginning of period	1,920,491	1,253,728
Cash and cash equivalents at end of period	\$1,130,780	\$2,555,888

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:		
Interest - net of amount capitalized	\$442,345	\$455,791
Income taxes	\$18,915	\$127,953
Noncash financing activities:		
Long-term debt retired (equity unit notes)	\$(500,000)	\$-
Common stock issued in settlement of equity unit purchase contracts	\$500,000	\$-

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

September 30, 2009 and December 31, 2008

(Unaudited)

2009 2008
(In Thousands)

CURRENT ASSETS

Cash and cash equivalents:

Cash	\$62,895	\$115,876
Temporary cash investments	1,067,885	1,804,615
Total cash and cash equivalents	1,130,780	1,920,491
Securitization recovery trust account	20,421	12,062
Accounts receivable:		
Customer	648,203	734,204
Allowance for doubtful accounts	(29,589)	(25,610)
Other	144,625	206,627
Accrued unbilled revenues	319,176	282,914
Total accounts receivable	1,082,415	1,198,135
Deferred fuel costs	58,971	167,092
Accumulated deferred income taxes	-	7,307
Fuel inventory - at average cost	206,315	216,145
Materials and supplies - at average cost	816,105	776,170
Deferred nuclear refueling outage costs	226,336	221,803
System agreement cost equalization	167,225	394,000
Prepayments and other	258,235	247,184
TOTAL	3,966,803	5,160,389

OTHER PROPERTY AND INVESTMENTS

Investment in affiliates - at equity	68,634	66,247
Decommissioning trust funds	3,142,309	2,832,243
Non-utility property - at cost (less accumulated depreciation)	224,555	231,115
Other	115,926	107,939
TOTAL	3,551,424	3,237,544

PROPERTY, PLANT AND EQUIPMENT

Electric	35,894,147	34,495,406
Property under capital lease	744,432	745,504
Natural gas	310,990	303,769
Construction work in progress	1,504,699	1,712,761
Nuclear fuel under capital lease	496,912	465,374
Nuclear fuel	612,625	636,813
TOTAL PROPERTY, PLANT AND EQUIPMENT	39,563,805	38,359,627
Less - accumulated depreciation and amortization	16,597,538	15,930,513
PROPERTY, PLANT AND EQUIPMENT - NET	22,966,267	22,429,114

DEFERRED DEBITS AND OTHER ASSETS

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Regulatory assets:		
Regulatory asset for income taxes - net	625,469	581,719
Other regulatory assets	3,492,131	3,615,104
Deferred fuel costs	172,202	168,122
Goodwill	377,172	377,172
Other	1,018,867	1,047,654
TOTAL	5,685,841	5,789,771
TOTAL ASSETS	\$36,170,335	\$36,616,818

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY

September 30, 2009 and December 31, 2008

(Unaudited)

2009 2008
(In Thousands)

CURRENT LIABILITIES

Currently maturing long-term debt	\$957,816	\$544,460
Notes payable	55,031	55,034
Accounts payable	818,349	1,475,745
Customer deposits	320,632	302,303
Taxes accrued	122,141	75,210
Accumulated deferred income taxes	15,597	-
Interest accrued	175,134	187,310
Deferred fuel costs	275,609	183,539
Obligations under capital leases	162,893	162,393
Pension and other postretirement liabilities	39,367	46,288
System agreement cost equalization	255,859	460,315
Other	175,766	273,297
TOTAL	3,374,194	3,765,894

NON-CURRENT LIABILITIES

Accumulated deferred income taxes and taxes accrued	7,150,319	6,565,770
Accumulated deferred investment tax credits	312,688	325,570
Obligations under capital leases	374,177	343,093
Other regulatory liabilities	387,351	280,643
Decommissioning and asset retirement cost liabilities	2,810,824	2,677,495
Accumulated provisions	138,316	147,452
Pension and other postretirement liabilities	2,132,200	2,177,993
Long-term debt	9,972,091	11,174,289
Other	725,605	880,998
TOTAL	24,003,571	24,573,303

Commitments and Contingencies

Subsidiaries' preferred stock without sinking fund	215,223	217,029
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EQUITY

Common Shareholders' Equity:		
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2009 and 248,174,087 shares in 2008	2,548	2,482
Paid-in capital	5,369,474	4,869,303
Retained earnings	7,871,051	7,382,719
Accumulated other comprehensive loss	(17,561)	(112,698)
Less - treasury stock, at cost (65,853,363 shares in 2009 and 58,815,518 shares in 2008)	4,742,165	4,175,214

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Total common shareholders' equity	8,483,347	7,966,592
Subsidiaries' preferred stock without sinking fund	94,000	94,000
TOTAL	8,577,347	8,060,592
TOTAL LIABILITIES AND EQUITY	\$36,170,335	\$36,616,818

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND PAID-IN
CAPITAL

For the Three Months Ended September 30, 2009 and 2008
(Unaudited)

	2009		2008	
	(In Thousands)			
RETAINED EARNINGS				
Retained Earnings - Beginning of period	\$ 7,562,587		\$ 7,027,630	
Add:				
Net income attributable to Entergy Corporation	455,169	\$ 455,169	470,289	\$ 470,289
Deduct:				
Dividends declared on common stock	146,705		143,772	
Retained Earnings - End of period	\$ 7,871,051		\$ 7,354,147	
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance at beginning of period:				
Accumulated derivative instrument fair value changes	\$ 184,816		\$ (476,586)	
Pension and other postretirement liabilities	(233,130)		(109,034)	
Net unrealized investment gains	34,091		67,838	
Foreign currency translation	3,609		6,824	
Total	(10,614)		(510,958)	
Net derivative instrument fair value changes				
arising during the period (net of tax expense (benefit) of (\$36,090) and \$245,497)	(59,439)	(59,439)	439,852	439,852
Pension and other postretirement liabilities (net of tax benefit of (\$255) and (\$1,317))	1,456	1,456	(547)	(547)

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Net unrealized investment gains (losses) (net of tax expense (benefit) of \$56,880 and (\$33,716))	51,321	51,321	(38,009)	(38,009)
Foreign currency translation (net of tax benefit of (\$153) and (\$902))	(285)	(285)	(1,676)	(1,676)
Balance at end of period:				
Accumulated derivative instrument fair value changes	125,377		(36,734)	
Pension and other postretirement liabilities	(231,674)		(109,581)	
Net unrealized investment gains	85,412		29,829	
Foreign currency translation	3,324		5,148	
Total	\$ (17,561)		\$ (111,338)	
Add: preferred dividend requirements of subsidiaries		4,998		4,998
Comprehensive Income (Loss)		\$ 453,220		\$ 874,907
PAID-IN CAPITAL				
Paid-in Capital - Beginning of period	\$ 5,375,265		\$ 4,860,481	
Add:				
Common stock issuances related to stock plans	(5,791)		4,487	
Total	(5,791)		4,487	
Paid-in Capital - End of period	\$ 5,369,474		\$ 4,864,968	

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS, COMPREHENSIVE INCOME, AND PAID-IN
CAPITAL

For the Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	2009		2008	
	(In Thousands)			
RETAINED EARNINGS				
Retained Earnings - Beginning of period	\$7,382,719		\$6,735,965	
Add:				
Net income attributable to Entergy Corporation	917,317	\$917,317	1,049,992	\$1,049,992
Adjustment related to implementation of new accounting pronouncement	6,365		-	
Total	923,682		1,049,992	
Deduct:				
Dividends declared on common stock	435,350		431,810	
Retained Earnings - End of period	\$7,871,051		\$7,354,147	
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance at beginning of period:				
Accumulated derivative instrument fair value changes	\$120,830		\$(12,540)	
Pension and other postretirement liabilities	(232,232)		(107,145)	
Net unrealized investment gains (losses)	(4,402)		121,611	
Foreign currency translation	3,106		6,394	
Total	(112,698)		8,320	
Net derivative instrument fair value changes arising during the period (net of tax expense (benefit) of \$6,529 and (\$14,377))	4,547	4,547	(24,194)	(24,194)
Pension and other postretirement liabilities (net of tax expense (benefit) of (\$883) and \$3,008)	558	558	(2,436)	(2,436)
Net unrealized investment gains (losses) (net of tax expense (benefit) of \$95,830 and (\$68,247))	96,179	96,179	(91,782)	(91,782)
Adjustment related to implementation of new accounting pronouncement (net of tax benefit of (\$4,921))	(6,365)	-	-	-

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Foreign currency translation (net of tax expense (benefit) of \$117 and (\$671))	218	218	(1,246)	(1,246)
Balance at end of period:				
Accumulated derivative instrument fair value changes	125,377		(36,734)	
Pension and other postretirement liabilities	(231,674)		(109,581)	
Net unrealized investment gains	85,412		29,829	
Foreign currency translation	3,324		5,148	
Total	\$(17,561)		\$(111,338)	