

ENTERGY CORP /DE/
Form 10-Q
November 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2007

OR

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

For the transition period from _____ to _____

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission 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, LA 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	0-5807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street, Building 529 New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
1-27031	ENTERGY GULF STATES, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631 74-0662730	1-9067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777

1-32718 ENTERGY LOUISIANA, LLC
 (a Texas limited liability company)
 446 North Boulevard
 Baton Rouge, LA 70802
 Telephone (225) 381-5868
 75-3206126

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 registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).
 Yes

No

<u>Common Stock Outstanding</u>		<u>Outstanding at October 31, 2007</u>
Entergy Corporation	(\$0.01 par value)	194,376,164

Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, 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, 2006, and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, 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 "believes," "intends," "plans," "predicts," "estimates," and similar 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 Texas restructuring legislation, 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
- Entergy's and its subsidiaries' ability to manage their operation and maintenance 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 that includes Entergy's utility service territory, and the application of market power criteria by the FERC
- the economic climate, and particularly growth in Entergy's service territory
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of Hurricanes Katrina and Rita and recovery of costs associated with restoration including Entergy's ability to obtain financial assistance from governmental authorities in connection with these storms
- the performance of Entergy's generating plants, and particularly the capacity factors at its nuclear generating facilities
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute its share repurchase program, 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
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms
- prices for power generated by Entergy's unregulated 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 regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those in the Non-Utility Nuclear business
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel storage and disposal

FORWARD-LOOKING INFORMATION (Concluded)

- resolution of pending or future applications for license extensions or modifications of nuclear generating facilities
- changes in law resulting from federal energy legislation, including the effects of PUHCA repeal and the adoption of the FERC reliability requirements
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances
- advances in technology

- the potential effects of threatened or actual terrorism and war
- the effects of Entergy's strategies to reduce tax payments
- the effects of litigation and government investigations
- changes in accounting standards and corporate governance
- Entergy's ability to attract and retain talented management and directors
- And the following transactional factors (in addition to others described elsewhere in this and in subsequent securities filings): (i) risks inherent in the contemplated Non-Utility Nuclear spin-off, joint venture and related transactions (including the level of debt incurred by SpinCo and the terms and costs related thereto); (ii) legislative and regulatory actions; and (iii) conditions of the capital markets during the periods covered by the forward-looking statements. 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 are defined below:

<u>Abbreviation or Acronym</u>	<u>Term</u>
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
Average contract price per MWh	Price at which generation output or capacity is expected to be sold to third parties, given existing contract or option exercise prices based on expected dispatch or capacity, excluding revenue associated with amortization of the below-market PPA for Palisades
Average contract revenue per MWh	Price at which the combination of generation output and capacity are expected to be sold to third parties, given existing contract or option exercise prices based on expected dispatch
Average realized price per MWh	Revenue per MWh billed
Board	Board of Directors of Entergy Corporation
Cajun	Cajun Electric Power Cooperative, Inc.
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
CPI-U	Consumer Price Index - Urban
DOE	United States Department of Energy
EITF	FASB's Emerging Issues Task Force
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy-Koch	Entergy-Koch, LP, a joint venture equally owned by subsidiaries of Entergy and Koch Industries, Inc.

Entergy Louisiana	Entergy Louisiana, LLC
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FEMA	Federal Emergency Management Agency
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, 2006 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
GWh billed	Total number of GWh billed to all customers

DEFINITIONS

(Continued)

<u>Abbreviation or Acronym</u>	<u>Term</u>
Independence	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
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour(s)
LDEQ	Louisiana Department of Environmental Quality
LPSC	Louisiana Public Service Commission
Mcf	One thousand cubic feet of gas
MMBtu	One million British Thermal Units
MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatt(s)
MWh	Megawatt-hour(s)

Nelson Unit 6	Unit No. 6 (coal) of the Nelson Steam Electric Generating Station, owned 70% by Entergy Gulf States
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 and operated
Net revenue	Operating revenue net of fuel, fuel-related, and purchased power expenses; and other regulatory credits
Non-Utility Nuclear	Entergy's business segment that owns and operates six nuclear power plants and sells electric power produced by those plants primarily to wholesale customers
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
OASIS	Open Access Same Time Information Systems
PPA	Purchased power agreement
production cost	Cost in \$/MMBtu associated with delivering gas, excluding the cost of the gas
PRP	Potentially responsible party (a person or entity that may be responsible for remediation of environmental contamination)
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
PURPA	Public Utility Regulatory Policies Act of 1978
Registrant Subsidiaries	Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and System Energy Resources, Inc.
Ritchie Unit 2	Unit 2 of the R.E. Ritchie Steam Electric Generating Station (gas/oil)
River Bend	River Bend Steam Electric Generating Station (nuclear), owned by Entergy Gulf States
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards as promulgated by the FASB
SMEPA	South Mississippi Electric Power Agency, which owns a 10% interest in Grand Gulf

DEFINITIONS

(Concluded)

Abbreviation or Acronym

Term

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.
System Fuels	System Fuels, Inc.
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 unavailable, the seller is 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
UK	The United Kingdom of Great Britain and Northern Ireland
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, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans
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 estimated effects of deviations from normal weather
White Bluff	White Bluff Steam Electric Generating Station, 57% owned by Entergy Arkansas

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 a four-state service territory that includes 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.

Plan to Pursue Separation of Non-Utility Nuclear

In November 2007, the Board approved a plan to pursue a separation of the Non-Utility Nuclear business from Entergy through a tax-free spin-off of Non-Utility Nuclear to Entergy shareholders. SpinCo, the term used to identify the new company that is yet to be named, will be a new, independent company with publicly-traded common equity. In addition, under the plan, SpinCo and Entergy are expected to enter into a nuclear services joint venture, with 50% ownership by SpinCo and 50% ownership by Entergy. The joint venture board of directors will be comprised of equal membership from both Entergy and SpinCo.

At the time that the transaction is consummated under the current plan, Entergy Corporation's shareholders will own 100 percent of the common equity in both SpinCo and Entergy. Entergy expects that SpinCo's business will be comprised of Non-Utility Nuclear's assets, including its six nuclear power plants, and Non-Utility Nuclear's power marketing operation. Entergy Corporation's remaining business will primarily be comprised of the Utility business. Entergy expects to treat the results of Non-Utility Nuclear as discontinued operations after the spin-off is consummated. The nuclear services joint venture is expected to operate the nuclear assets owned by SpinCo. The joint venture is also expected to offer nuclear services to third parties, including decommissioning, plant relicensing, and plant operation administrative support services, including the services currently provided for the Cooper Nuclear Station in Nebraska.

Entergy Nuclear Operations, Inc. will supplement its application filed in July 2007 with the NRC, which seeks indirect transfer of control of the operating licenses for the six Non-Utility Nuclear power plants, to incorporate the planned business separation. Entergy Nuclear Operations, the current NRC-licensed operator of the Non-Utility Nuclear plants, will remain the operator of those plants after the separation. Entergy Operations, Inc., the current NRC-licensed operator of Entergy's five Utility nuclear plants, will remain a wholly-owned subsidiary of Entergy and will continue to be the operator of the Utility nuclear plants.

Subject to market terms and conditions, pursuant to the plan it is expected that approximately \$4.5 billion of debt financing would be incurred by SpinCo in connection with the separation. Potential uses of the proceeds could include repayment of Entergy Corporation indebtedness, share repurchases, additional investments, or other corporate purposes.

Entergy is targeting third quarter 2008 as the effective date for the spin-off and joint venture transactions to be completed. Entergy expects the transactions to qualify for tax-free treatment for U.S. federal income tax purposes for both Entergy and its shareholders. The transactions are subject to various approvals. Final terms of the transactions and spin-off completion will be subject to the subsequent approval of the Board. As

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Entergy pursues completion of the separation and establishment of the joint venture, Entergy will continue to consider possible modifications to and variations upon the transaction structure, including a sponsored spin-off, a partial initial public offering preceding the spin-off, or the addition of a third-party joint venture partner.

Hurricane Katrina and Hurricane Rita

See the Form 10-K for a discussion of the effects of Hurricanes Katrina and Rita, which in August and September 2005 caused catastrophic damage to portions of the Utility's service territory in Louisiana, Mississippi, and Texas, including the effect of extensive flooding that resulted from levee breaks in and around the greater New Orleans area. See Note 2 to the financial statements herein for a discussion of updates in Entergy Gulf States', Entergy Louisiana's, and Entergy Mississippi's storm cost recovery proceedings.

Entergy has received a total of \$134.5 million as of September 30, 2007 on its Hurricane Katrina and Hurricane Rita insurance claims, including \$69.5 million that Entergy received in the second quarter 2007 in settlement of its Hurricane Katrina claim with one of its excess insurers. Of the \$134.5 million received, \$70.7 million was allocated to Entergy New Orleans, \$33.2 million to Entergy Gulf States, and \$24.8 million to Entergy Louisiana. In the third quarter 2007, Entergy filed a lawsuit in the U.S. District Court for the Eastern District of Louisiana against its other excess insurer on the Hurricane Katrina claim. At issue in the lawsuit is whether any policy exclusions limit the extent of coverage provided by that insurer. Refer to Note 8 to the financial statements in the Form 10-K for a further description of Entergy's Hurricane Katrina and Hurricane Rita insurance claims and the non-nuclear property insurance coverage in place at the time the claims occurred.

Community Development Block Grant (CDBG)

See the Form 10-K for a discussion of the Katrina Relief Bill, a hurricane aid package that includes \$11.5 billion in Community Development Block Grants (for the states affected by Hurricanes Katrina, Rita, and Wilma) that allows state and local leaders to fund individual recovery priorities.

In March 2007, the City Council certified that Entergy New Orleans has incurred \$205 million in storm-related costs through December 2006 that are eligible for CDBG funding under the state action plan, and certified Entergy New Orleans' estimated costs of \$465 million for its gas system rebuild. In April 2007, Entergy New Orleans executed an agreement with the Louisiana Office of Community Development under which \$200 million of CDBG funds are being made available to Entergy New Orleans. Entergy New Orleans submitted the agreement to the bankruptcy court, which approved it on April 25, 2007. Entergy New Orleans has received \$180.8 million of the funds as of September 30, 2007, and the remainder will be paid to Entergy New Orleans as it incurs and submits additional eligible costs.

Entergy New Orleans Bankruptcy

See the Form 10-K for a discussion of the Entergy New Orleans bankruptcy proceeding. On May 7, 2007, the bankruptcy judge entered an order confirming Entergy New Orleans' plan of reorganization. With the receipt of CDBG funds, and the agreement on insurance recovery with one of its excess insurers, Entergy New Orleans waived the conditions precedent in its plan of reorganization, and the plan became effective on May 8, 2007. See Note 9 to the financial statements for a description of the significant terms in Entergy New Orleans' plan of reorganization.

With confirmation of the plan of reorganization, Entergy reconsolidated Entergy New Orleans in the second quarter 2007, retroactive to January 1, 2007. Because Entergy owns all of the common stock of Entergy New Orleans, reconsolidation does not affect the amount of net income that Entergy recorded from Entergy New Orleans' operations for the current or prior period, but does result in Entergy New Orleans' financial results being included in each individual income statement line item in 2007, rather than only its net income being presented as "Equity in earnings (loss) of unconsolidated equity affiliates," as will remain the case for 2005 and 2006.

Results of Operations

Third Quarter 2007 Compared to Third Quarter 2006

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the third quarter 2007 to the third quarter 2006 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 Quarter 2006 Consolidated Net Income	\$290,033	\$106,898	(\$8,048)	\$388,883
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	116,058	141,117	(4,243)	252,932
Other operation and maintenance expenses	37,714	34,915	3,755	76,384
Taxes other than income taxes	(11,582)	7,353	(175)	(4,404)
Depreciation and amortization	(2,143)	8,616	549	7,022
Other income	19,273	(26,783)	(15,217)	(22,727)
Interest charges	20,754	(3,039)	25,853	43,568
Other (including discontinued operations)	530	(8,105)	619	(6,956)
Income taxes	48,053	4,369	(24,019)	28,403
3rd Quarter 2007 Consolidated Net Income	\$333,098	\$160,913	(\$32,852)	\$461,159

(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.

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As discussed above, Entergy New Orleans has been reconstituted retroactive to January 1, 2007 and its results are included in each individual income statement line item for 2007. The variance explanations for the Utility for the third quarter 2007 compared to the third quarter 2006 in "Results of Operations" below reflect the 2006 results of operations of Entergy New Orleans as if it were reconstituted in 2006, consistent with the 2007 presentation including the results in each individual income statement line item. Entergy's as-reported results for the three months ended September 30, 2006, which had Entergy New Orleans deconstituted, and the amounts needed to reconstitute Entergy New Orleans, which include inter-company items, are set forth in the table below.

Three Months Ended September 30, 2006	
Entergy Corporation and Subsidiaries	Entergy New Orleans

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	(as reported)	adjustment*
	(In Thousands)	
Operating Revenues	\$3,254,719	\$94,330
Operating Expenses:		
Fuel, fuel-related, and gas purchased for resale and purchased power	1,595,335	37,571
Other operation and maintenance	590,992	24,763
Taxes other than income taxes	133,527	9,165
Depreciation and amortization	232,042	8,733
Other regulatory credits - net	(21,563)	1,040
Other operating expenses	79,978	43
Total Operating Expenses	\$2,610,311	\$81,315
Other Income	\$91,177	(\$7,462)
Interest and Other Charges	\$143,215	\$410
Income From Continuing Operations Before Income Taxes	\$592,370	\$5,143
Income Taxes	\$202,437	\$5,143
Income From Continuing Operations	\$389,933	\$ -
Loss From Discontinued Operations	(\$1,050)	\$ -
Consolidated Net Income	\$388,883	\$ -

* Reflects the adjustment needed to reconsolidate Entergy New Orleans for 2006. The adjustment includes intercompany eliminations.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the third quarter 2007 to the third quarter 2006.

	Amount (In Millions)
2006 net revenue (includes \$55.8 million for Entergy New Orleans)	\$1,355.1
Fuel recovery	32.6
Volume/weather	17.4
Base revenues	15.7
Net wholesale revenue	15.5
Pass-through rider revenue	(12.4)
Purchased power capacity	(18.5)
Other	10.0
2007 net revenue	\$1,415.4

The fuel recovery variance is due to increased recovery in the third quarter 2007 of fuel costs from retail and special rate customers in addition to purchased power costs deferred at Entergy Louisiana and Entergy New Orleans as a result of the re-pricing, retroactive to 2003, of purchased power agreements among Entergy system companies as directed by the FERC.

The volume/weather variance resulted primarily from increased usage primarily during the unbilled sales period. See Note 1 to the financial statements in the Form 10-K for a discussion of the accounting for unbilled revenues.

The base revenues variance resulted from rate increases primarily at Entergy Louisiana effective September 2006 for the 2005 formula rate plan filing to recover LPSC-approved incremental deferred and ongoing purchased power capacity costs. The formula rate plan filing is discussed in Note 2 to the financial statements in the Form 10-K.

The net wholesale revenue variance is primarily a result of lower wholesale revenues in the third quarter 2006 due to an October 2006 FERC order requiring Entergy Arkansas to make a refund to a coal plant co-owner resulting from a contract dispute.

The pass-through rider revenue variance is primarily due to a change effective in the third quarter 2006 in the accounting for city franchise tax revenues in Arkansas as directed by the APSC. The change resulted in an increase in rider revenue in 2006 with a corresponding increase in taxes other than income taxes, resulting in no effect on net income.

The purchased power capacity variance is due to higher capacity charges. A portion of the variance is due to the amortization of deferred capacity costs and is offset in base revenues due to base rate increases implemented to recover incremental deferred and ongoing purchased power capacity charges at Entergy Louisiana, as discussed above.

Non-Utility Nuclear

Net revenue increased for Non-Utility Nuclear from \$364 million for the third quarter 2006 to \$506 million for the third quarter 2007 primarily due to higher pricing in its contracts to sell power and additional production available resulting from the acquisition of the Palisades plant in April 2007. Amortization of the Palisades purchased power agreement liability, which is discussed in Note 5 to the financial statements, also contributed to the increase. The increase was partially offset by the effect on revenues of a scheduled refueling outage and an unplanned outage during the third quarter 2007. Following are key performance measures for Non-Utility Nuclear for the third quarters of 2007 and 2006:

	2007	2006
Net MW in operation at September 30	4,998	4,200
Average realized price per MWh	\$53.11	\$44.90
GWh billed	10,105	9,119
Capacity factor	93%	99%

Other Income Statement Items

Utility

Taxes other than income taxes decreased for the Utility from \$127 million for the third quarter 2006 to \$107 million for the third quarter 2007 primarily due to an increase in city franchise taxes in Arkansas in 2006 as a result of a change effective in August 2006 in the accounting for city franchise tax revenues as directed by the APSC. The change resulted in an increase in taxes other than income taxes in 2006 with a corresponding increase in rider revenue, resulting in no effect on net income.

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Other income increased for Utility from \$19 million for the third quarter 2006 to \$46 million for the third quarter 2007 primarily due to carrying charges on storm restoration costs.

Interest and other charges increased for Utility from \$100 million for the third quarter 2006 to \$121 million for the third quarter 2007 primarily due to the following:

- interest on first mortgage bonds primarily at Entergy New Orleans. On September 23, 2006, when the one-year interest moratorium agreed to by the bondholders expired, Entergy New Orleans resumed interest accruals on its outstanding first mortgage bonds;
- interest on securitization bonds issued during the second quarter 2007 at Entergy Gulf States;
- interest on Entergy New Orleans' third-party accounts payable pursuant to its plan of reorganization, as discussed above under "**Hurricane Katrina and Hurricane Rita - Entergy New Orleans Bankruptcy**"; and
- interest recorded on advances from independent power producers.

Non-Utility Nuclear

Other operation and maintenance expenses increased for Non-Utility Nuclear from \$163 million for the third quarter 2006 to \$198 million for the third quarter 2007 primarily due to the acquisition of the Palisades plant in April 2007.

Other income decreased for Non-Utility Nuclear from \$46 million for the third quarter 2006 to \$19 million for the third quarter 2007 primarily due to miscellaneous income of \$27 million (\$16.6 million net-of-tax) recorded in the third quarter 2006 resulting from a reduction in the decommissioning liability for a plant as a result of revised decommissioning costs and changes in assumptions regarding the timing of when decommissioning of the plant will begin.

Parent & Other

Interest charges increased for Parent & Other from \$32 million for the third quarter 2006 to \$58 million for the third quarter 2007 primarily due to additional borrowings on Entergy Corporation's revolving credit facilities.

Income Taxes

The effective income tax rate for the third quarter 2007 was 33.1%. The reduction in the effective income tax rate versus the federal statutory rate of 35% is primarily due to:

- an adjustment to state income taxes for Non-Utility Nuclear to reflect the effect of a change in the methodology of computing New York state income taxes as required by that state's taxing authority;

- book and tax differences related to the allowance for equity funds used during construction; and
- the amortization of investment tax credits.

These factors were partially offset by book and tax differences for utility plant items and state income taxes at the Utility operating companies.

The effective income tax rate for the third quarter 2006 was 33.8%. The reduction in the effective income tax rate for the third quarter 2006 versus the federal statutory rate of 35.0% is primarily due to the flow-through of a pension item and the favorable resolution of a tax audit issue, partially offset by state income taxes.

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Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Following are income statement variances for Utility, Non-Utility Nuclear, Parent & Other, and Entergy comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006 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
2006 Consolidated Net Income	\$609,407	\$251,806	\$3,101	\$864,314
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	252,850	304,658	(65,215)	492,293
Other operation and maintenance expenses	146,713	51,263	(20,209)	177,767
Taxes other than income taxes	25,618	10,212	4,328	40,158
Depreciation and amortization	37,365	16,045	1,343	54,753
Other income	23,195	(16,756)	(4,305)	2,134
Interest charges	35,666	(11,787)	53,098	76,977
Other (including discontinued operations)	2,106	(17,382)	(13,667)	(28,943)
Income taxes	56,455	58,785	(76,053)	39,187
2007 Consolidated Net Income	\$585,741	\$397,808	(\$42,593)	\$940,956

(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.

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The variance explanations for the Utility for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 in "Results of Operations" below reflect the 2006 results of operations of Entergy

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New Orleans as if it were reconsolidated in 2006, consistent with the 2007 presentation including the results in each individual income statement line item. Entergy's as-reported results for the nine months ended September 30, 2006, which had Entergy New Orleans deconsolidated, and the amounts needed to reconsolidate Entergy New Orleans, which include inter-company items, are set forth in the table below.

	Nine Months Ended Sept. 30, 2006	
	Entergy Corporation and Subsidiaries (as reported)	Entergy New Orleans adjustment*
	(In Thousands)	
Operating Revenues	\$8,451,254	\$227,484
Operating Expenses:		
Fuel, fuel-related, and gas purchased for resale and purchased power	4,135,902	78,827
Other operation and maintenance	1,693,657	56,877
Taxes other than income taxes	327,995	25,853
Depreciation and amortization	655,374	24,621
Other regulatory credits - net	(124,509)	3,120
Other operating expenses	236,371	126
Total Operating Expenses	\$6,924,790	\$189,424
Other Income	\$192,413	(\$22,475)
Interest and Other Charges	\$420,223	\$273
Income From Continuing Operations Before Income Taxes	\$1,298,654	\$15,312
Income Taxes	\$444,170	\$15,312
Income From Continuing Operations	\$854,484	\$ -
Income From Discontinued Operations	\$9,830	\$ -
Consolidated Net Income	\$864,314	\$ -

* Reflects the adjustment needed to reconsolidate Entergy New Orleans for 2006. The adjustment includes intercompany eliminations.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006.

	Amount (In Millions)
2006 net revenue (includes \$145.6 million for Entergy New Orleans)	\$3,444.9
Base revenues	80.8
Volume/weather	74.8
Fuel recovery	40.1
Transmission revenue	28.3
Purchased power capacity	(86.5)
Net wholesale revenue	(49.8)
Other	19.6
2007 net revenue	\$3,552.2

The base revenues variance resulted from rate increases primarily at Entergy Louisiana effective September 2006 for the 2005 formula rate plan filing to recover LPSC-approved incremental deferred and ongoing purchased power capacity costs. The formula rate plan filing is discussed in Note 2 to the financial statements in the Form 10-K.

The volume/weather variance resulted primarily from increased electricity usage, including increased usage during the unbilled sales period. Billed usage increased by a total of 1,110 GWh, an increase of 1.5%. See Note 1 to the financial statements in the Form 10-K for a discussion of the accounting for unbilled revenues.

The fuel recovery variance is due to the inclusion of Grand Gulf costs in Entergy New Orleans' fuel recoveries effective July 1, 2006. In June 2006, the City Council approved the recovery of Grand Gulf costs through the fuel adjustment clause, without a corresponding change in base rates (a significant portion of Grand Gulf costs was previously recovered through base rates). The increase is also due to purchased power costs deferred at Entergy Louisiana and Entergy New Orleans as a result of the re-pricing, retroactive to 2003, of purchased power agreements among Entergy system companies as directed by the FERC.

The transmission revenue variance is due to higher rates and the addition of new transmission customers in late-2006.

The purchased power capacity variance is due to higher capacity charges and new purchased power contracts that began in mid-2006. A portion of the variance is due to the amortization of deferred capacity costs and is offset in base revenues due to base rate increases implemented to recover incremental deferred and ongoing purchased power capacity charges at Entergy Louisiana, as discussed above.

The net wholesale revenue variance is due primarily to 1) more energy available for resale at Entergy New Orleans in 2006 due to the decrease in retail usage caused by customer losses following Hurricane Katrina and 2) the inclusion in 2006 revenue of sales into the wholesale market of Entergy New Orleans' share of the output of Grand Gulf, pursuant to City Council approval of measures proposed by Entergy New Orleans to address the reduction in Entergy New Orleans' retail customer usage caused by Hurricane Katrina and to provide revenue support for the costs of Entergy New Orleans' share of Grand Gulf. The net wholesale revenue variance is partially offset by the effect of lower wholesale revenues in the third quarter 2006 due to an October 2006 FERC order requiring Entergy Arkansas to make a refund to a coal plant co-owner resulting from a contract dispute.

Non-Utility Nuclear

Net revenue increased for Non-Utility Nuclear from \$1,041 million for the nine months ended September 30, 2006 to \$1,346 million for the nine months ended September 30, 2007 primarily due to higher pricing in its contracts to sell power and additional production available resulting from the acquisition of the Palisades plant in April 2007. Amortization of the Palisades purchased power agreement liability, which is discussed in Note 5 to the financial statements, also contributed to the increase. The increase was partially offset by the effect on revenues of more refueling outages in 2007 as compared to the same period in 2006. Following are key performance measures for Non-Utility Nuclear for the nine months ended September 30, 2007 and 2006:

2007	2006
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Net MW in operation at Sept 30	4,998	4,200
Average realized price per MWh	\$53.12	\$44.33
GWh billed	27,315	26,163
Capacity factor	88%	95%

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Parent & Other

Net revenue decreased for Parent & Other from \$99 million for the nine months ended September 30, 2006 to \$34 million for the nine months ended September 30, 2007 primarily due to the \$14.1 million gain (\$8.6 million net-of-tax) realized on the sale of the non-nuclear wholesale asset business' remaining interest in a power development project in the second quarter 2006. Also contributing to the decrease were higher natural gas prices in 2007 compared to the same period in 2006 as well as lower production as a result of an additional plant outage in 2007 compared to the same period in 2006. A substantial portion of the effect on net income of this decline is offset by a related decrease in other operation and maintenance expenses.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$1,238 million for the nine months ended September 30, 2006 to \$1,328 million for the nine months ended September 30, 2007 primarily due to:

- an increase of \$31 million in distribution expenses, including higher contract labor costs, increases in vegetation maintenance costs, and the return to normal operations work in 2007 versus storm restoration activities in 2006 as a result of Hurricane Katrina and Hurricane Rita;
- an increase of \$21 million in transmission expenses, including transmission line and substation maintenance and independent coordinator of transmission expenses;
- an increase of \$21 million in nuclear expenses primarily due to non-refueling outages, increased nuclear labor and contract costs, and higher NRC fees;
- an increase of \$11 million as a result of higher insurance premiums due to amending coverage in mid-2006 in addition to the timing of premium payments compared to 2006;
- an increase of \$11 million due to a provision for storm-related bad debts;
- an increase of \$9 million in customer service costs primarily as a result of the write-off of uncollectible customer accounts; and
- an increase of \$6 million in fossil plant expenses due to the return to normal operations work in 2007 versus storm restoration activities in 2006 as a result of Hurricane Katrina and differing outage schedules and scopes from 2006 to 2007.

The increase is partially offset by a decrease of \$33 million in payroll, payroll-related, and benefits costs.

Depreciation and amortization expenses increased from \$618 million for the nine months ended September 30, 2006 to \$630 million for the nine months ended September 30, 2007 primarily due to an increase in plant in service and a revision made in the first quarter 2006 to estimated depreciable lives involving certain intangible assets. The increase was partially offset by a revision in the third quarter 2007 related to depreciation previously recorded on storm-related assets. Recovery of the cost of those assets will now be through the securitization of storm costs approved by the LPSC in the third quarter 2007. The securitization approval is discussed in Note 2 to the financial statements.

Other income increased from \$84 million for the nine months ended September 30, 2006 to \$129 million for the nine months ended September 30, 2007 primarily due to carrying charges on storm restoration costs.

Interest and other charges increased from \$289 million for the nine months ended September 30, 2006 to \$324 million for the nine months ended September 30, 2007 primarily due to the following:

- interest on first mortgage bonds primarily at Entergy New Orleans. On September 23, 2006, when the one-year interest moratorium agreed to by the bondholders expired, Entergy New Orleans resumed interest accruals on its outstanding first mortgage bonds;
- interest on securitization bonds issued during the second quarter 2007 at Entergy Gulf States;

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- interest on Entergy New Orleans' third-party accounts payable pursuant to its plan of reorganization, as discussed above under "**Hurricane Katrina and Hurricane Rita - Entergy New Orleans Bankruptcy**"; and
- interest recorded on advances from independent power producers.

Non-Utility Nuclear

Other operation and maintenance expenses increased from \$469 million for the nine months ended September 30, 2006 to \$520 million for the nine months ended September 30, 2007 primarily due to the acquisition of the Palisades plant in April 2007.

Parent & Other

Interest charges increased from \$95 million for the nine months ended September 30, 2006 to \$148 million for the nine months ended September 30, 2007 primarily due to additional borrowings under Entergy Corporation's revolving credit facilities.

Income Taxes

The effective income tax rate for the nine months ended September 30, 2007 was 33.5%. The reduction in the effective income tax rate versus the federal statutory rate of 35% for the nine months ended September 30, 2007 is primarily due to:

- the resolution of tax audit issues in the 2002-2003 audit cycle;
- an adjustment to state income taxes for Non-Utility Nuclear to reflect the effect of a change in the methodology of computing New York state income taxes as required by that state's taxing authority;
- book and tax differences related to the allowance for equity funds used during construction; and
- the amortization of investment tax credits.

These factors were partially offset by book and tax differences for utility plant items and state income taxes at the Utility operating companies.

The effective income tax rate for the

nine months ended September 30, 2006 was 33.6%. The reduction in the effective income tax rate for the nine months ended September 30, 2006 versus the federal statutory rate of 35.0% is primarily due to:

- the flow-through of a pension item;
- the recognition of an income tax benefit related to ANO 1 steam generator removal cost; and
- the favorable resolution of a tax audit issue.

These factors were partially offset by state income taxes.

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.

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Capital Structure

Entergy's capitalization is balanced between equity and debt, as shown in the following table. The increase in the debt to capital percentage from 2006 to 2007 is primarily the result of additional borrowings under Entergy Corporation's revolving credit facilities, along with a decrease in shareholders' equity primarily due to repurchases of common stock.

	September 30, 2007	December 31, 2006
Net debt to net capital	53.9%	49.4%
Effect of subtracting cash from debt	3.4%	2.9%
Debt to capital	57.3%	52.3%

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, preferred stock with sinking fund, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and 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 had in place two separate revolving credit facilities, a five-year credit facility and a three-year credit facility. The five-year credit facility was due to expire in May 2010 and the three-year facility was due to expire in December 2008.

In August 2007, Entergy Corporation entered into a new, \$3.5 billion, five-year credit facility, and terminated the two previously existing facilities. Entergy Corporation has the ability to issue letters of credit against the total borrowing capacity of the facility. The weighted average interest rate as of September 30, 2007 was 5.88% on the drawn portion of the facility. The facility fee is currently 0.09% of the commitment amount. The facility fee and interest rate can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation.

As of September 30, 2007, amounts outstanding under the \$3.5 billion credit facility are:

Capacity	Borrowings	Letters of Credit	Capacity Available
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(In Millions)

\$3,500	\$2,116	\$71	\$1,313
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See Note 4 to the financial statements for additional discussion of Entergy's credit facilities.

Capital Expenditure Plans and Other Uses of Capital

See the table in the Form 10-K under "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital**," which sets forth the amounts of planned construction and other capital investments by operating segment for 2007 through 2009.

Entergy is developing its capital plan for 2008 through 2010 and currently anticipates making \$5.9 billion in capital investments during that period, including approximately \$2.7 billion for maintenance of Entergy's existing assets (\$2.5 billion for Utility and \$0.2 billion for Non-Utility Nuclear). The remaining \$3.2 billion (\$2.5 billion for Utility and \$0.7 billion for Non-Utility Nuclear) is associated with specific investments such as the pending Ouachita and Calcasieu acquisitions, the Little Gypsy repowering, replacement of the Waterford 3 steam generators, environmental compliance spending, transmission upgrades, business function relocation, dry cask storage and nuclear license renewal projects, NYPA value sharing costs and other investments, such as potential opportunities through the Utility's supply plan initiatives that support its ability

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to meet load growth. The planned capital investment estimate does not include the costs associated with the potential interconnection between Entergy Gulf States and ERCOT that is discussed in Note 2 to the financial statements. These potential costs are currently estimated to be approximately \$1 billion.

In April 2007, Entergy's Non-Utility Nuclear business purchased the 798 MW Palisades nuclear energy plant located near South Haven, Michigan from Consumers Energy Company for a net cash payment of \$336 million. Entergy received the plant, nuclear fuel, inventories, and other assets. The liability to decommission the plant, as well as related decommissioning trust funds, was also transferred to Entergy's Non-Utility Nuclear business. Entergy's Non-Utility Nuclear business executed a unit-contingent, 15-year purchased power agreement (PPA) with Consumers Energy for 100% of the plant's output, excluding any future uprates. Prices under the PPA range from \$43.50/MWh in 2007 to \$61.50/MWh in 2022, and the average price under the PPA is \$51/MWh. In the first quarter 2007, the NRC renewed Palisades' operating license until 2031. Also as part of the transaction, Entergy's Non-Utility Nuclear business assumed responsibility for spent fuel at the decommissioned Big Rock Point nuclear plant, which is located near Charlevoix, Michigan. Palisades' financial results since April 2007 are included in Entergy's Non-Utility Nuclear business segment. See Note 5 to the financial statements herein for a discussion of the purchase price allocation and the amortization to revenue of the below-market PPA.

In April 2007, Entergy Louisiana announced that it plans to pursue the self-build solid fuel repowering of a 538 MW unit at its Little Gypsy plant. Petroleum coke and coal will be the unit's primary fuel sources. In July 2007, Entergy Louisiana filed with the LPSC for approval of the repowering project, and stated that it expects to spend \$1.55 billion on the project. In addition to seeking a finding that the project is in the public interest, the filing with the LPSC asks that Entergy Louisiana be allowed to recover a portion of the project's financing costs during the construction period.

Hearings were held in October 2007 and an LPSC decision could come in the fourth quarter 2007. Entergy Louisiana expects the project to be completed in 2011-2012. The planned capital investment estimate in the Form 10-K included capital required for a project of this type, although Entergy Louisiana now expects to spend approximately \$100 million more through 2009 than the amounts included in the Form 10-K for the project.

In July 2007, Entergy Arkansas signed an agreement to purchase for \$210 million the Ouachita Power Facility, a 789 MW natural gas-fired, combined-cycle, load-following generating facility located in north Louisiana and owned by Quachita Power, LLC. Entergy Arkansas also plans to invest approximately \$43 million in plant upgrades and transaction costs. Upgrades to the Utility operating companies' transmission system also are expected to be required to obtain long-term transmission service for this resource. The identity and cost of the transmission upgrades have not yet been determined definitively; additional transmission studies are currently underway. The initial results of those additional studies are expected by the end of November 2007. The Ouachita plant will be 100 percent owned by Entergy Arkansas, and the acquisition is expected to close in 2008. Entergy Arkansas expects to sell to Entergy Gulf States-Louisiana, under a separate agreement, approximately one-third of the output of the Ouachita plant on a long-term basis. The purchase of the plant is contingent upon obtaining necessary approvals, including full cost recovery, from various federal and state regulatory and permitting agencies. Entergy Arkansas filed with the APSC in September 2007 for its approval of the acquisition, including full cost recovery, and the APSC approved a bifurcated procedural schedule whereby a hearing will be conducted first on an interim tolling agreement connected with the acquisition in December 2007, with a later hearing on the acquisition being conducted by April 2008. APSC staff and Arkansas attorney general witnesses have filed testimony that generally oppose cost recovery by a separate rider, but argue that the cost recovery should be by the annual earnings review process currently being developed. An APSC staff witness also opposes allocating one-third of the output for sale to Entergy Gulf States-Louisiana. In November 2007, Entergy Gulf States filed a request with the LPSC for authorization for Entergy Gulf States-Louisiana to purchase one-third of the capacity and energy of the Ouachita plant during the term of the interim tolling agreement and for authorization for Entergy Gulf States-Louisiana to purchase one-third of the plant's capacity and energy on a life-of-unit basis after the plant's acquisition. The planned capital investments estimate in the Form 10-K included \$190 million in 2008 for the estimated cost of an acquisition of this type.

Entergy Louisiana plans to replace the Waterford 3 steam generators, along with the reactor vessel closure head and control element drive mechanisms, in 2011. Replacement of these components is common to pressurized water reactors throughout the nuclear industry. The nuclear

industry continues to address susceptibility to stress corrosion cracking of certain materials associated with these components within the reactor coolant system. The issue is applicable to Waterford 3 and is managed in accordance with standard industry practices and guidelines. Routine inspections of the steam generators during Waterford 3's Fall 2006 refueling outage identified additional degradation of certain tube spacer supports in the steam generators that required repair beyond that anticipated prior to the outage. Corrective measures were successfully implemented to permit continued operation of the steam generators. While potential future replacement of these components had been contemplated, the discovery of the additional steam generator degradation necessitates replacement of the steam generators as soon as reasonably achievable. 2011 is the earliest that new steam generators can be manufactured and delivered for installation. The reactor vessel head and control element drive mechanisms will be replaced at the same time, utilizing the same reactor building construction opening that is necessary for the steam generator replacement. Entergy Louisiana estimates that it will spend approximately \$485 million on this project.

Entergy now expects to spend \$73 million more through 2008 than the amount included in the Form 10-K planned capital investment estimate for initial development costs for potential new nuclear development at the Grand Gulf and River Bend sites, including licensing and design activities.

Dividends

On July 30, 2007, the Board declared a quarterly dividend per Entergy Corporation common share of \$0.75, which is an increase from the prior quarterly dividend per share of \$0.54. On October 26, 2007, the Board also declared a quarterly dividend per Entergy Corporation common share of \$0.75. Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon Entergy's earnings, financial strength, and future investment opportunities.

Debtor-in-Possession Credit Agreement

See the Form 10-K for a discussion of the Entergy New Orleans debtor-in-possession (DIP) credit facility between Entergy New Orleans as borrower and Entergy Corporation as lender. Pursuant to the terms of its plan of reorganization, which became effective in May 2007, Entergy New Orleans fully repaid its DIP credit facility borrowings.

Cash Flow Activity

As shown in Entergy's Statements of Cash Flows, cash flows for the nine months ended September 30, 2007 and 2006 were as follows:

	2007	2006
	(In Millions)	
Cash and cash equivalents at beginning of period	\$1,016	\$583
Cash flow provided by (used in):		
Operating activities	1,626	2,257
Investing activities	(1,451)	(1,395)
Financing activities	258	(699)
Effect of exchange rates on cash and cash equivalents	-	(1)
Net increase in cash and cash equivalents	433	162
Effect of re consolidating Entergy New Orleans in 2007	17	-
Cash and cash equivalents at end of period	\$1,466	\$745

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Operating Activities

Entergy's cash flow provided by operating activities decreased by \$631 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006. Following are cash flows from operating activities by segment:

- Utility provided \$1,212 million in cash from operating activities in 2007 compared to providing \$1,683 million in 2006, primarily due to decreased collection of fuel costs, the catch-up in receivable collections in 2006 due to delays caused by the hurricanes in 2005, and the receipt of an income tax refund in 2006 compared to income tax payments being made in 2007, partially offset by the receipt of \$181 million of

Community Development Block Grant funds by Entergy New Orleans in 2007, significant storm restoration spending in 2006, and a decrease in the amount of pension funding payments in 2007. A \$344 million income tax refund was received by Entergy Corporation in 2006 (including \$71 million attributable to Entergy New Orleans) as a result of net operating loss carry back provisions contained in the Gulf Opportunity Zone Act of 2005. In accordance with Entergy's intercompany tax allocation agreement, \$273 million of the refund was distributed to the Utility business in April 2006, with most of the remainder distributed to Non-Utility Nuclear.

- Non-Utility Nuclear provided \$535 million in cash from operating activities in 2007 compared to providing \$648 million in 2006. The decrease is due to the receipt of income tax refunds in 2006 compared to income tax payments being made in 2007, along with spending associated with four refueling outages in 2007 compared to one in 2006. The decrease was offset partially by the cash flows attributable to higher net revenue.
- Parent & Other used \$120 million in cash in operating activities in 2007 compared to \$75 million in 2006, primarily due to an increase in interest payments by Entergy Corporation.

Investing Activities

Net cash used in investing activities increased by \$56 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006. The following activity is notable in comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006:

- Construction expenditures were \$169 million lower in 2007 than in 2006, primarily due to storm restoration expenditures by the Utility in 2006.
- Non-Utility Nuclear purchased the Palisades power plant in April 2007.
- Entergy Mississippi purchased the Attala power plant in January 2006.
- Insurance proceeds received increased by \$64 million in 2007 because of payments received on Hurricane Katrina and Hurricane Rita claims.
- In 2006, Entergy received proceeds from the sale of the retail electric portion of the Competitive Retail Services business operating in the ERCOT region of Texas and the sale of the non-nuclear wholesale asset business' remaining interest in a power development project.

Financing Activities

Financing activities provided \$258 million of cash for the nine months ended September 30, 2007 compared to using \$699 million of cash for the nine months ended September 30, 2006. The following activity is notable in comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006:

- Entergy Corporation increased the net borrowings under its credit facilities by \$1,296 million in 2007, compared to decreasing the net borrowings under its credit facilities by \$290 million in 2006. See Note 4 to the financial statements for a description of the Entergy Corporation credit facilities.
- A subsidiary of Entergy Gulf States issued \$329.5 million of securitization bonds in June 2007. See Note 4 to the financial statements for additional information regarding the securitization bonds.
- Entergy Mississippi redeemed \$100 million of first mortgage bonds in 2007 and issued \$100 million of first mortgage bonds in 2006.

- Entergy Corporation repurchased \$1,024 million of its common stock in 2007, and did not repurchase any shares of its common stock in 2006.
- Entergy Louisiana Holdings, Inc. redeemed all \$100.5 million of its outstanding preferred stock in June 2006.
- Entergy Arkansas borrowed \$60 million against its credit facility in 2007 and Entergy Louisiana repaid \$40 million in borrowings against its credit facility in 2006.

Significant Factors and Known Trends

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends" in the Form 10-K for discussions of rate regulation, federal regulation, and market and credit risk sensitive instruments. Following are updates to the information provided in the Form 10-K.

State and Local Rate Regulation

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

Rough Production Cost Equalization proceeding

In May 2007 Entergy filed with the FERC the rates to implement the FERC's orders in the System Agreement proceeding that are discussed in the Form 10-K.

The filing shows the following payments/receipts among the Utility operating companies for 2007, based on calendar year 2006 production costs, commencing for service in June 2007, are necessary to achieve rough production cost equalization as defined by the FERC's orders:

	Payments or (Receipts) (In Millions)
Entergy Arkansas	\$252
Entergy Gulf States	(\$120)
Entergy Louisiana	(\$91)
Entergy Mississippi	(\$41)
Entergy New Orleans	\$0

Several parties intervened in the rate proceeding at the FERC, including the APSC, the MPSC, the Council, and the LPSC, which have also filed protests. Certain Entergy Arkansas wholesale customers also intervened, raising issues regarding whether the bandwidth payments are properly reflected in the wholesale rate that Entergy Arkansas charges. The APSC, the MPSC, and the Council ask the FERC to confirm that the FERC did not intend to preempt a retail regulator from undertaking an independent prudence review of the production costs in setting retail rates, or ask the FERC to set the rough production cost equalization payments/receipts for hearing to allow the retail regulators the opportunity to evaluate the prudence of the underlying production costs. In July 2007, the FERC accepted the proposed rates for filing, allowed them to go into effect as of June 1, 2007, subject to refund, and set the filing,

including the calculation and underlying production costs, for hearing and settlement procedures. Settlement procedures have been terminated, and the proceeding is set for hearing in May 2008.

Entergy Arkansas will pay \$36 million per month for seven months, and began making the payments to Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi in June 2007. As discussed in Note 2 to the financial statements, the APSC has approved through December 31, 2008 a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas.

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Additionally, the Utility operating companies had filed with the FERC proposing certain modifications to the rough production cost equalization calculation. The FERC rejected certain of the proposed modifications, accepted certain of the proposed modifications without further proceedings, and set two of the proposed modifications for hearing and settlement procedures. A settlement in principle was reached in one of the proceedings, which settlement has been filed with the FERC. Settlement procedures were terminated in the second proceeding that involves changes to the functionalization of costs to the production function and a hearing in that proceeding is currently scheduled for March 2008.

On April 27, 2007, the FERC denied the requests for rehearing filed regarding the Utility operating companies' compliance filing to implement the System Agreement decision, with one exception regarding the issue of retrospective refunds. That issue will be addressed subsequent to the remanded proceeding involving the interruptible load decision discussed in the paragraph further below in this section. The LPSC appealed the decision to the D.C. Circuit Court of Appeals, and the Utility operating companies and the APSC intervened in that appeal.

Based on the FERC's April 27, 2007 order on rehearing, Entergy Arkansas recorded accounts payable and Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi recorded accounts receivable to reflect the rough production cost equalization payments and receipts required to implement the FERC's remedy based on calendar year 2006 production costs that FERC accepted for filing and allowed to go into effect in June 2007. Entergy Arkansas recorded a corresponding regulatory asset for its right to collect the payments from its customers, and Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi recorded corresponding regulatory liabilities for their obligations to pass the receipts on to their customers. The regulatory asset and liabilities are shown as "System Agreement cost equalization" on the respective balance sheets. The liabilities and assets for the estimated payments and receipts that may be required to implement the FERC's remedy based on calendar year 2007 production costs will be recorded at the end of 2007 when all production costs for 2007 have been incurred. The level of any payments and receipts is significantly affected by a number of factors, including, among others, weather, the price of alternative fuels, the operating characteristics of the Entergy System generating fleet, and multiple factors affecting the calculation of the non-fuel related revenue requirement components of the total production costs, such as plant investment.

As discussed in the Form 10-K, various parties, including the LPSC and the APSC, appealed to the D.C. Circuit the FERC's June 1 and December 19, 2005 orders establishing the rough production cost equalization bandwidth. The D.C. Circuit held oral argument on the appeals on November 2, 2007.

On April 3, 2007, the LPSC filed a complaint with the FERC in which it sought to have the FERC order the following modifications to Entergy's rough production costs equalization calculation: (1) elimination of interruptible loads from the methodology used to allocate demand-related capacity costs; and (2) change of the method used to re-price energy from the Vidalia hydroelectric project for purposes of calculating production cost disparities. Entergy filed an intervention and protest in this proceeding. In May 2007 the FERC denied the LPSC's complaint. The LPSC has requested rehearing.

Other System Agreement-related Proceedings and Activity

As discussed in the Form 10-K, in June 2006 the APSC filed a complaint at the FERC that states, "the purpose of the complaint is to institute an investigation into the prudence of Entergy's practices affecting the wholesale rates that flow through its System Agreement." In June 2007 the FERC denied the APSC's complaint on the basis that it was premature. The FERC found that the annual rough production cost equalization filing is the appropriate proceeding for the retail regulators to raise prudence issues. Regarding transmission, the FERC found that the FERC has recently implemented reforms related to transmission. If those reforms are inadequate to address the APSC's concerns, then it can renew its complaint. The APSC, the MPSC, and the Council have asked for rehearing or clarification of this order to confirm that the FERC did not intend to preempt a retail regulator from undertaking an independent prudence review of the production costs in setting retail rates.

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As discussed in the Form 10-K, on December 18, 2006, the LPSC filed a complaint requesting the FERC "immediately institute a proceeding to determine whether, and on what terms, [Entergy Arkansas] may withdraw" from the System Agreement. In June 2007 the FERC denied the LPSC's complaint on the basis that it was premature. The FERC's order indicates that the FERC will evaluate at the time of Entergy Arkansas' departure whether "the System Agreement will remain just and reasonable for the remaining members . . . and likewise that any new Entergy Arkansas jurisdictional wholesale arrangements will be just and reasonable." The FERC Order goes on to state that "in light of the history and nature of the existing members' planning and operation of their facilities under the System Agreement, it is possible it may ultimately be appropriate to require transition measures or other conditions to ensure just and reasonable wholesale rates and services" upon the termination of Entergy Arkansas' participation in the current System Agreement.

On April 3, 2007, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in the LPSC's appeal of the FERC's March 2004 and April 2005 orders related to the treatment under the System Agreement of the Utility operating companies' interruptible loads. In its opinion, the D.C. Circuit concluded that the FERC (1) acted arbitrarily and capriciously by allowing the Utility operating companies to phase-in the effects of the elimination of the interruptible load over a 12-month period of time; (2) failed to adequately explain why refunds could not be ordered under Section 206(c) of the Federal Power Act; and (3) exercised appropriately its discretion to defer addressing the cost of sulfur dioxide allowances until a later time. The D.C. Circuit remanded the matter to the FERC for a more considered determination on the issue of refunds. The FERC issued its order on remand in September 2007, in which it directs Entergy to make a compliance filing removing all interruptible load from the computation of peak load responsibility commencing April 1, 2004 and to issue any necessary refunds to reflect this change. In addition, the order directs the Utility operating companies to make refunds for the period May 1995 through July 1996. Entergy, the APSC, the MPSC, and the City Council have requested rehearing of the FERC's order on remand. The FERC granted the Utility operating companies' request to delay the payment of refunds for the period May 1995 through July 1996 until 30 days following a FERC order on rehearing.

In October 2007 the MPSC issued a letter confirming its belief that Entergy Mississippi should exit the System Agreement in light of recent developments involving the System Agreement. The MPSC letter also requests that Entergy Mississippi advise the MPSC regarding the status of the Utility operating companies' effort to develop successor arrangements to the System Agreement and advise the MPSC regarding Entergy Mississippi's position with respect to withdrawal from the System Agreement. In November 2007, pursuant to the provisions of the System Agreement, Entergy Mississippi provided its written notice to terminate its participation in the System Agreement effective ninety-six (96) months from the date of the notice or such earlier date as authorized by the FERC.

In conjunction with the application of Entergy Gulf States and Calcasieu Power, LLC seeking FERC approval of Entergy Gulf States' acquisition of the Calcasieu Generating Facility, the Utility operating companies filed a Petition for Declaratory Order requesting that the FERC find either (1) that in those circumstances where a resource to be

acquired or constructed has been determined by Entergy's Operating Committee to be a resource devoted to serving Entergy System load and has been approved by the applicable retail regulator, the cost of such resource shall be reflected in the rough production cost equalization calculation; or (2) that Entergy Gulf States' acquisition of the Calcasieu facility is prudent and the costs are properly reflected in the rough production cost equalization calculation. The APSC, LPSC, MPSC, City Council, and several other parties intervened in the proceeding, with the APSC, LPSC, and City Council filing protests. In July 2007 the FERC denied the application for a declaratory order. The FERC concluded that (1) the circumstances surrounding resource acquisition on the Entergy System were not of sufficient "local interest" to warrant the FERC deferring to the findings of the applicable regulator; and (2) with respect to the alternative request for relief, consistent with its prior precedent, the FERC would not "entertain the issue of the prudence of a purchase until such time as the purchaser passes on the cost of the purchase to its customers." Entergy Gulf States and Calcasieu Power's application before the FERC seeking approval of the acquisition is still pending.

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Independent Coordinator of Transmission (ICT)

In May 2007 the FERC denied the requests for rehearing of its October 2006 order. In June 2007, the Utility operating companies made their compliance filing pursuant to the FERC's order denying rehearing.

As discussed in the Form 10-K, in the FERC's April 2006 order approving Entergy's 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 have been working with the ICT and a software vendor to develop the software and systems necessary to implement the WPP. The Utility operating companies also filed with the FERC in April 2007 a request to make certain corrections and limited modifications to the current WPP tariff provisions. The Utility operating companies have 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 is still not operational. The Utility operating companies have notified the FERC that Entergy will continue to pursue the implementation of the WPP as soon as possible and will notify the FERC upon the successful completion of the software testing.

In October 2006 the Utility operating companies filed revisions to their Open Access Transmission Tariff ("OATT") with the FERC to establish a mechanism to recover from their wholesale transmission customers the (1) costs incurred to develop or join an RTO and to develop the ICT; and (2) the on-going costs that will be incurred under the ICT agreement. Several parties intervened opposing the proposed tariff revisions. In December 2006 the FERC accepted for filing Entergy's proposed tariff revisions, and set them for hearing and settlement procedures. In its Order, the FERC concluded that each of the Utility operating companies "should be allowed the opportunity to recover its start up costs associated with its formation of the ICT and its participation in prior failed attempts to form an RTO," but also that the proposed tariffs raised issues of fact that are more properly addressed through hearing and settlement procedures. In June 2007 the Utility operating companies reached a settlement-in-principle with the parties to the proceeding and the settlement has been filed with the FERC.

Available Flowgate Capacity (AFC) Proceeding

In April 2007 the FERC issued an order terminating the AFC hearing involving Entergy because Entergy's ICT has been installed. In accordance with the provisions of the FERC order approving the ICT, during the first three quarters of 2007 the Utility operating companies notified the FERC, the ICT, and the stakeholders that certain instances had been identified in which software errors related to the AFC process had resulted in the reporting of inaccurate data. Following the reporting of these errors, certain market participants continue to urge the FERC to move forward with an AFC hearing in light of the identified errors.

Market-based Rate Authority

As discussed in the Form 10-K, in May 2005, the FERC instituted a proceeding under Section 206 of the FPA to investigate whether Entergy satisfies the FERC's transmission market power and affiliate abuse/reciprocal dealing standards for the granting of market-based rate authority, and established a refund effective date pursuant to the provisions of Section 206 for purposes of the additional issues set for hearing. The FERC decided to hold that investigation in abeyance, however, pending the outcomes of the ICT proceedings and Entergy's affiliate purchased power agreements proceeding. In June 2005, Entergy sought rehearing of the May order instituting the proceeding. The FERC terminated the Section 206 proceeding in May 2007 and dismissed Entergy's request for rehearing as moot. The FERC found that there was no further need for the proceeding.

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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 variability of market power prices. Following is an updated summary of the amount of Non-Utility Nuclear's output that is sold forward under physical or financial contracts (2007 represents the remaining quarter of the year):

	2007	2008	2009	2010	2011	2012
Non-Utility Nuclear (including Palisades acquisition)						
:						
Percent of planned generation sold forward:						
Unit-contingent	48%	50%	42%	30%	29%	16%
Unit-contingent with availability guarantees (1)	40%	36%	35%	28%	14%	7%
Firm liquidated damages	7%	5%	0%	0%	0%	0%
Total	95%	91%	77%	58%	43%	23%
Planned generation (TWh)	11	41	41	40	41	41
Average contract price per MWh	\$47	\$54	\$60	\$59	\$55	\$51

- (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.

The Vermont Yankee acquisition included a 10-year PPA under which the former owners will buy the power produced by the plant 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 if power market prices drop below PPA prices, which has not happened thus far and is not expected in the foreseeable future.

See the Form 10-K for a discussion of Non-Utility Nuclear's value sharing agreements with NYPA for energy sales from the FitzPatrick and Indian Point 3 power plants. In October 2007 Non-Utility Nuclear and NYPA amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the

amended value sharing agreements Non-Utility Nuclear will make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Non-Utility Nuclear will pay NYPA \$6.59 per MWh for power sold from Indian Point 3, up to an annual cap of \$48 million, and \$3.91 per MWh for power sold from FitzPatrick, up to an annual cap of \$24 million. The annual payment for each year is due by January 15 of the following year, with the payment for year 2007 output due on January 15, 2008. If Entergy or an Entergy affiliate ceases to own the plants, then, after January 2009, the annual payment obligation terminates for generation after the date that Entergy ownership ceases.

Non-Utility Nuclear had previously calculated that \$0 was owed to NYPA under the value sharing agreements for generation output in 2005 and 2006. In November 2006 NYPA filed a demand for arbitration claiming that \$90.5 million was due to NYPA for 2005 under these agreements, and NYPA filed in April 2007 an amended demand for arbitration claiming that an additional \$54 million was due to NYPA for 2006 under the value sharing agreements. As part of their agreement to amend the value sharing agreements, Non-Utility Nuclear and NYPA waived all present and future claims under the previous value sharing terms, including the claims for 2005 and 2006 pending before the arbitrator.

Non-Utility Nuclear will record its liability for payments to NYPA as power is generated and sold by Indian Point 3 and FitzPatrick. Non-Utility Nuclear recorded a \$57 million liability for generation through September 30, 2007. An amount equal to the liability will be recorded to the plant

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asset account as contingent purchase price consideration for the plants. This amount will be depreciated over the expected remaining useful life of the plants.

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, 2007, based on power prices at that time, Entergy had in place as collateral \$747 million of Entergy Corporation guarantees for wholesale transactions, including \$65 million of guarantees that support letters of credit. The assurance requirement associated with Non-Utility Nuclear is estimated to increase by an amount of up to \$325 million if gas prices increase \$1 per MMBtu in both the short- and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, Entergy will be required to replace Entergy Corporation guarantees with cash or letters of credit under some of the agreements.

In addition to selling the power produced by its plants, the Non-Utility Nuclear business sells installed capacity to load-serving distribution companies in order for those companies to meet requirements placed on them by the ISO in their area. Following is a summary of the amount of the Non-Utility Nuclear business' installed capacity that is currently sold forward, and the blended amount of the Non-Utility Nuclear business' planned generation output and installed capacity that is currently sold forward (2007 represents the remaining quarter of the year):

	2007	2008	2009	2010	2011	2012
Non-Utility Nuclear (including Palisades acquisition)						

:						
Percent of capacity sold forward:						
Bundled capacity and energy contracts	27%	27%	26%	26%	26%	19%
Capacity contracts	61%	59%	34%	16%	9%	2%
Total	88%	86%	60%	42%	35%	21%
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	\$1.7	\$1.8	\$1.7	\$2.5	\$3.1	\$3.5
<u>Blended Capacity and Energy (based on revenues)</u>						
% of planned generation and capacity sold forward	93%	88%	73%	52%	36%	18%
Average contract revenue per MWh	\$49	\$56	\$61	\$60	\$56	\$52

As of September 30, 2007, approximately 99% of Non-Utility Nuclear's counterparty exposure from energy and capacity contracts is with counterparties with investment grade credit ratings.

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, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

In September 2006 the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 generally does not require any new fair value measurements. However, in some cases, the application of SFAS 157 in the future may change Entergy's practice for measuring and disclosing fair values under other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for Entergy in the first quarter 2008 and will be applied prospectively. Entergy is currently evaluating SFAS 157 and its potential future effects on its financial position, results of operations, and cash flows.

The FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) during the first quarter 2007. SFAS 159 provides an option for companies to select certain financial assets and liabilities to be accounted for at fair value with changes in the fair value of those assets or liabilities being reported through earnings. The intent of the standard is to mitigate volatility in reported earnings caused by the application of the more complicated fair value hedging accounting rules. Under SFAS 159, companies can select existing assets or liabilities for this fair value option concurrent with the effective date of January 1, 2008 for companies with fiscal years ending December 31 or can select future assets or liabilities as they are acquired or entered into. Entergy is in the process of evaluating the potential effect of making this accounting election, but does not expect the provisions of this standard to have a material effect on its financial position, results of operations, or cash flows.

In June 2006, the EITF reached a consensus on EITF Issue 06-3 "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" (EITF 06-3). The scope of this issue includes any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer, and may include, but is not limited to, sales, use, value added, and some excise taxes. Under EITF 06-3, the presentation of taxes within the scope of this issue on either a gross basis (included in revenues and costs) or a net basis (excluded

from revenues) is an accounting policy decision that should be disclosed. For any such taxes reported on a gross basis, the amounts of those taxes in interim and annual financial statements, for each period for which an income statement is presented, should be disclosed if those amounts are significant. Entergy's policy is to present such taxes on a net basis, unless required to report differently by a regulatory authority. EITF 06-3 did not affect Entergy's financial statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2007	2006	2007	2006
	(In Thousands, Except Share Data)			
OPERATING REVENUES				
Electric	\$2,646,546	\$2,761,124	\$6,952,648	\$7,031,771
Natural gas	30,154	12,495	158,014	63,522
Competitive businesses	612,387	481,100	1,641,836	1,355,961
TOTAL	3,289,087	3,254,719	8,752,498	8,451,254
OPERATING EXPENSES				
Operating and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	809,283	987,558	2,192,296	2,489,347

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Purchased power	520,622	607,777	1,565,861	1,646,555
Nuclear refueling outage expenses	44,387	43,045	131,977	127,584
Other operation and maintenance	667,376	590,992	1,871,424	1,693,657
Decommissioning	43,597	36,933	123,507	108,787
Taxes other than income taxes	129,123	133,527	368,153	327,995
Depreciation and amortization	239,064	232,042	710,127	655,374
Other regulatory charges (credits) - net	25,303	(21,563)	62,187	(124,509)
TOTAL	2,478,755	2,610,311	7,025,532	6,924,790
OPERATING INCOME	810,332	644,408	1,726,966	1,526,464
OTHER INCOME				
Allowance for equity funds used during construction	9,367	7,721	34,084	32,088
Interest and dividend income	63,754	37,720	174,811	116,689
Equity in earnings of unconsolidated equity affiliates	1,432	14,772	3,533	26,843
Miscellaneous - net	(6,103)	30,964	(17,881)	16,793
TOTAL	68,450	91,177	194,547	192,413
INTEREST AND OTHER CHARGES				
Interest on long-term debt	133,165	125,907	380,321	369,058
Other interest - net	52,503	15,035	118,270	47,532
Allowance for borrowed funds used during construction	(5,260)	(4,538)	(20,175)	(18,989)
Preferred dividend requirements and other	6,375	6,811	18,784	22,622
TOTAL	186,783	143,215	497,200	420,223
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	691,999	592,370	1,424,313	1,298,654
Income taxes	230,840	202,437	483,357	444,170
INCOME FROM CONTINUING OPERATIONS	461,159	389,933	940,956	854,484
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (net of income tax expense (benefit) of (\$563) and \$5,423, respectively)	-	(1,050)	-	9,830
CONSOLIDATED NET INCOME	\$461,159	\$388,883	\$940,956	\$864,314
Basic earnings per average common share:				
Continuing operations	\$2.37	\$1.87	\$4.77	\$4.11
Discontinued operations	-	-	-	0.05
Basic earnings per average common share	\$2.37	\$1.87	\$4.77	\$4.16
Diluted earnings per average common share:				
Continuing operations	\$2.30	\$1.83	\$4.63	\$4.03
Discontinued operations	-	-	-	0.05

Diluted earnings per average common share	\$2.30	\$1.83	\$4.63	\$4.08
Dividends declared per common share	\$0.75	\$0.54	\$1.83	\$1.62

Basic average number of common shares outstanding	194,864,359	208,382,863	197,443,652	208,034,946
Diluted average number of common shares outstanding	200,532,942	212,404,770	203,362,110	211,782,858

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	2007	2006
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	\$940,956	\$864,314
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Reserve for regulatory adjustments	(18,337)	43,960
Other regulatory charges (credits) - net	62,187	(124,509)
Depreciation, amortization, and decommissioning	833,634	765,627
Deferred income taxes, investment tax credits, and non-current taxes accrued	510,435	611,766
Equity in earnings of unconsolidated equity affiliates - net of dividends	(3,533)	(24,669)
Changes in working capital:		
Receivables	(317,454)	210,311
Fuel inventory	390	3,652
Accounts payable	(155,736)	(390,804)
Taxes accrued	(176,790)	66,046
Interest accrued	8,180	3,190
Deferred fuel	(89,558)	436,663
Other working capital accounts	(53,977)	111,491
Provision for estimated losses and reserves	24,753	27,595
Changes in other regulatory assets	124,102	(193,323)
Other	(62,500)	(153,953)
Net cash flow provided by operating activities	1,626,752	2,257,357
INVESTING ACTIVITIES		
Construction/capital expenditures	(1,083,090)	(1,251,732)
Allowance for equity funds used during construction	34,084	32,088
Nuclear fuel purchases	(272,137)	(260,759)
Proceeds from sale/leaseback of nuclear fuel	128,292	135,079

Proceeds from sale of assets and businesses	13,063	77,159
Payment for purchase of plant	(336,211)	(88,199)
Insurance proceeds received for property damages	82,648	18,227
Decrease in other investments	71,770	56,501
Proceeds from nuclear decommissioning trust fund sales	1,299,685	580,745
Investment in nuclear decommissioning trust funds	(1,388,806)	(655,788)
Other regulatory investments	-	(38,506)
Net cash flow used in investing activities	(1,450,702)	(1,395,185)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	2007	2006
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	2,437,163	1,377,701
Preferred stock	-	73,354
Common stock and treasury stock	59,175	32,072
Retirement of long-term debt	(889,813)	(1,598,425)
Repurchase of common stock	(1,024,185)	-
Redemption of preferred stock	(3,450)	(183,881)
Changes in credit line borrowings - net	60,000	(40,000)
Dividends paid:		
Common stock	(361,574)	(337,104)
Preferred stock	(19,532)	(22,861)
Net cash flow provided by (used in) financing activities	257,784	(699,144)
Effect of exchange rates on cash and cash equivalents	(394)	(820)
Net increase in cash and cash equivalents	433,440	162,208
Cash and cash equivalents at beginning of period	1,016,152	582,820
Effect of the reconsolidation of Entergy New Orleans on cash and cash equivalents	17,093	-
Cash and cash equivalents at end of period	\$1,466,685	\$745,028

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION:

Cash paid/(received) during the period for:

Interest - net of amount capitalized	\$449,038	\$390,059
Income taxes	\$349,058	(\$197,560)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

September 30, 2007 and December 31, 2006

(Unaudited)

	2007	2006
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$127,307	\$117,379
Temporary cash investments - at cost, which approximates market	1,339,378	898,773
Total cash and cash equivalents	1,466,685	1,016,152
Note receivable - Entergy New Orleans DIP loan	-	51,934
Notes receivable	421	699
Accounts receivable:		
Customer	638,059	410,512
Allowance for doubtful accounts	(27,537)	(19,348)
Other	475,037	487,264
Accrued unbilled revenues	345,321	249,165
Total accounts receivable	1,430,880	1,127,593
Deferred fuel costs	35,522	-
Accumulated deferred income taxes	-	11,680
Fuel inventory - at average cost	197,749	193,098
Materials and supplies - at average cost	683,000	604,998
Deferred nuclear refueling outage costs	209,473	147,521
System agreement cost equalization	107,886	-
Prepayments and other	106,449	171,759
TOTAL	4,238,065	3,325,434
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	79,262	229,089
Decommissioning trust funds	3,303,701	2,858,523
	212,110	212,726

Non-utility property - at cost (less accumulated depreciation)		
Other	69,711	47,115
TOTAL	3,664,784	3,347,453
PROPERTY, PLANT AND EQUIPMENT		
Electric	32,568,142	30,713,284
Property under capital lease	737,459	730,182
Natural gas	297,355	92,787
Construction work in progress	973,798	786,147
Nuclear fuel under capital lease	317,653	336,017
Nuclear fuel	573,489	494,759
TOTAL PROPERTY, PLANT AND EQUIPMENT	35,467,896	33,153,176
Less - accumulated depreciation and amortization	14,891,183	13,715,099
PROPERTY, PLANT AND EQUIPMENT - NET	20,576,713	19,438,077
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
SFAS 109 regulatory asset - net	677,166	740,110
Other regulatory assets	3,103,377	2,768,352
Deferred fuel costs	168,122	168,122
Long-term receivables	16,257	19,349
Goodwill	377,172	377,172
Other	936,861	898,662
TOTAL	5,278,955	4,971,767
TOTAL ASSETS	\$33,758,517	\$31,082,731

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY
September 30, 2007 and December 31, 2006
(Unaudited)

	2007	2006
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$626,942	\$181,576
Notes payable	83,037	25,039
Accounts payable	978,614	1,122,596
Customer deposits	283,526	248,031
Taxes accrued	10,534	187,324
Accumulated deferred income taxes	20,494	-

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Interest accrued	187,015	160,831
Deferred fuel costs	-	73,031
Obligations under capital leases	153,559	153,246
Pension and other postretirement liabilities	32,693	41,912
System agreement cost equalization	107,886	-
Other	239,208	271,544
TOTAL	2,723,508	2,465,130

NON-CURRENT LIABILITIES

Accumulated deferred income taxes and taxes accrued	6,328,049	5,820,700
Accumulated deferred investment tax credits	348,099	358,550
Obligations under capital leases	176,648	188,033
Other regulatory liabilities	531,311	449,237
Decommissioning and asset retirement cost liabilities	2,355,912	2,023,846
Transition to competition	79,098	79,098
Accumulated provisions	129,906	88,902
Pension and other postretirement liabilities	1,409,540	1,410,433
Long-term debt	10,147,126	8,798,087
Preferred stock with sinking fund	7,050	10,500
Other	1,187,878	847,415
TOTAL	22,700,617	20,074,801

Commitments and Contingencies

Preferred stock without sinking fund	364,479	344,913
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SHAREHOLDERS' EQUITY

Common stock, \$.01 par value, authorized 500,000,000 shares; issued 248,174,087 shares in 2007 and in 2006	2,482	2,482
Paid-in capital	4,846,834	4,827,265
Retained earnings	6,687,955	6,113,042
Accumulated other comprehensive income (loss)	8,194	(100,512)
Less - treasury stock, at cost (53,911,876 shares in 2007 and 45,506,311 shares in 2006)	3,575,552	2,644,390
TOTAL	7,969,913	8,197,887

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$33,758,517	\$31,082,731
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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, 2007 and 2006
(Unaudited)

	2007		2006	
	(In Thousands)			
RETAINED EARNINGS				
Retained Earnings - Beginning of period	\$6,372,687		\$5,681,618	
Add: Consolidated net income	461,159	\$461,159	388,883	\$388,883
Deduct:				
Dividends declared on common stock	145,891		112,570	
Capital stock and other expenses	-		1,621	
Total	145,891		114,191	
Retained Earnings - End of period	\$6,687,955		\$5,956,310	
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance at beginning of period:				
Accumulated derivative instrument fair value changes	(\$59,562)		(\$194,629)	
Pension and other postretirement liabilities	(105,770)		-	
Net unrealized investment gains	116,897		59,376	
Foreign currency translation	6,666		3,773	
Minimum pension liability	-		(22,345)	
Total	(41,769)		(153,825)	
Net derivative instrument fair value changes arising during the period (net of tax expense of \$24,296 and \$17,470)	42,201	42,201	27,295	27,295
Pension and other postretirement liabilities (net of tax expense of \$682)	69	69	-	-
Net unrealized investment gains (net of tax expense of \$24,586 and \$18,788)	7,541	7,541	23,840	23,840
Foreign currency translation (net of tax expense of \$82 and \$143)	152	152	265	265

Minimum pension liability (net of tax expense of \$386)	-	-	617	617
Balance at end of period:				
Accumulated derivative instrument fair value changes	(17,361)		(167,334)	
Pension and other postretirement liabilities	(105,701)		-	
Net unrealized investment gains	124,438		83,216	
Foreign currency translation	6,818		4,038	
Minimum pension liability	-		(21,728)	
Total	\$8,194		(\$101,808)	
Comprehensive Income		\$511,122		\$440,900

PAID-IN CAPITAL

Paid-in Capital - Beginning of period	\$4,841,059		\$4,817,628	
Add:				
Common stock issuances related to stock plans	5,775		1,264	
Paid-in Capital - End of period	\$4,846,834		\$4,818,892	

See Notes to Financial Statements.

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

For the Nine Months Ended September 30, 2007 and 2006

(Unaudited)

2007

2006

(In Thousands)

RETAINED EARNINGS

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Retained Earnings - Beginning of period	\$6,113,042		\$5,433,931	
Add:				
Consolidated net income	940,956	\$940,956	864,314	\$864,314
Adjustment related to FIN 48 implementation	(4,600)		-	
Total	936,356		864,314	
Deduct:				
Dividends declared on common stock	361,443		337,004	
Capital stock and other expenses	-		4,931	
Total	361,443		341,935	
Retained Earnings - End of period	\$6,687,955		\$5,956,310	

**ACCUMULATED OTHER
COMPREHENSIVE INCOME (LOSS)**

Balance at beginning of period:				
Accumulated derivative instrument fair value changes	(\$105,578)		(\$392,614)	
Pension and other postretirement liabilities	(105,909)		-	
Net unrealized investment gains	104,551		67,923	
Foreign currency translation	6,424		3,217	
Minimum pension liability	-		(22,345)	
Total	(100,512)		(343,819)	
Net derivative instrument fair value changes arising during the period (net of tax expense of \$54,472 and \$149,013)	88,217	88,217	225,280	225,280
Pension and other postretirement liabilities (net of tax expense of \$2,048)	208	208	-	-
Net unrealized investment gains (net of tax expense of \$31,693 and \$10,986)	19,887	19,887	15,293	15,293
Foreign currency translation (net of tax expense of \$212 and \$442)	394	394	821	821

Minimum pension liability (net of tax expense of \$386)	-	-	617	617
Balance at end of period:				
Accumulated derivative instrument fair value changes	(17,361)		(167,334)	
Pension and other postretirement liabilities	(105,701)		-	
Net unrealized investment gains	124,438		83,216	
Foreign currency translation	6,818		4,038	
Minimum pension liability	-		(21,728)	
Total	\$8,194		(\$101,808)	
Comprehensive Income		\$1,049,662		\$1,106,325

PAID-IN CAPITAL

Paid-in Capital - Beginning of period	\$4,827,265		\$4,817,637	
Add (Deduct):				
Common stock issuances related to stock plans	19,569		1,255	
Paid-in Capital - End of period	\$4,846,834		\$4,818,892	

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

Three Months Ended Increase/

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Description	2007	2006	(Decrease)	%
	(Dollars In Millions)			
Utility Electric Operating Revenues:				
Residential	\$1,076	\$1,115	(\$39)	(3)
Commercial	684	687	(3)	-
Industrial	646	704	(58)	(8)
Governmental	60	42	18	43
Total retail	2,466	2,548	(82)	(3)
Sales for resale	106	147	(41)	(28)
Other	75	66	9	14
Total	\$2,647	\$2,761	(\$114)	(4)
Utility Billed Electric Energy				
Sales (GWh):				
Residential	11,128	10,772	356	3
Commercial	8,111	7,484	627	8
Industrial	10,120	10,154	(34)	-
Governmental	637	436	201	46
Total retail	29,996	28,846	1,150	4
Sales for resale	1,413	2,894	(1,481)	(51)
Total	31,409	31,740	(331)	(1)

Description	Nine Months Ended 2007	2006	Increase/ (Decrease)	%
	(Dollars In Millions)			
Utility Electric Operating Revenues:				
Residential	\$2,512	\$2,509	\$3	-
Commercial	1,816	1,773	43	2
Industrial	1,920	1,990	(70)	(4)
Governmental	163	118	45	38
Total retail	6,411	6,390	21	-
Sales for resale	295	488	(193)	(40)
Other	247	154	93	60
Total	\$6,953	\$7,032	(\$79)	(1)
Utility Billed Electric Energy				
Sales (GWh):				
Residential	25,905	24,768	1,137	5
Commercial	20,708	19,078	1,630	9
Industrial	29,256	28,768	488	2
Governmental	1,749	1,196	553	46
Total retail	77,618	73,810	3,808	5
Sales for resale	4,479	8,471	(3,992)	(47)
Total	82,097	82,281	(184)	-

ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES

Entergy New Orleans Bankruptcy

See Note 9 to the financial statements herein for information on the Entergy New Orleans bankruptcy proceeding.

Nuclear Insurance

See Note 8 to the financial statements in the Form 10-K for information on nuclear liability and property insurance associated with Entergy's nuclear power plants. Following is an update to that information.

Property Insurance

In April 2007, the excess layer coverage for the Utility nuclear plants was increased to \$750 million per occurrence per plant and the blanket layer coverage (shared among the plants) for the Utility nuclear plants was decreased to \$350 million per occurrence.

Conventional Property Insurance

See Note 8 to the financial statements in the Form 10-K for information on Entergy's conventional property insurance program. Following are updates to that information.

Hurricane Katrina and Hurricane Rita Claims

Entergy has received a total of \$134.5 million as of September 30, 2007 on its Hurricane Katrina and Hurricane Rita insurance claims, including \$69.5 million that Entergy received in the second quarter 2007 in settlement of its Hurricane Katrina claim with one of its excess insurers. Of the \$134.5 million received, \$70.7 million was allocated to Entergy New Orleans, \$33.2 million to Entergy Gulf States, and \$24.8 million to Entergy Louisiana. In the third quarter 2007, Entergy filed a lawsuit in the U.S. District Court for the Eastern District of Louisiana against its other excess insurer on the Hurricane Katrina claim. At issue in the lawsuit is whether any policy exclusions limit the extent of coverage provided by that insurer.

To the extent that Entergy New Orleans receives insurance proceeds for future construction expenditures associated with rebuilding its gas system, the October 2006 City Council resolution approving the settlement of Entergy New Orleans' rate and storm-cost recovery filings requires Entergy New Orleans to record those proceeds in a designated sub-account of other deferred credits. This other deferred credit is shown as "Gas system rebuild insurance proceeds" on Entergy New Orleans' balance sheet.

Conventional Property Insurance Coverage Update

Entergy's conventional property insurance program provides coverage up to \$400 million on an Entergy system-wide basis for all operational perils including direct physical loss or damage due to machinery breakdown, electrical failure,

fire, lightning, hail, and explosion on an "each and every loss" basis. In addition to this coverage, the program provides coverage up to \$350 million on an Entergy system-wide basis for all natural perils including named windstorm, earthquake and flood on an annual aggregate basis. The coverage is subject to a \$20 million self-insured retention per occurrence for operational perils or a 2% of the insured loss retention per occurrence for natural perils (up to a \$35 million maximum self-insured retention). Covered property generally includes power plants, substations, facilities, inventories, and gas distribution-related properties. Excluded property generally includes above-ground transmission and distribution lines, poles, and towers. The primary

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property program consists of a \$150 million layer in excess of the self-insured retention and is placed through various insurers. The excess program consists of a \$250 million layer in excess of the \$150 million primary program for operational perils and a \$150 million layer in excess of the \$150 million primary program for natural perils and is placed on a quota share basis through two insurers. The natural perils additional layer program consists of a \$50 million layer in excess the \$150 million excess program and is also placed on a quota share basis through two insurers. Coverage is in place for Entergy Corporation, the Registrant Subsidiaries, and certain other Entergy subsidiaries, including the owners of the Non-Utility Nuclear power plants.

In addition to the conventional property insurance program, Entergy has purchased additional coverage (\$20 million per occurrence) for some of its non-regulated, non-generation assets. This policy serves to buy-down the \$20 million deductible and is placed on a scheduled location basis. The applicable deductibles are \$100,000 to \$250,000.

NYPA Value Sharing Agreements

See Note 8 to the financial statements in the Form 10-K for a discussion of Non-Utility Nuclear's value sharing agreements with NYPA for energy sales from the FitzPatrick and Indian Point 3 power plants. In October 2007 Non-Utility Nuclear and NYPA amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the amended value sharing agreements Non-Utility Nuclear will make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Non-Utility Nuclear will pay NYPA \$6.59 per MWh for power sold from Indian Point 3, up to an annual cap of \$48 million, and \$3.91 per MWh for power sold from FitzPatrick, up to an annual cap of \$24 million. The annual payment for each year is due by January 15 of the following year, with the payment for year 2007 output due on January 15, 2008. If Entergy or an Entergy affiliate ceases to own the plants, then, after January 2009, the annual payment obligation terminates for generation after the date that Entergy ownership ceases.

Non-Utility Nuclear had previously calculated that \$0 was owed to NYPA under the value sharing agreements for generation output in 2005 and 2006. In November 2006 NYPA filed a demand for arbitration claiming that \$90.5 million was due to NYPA for 2005 under these agreements, and NYPA filed in April 2007 an amended demand for arbitration claiming that an additional \$54 million was due to NYPA for 2006 under the value sharing agreements. As part of their agreement to amend the value sharing agreements, Non-Utility Nuclear and NYPA waived all present and future claims under the previous value sharing terms, including the claims for 2005 and 2006 pending before the arbitrator.

Non-Utility Nuclear will record its liability for payments to NYPA as power is generated and sold by Indian Point 3 and FitzPatrick. Non-Utility Nuclear recorded a \$57 million liability for generation through September 30, 2007. An

amount equal to the liability will be recorded to the plant asset account as contingent purchase price consideration for the plants. This amount will be depreciated over the expected remaining useful life of the plants.

CashPoint Bankruptcy

(Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

See Note 8 to the financial statements in the Form 10-K for information regarding the bankruptcy of CashPoint, which managed a network of payment agents for the Utility operating companies.

Employment and Labor-related Proceedings

The Registrant Subsidiaries and other Entergy subsidiaries are responding to various lawsuits and other labor-related proceedings filed by current and former employees. These actions include, but are not limited to, allegations of wrongful employment actions; wage disputes and other claims under the Fair Labor Standards Act or its state counterparts; claims of race, gender and disability discrimination; disputes arising under collective bargaining agreements; unfair labor practice proceedings and other administrative proceedings before the National Labor Relations Board; claims of retaliation; and claims for or regarding benefits under various Entergy Corporation sponsored plans. Entergy and the Registrant Subsidiaries are responding to these suits and proceedings and deny liability to the claimants.

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Asbestos and Hazardous Material Litigation

(Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

See Note 8 to the financial statements in the Form 10-K for information regarding asbestos and hazardous material litigation at Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

NOTE 2. RATE AND REGULATORY MATTERS

Regulatory Assets

Other Regulatory Assets

See Note 2 to the financial statements in the Form 10-K for information regarding regulatory assets in the Utility business reflected on the balance sheets of Entergy and the Registrant Subsidiaries.

Deferred Fuel Costs

See Note 2 to the financial statements in the Form 10-K for information regarding fuel proceedings involving the Utility operating companies. The following are updates to the Form 10-K.

Entergy Arkansas

In March 2007, in order to allow further consideration by the APSC, the APSC granted Entergy Arkansas' petition for rehearing and for stay of the APSC's January 2007 order in the proceeding investigating Entergy Arkansas' interim energy cost rate. The APSC has taken no action in this proceeding since its March 2007 order.

Also in March 2007, Entergy Arkansas filed with the APSC its annual energy cost rate for the period April 2007 through March 2008. The filed energy cost rate decreased from \$0.02827/kWh to \$0.01179/kWh effective the first billing cycle in April 2007.

In its June 2007 order regarding Entergy Arkansas' rate case, discussed below, the APSC approved the continuation of Entergy Arkansas' energy cost recovery rider through December 31, 2008.

Entergy Gulf States (Texas)

The Entergy Gulf States rate filing made with the PUCT in September 2007, which is discussed below, includes a request to reconcile \$858 million in fuel and purchased power costs on a Texas retail basis incurred over the period January 2006 through March 2007.

In March 2007, Entergy Gulf States filed a request with the PUCT to refund \$78.5 million, including interest, of fuel cost recovery over-collections through January 2007. In June 2007 the PUCT approved a unanimous stipulation and settlement agreement that updated the over-collection balance through April 2007 and established a refund amount, including interest, of \$109.4 million. The refund was made over a two-month period beginning with the first billing cycle in July 2007. Amounts refunded through the interim fuel refund are subject to final reconciliation in a future fuel reconciliation proceeding.

In May 2006, Entergy Gulf States filed with the PUCT a fuel and purchased power reconciliation case covering the period September 2003 through December 2005 for costs recoverable through the Texas fixed fuel factor rate and the incremental purchased capacity recovery rider. Entergy Gulf States reconciled \$1.6 billion of fuel and purchased power costs on a Texas retail basis. A hearing was conducted before ALJs in April 2007. In July 2007, the ALJs issued a proposal for decision recommending that Entergy Gulf States be authorized to reconcile all of its requested Texas fixed fuel factor expenses and recommending a minor adjustment to the incremental purchased capacity recovery calculation. The ALJs also recommend granting an exception to PUCT rules to allow for recovery of an additional \$11.4 million in Texas-jurisdictional

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purchased power capacity costs. In September 2007, the PUCT issued a final order, which affirmed the ultimate result of the ALJ's proposal for decision. Upon motions for rehearing, the PUCT added additional language in its order on rehearing. In order to preserve any appeals, the parties will have to file a subsequent motion for rehearing to the PUCT's order on rehearing.

Storm Cost Recovery Filings

See Note 2 to the financial statements in the Form 10-K for information regarding storm cost recovery filings involving the Utility operating companies. The following are updates to the Form 10-K.

Entergy Gulf States - Texas

In April 2007, the PUCT issued its financing order authorizing the issuance of securitization bonds to recover \$353 million of hurricane reconstruction costs and up to \$6 million of transaction costs, offset by \$32 million of related deferred income tax benefits. In June 2007, Entergy Gulf States Reconstruction Funding I, LLC (Entergy Gulf States Reconstruction Funding), a company wholly-owned and consolidated by Entergy Gulf States, issued \$329.5 million of senior secured transition bonds (securitization bonds). With the proceeds, Entergy Gulf States Reconstruction Funding purchased from Entergy Gulf States the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. Entergy Gulf States will use the proceeds to refinance or retire debt and to reduce equity. Entergy Gulf States began cost recovery through the transition charge in July 2007, and the transition charge is expected to remain in place over a 15-year period. See Note 4 to the financial statements for additional information regarding the securitization bonds.

Entergy Gulf States - Louisiana and Entergy Louisiana

In February 2007, Entergy Louisiana and Entergy Gulf States filed rebuttal testimony and filed a second supplemental and amending application by which they seek authority from the LPSC to securitize their storm cost recovery and storm reserve amounts, together with certain debt retirement costs and upfront and ongoing costs of the securitized debt issued. Securitization is authorized by a law signed by the Governor of Louisiana in May 2006. Hearings on the quantification of the amounts eligible for securitization began in late-April 2007. At the start of the hearing, a stipulation among Entergy Gulf States, Entergy Louisiana, the LPSC staff, and most other parties in the proceeding was read into the record. The stipulation quantifies the balance of storm restoration costs for recovery as \$545 million for Entergy Louisiana and \$187 million for Entergy Gulf States, and sets the storm reserve amounts at \$152 million for Entergy Louisiana and \$87 million for Entergy Gulf States. The stipulation also calls for securitization of the storm restoration costs and storm reserves in those same amounts. Hearings on authorization of securitization of the storm costs and reserves were held in June 2007. In August 2007, the LPSC issued orders approving recovery of the stipulated storm cost recovery and storm reserve amounts plus certain debt retirement and upfront and ongoing costs through securitization financing.

Entergy Mississippi

In October 2006 the MPSC issued a financing order authorizing the issuance of state bonds to finance \$8 million of Entergy Mississippi's certified Hurricane Katrina restoration costs and \$40 million for an increase in Entergy Mississippi's storm damage reserve. \$30 million of the storm damage reserve will be set aside in a restricted account. A Mississippi state entity issued the bonds in May 2007, and Entergy Mississippi received proceeds of \$48 million. Entergy Mississippi will not report the bonds on its balance sheet because the bonds are the obligation of the state entity, and there is no recourse against Entergy Mississippi in the event of a bond default. To service the bonds, Entergy Mississippi will collect a system restoration charge on behalf of the state, and will remit the collections to the state. By analogy to and in accordance with Entergy's accounting policy for collection of sales taxes, Entergy Mississippi will not report the collections as revenue because it is merely acting as the billing and collection agent for the state.

Entergy New Orleans

In March 2007, the City Council certified that Entergy New Orleans has incurred \$205 million in storm-related costs through December 2006 that are eligible for CDBG funding under the state action plan, and certified Entergy New Orleans' estimated costs of \$465 million for its gas system rebuild. In April 2007, Entergy New Orleans executed an agreement with the Louisiana Office of Community Development under which \$200 million of CDBG funds will be made available to Entergy New Orleans. Entergy New Orleans submitted the agreement to the bankruptcy court,

which approved it on April 25, 2007. Entergy New Orleans has received \$180.8 million of the funds as of September 30, 2007, and the remainder will be paid to Entergy New Orleans as it incurs and submits additional eligible costs.

Retail Rate Proceedings

See Note 2 to the financial statements in the Form 10-K for information regarding retail rate proceedings involving the Utility operating companies. The following are updates to the Form 10-K.

Filings with the APSC (Entergy Arkansas)

In June 2007, after hearings on Entergy Arkansas' August 2006 base rate filing requesting an adjusted annual increase of \$106.5 million, the APSC ordered Entergy Arkansas to reduce its annual rates by \$5 million, and set a return on common equity of 9.9% with a hypothetical common equity level lower than Entergy Arkansas' actual capital structure. For the purpose of setting rates, the APSC disallowed a portion of costs associated with incentive compensation based on financial measures and

all costs associated with Entergy's stock-based compensation plans. In addition, under the terms of the APSC's decision, recovery of storm restoration costs in the future will be limited to a fixed annual amount of \$14.4 million, regardless of the actual annual amount of future restoration costs. The APSC's decision also threatens Entergy Arkansas' ability to recover \$52 million of costs previously accumulated in Entergy Arkansas' storm reserve and \$18 million of removal costs associated with the termination of a lease. Management believes, however, that Entergy Arkansas is entitled to recover these prudently incurred costs and will vigorously pursue its right to recover them. The APSC rejected Entergy Arkansas' request for a capacity management rider to recover incremental capacity costs, but directed Entergy Arkansas and the other parties in the case to develop an annual earnings review process that may address this issue.

The APSC denied Entergy Arkansas' request for rehearing of the APSC's June 2007 decision. In September 2007, Entergy Arkansas appealed the decision to the Arkansas Court of Appeals. In its Notice of Appeal, Entergy Arkansas states that the APSC's decision represents arbitrary decision-making, and enumerates seventeen reasons why the APSC's decision is unlawful. A briefing schedule that concludes in the first quarter 2008 has been established by the appeals court.

See Entergy Corporation and Subsidiaries' "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends - Federal Regulation - System Agreement Litigation**" for a discussion of Entergy's compliance filing in that proceeding. In its June 2007 decision on Entergy Arkansas' rate filing, the APSC approved through December 31, 2008 a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas as a result of the System Agreement litigation.

Filings with the PUCT (Entergy Gulf States)

Entergy Gulf States made a rate filing in September 2007 with the PUCT requesting an annual rate increase totaling \$107.5 million, including a base rate increase of \$64.3 million and special riders totaling \$43.2 million. The base rate increase includes \$12.2 million for the storm damage reserve. Entergy Gulf States is requesting an 11% return on common equity.

In September 2007, Entergy Gulf States filed with the PUCT a request to increase its incremental purchased capacity recovery rider to collect approximately \$25 million on an annual basis. This filing also includes a request to

implement an interim surcharge to collect approximately \$10 million in under-recovered incremental purchased capacity costs incurred through July 2007. A decision is expected in the first quarter 2008. Amounts collected through the rider and interim surcharge are subject to final reconciliation.

Filings with the LPSC

(Entergy Gulf States)

In May 2007, Entergy Gulf States made its formula rate plan filing with the LPSC for the 2006 test year. The filing reflected a 10.0% return on common equity, which is within the allowed earnings bandwidth, and an anticipated formula rate plan decrease of \$23 million annually attributable to adjustments outside of the formula rate plan sharing mechanism related to capacity costs and the anticipated securitization of storm costs related to Hurricane Katrina and Hurricane Rita and the securitization of a storm reserve. In September 2007, Entergy Gulf States modified the formula rate plan filing to reflect a 10.07% return on common equity, which is still within the allowed bandwidth. The modified filing also reflected implementation of a \$4.1 million rate increase attributable to recovery of additional LPSC approved incremental deferred and ongoing capacity costs. The rate decrease anticipated in the original filing did not occur because of the additional capacity costs approved by the LPSC, and because securitization of storm costs associated with Hurricane Katrina and Hurricane Rita and the establishment of a storm reserve have not yet occurred. Entergy Gulf States is currently exploring its securitization options.

In May 2006, Entergy Gulf States made its formula rate plan filing with the LPSC for the 2005 test year. Entergy Gulf States modified the filing in August 2006 to reflect an 11.1% return on common equity which is within the allowed bandwidth. The modified filing includes a formula rate plan increase of \$17.2 million annually that provides for 1) interim recovery of \$10.5 million of storm costs from Hurricane Katrina and Hurricane Rita and 2) recovery of \$6.7 million of LPSC-approved incremental deferred and ongoing capacity costs. The increase was implemented, subject to refund, with the first billing cycle of September 2006. In May 2007 the LPSC approved a settlement between Entergy Gulf States and the LPSC staff, affirming the rates that were implemented in September 2006.

(Entergy Louisiana)

In May 2007, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2006 test year, indicating a 7.6% return on common equity and an anticipated formula rate plan decrease of \$6.9 million. The filing also included Entergy Louisiana's request to recover \$39.8 million in unrecovered fixed costs associated with the loss of customers that resulted from Hurricane Katrina and Hurricane Rita, which if approved by the LPSC would increase the return on common equity under the original filing to 9.4%, which is within the band of no change adjacent to the lower end of the sharing bandwidth. In September 2007, Entergy Louisiana modified its formula rate plan filing to reflect its implementation of certain adjustments proposed by the LPSC staff in its review of Entergy Louisiana's original filing with which Entergy Louisiana agreed, and to reflect its implementation of an \$18.4 million annual formula rate plan rate increase comprised of (1) a \$23.8 million increase representing 60% of Entergy Louisiana's revenue deficiency, and (2) a \$5.4 million decrease for reduced incremental and deferred capacity costs. The return on common equity in the modified filing is 7.63%. The LPSC authorized Entergy Louisiana to defer for accounting purposes the difference between its \$39.8 million claim for unrecovered fixed costs and 60% of the revenue deficiency to preserve Entergy Louisiana's right to pursue that claim in full during the formula rate plan proceeding. The rate decrease anticipated in the original filing did not occur because securitization of storm costs associated with Hurricane Katrina and Hurricane Rita and the establishment of a storm reserve have not yet occurred. Entergy Louisiana is currently exploring its securitization options.

(Entergy Gulf States)

In January 2007, Entergy Gulf States filed with the LPSC its gas rate stabilization plan for the test year ending September 30, 2006. The filing showed a revenue deficiency of \$3.5 million based on a return on common equity mid-point of 10.5%. In March 2007, Entergy Gulf States filed a set of rate and rider schedules that reflected all proposed LPSC staff adjustments and implemented a \$2.4 million base rate increase effective with the first billing cycle of April 2007 pursuant to the rate stabilization plan.

Filings with the MPSC (Entergy Mississippi)

In March 2007, Entergy Mississippi made its annual scheduled formula rate plan filing for the 2006 test year with the MPSC. The filing showed that an increase of \$12.9 million in annual electric revenues is warranted. In June 2007 the MPSC approved a joint stipulation between Entergy Mississippi and the Mississippi Public Utilities staff that provides for a \$10.5 million rate increase, which was effective beginning with July 2007 billings.

Electric Industry Restructuring

Texas (Entergy Gulf States)

Refer to Note 2 to the financial statements in the Form 10-K for the current Texas legislation and Entergy Gulf States' proposed transition to competition plan.

As required by the June 2005 legislation, Entergy Gulf States filed its proposed transition to competition plan in December 2006. The plan provides that to achieve full customer choice, Entergy Gulf States should join ERCOT because ERCOT already has all of the prerequisites for retail choice. Pursuant to PUCT order, on June 4, 2007 Entergy Gulf States filed a restatement of the plan, in which Entergy Gulf States requested that the PUCT approve a "Financial Stability Provision" that is designed to ensure that Entergy Gulf States' proposed integration with ERCOT will not, during the necessary construction period, cause deterioration of its credit quality and financial strength. The June 4, 2007 filing also proposes a rule making process to implement the Financial Stability Provision and to consider the construction and ownership of necessary ERCOT integration facilities by third parties. The filing also eliminated from the plan certain provisions whereby Entergy Gulf States had the ability in its sole discretion to cease pursuit of the plan. Under Entergy Gulf States' plan, retail open access could commence as early as 2013, although that is unlikely given the PUCT's decision described below. Entergy Gulf States' plan includes an estimate that direct construction costs for facilities to interconnect Entergy Gulf States' Texas operations with ERCOT could be approximately \$1 billion. The Texas Legislature did not pass legislation addressing Entergy Gulf States' transition plan before adjourning its 2007 session. PUCT hearings on Entergy Gulf States' plan were completed in July 2007. In October 2007, the PUCT abated the proceeding to allow the Southwest Power Pool (SPP) to develop additional information about the costs and benefits of Entergy Gulf States joining the SPP similar to information presented regarding Entergy Gulf States joining ERCOT. The SPP has stated that it would take a minimum of six to nine months to develop this type of information. Entergy Gulf States filed a motion for reconsideration, in which it asks the PUCT to also allow for an update to the ERCOT cost study.

In December 2006, the PUCT asked for parties to brief the effects of the 2005 legislation on the competition dockets of Entergy Gulf States, most notably, the settlement that the parties entered with respect to the unbundling of Entergy Gulf States for retail open access. Finding that the 2005 legislation now provides the mechanism by which Entergy Gulf States will transition to competition, the PUCT, on February 1, 2007, dismissed Entergy Gulf States' unbundled cost of service proceeding. After analyzing the PUCT's decision, Entergy Gulf States recorded a provision for its estimated exposure related to certain past fuel cost recoveries that may be credited to customers.

Co-Owner-Initiated Proceeding at the FERC

(Entergy Arkansas)

In October 2004, Arkansas Electric Cooperative (AECC) filed a complaint at the FERC against Entergy Arkansas relating to a contract dispute over the pricing of substitute energy at the co-owned Independence and White Bluff coal plants. The main issue in the case related to the consequences under the governing contracts when the dispatch of the coal units is constrained due to system operating conditions. A hearing was held on the AECC complaint and an ALJ Initial Decision was issued in January 2006 in which the ALJ found AECC's claims to be without merit. On October 25, 2006, the FERC issued its order in the proceeding. In the order, the FERC reversed the ALJ's findings. Specifically, the FERC found that the governing contracts do not recognize the effects of dispatch constraints on the co-owned units. The FERC explained that for over twenty-three years the course of conduct of the parties was such that AECC received its full entitlement to the two coal units, regardless of any reduced output caused by system operating constraints. Based on the order, Entergy Arkansas is required to refund to AECC all excess amounts billed to AECC as a result of the system operating constraints. The FERC denied Entergy Arkansas' request for rehearing and Entergy Arkansas refunded \$22.1 million (including interest) to AECC in September 2007. Entergy Arkansas had previously recorded a provision for the estimated effect of this refund. AECC has filed a protest at the FERC claiming that Entergy Arkansas owes an additional \$2.5 million plus interest. Entergy Arkansas has appealed the FERC's decision to the D.C. Circuit.

NOTE 3. COMMON EQUITY

Common Stock

Earnings per Share

The following tables present Entergy's basic and diluted earnings per share calculations included on the consolidated income statement:

	For the Three Months Ended September 30,			
	2007			2006
	(In Millions, Except Per Share Data)			
		\$/share		\$/share
Consolidated net income	\$461.2			\$388.9
Average number of common shares outstanding - basic	194.9	\$2.37		208.4
Average dilutive effect of:				
Stock Options	4.6	(0.055)		3.8
Equity Units	0.9	(0.011)		-
Deferred Units	0.1	(0.001)		0.2
Average number of common shares outstanding - diluted	200.5	\$2.30		212.4
				\$1.83

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	2007		2006	
	(In Millions, Except Per Share Data)			
		\$/share		\$/share
Consolidated net income	\$941.0		\$864.3	
Average number of common shares outstanding - basic	197.4	\$4.77	208.0	\$4.16
Average dilutive effect of:				
Stock Options	4.9	(0.115)	3.6	(0.070)
Equity Units	1.0	(0.023)	-	-
Deferred Units	0.1	(0.003)	0.2	(0.004)
Average number of common shares outstanding - diluted	203.4	\$4.63	211.8	\$4.08

Entergy's stock option and other equity compensation plans are discussed in Note 12 to the consolidated financial statements in the Form 10-K.

Treasury Stock

During the nine months ended September 30, 2007, Entergy Corporation issued 1,556,977 shares of its previously repurchased common stock to satisfy stock option exercises and other stock-based awards. Also during the nine months ended September 30, 2007, Entergy Corporation purchased 9,962,542 shares of its common stock for a total purchase price of \$1.0 billion.

Retained Earnings

On October 26, 2007, Entergy Corporation's Board of Directors declared a common stock dividend of \$0.75 per share, payable on December 1, 2007 to holders of record as of November 9, 2007.

Accumulated Other Comprehensive Income

Cash flow hedges with net unrealized losses of approximately \$8.7 million net-of-tax at September 30, 2007 are expected to be reclassified into earnings during the next twelve months.

NOTE 4. LINES OF CREDIT, RELATED SHORT-TERM BORROWINGS, AND LONG-TERM DEBT

Entergy Corporation had in place as of September 30, 2007, a five-year credit facility, which expires in August 2012 and has a borrowing capacity of \$3.5 billion. Entergy Corporation also has the ability to issue letters of credit against the total borrowing capacity of the credit facility. The facility fee is currently 0.09% of the commitment amount. Facility fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate as of September 30, 2007 was 5.88% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of September 30, 2007.

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Capacity	Borrowings	Letters of Credit	Capacity Available
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(In Millions)

\$3,500 \$2,116 \$71 \$1,313

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

Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, and Entergy Mississippi each had credit facilities available as of September 30, 2007 as follows:

Company	Expiration Date	Amount of Facility	Amount Drawn as of September 30, 2007
Entergy Arkansas	April 2008	\$100 million (a)	\$60 million
Entergy Gulf States	February 2011	\$2 million (b)	-
Entergy Gulf States	August 2012	\$200 million (c)	-
Entergy Louisiana	August 2012	\$200 million (d)	-
Entergy Mississippi	May 2008	\$30 million (e)	-
Entergy Mississippi	May 2008	\$20 million (e)	-

(a) The credit facility requires Entergy Arkansas to maintain a total shareholders' equity of at least 25% of its total assets. The interest rate on the outstanding borrowings is 7.25% as of September 30, 2007.

(b)

The credit facility allows Entergy Gulf States to issue letters of credit against the borrowing capacity of the facility. As of September 30, 2007, \$1.4 million in letters of credit were outstanding. Entergy Gulf States downsized this facility from a \$50 million facility in August 2007.

(c)

The credit facility allows Entergy Gulf States to issue letters of credit against the borrowing capacity of the facility. As of September 30, 2007, no letters of credit were outstanding.

(d)

The credit facility allows Entergy Louisiana to issue letters of credit against the borrowing capacity of the facility. As of September 30, 2007, no letters of credit were outstanding.

(e)

Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable.

On August 2, 2007, Entergy Gulf States entered into a \$200 million, 5-year bank credit facility. Entergy Gulf States has the ability to issue letters of credit against the facility. The credit agreement requires Entergy Gulf States to maintain a consolidated debt ratio of 65% or less of its total capitalization. The facility has a variable interest rate that

would currently be approximately 5.54% on borrowings under the facility, and has a facility fee that is currently 0.125% of the commitment amount. The facility fee and interest rate can fluctuate depending on the senior unsecured debt ratings of Entergy Gulf States. As of September 30, 2007, there were no borrowings or letters of credit outstanding under the Entergy Gulf States \$200 million facility.

On August 2, 2007, Entergy Louisiana entered into a \$200 million, 5-year bank credit facility. Entergy Louisiana has the ability to issue letters of credit against the facility. The credit agreement requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization. The facility has a variable interest rate that would currently be approximately 5.48% on borrowings under the facility, and has a facility fee that is currently 0.09% of the commitment amount. The facility fee and interest rate can fluctuate depending on the senior unsecured debt ratings of Entergy Louisiana. As of September 30, 2007, there were no borrowings or letters of credit outstanding under the Entergy Louisiana \$200 million facility.

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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 March 31, 2008 (except for Entergy New Orleans, which is effective through May 4, 2009). In addition to borrowings from commercial banks, these companies are authorized under a FERC order to borrow from the Entergy System money pool. The money pool is an inter-company borrowing arrangement designed to reduce Entergy's subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external borrowings combined may not exceed the FERC-authorized limits. As of September 30, 2007, Entergy's subsidiaries' aggregate money pool and external short-term borrowings authorized limit was \$2.0 billion, the aggregate outstanding borrowing from the money pool was \$311.1 million, and Entergy's subsidiaries had \$60 million in outstanding borrowings from external sources.

The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings from the money pool and external sources for the Registrant Subsidiaries as of September 30, 2007:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	\$250	\$90
Entergy Gulf States	\$350	-
Entergy Louisiana	\$250	\$63
Entergy Mississippi	\$175	-
Entergy New Orleans	\$100	-
System Energy	\$200	-

Debt Issuances

(Entergy Gulf States)

In April 2007, the PUCT issued a financing order authorizing the issuance of securitization bonds to recover \$353 million of Entergy Gulf States' Hurricane Rita reconstruction costs and up to \$6 million of transaction costs, offset by \$32 million of related deferred income tax benefits. In June 2007, Entergy Gulf States Reconstruction Funding I, LLC, a company wholly-owned and consolidated by Entergy Gulf States, issued \$329.5 million of senior secured transition bonds (securitization bonds), as follows:

	Amount
	(In Thousands)
Senior Secured Transition Bonds, Series A:	

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Tranche A-1 (5.51%) due October 2013	\$93,500
Tranche A-2 (5.79%) due October 2018	121,600
Tranche A-3 (5.93%) due June 2022	114,400
Total senior secured transition bonds	\$329,500

Although the principal amount of each tranche is not due until the dates given above, Entergy Gulf States Reconstruction Funding expects to make principal payments on the bonds over the next five years in the amounts of \$19.1 million for 2008, \$17.7 million for 2009, \$18.6 million for 2010, \$19.7 million for 2011, and \$20.8 million for 2012. All of the scheduled principal payments for 2008-2012 are for Tranche A-1, except for \$2.3 million for Tranche A-2 in 2012.

With the proceeds, Entergy Gulf States Reconstruction Funding purchased from Entergy Gulf States the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. Entergy Gulf States began cost recovery through the transition charge in July 2007. The creditors of Entergy Gulf States do not have recourse to the assets or revenues of Entergy Gulf States Reconstruction Funding, including the transition property, and the creditors of Entergy Gulf States Reconstruction Funding

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do not have recourse to the assets or revenues of Entergy Gulf States. Entergy Gulf States has no payment obligations to Entergy Gulf States Reconstruction Funding except to remit transition charge collections.

(Entergy Mississippi)

In January 2007, Entergy Mississippi redeemed, prior to maturity, its \$100 million, 4.35% Series First Mortgage Bonds due April 2008.

(Entergy New Orleans)

Pursuant to its plan of reorganization, in May 2007 Entergy New Orleans issued notes due in three years in satisfaction of its affiliate prepetition accounts payable (approximately \$74 million, including interest), including its indebtedness to the Entergy System money pool. Entergy New Orleans included in the principal amount of the notes accrued interest from September 23, 2005 at the Louisiana judicial rate of interest for 2005 (6%) and 2006 (8%), and at the Louisiana judicial rate of interest plus 1% for 2007 through the date of issuance of the notes. The Louisiana judicial rate of interest is 9.5% for 2007. Entergy New Orleans will pay interest on the notes from their date of issuance at the Louisiana judicial rate of interest plus 1%.

(System Energy)

In September 2007, System Energy issued \$70 million of 6.20% Series First Mortgage Bonds due October 2012. System Energy used the proceeds to redeem, at maturity, \$70 million of 4.875% Series First Mortgage Bonds in October 2007.

Entergy New Orleans Debtor-in-Possession Credit Facility

See Note 4 in the Form 10-K for a discussion of the Entergy New Orleans \$200 million debtor-in-possession (DIP) credit facility. Pursuant to the terms of its plan of reorganization, which became effective in May 2007, Entergy New

Orleans fully repaid its DIP credit facility borrowings.

NOTE 5. ACQUISITIONS

In April 2007, Entergy's Non-Utility Nuclear business purchased the 798 MW Palisades nuclear energy plant located near South Haven, Michigan from Consumers Energy Company for a net cash payment of \$336 million. Entergy received the plant, nuclear fuel, inventories, and other assets. The liability to decommission the plant, as well as related decommissioning trust funds, was also transferred to Entergy's Non-Utility Nuclear business. Entergy's Non-Utility Nuclear business executed a unit-contingent, 15-year purchased power agreement (PPA) with Consumers Energy for 100% of the plant's output, excluding any future uprates. Prices under the PPA range from \$43.50/MWh in 2007 to \$61.50/MWh in 2022, and the average price under the PPA is \$51/MWh. In the first quarter 2007, the NRC renewed Palisades' operating license until 2031. As part of the transaction, Entergy's Non-Utility Nuclear business assumed responsibility for spent fuel at the decommissioned Big Rock Point nuclear plant, which is located near Charlevoix, Michigan. Palisades' financial results since April 2007 are included in Entergy's Non-Utility Nuclear business segment. The following table summarizes the assets acquired and liabilities assumed at the date of acquisition.

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	Amount (In Millions)
Plant (including nuclear fuel)	\$727
Decommissioning trust funds	252
Other assets	41
Total assets acquired	1,020
Purchased power agreement (below market)	420
Decommissioning liability	220
Other liabilities	44
Total liabilities assumed	684
Net assets acquired	\$336

Subsequent to the closing, Entergy received approximately \$6 million from Consumers Energy Company as part of the Post-Closing Adjustment defined in the Asset Sale Agreement. The Post-Closing Adjustment amount resulted in an approximately \$6 million reduction in plant and a corresponding reduction in other liabilities.

Non-Utility Nuclear will amortize the PPA liability to revenue over the life of the agreement. The amount that will be amortized each period is based upon the difference between the present value calculated at the date of acquisition of each year's difference between revenue under the agreement and revenue based on estimated market prices. The amounts to be amortized to revenue for the next five years will be \$50 million for 2007 (including \$33 million through September 30, 2007), \$76 million for 2008, \$53 million for 2009, \$46 million for 2010, and \$43 million for 2011.

NOTE 6. STOCK-BASED COMPENSATION

Entergy grants equity-based awards including, but not limited to, stock option awards, which are described more fully in Note 12 to the consolidated financial statements in the Form 10-K. Entergy adopted SFAS 123R, "Share-Based Payment" on January 1, 2006. The adoption of the standard did not materially affect Entergy's financial position, results of operations, or cash flows because Entergy adopted the fair value based method of accounting for stock options prescribed by SFAS 123, "Accounting for Stock-Based Compensation" on January 1, 2003. Prior to 2003, Entergy applied the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for those plans. Awards under Entergy's plans generally vest over three years.

The following table includes financial information for stock options for each of the years presented:

	2007	2006
	(In Millions)	
Compensation expense included in Entergy's Net Income for the third quarter	\$3.9	\$3.2
Tax benefit recognized in Entergy's Net Income for the third quarter	\$1.5	\$1.2
Compensation expense included in Entergy's Net Income for the nine months ended September 30,	\$11.0	\$9.2
Tax benefit recognized in Entergy's Net Income for the nine months ended September 30,	\$4.2	\$3.5
Compensation cost capitalized as part of fixed assets and inventory as of September 30,	\$1.8	\$1.6

Entergy granted 1,854,900 stock options during the first quarter 2007 with a weighted-average fair value of \$14.15. At September 30, 2007, there were 11,043,483 stock options outstanding with a weighted-average exercise price of \$57.96. The aggregate intrinsic value of the stock options outstanding was \$556 million.

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NOTE 7. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS

Components of Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the third quarters of 2007 and 2006, included the following components:

	2007	2006
	(In Thousands)	
Service cost - benefits earned during the period	\$24,263	\$23,176
Interest cost on projected benefit obligation	46,508	41,814
Expected return on assets	(51,008)	(44,482)
Amortization of prior service cost	1,383	1,365
Amortization of loss	11,444	10,931
Net pension costs	\$32,590	\$32,804

Entergy's qualified pension cost, including amounts capitalized, for the nine months ended September 30, 2007 and 2006, included the following components:

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	2007	2006
	(In Thousands)	
Service cost - benefits earned during the period	\$72,301	\$69,529
Interest cost on projected benefit obligation	138,662	125,443
Expected return on assets	(152,514)	(133,447)
Amortization of prior service cost	4,149	4,096
Amortization of loss	34,332	32,790
Net pension costs	\$96,930	\$98,411

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the third quarters of 2007 and 2006, included the following components:

2007	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
	(In Thousands)					
Service cost - benefits earned during the period	\$3,638	\$3,011	\$2,231	\$1,089	\$470	\$1,021
Interest cost on projected benefit obligation	10,498	8,139	6,251	3,371	1,260	1,710
Expected return on assets	(11,009)	(10,750)	(7,808)	(3,837)	(1,446)	(2,136)
Amortization of prior service cost	412	304	160	114	44	12
Amortization of loss	2,721	623	1,433	749	368	151
Net pension cost	\$6,260	\$1,327	\$2,267	\$1,486	\$696	\$758

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2006	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
	(In Thousands)					
Service cost - benefits earned during the period	\$3,626	\$2,993	\$2,182	\$1,077	\$501	\$1,031
Interest cost on projected benefit obligation	9,915	7,914	6,052	3,252	1,282	1,604
	(9,834)	(10,176)	(7,114)	(3,683)	(884)	(1,775)

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Expected return on assets

Amortization of prior service cost	415	309	141	128	56	12
Amortization of loss	2,438	640	1,509	725	509	167
Net pension cost	\$6,560	\$1,680	\$2,770	\$1,499	\$1,464	\$1,039

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for the nine months ended September 30, 2007 and 2006, included the following components:

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)						
Service cost - benefits earned						
during the period	\$10,914	\$9,033	\$6,693	\$3,267	\$1,410	\$3,063
Interest cost on projected benefit obligation	31,494	24,417	18,753	10,113	3,780	5,130
Expected return on assets	(33,027)	(32,250)	(23,424)	(11,511)	(4,338)	(6,408)
Amortization of prior service cost	1,236	912	480	342	132	36
Amortization of loss	8,163	1,869	4,299	2,247	1,104	453
Net pension cost	\$18,780	\$3,981	\$6,801	\$4,458	\$2,088	\$2,274
	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)						
Service cost - benefits earned						
during the period	\$10,878	\$8,979	\$6,547	\$3,231	\$1,503	\$3,093
Interest cost on projected benefit obligation	29,745	23,743	18,155	9,756	3,845	4,813
Expected return on assets	(29,501)	(30,527)	(21,341)	(11,050)	(2,651)	(5,326)
Amortization of prior service cost	1,246	926	422	385	169	37
Amortization of loss	7,313	1,919	4,527	2,175	1,527	500

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Net pension cost	\$19,681	\$5,040	\$8,310	\$4,497	\$4,393	\$3,117
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Entergy recognized \$4.0 million and \$5.2 million in pension cost for its non-qualified pension plans in the third quarters of 2007 and 2006, respectively. Entergy recognized \$12.0 million and \$13.1 million in pension cost for its non-qualified pension plans for the nine months ended September 30, 2007 and 2006, respectively.

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The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans in the third quarters of 2007 and 2006:

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
	(In Thousands)				
Non-Qualified Pension Cost Third Quarter 2007	\$123	\$317	\$6	\$44	\$57
Non-Qualified Pension Cost Third Quarter 2006	\$125	\$319	\$6	\$43	\$55

The Registrant Subsidiaries recognized the following pension cost for their non-qualified pension plans for the nine months ended September 30, 2007 and 2006:

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
	(In Thousands)				
Non-Qualified Pension Cost Nine Months Ended September 30,2007	\$369	\$951	\$18	\$131	\$171
Non-Qualified Pension Cost Nine Months Ended September 30, 2006	\$350	\$758	\$17	\$116	\$163

Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the third quarters of 2007 and 2006, included the following components:

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	2007	2006
	(In Thousands)	
Service cost - benefits earned during the period	\$11,105	\$10,370
Interest cost on APBO	15,869	14,316
Expected return on assets	(6,358)	(4,756)
Amortization of transition obligation	958	542
Amortization of prior service cost	(3,959)	(3,688)
Amortization of loss	4,743	5,698
Net other postretirement benefit cost	\$22,358	\$22,482

Entergy's other postretirement benefit cost, including amounts capitalized, for the nine months ended September 30, 2007 and 2006, included the following components:

	2007	2006
	(In Thousands)	
Service cost - benefits earned during the period	\$33,032	\$31,110
Interest cost on APBO	47,363	42,947
Expected return on assets	(18,943)	(14,268)
Amortization of transition obligation	2,874	1,627
Amortization of prior service cost	(11,877)	(11,063)
Amortization of loss	14,230	17,092
Net other postretirement benefit cost	\$66,679	\$67,445

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The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the third quarters of 2007 and 2006, included the following components:

2007	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
	(In Thousands)					
Service cost - benefits earned						
during the period	\$1,525	\$1,547	\$973	\$476	\$255	\$451
Interest cost on APBO	3,037	2,876	1,941	1,049	870	433
Expected return on assets	(2,231)	(1,697)	-	(819)	(682)	(470)
Amortization of transition obligation	205	151	96	88	416	2
Amortization of prior service cost	(197)	218	117	(62)	90	(283)
Amortization of loss	1,500	793	764	613	282	149

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	\$3,839	\$3,888	\$3,891	\$1,345	\$1,231	\$282
Net other postretirement benefit cost	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
2006						
	(In Thousands)					
Service cost - benefits earned						
during the period	\$1,337	\$1,254	\$854	\$419	\$232	\$414
Interest cost on APBO	2,844	2,747	1,856	944	856	407
Expected return on assets	(1,797)	(1,489)	-	(709)	(611)	(421)
Amortization of transition obligation	205	151	96	88	416	2
Amortization of prior service cost	(408)	-	(24)	(137)	10	(301)
Amortization of loss	1,671	1,002	893	644	343	207
Net other postretirement benefit cost	\$3,852	\$3,665	\$3,675	\$1,249	\$1,246	\$308

The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for the nine months ended September 30, 2007 and 2006, included the following components:

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
2007						
	(In Thousands)					
Service cost - benefits earned						
during the period	\$4,575	\$4,641	\$2,919	\$1,428	\$765	\$1,353
Interest cost on APBO	9,111	8,628	5,823	3,147	2,610	1,299
Expected return on assets	(6,693)	(5,091)	-	(2,457)	(2,046)	(1,410)
Amortization of transition obligation	615	453	288	264	1,248	6
Amortization of prior service cost	(591)	654	351	(186)	270	(849)
Amortization of loss	4,500	2,379	2,292	1,839	846	447
Net other postretirement benefit cost	\$11,517	\$11,664	\$11,673	\$4,035	\$3,693	\$846

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2006	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$4,010	\$3,761	\$2,561	\$1,256	\$696	\$1,242
Interest cost on APBO	8,531	8,242	5,569	2,833	2,569	1,220
Expected return on assets	(5,390)	(4,466)	-	(2,127)	(1,832)	(1,263)
Amortization of transition obligation	616	453	287	263	1,247	7
Amortization of prior service cost	(1,223)	-	(73)	(410)	29	(903)
Amortization of loss	5,013	3,006	2,682	1,931	1,028	620
Net other postretirement benefit cost	\$11,557	\$10,996	\$11,026	\$3,746	\$3,737	\$923

Employer Contributions

As of the end of October 2007, Entergy had contributed \$177 million to its qualified pension plans and expects to make no additional contributions in 2007.

The Registrant Subsidiaries expect to contribute the following to qualified pension plans in 2007:

	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
(In Thousands)						
Expected 2007 pension contributions disclosed in Form 10-K	\$6,987	\$25,346	\$ -	\$784	\$43,585	\$5,688
Pension contributions made through October 2007	\$6,987	\$25,346	\$ -	\$784	\$43,585	\$5,688

Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act)

Based on actuarial analysis, the estimated impact of future Medicare subsidies reduced the December 31, 2006 Accumulated Postretirement Benefit Obligation by \$183 million, and reduced the third quarter 2007 and 2006 other postretirement benefit cost by \$6.7 million and \$6.9 million, respectively. It reduced the nine months ended September 30, 2007 and 2006 other postretirement benefit cost by \$19.9 million and \$20.8 million, respectively. In the nine months ended September 30, 2007, Entergy received \$4.6 million in Medicare subsidies for prescription drug claims.

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Based on actuarial analysis, the estimated impact of future Medicare subsidies reduced the December 31, 2006 APBO, the third quarters 2007 and 2006, and the nine months ended September 30, 2007 and 2006 other postretirement benefit cost for the Registrant Subsidiaries as follows:

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	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
	(In Thousands)					
Reduction in 12/31/2006 APBO	(\$40,636)	(\$35,991)	(\$22,486)	(\$13,560)	(\$10,110)	(\$5,966)
Reduction in third quarter 2007						
other postretirement benefit cost	(\$1,376)	(\$1,222)	(\$762)	(\$438)	(\$311)	(\$246)
Reduction in third quarter 2006						
other postretirement benefit cost	(\$1,562)	(\$1,332)	(\$865)	(\$512)	(\$376)	(\$268)
Reduction in nine months ended						
September 30, 2007 other						
postretirement benefit cost	(\$4,128)	(\$3,666)	(\$2,286)	(\$1,314)	(\$933)	(\$738)
Reduction in nine months ended						
September 30, 2006 other						
postretirement benefit cost	(\$4,685)	(\$3,996)	(\$2,595)	(\$1,535)	(\$1,127)	(\$803)
Medicare subsidies received in the						
nine months ended September 30,						
2007	\$1,195	\$1,136	\$701	\$395	\$409	\$86

For further information on the Medicare Act refer to Note 11 to the financial statements in the Form 10-K.

NOTE 8. BUSINESS SEGMENT INFORMATION

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Entergy's reportable segments as of September 30, 2007 are Utility and Non-Utility Nuclear. "All Other" includes the parent company, Entergy Corporation, and other business activity, including the non-nuclear wholesale assets business and earnings on the proceeds of sales of previously-owned businesses. As a result of the Entergy New Orleans bankruptcy filing, Entergy discontinued the consolidation of Entergy New Orleans retroactive to January 1, 2005 and reported Entergy New Orleans results under the equity method of accounting in the Utility segment in 2006 and 2005. On May 7, 2007, the bankruptcy judge entered an order confirming Entergy New Orleans' plan of reorganization. With confirmation of the plan of reorganization, Entergy reconsolidated Entergy New Orleans in the second quarter 2007, retroactive to January 1, 2007.

Entergy's segment financial information for the third quarters of 2007 and 2006 is as follows:

	Utility	Non-Utility Nuclear*	All Other* (In Thousands)	Eliminations	Consolidated
2007					
Operating Revenues	\$2,677,291	\$554,128	\$64,460	(\$6,792)	\$3,289,087
Equity in earnings of unconsolidated equity affiliates	\$-	\$-	\$1,432	\$-	\$1,432
Income Taxes (Benefit)	\$189,062	\$61,863	(\$20,085)	\$-	\$230,840
Net Income (Loss)	\$333,098	\$160,913	(\$32,852)	\$-	\$461,159
2006					
Operating Revenues	\$2,774,447	\$409,431	\$77,571	(\$6,730)	\$3,254,719
Equity in earnings of unconsolidated equity affiliates	\$7,336	\$-	\$7,436	\$-	\$14,772
Income Taxes	\$141,009	\$57,494	\$3,934	\$-	\$202,437
Net Income (Loss)	\$290,033	\$106,898	(\$8,174)	\$126	\$388,883

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Entergy's segment financial information for the nine months ended September 30, 2007 and 2006 is as follows:

	Utility	Non-Utility Nuclear*	All Other* (In Thousands)	Eliminations	Consolidated
2007					
Operating Revenues	\$7,112,945	\$1,483,900	\$175,326	(\$19,673)	\$8,752,498
Equity in earnings of unconsolidated equity affiliates	(\$1)	\$-	\$3,534	\$-	\$3,533
Income Taxes (Benefit)	\$368,215	\$210,527	(\$95,385)	\$-	\$483,357
Net Income (Loss)	\$585,741	\$397,808	(\$42,593)	\$-	\$940,956
Total Assets	\$26,472,335	\$6,857,774	\$1,937,032	(\$1,508,624)	\$33,758,517
2006					

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Operating Revenues	\$7,097,362	\$1,159,803	\$227,043	(\$32,954)	\$8,451,254
Equity in earnings of unconsolidated equity affiliates	\$23,661	\$-	\$3,182	\$-	\$26,843
Income Taxes (Benefit)	\$311,760	\$151,742	(\$19,332)	\$-	\$444,170
Net Income (Loss)	\$609,407	\$251,806	\$3,091	\$10	\$864,314
Total Assets	\$24,751,827	\$5,230,065	\$2,851,702	(\$2,275,940)	\$30,557,654

Businesses marked with * are sometimes referred to as the "competitive businesses," with the exception of the parent company, Entergy Corporation. Eliminations are primarily intersegment activity.

NOTE 9. ENTERGY NEW ORLEANS BANKRUPTCY PROCEEDING

See Note 18 to the financial statements in the Form 10-K for a discussion of the Entergy New Orleans bankruptcy proceeding. On May 7, 2007, the bankruptcy judge entered an order confirming Entergy New Orleans' plan of reorganization. With the receipt of CDBG funds, and the agreement on insurance recovery with one of its excess insurers, Entergy New Orleans waived the conditions precedent in its plan of reorganization, and the plan became effective on May 8, 2007.

Following are significant terms in Entergy New Orleans' plan of reorganization:

- Entergy New Orleans paid in full, in cash, the allowed third-party prepetition accounts payable (approximately \$29 million, including interest). Entergy New Orleans paid interest from September 23, 2005 at the Louisiana judicial rate of interest for 2005 (6%) and 2006 (8%), and at the Louisiana judicial rate of interest plus 1% for 2007 through the date of payment. The Louisiana judicial rate of interest for 2007 is 9.5%.
- Entergy New Orleans issued notes due in three years in satisfaction of its affiliate prepetition accounts payable (approximately \$74 million, including interest), including its indebtedness to the Entergy System money pool. Entergy New Orleans included in the principal amount of the notes accrued interest from September 23, 2005 at the Louisiana judicial rate of interest for 2005 (6%) and 2006 (8%), and at the Louisiana judicial rate of interest plus 1% for 2007 through the date of issuance of the notes. The Louisiana judicial rate of interest is 9.5% for 2007. Entergy New Orleans will pay interest on the notes from their date of issuance at the Louisiana judicial rate of interest plus 1%.
- Entergy New Orleans repaid to Entergy Corporation, in full, in cash, the outstanding borrowings under the debtor-in-possession (DIP) credit agreement (approximately \$67 million).
- Entergy New Orleans' first mortgage bonds will remain outstanding with their current maturity dates and interest terms. Pursuant to an agreement with its first mortgage bondholders, Entergy New Orleans paid the first mortgage bondholders an amount equal to the one year of interest from the bankruptcy petition date that the bondholders had waived previously in the bankruptcy proceeding (approximately \$12 million).

- Entergy New Orleans' preferred stock will remain outstanding on its current dividend terms, and Entergy New Orleans paid its unpaid preferred dividends in arrears (approximately \$1 million).

- Litigation claims will generally be unaltered, and will generally proceed as if Entergy New Orleans had not filed for bankruptcy protection, with exceptions for certain claims.

(Entergy Corporation)

With confirmation of the plan of reorganization, Entergy reconsolidated Entergy New Orleans in the second quarter 2007, retroactive to January 1, 2007. Because Entergy owns all of the common stock of Entergy New Orleans, reconsolidation does not affect the amount of net income that Entergy records from Entergy New Orleans' operations for any current or prior period, but does result in Entergy New Orleans' results being included in each individual income statement line item in 2007, rather than just its net income being presented as "Equity in earnings (loss) of unconsolidated equity affiliates," as will remain the case for 2005 and 2006.

(Entergy New Orleans)

Reorganization items reported as operating expenses in 2006 in the Entergy New Orleans income statement primarily consist of professional fees associated with the bankruptcy case.

NOTE 10. INCOME TAXES

Entergy or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. With few exceptions, as discussed below, Entergy is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years before 2002.

Entergy entered into an agreement with the IRS Appeals Division in the second quarter 2007 to partially settle tax years 1999 - 2001. Entergy will litigate the following issues that it is not settling:

- The ability to credit the U.K. Windfall Tax against U.S. tax as a foreign tax credit - Entergy expects that the total tax to be included in IRS Notices of Deficiency already issued and to be issued in the future on this issue will be \$152 million. The U.K. Windfall Tax relates to Entergy's former investment in London Electricity. The tax and interest associated with this issue total \$212 million for all open tax years.
- The validity of Entergy's change in method of tax accounting for street lighting assets and the related increase in depreciation deductions - Entergy expects that the total tax to be included in IRS Notices of Deficiency already issued and to be issued in the future on this issue will be \$26 million. The federal and state tax and interest associated with this issue total \$42 million for all open tax years.
- The allowance of depreciation deductions that resulted from Entergy's purchase price allocations on its acquisitions of its nuclear power plants - Entergy expects that the total tax to be included in IRS Notices of Deficiency already issued and to be issued in the future on this issue will be \$34 million. The federal and state tax and interest associated with this issue total \$39 million for all open tax years.

The U.K. Windfall Tax and street lighting issues are already docketed in U.S. Tax Court for tax years 1997 and 1998 with a trial date set in the first quarter 2008.

The IRS completed its examination of the 2002 and 2003 tax returns and issued an Examination Report on June 29, 2007. During the examination, Entergy agreed to adjustments related to its method of accounting for income tax purposes related to 1) its wholesale electric power contracts and 2) the simplified method of allocating overhead or "mixed service costs" provided for under IRS regulations, which affects the amount of cost of goods sold related to the production of electricity.

Entergy's agreement with the IRS on electric power contracts involved an adjustment to reduce Entergy Louisiana Holdings' deduction related to its accounting for the contract to purchase power from the Vidalia hydroelectric project. The adjustment did not have a material impact on Entergy Louisiana Holdings' earnings. The agreement on overhead allocation methodology related to the Registrant Subsidiaries' 2003 filing of a change in tax accounting method for the allocation of "mixed service costs" to self-produced assets. Entergy reached a settlement agreement concerning the Registrant Subsidiaries' deductions related to the method change for the year ended December 31, 2003. As Entergy has a consolidated net operating loss for 2003, these adjustments have the effect of reducing the consolidated net operating loss carryover and do not require a payment to the IRS at this time. The settlement did not have a material impact on the Registrant Subsidiaries' earnings.

In the report for the 2002-2003 audit cycle, the IRS also proposed adjustments which Entergy did not agree to as follows: 1) the U.K. Windfall Tax foreign tax credit issue mentioned above; 2) the street lighting issue mentioned above; 3) certain repair deductions; 4) deductions claimed for research and experimentation (R&E) expenditures; 5) income tax credits claimed for R&E; and 6) a 2003 deduction associated with the revisions to the emergency plans at the Indian Point Energy Center. Regarding all of these issues, Entergy disagrees with the IRS Examination Division position and filed a formal protest on July 30, 2007 with the IRS and will pursue administrative relief within the IRS Appeals Division.

Entergy believes that the provisions recorded in its financial statements are sufficient to address these issues as well as other liabilities that are reasonably estimable, including an estimate of probable interest expense, associated with all uncertain tax positions.

Entergy has \$237 million in deposits on account with the IRS to cover its uncertain tax positions.

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48) was issued in July 2006. FIN 48 establishes a "more-likely-than-not" recognition threshold that must be met before a tax benefit can be recognized in the financial statements. If a tax deduction is taken on a tax return, but does not meet the more-likely-than-not recognition threshold, an increase in income tax liability, above what is payable on the tax return, is required to be recorded. Entergy and the Registrant Subsidiaries adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), on January 1, 2007. As a result of the implementation of FIN 48, Entergy recognized an increase in the liability for unrecognized tax benefits of approximately \$5 million, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

As of January 1, 2007, Entergy had a total balance of unrecognized tax benefits of approximately \$2 billion. Included in this balance of unrecognized tax benefits are \$1.7 billion of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the effect of deferred tax accounting, other than on interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective income tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. Entergy's January 1, 2007 balance of unrecognized tax benefits includes \$244 million which could affect the effective income tax rate. Entergy accrues interest and penalties expenses related to unrecognized tax benefits in income tax expense. Entergy's January 1, 2007 balance of unrecognized tax benefits includes approximately \$52 million accrued for the possible payment of interest and penalties.

As of January 1, 2007, Entergy and the Registrant Subsidiaries had total balances of unrecognized tax benefits reflected in their balance sheets as follows:

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	Entergy Entergy	Entergy Arkansas	Entergy Gulf States	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	System Energy
	(In Thousands)						
Taxes accrued	(\$184,372)	(\$43,445)	(\$640)	\$234	\$5,830	\$4,304	(\$35,506)
Accumulated deferred income taxes and taxes accrued	2,161,372	194,718	193,949	58,839	44,599	16,118	209,599
Total unrecognized tax benefit	\$1,977,000	\$151,273	\$193,309	\$59,073	\$50,429	\$20,422	\$174,093

The Registrant Subsidiaries' January 1, 2007 balances of unrecognized tax benefits included amounts that could affect the effective income tax rate as follows (in millions):

Entergy Arkansas	\$0.8
Entergy Gulf States	\$3.6
Entergy Louisiana	\$1.2
Entergy Mississippi	\$3.4
Entergy New Orleans	\$1.4
System Energy	\$1.7

The Registrant Subsidiaries accrue interest and penalties related to unrecognized tax benefits in income tax expense. Included in the January 1, 2007 balance of unrecognized tax benefits were accruals for the possible payment of interest and penalty as follows (in millions):

Entergy Arkansas	\$1.6
Entergy Gulf States	\$4.0
Entergy Louisiana	\$0.8
Entergy Mississippi	\$3.9
Entergy New Orleans	\$0.9
System Energy	\$0.8

Entergy and the Registrant Subsidiaries do not expect that total unrecognized tax benefits will significantly change within the next twelve months.

NOTE 11. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006 the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 generally does not require any new fair value

measurements. However, in some cases, the application of SFAS 157 in the future may change Entergy's practice for measuring and disclosing fair values under other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for Entergy in the first quarter 2008 and will be applied prospectively. Entergy is currently evaluating SFAS 157 and its potential future effects on its financial position, results of operations, and cash flows.

The FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) during the first quarter 2007. SFAS 159 provides an option for companies to select certain financial assets and liabilities to be

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accounted for at fair value with changes in the fair value of those assets or liabilities being reported through earnings. The intent of the standard is to mitigate volatility in reported earnings caused by the application of the more complicated fair value hedging accounting rules. Under SFAS 159, companies can select existing assets or liabilities for this fair value option concurrent with the effective date of January 1, 2008 for companies with fiscal years ending December 31 or can select future assets or liabilities as they are acquired or entered into. Entergy is in the process of evaluating the potential effect of making this accounting election, but does not expect the provisions of this standard to have a material effect on its financial position, results of operations, or cash flows.

In June 2006, the EITF reached a consensus on EITF Issue 06-3 "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" (EITF 06-3). The scope of this issue includes any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer, and may include, but is not limited to, sales, use, value added, and some excise taxes. Under EITF 06-3, the presentation of taxes within the scope of this issue on either a gross basis (included in revenues and costs) or a net basis (excluded from revenues) is an accounting policy decision that should be disclosed. For any such taxes reported on a gross basis, the amounts of those taxes in interim and annual financial statements, for each period for which an income statement is presented, should be disclosed if those amounts are significant. Entergy's policy is to present such taxes on a net basis, unless required to report differently by a regulatory authority. EITF 06-3 did not affect Entergy's financial statements.

In the opinion of the management of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, the accompanying unaudited financial statements contain all adjustments (consisting primarily of normal recurring accruals and reclassification of previously reported amounts to conform to current classifications) necessary for a fair statement of the results for the interim periods presented. The business of the Registrant Subsidiaries is subject to seasonal fluctuations, however, with the peak periods occurring during the third quarter. The results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

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Refer to "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends - Market and Credit Risk Sensitive Instruments.**"

Part I, Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2007, evaluations were performed under the supervision and with the participation of Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy Resources (each individually a "Registrant" and collectively the "Registrants") management, including their respective Chief Executive Officers (CEO) and Chief Financial Officers (CFO). The evaluations assessed the effectiveness of the Registrants' disclosure controls and procedures. Based on the evaluations, each CEO and CFO has concluded that, as to the Registrant or Registrants for which they serve as CEO or CFO, the Registrant's or Registrants' disclosure controls and procedures are effective to ensure that information required to be disclosed by each Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms; and that the Registrant's or Registrants' disclosure controls and procedures are also effective in reasonably assuring that such information is accumulated and communicated to the Registrant's or Registrants' management, including their respective CEOs and CFOs, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

Under the supervision and with the participation of the Registrants' management, including their respective CEOs and CFOs, the Registrants evaluated changes in internal control over financial reporting that occurred during the quarter ended September 30, 2007 and found no change that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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ENTERGY ARKANSAS, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Third Quarter 2007 Compared to Third Quarter 2006

Net income decreased \$5.1 million primarily due to a higher effective income tax rate, partially offset by higher net revenue.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net income decreased \$30.3 million primarily due to a higher effective income tax rate, higher other operation and maintenance expenses, higher depreciation and amortization expenses, and higher interest charges. The decrease was partially offset by higher net revenue.

Net Revenue

Third Quarter 2007 Compared to Third Quarter 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory credits. Following is an analysis of the change in net revenue comparing the third quarter 2007 to the third quarter 2006.

	Amount (In Millions)
2006 net revenue	\$344.1
Net wholesale revenue	20.2
Pass-through rider revenue	(15.3)
Other	7.1
2007 net revenue	\$356.1

The net wholesale revenue variance is primarily due to lower wholesale revenues in the third quarter 2006 due to an October 2006 FERC order requiring Entergy Arkansas to make a refund to a coal plant co-owner resulting from a contract dispute, in addition to re-pricing revisions, retroactive to 2003, of \$5.9 million of purchased power agreements among Entergy system companies as directed by the FERC.

The pass-through rider revenue variance is primarily due to a change effective in the third quarter 2006 in the accounting for city franchise tax revenues as directed by the APSC. The change resulted in an increase in 2006 in rider revenue with a corresponding increase in taxes other than income taxes, resulting in no effect on net income.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to a decrease of \$108.5 million in fuel cost recovery revenues due to a decrease in the energy cost recovery rider effective April 2007 and lower pass-through rider revenue of \$15.3 million, as discussed above. The energy cost recovery rider filings are discussed in Note 2 to the financial statements in the Form 10-K. The decrease was partially offset by production cost allocation rider revenues of \$69.6 million which became effective in July 2007 as a result of the System Agreement litigation. As a result of the System

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Agreement litigation, Entergy Arkansas also has a corresponding increase in fuel expense for payments to other Entergy system companies such that there is no effect on net income. The System Agreement litigation is referenced below under "**Significant Factors and Known Trends.**"

Fuel and purchased power expenses decreased primarily due to a decrease in deferred fuel expense partially offset by the rough production cost equalization payments to affiliate companies as a result of the System Agreement litigation.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory credits. Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006.

	Amount (In Millions)
2006 net revenue	\$835.6
Net wholesale revenue	12.3
Deferred fuel cost revision	8.6
Transmission revenue	7.8
Reserve equalization	4.9
Other	7.8
2007 net revenue	877.0

The net wholesale revenue variance is primarily due to lower wholesale revenues in the third quarter 2006 due to an October 2006 FERC order requiring Entergy Arkansas to make a refund to a coal plant co-owner resulting from a contract dispute, in addition to re-pricing revisions, retroactive to 2003, of \$5.9 million of purchased power agreements among Entergy system companies as directed by the FERC.

The deferred fuel cost revision variance is primarily due to the 2006 energy cost recovery true-up, made in the first quarter 2007, which increased net revenue by \$6.6 million.

The transmission revenue variance is due to higher rates and the addition of new transmission customers in late-2006.

The reserve equalization variance is due to lower reserve equalization expense related to changes in the Entergy System generation mix compared to the same period in 2006.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to a decrease of \$94.6 million in fuel cost recovery revenues due to a decrease in the energy cost recovery rider effective April 2007. The energy cost recovery rider filings are discussed in Note 2 to the financial statements in the Form 10-K. The decrease was partially offset by production cost allocation rider revenues of \$69.6 million which became effective in July 2007 as a result of the System Agreement litigation. As a result of the System Agreement litigation, Entergy Arkansas also has a corresponding increase in fuel expense for payments to other Entergy system companies such that there is no effect on net income. The System Agreement litigation is referenced below under "**Significant Factors and Known Trends.**"

Fuel and purchased power expenses decreased primarily due to a decrease in deferred fuel expense partially offset by the rough production cost equalization payments to affiliate companies as a result of the System Agreement litigation.

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Other Income Statement Variances

Third Quarter 2007 Compared to Third Quarter 2006

Other operation and maintenance expenses decreased primarily due to:

- a decrease of \$7.9 million in payroll, payroll-related, and benefit costs; and
- a decrease of \$4.4 million in transmission spending due to lower transmission equalization expenses.

Taxes other than income taxes decreased primarily due to a decrease in city franchise tax expense due to a change effective in August 2006 in the accounting for city franchise tax revenues as directed by the APSC. The change resulted in an increase in taxes other than income taxes in 2006 with a corresponding increase in rider revenue, resulting in no effect on net income.

Interest and other charges increased primarily due to higher interest accrued of \$3 million on advances from independent power producers.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Other operation and maintenance expenses increased primarily due to:

- an increase of \$4.3 million in legal spending due to increased litigation and legal fees;
- an increase of \$4.2 million in distribution spending due to vegetation maintenance work and increased contract labor costs;
- an increase of \$2.8 million in nuclear spending due to higher NRC fees and labor costs;
- an increase of \$2.4 million in fossil spending due to outage scopes differing compared to prior year; and
- an increase of \$1.9 million in transmission spending related to the Independent Coordinator of Transmission.

Partially offsetting the increase was a decrease of \$9.6 million in payroll, payroll-related, and benefits costs.

Depreciation and amortization expenses increased primarily due to an increase in plant in service and a revision in 2006 of estimated depreciable lives involving certain intangible assets.

Interest and other charges increased primarily due to higher interest accrued of \$6.5 million recorded on advances from independent power producers.

Income Taxes

The effective income tax rate was 34.9% for the third quarter 2007 and 37.7% for the nine months ended September 30, 2007. The difference in the effective income tax rate for the nine months ended September 30, 2007 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to utility plant items and state income taxes.

The effective income tax rate was 13.8% for the third quarter 2006 and 19.7% for the nine months ended September 30, 2006. The differences in the effective income tax rates for the third quarter 2006 and the nine months ended

September 30, 2006 versus the federal statutory rate of 35.0% are primarily due to the flow-through of a pension item.

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Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2007 and 2006 were as follows:

	2007	2006
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$34,815	\$9,393
Cash flow provided by (used in):		
Operating activities	262,234	379,580
Investing activities	(196,893)	(205,230)
Financing activities	(96,831)	(164,843)
Net increase (decrease) in cash and cash equivalents	(31,490)	9,507
Cash and cash equivalents at end of period	\$3,325	\$18,900

Operating Activities

Cash flow from operations decreased \$117.3 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 primarily due to decreased recovery of deferred fuel costs and income tax payments of \$25.8 million in 2007 compared to income tax refunds of \$23.9 million in 2006. The decrease was offset by the timing of payments to vendors and collection of receivables from customers and a decrease of \$107.6 million in pension contributions.

Investing Activities

Net cash flow used in investing activities decreased \$8.3 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 primarily due to money pool activity. The decrease was partially offset by an increase in construction expenditures resulting from additional spending on substations and transmission lines.

Financing Activities

Net cash flow used in financing activities decreased \$68 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 primarily due to borrowings on a credit facility in 2007 and money pool activity, partially offset by an increase in common stock dividends paid.

Capital Structure

Entergy Arkansas' capitalization is balanced between equity and debt, as shown in the following table.

	September 30, 2007	December 31, 2006
Net debt to net capital	49.3%	47.5%
Effect of subtracting cash from debt	0.1%	0.6%
Debt to capital	49.4%	48.1%

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 and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy Arkansas 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 Arkansas' financial condition.

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Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Arkansas' uses and sources of capital. Following are updates to the information provided in the Form 10-K.

See the table in the Form 10-K under "**Uses of Capital**" which sets forth the amounts of Entergy Arkansas' planned construction and other capital investments for 2007 through 2009. In July 2007, Entergy Arkansas signed an agreement to purchase for \$210 million the Ouachita Power Facility, a 789 MW natural gas-fired, combined-cycle, load-following generating facility located in north Louisiana and owned by Quachita Power, LLC. Entergy Arkansas also plans to invest approximately \$43 million in plant upgrades and transaction costs. Upgrades to the Utility operating companies' transmission system also are expected to be required to obtain long-term transmission service for this resource. The identity and cost of the transmission upgrades have not yet been determined definitively; additional transmission studies are currently underway. The initial results of those additional studies are expected by the end of November 2007. The Ouachita plant will be 100 percent owned by Entergy Arkansas, and the acquisition is expected to close in 2008. Entergy Arkansas expects to sell to Entergy Gulf States-Louisiana, under a separate agreement, approximately one-third of the output of the Ouachita plant on a long-term basis. The purchase of the plant is contingent upon obtaining necessary approvals, including full cost recovery, from various federal and state regulatory and permitting agencies. Entergy Arkansas filed with the APSC in September 2007 for its approval of the acquisition, including full cost recovery, and the APSC approved a bifurcated procedural schedule whereby a hearing will be conducted first on an interim tolling agreement connected with the acquisition in December 2007, with a later hearing on the acquisition being conducted by April 2008. APSC staff and Arkansas attorney general witnesses have filed testimony that generally oppose cost recovery by a separate rider, but argue that the cost recovery should be by the annual earnings review process currently being developed. An APSC staff witness also opposes allocating one-third of the output for sale to Entergy Gulf States-Louisiana. In November 2007, Entergy Gulf States filed a request with the LPSC for authorization for Entergy Gulf States-Louisiana to purchase one-third of the capacity and energy of the Ouachita plant during the term of the interim tolling agreement and for authorization for Entergy Gulf States-Louisiana to purchase one-third of the plant's capacity and energy on a life-of-unit basis after the plant's acquisition. The planned capital investments estimate in the Form 10-K included \$190 million in 2008 for the estimated cost of an acquisition of this type.

In April 2007, Entergy Arkansas renewed its credit facility through April 2008 and increased the amount of the credit facility to \$100 million. There were \$60 million in borrowings under the Entergy Arkansas credit facility as of September 30, 2007. The interest rate on the outstanding borrowings is 7.25% as of September 30, 2007.

Entergy Arkansas' receivables from or (payables to) the money pool were as follows:

September 30, 2007	December 31, 2006	September 30, 2006	December 31, 2005
(In Thousands)			
(\$29,924)	\$16,109	\$19,659	(\$27,346)

See Note 4 to the financial statements in the Form 10-K for further description of the money pool and the credit facility.

Significant Factors and Known Trends

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - **Significant Factors and Known Trends**" in the Form 10-K for a discussion of state and local rate regulation, energy cost rate investigation, federal regulation, utility restructuring, nuclear matters, and environmental risks. Following are updates to the information provided in the Form 10-K.

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State and Local Rate Regulation

In June 2007, after hearings on Entergy Arkansas' August 2006 base rate filing requesting an adjusted annual increase of \$106.5 million, the APSC ordered Entergy Arkansas to reduce its annual rates by \$5 million, and set a return on common equity of 9.9% with a hypothetical common equity level lower than Entergy Arkansas' actual capital structure. For the purpose of setting rates, the APSC disallowed a portion of costs associated with incentive compensation based on financial measures and

all costs associated with Entergy's stock-based compensation plans. In addition, under the terms of the APSC's order, recovery of storm restoration costs in the future will be limited to a fixed annual amount of \$14.4 million, regardless of the actual annual amount of future restoration costs. The APSC's order also threatens Entergy Arkansas' ability to recover \$52 million of costs previously accumulated in Entergy Arkansas' storm reserve and \$18 million of removal costs associated with the termination of a lease. Management believes, however, that Entergy Arkansas is entitled to recover these prudently incurred costs and will vigorously pursue its right to recover them. The APSC rejected Entergy Arkansas' request for a capacity management rider to recover incremental capacity costs, but directed Entergy Arkansas and the other parties in the case to develop an annual earnings review process that may address this issue.

The APSC denied Entergy Arkansas' request for rehearing of the APSC's June 2007 decision. In September 2007, Entergy Arkansas appealed the decision to the Arkansas Court of Appeals. In its Notice of Appeal, Entergy Arkansas states that the APSC's decision represents arbitrary decision-making, and enumerates seventeen reasons why the APSC's decision is unlawful. A briefing schedule that concludes in the first quarter 2008 has been established by the appeals court.

See Entergy Corporation and Subsidiaries' "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - **Significant Factors and Known Trends - Federal Regulation - System Agreement Litigation**" for a discussion of Entergy's compliance filing in that proceeding. In its June 2007 decision on Entergy Arkansas' rate filing, the APSC approved through December 31, 2008 a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas as a result of the System Agreement litigation.

Energy Cost Rate Investigation

In March 2007, in order to allow further consideration by the APSC, the APSC granted Entergy Arkansas' petition for rehearing and for stay of the APSC's January 2007 order in the proceeding investigating Entergy Arkansas' interim energy cost rate. The APSC has taken no action in this proceeding since its March 2007 order.

In its June 2007 order regarding Entergy Arkansas' rate case, the APSC approved the continuation of Entergy Arkansas' energy cost recovery rider through December 31, 2008.

Federal Regulation

See "System Agreement Proceedings", "Independent Coordinator of Transmission", and "Available Flowgate Capacity Proceeding" in the "**Significant Factors and Known Trends**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

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 Arkansas' accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.

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New Accounting Pronouncements

See "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY ARKANSAS, INC.
INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2007	2006	2007	2006
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$624,664	\$660,885	\$1,561,428	\$1,612,730
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	(6,674)	130,942	114,173	318,219
Purchased power	277,627	186,758	587,122	473,669

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Nuclear refueling outage expenses	7,137	7,509	21,410	22,235
Other operation and maintenance	111,723	120,140	326,781	317,790
Decommissioning	8,271	7,737	24,405	22,828
Taxes other than income taxes	23,011	38,489	59,245	57,091
Depreciation and amortization	57,278	54,547	170,107	161,508
Other regulatory credits - net	(2,405)	(907)	(16,896)	(14,793)
TOTAL	475,968	545,215	1,286,347	1,358,547
OPERATING INCOME	148,696	115,670	275,081	254,183
OTHER INCOME				
Allowance for equity funds used during construction	1,794	2,242	9,191	6,060
Interest and dividend income	3,687	4,972	15,420	16,645
Miscellaneous - net	(594)	(784)	(2,400)	(2,356)
TOTAL	4,887	6,430	22,211	20,349
INTEREST AND OTHER CHARGES				
Interest on long-term debt	19,325	19,394	58,456	57,733
Other interest - net	6,396	650	13,211	3,518
Allowance for borrowed funds used during construction	(748)	(960)	(4,261)	(2,639)
TOTAL	24,973	19,084	67,406	58,612
INCOME BEFORE INCOME TAXES	128,610	103,016	229,886	215,920
Income taxes	44,909	14,204	86,709	42,450
NET INCOME	83,701	88,812	143,177	173,470
Preferred dividend requirements and other	1,718	1,718	5,155	5,841
EARNINGS APPLICABLE TO COMMON STOCK	\$81,983	\$87,094	\$138,022	\$167,629

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	2007	2006
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$143,177	\$173,470
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Reserve for regulatory adjustments	(18,607)	21,323
Other regulatory credits - net	(16,896)	(14,793)
Depreciation, amortization, and decommissioning	194,512	184,336
Deferred income taxes and investment tax credits	2,770	(105,087)
Changes in working capital:		
Receivables	(20,717)	(70,335)
Fuel inventory	3,555	(5,389)
Accounts payable	83,139	(28,836)
Taxes accrued	(37,161)	168,985
Interest accrued	1,339	3,521
Deferred fuel costs	(68,021)	144,778
Other working capital accounts	(135,837)	11,967
Provision for estimated losses and reserves	(183)	(1,396)
Changes in other regulatory assets	26,956	(58,208)
Other	104,208	(44,756)
Net cash flow provided by operating activities	262,234	379,580
INVESTING ACTIVITIES		
Construction expenditures	(212,835)	(183,878)
Allowance for equity funds used during construction	9,191	6,060
Nuclear fuel purchases	(40,353)	(49,269)
Proceeds from sale/leaseback of nuclear fuel	42,220	49,027
Proceeds from nuclear decommissioning trust fund sales	59,155	84,126
Investment in nuclear decommissioning trust funds	(68,569)	(91,168)
Change in money pool receivable - net	14,298	(19,659)
Other regulatory investments	-	(469)
Net cash flow used in investing activities	(196,893)	(205,230)

FINANCING ACTIVITIES

Proceeds from the issuance of preferred stock	-	73,355
Redemption of preferred stock	-	(75,885)
Change in credit borrowing - net	60,000	-
Change in money pool payable - net	29,924	(27,346)
Dividends paid:	-	-
Common stock	(181,600)	(128,900)
Preferred stock	(5,155)	(6,067)
Net cash flow used in financing activities	(96,831)	(164,843)
Net increase (decrease) in cash and cash equivalents	(31,490)	9,507
Cash and cash equivalents at beginning of period	34,815	9,393
Cash and cash equivalents at end of period	\$3,325	\$18,900

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

Interest - net of amount capitalized	\$60,050	\$48,682
Income taxes	\$25,795	(\$23,883)

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.**BALANCE SHEETS****ASSETS****September 30, 2007 and December 31, 2006****(Unaudited)**

	2007	2006
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$3,325	\$2,849
Temporary cash investments - at cost, which approximates market	-	31,966
Total cash and cash equivalents	3,325	34,815
Accounts receivable:		
Customer	140,054	105,347
Allowance for doubtful accounts	(15,676)	(15,257)
Associated companies	42,984	57,554
Other	79,154	114,108

Accrued unbilled revenues	86,116	66,876
Total accounts receivable	332,632	328,628
Deferred fuel costs	70,178	2,157
Accumulated deferred income taxes	-	19,232
Fuel inventory - at average cost	19,418	22,973
Materials and supplies - at average cost	105,792	100,061
Deferred nuclear refueling outage costs	24,370	23,678
System agreement cost equalization	107,886	-
Prepayments and other	36,354	6,368
TOTAL	699,955	537,912

OTHER PROPERTY AND INVESTMENTS

Investment in affiliates - at equity	11,205	11,206
Decommissioning trust funds	467,709	439,408
Non-utility property - at cost (less accumulated depreciation)	1,443	1,446
Other	5,390	2,976
TOTAL	485,747	455,036

UTILITY PLANT

Electric	6,737,752	6,599,348
Property under capital lease	3,122	5,260
Construction work in progress	136,093	113,069
Nuclear fuel under capital lease	93,347	124,850
Nuclear fuel	17,334	21,044
TOTAL UTILITY PLANT	6,987,648	6,863,571
Less - accumulated depreciation and amortization	3,088,984	2,986,576
UTILITY PLANT - NET	3,898,664	3,876,995

DEFERRED DEBITS AND OTHER ASSETS

Regulatory assets:		
SFAS 109 regulatory asset - net	95,606	93,682
Other regulatory assets	520,860	542,052
Other	36,556	35,359
TOTAL	653,022	671,093

TOTAL ASSETS	\$5,737,388	\$5,541,036
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See Notes to Financial Statements.

70 ENTERGY ARKANSAS, INC. BALANCE SHEETS LIABILITIES AND SHAREHOLDERS' EQUITY

		September 30, 2007 and December 31, 2006 (Unaudited)		2007	2006	(In Thousands)	
CURRENT LIABILITIES							
			Notes payable	\$60,000	\$-	Accounts payable:	
Associated companies	179,022	64,546	Other	115,028	117,655	Customer deposits	56,074
49,978	Taxes accrued	-	37,161	Accumulated deferred income taxes	16,739	-	Interest
accrued	20,918	19,579	Deferred fuel costs	-	-	Obligations under capital leases	55,289
56,265	Other	17,734	15,372	TOTAL	520,804	360,556	NON-CURRENT
LIABILITIES							
						Accumulated deferred income taxes and taxes accrued	1,333,108
Accumulated deferred investment tax credits	73,845	56,849	59,834	Obligations under capital leases			1,243,855
Other regulatory liabilities		122,237	103,350	Decommissioning	497,216		41,180
							472,810

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Accumulated provisions	14,356	14,539	Pension and other postretirement liabilities	253,370	259,147
Long-term debt	1,312,763	1,306,201	Other	78,808	96,623
3,630,204			TOTAL	3,709,887	
			Commitments and Contingencies		
			SHAREHOLDERS' EQUITY		
			Preferred stock without sinking fund	116,350	116,350
			Common stock, \$0.01 par value,		
			authorized 325,000,000	shares; issued and outstanding 46,980,196 shares in 2007	and 2006
470	470	Paid-in capital	588,527	588,528	Retained earnings
				801,350	844,928
TOTAL	1,506,697	1,550,276	TOTAL LIABILITIES AND SHAREHOLDERS'		
EQUITY	\$5,737,388	\$5,541,036			

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC.
SELECTED OPERATING RESULTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%
	2007	2006		
	(Dollars In Millions)			
Electric Operating Revenues:				
Residential	\$ 239	\$ 265	(\$ 26)	(10)
Commercial	127	144	(17)	(12)
Industrial	122	140	(18)	(13)
Governmental	6	6	-	-
Total retail	494	555	(61)	(11)
Sales for resale				
Associated companies	74	70	4	6
Non-associated companies	41	29	12	41
Other	16	7	9	129
Total	\$ 625	\$ 661	(\$ 36)	(5)
Billed Electric Energy				
Sales (GWh):				
Residential	2,515	2,550	(35)	(1)
Commercial	1,809	1,792	17	1
Industrial	2,022	2,112	(90)	(4)
Governmental	77	81	(4)	(5)
Total retail	6,423	6,535	(112)	(2)
Sales for resale				
Associated companies	1,686	1,680	6	-
Non-associated companies	503	714	(211)	(30)
Total	8,612	8,929	(317)	(4)

Description	Nine Months Ended		Increase/ (Decrease)	%
	2007	2006		
	(Dollars In Millions)			

Electric Operating Revenues:				
Residential	\$ 545	\$ 554	(\$ 9)	(2)
Commercial	309	315	(6)	(2)
Industrial	304	323	(19)	(6)
Governmental	15	15	-	-
Total retail	1,173	1,207	(34)	(3)
Sales for resale				
Associated companies	222	253	(31)	(12)
Non-associated companies	110	113	(3)	(3)
Other	56	40	16	40
Total	\$ 1,561	\$ 1,613	(\$ 52)	(3)
Billed Electric Energy				
Sales (GWh):				
Residential	6,070	6,052	18	-
Commercial	4,519	4,462	57	1
Industrial	5,542	5,727	(185)	(3)
Governmental	210	209	1	-
Total retail	16,341	16,450	(109)	(1)
Sales for resale				
Associated companies	5,257	5,977	(720)	(12)
Non-associated companies	1,758	2,245	(487)	(22)
Total	23,356	24,672	(1,316)	(5)

ENTERGY GULF STATES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Hurricane Rita and Hurricane Katrina

See the Form 10-K for a discussion of the effects of Hurricanes Katrina and Rita, which hit Entergy Gulf States' service territory in the Texas and Louisiana jurisdictions in August and September 2005, which resulted in power outages, significant damage to electric distribution, transmission, and generation and gas infrastructure, and the loss of sales and customers due to mandatory evacuations, and Entergy Gulf States' efforts to recover storm restoration costs. Following are updates to that discussion.

Entergy reached an agreement with one of its excess insurers under which Entergy received \$69.5 million in the second quarter 2007 in settlement of its Hurricane Katrina claim with that insurer. Entergy Gulf States was allocated \$2.1 million of the proceeds. Entergy Gulf States has received a total of \$33.2 million as of September 30, 2007 on its Hurricanes Katrina and Rita insurance claims, including \$6.1 million in 2007. Refer to Note 8 to the financial statements in the Form 10-K for a further description of Entergy's Hurricane Katrina and Hurricane Rita insurance

claims and the non-nuclear property insurance coverage in place at the time the claims occurred.

Storm Cost Recovery Filings with Retail Regulators

In April 2007, the PUCT issued its financing order authorizing the issuance of securitization bonds to recover \$353 million of hurricane reconstruction costs and up to \$6 million of transaction costs, offset by \$32 million of related deferred income tax benefits. In June 2007, Entergy Gulf States Reconstruction Funding I, LLC, a company wholly-owned and consolidated by Entergy Gulf States, issued \$329.5 million of senior secured transition bonds (securitization bonds). With the proceeds, Entergy Gulf States Reconstruction Funding purchased from Entergy Gulf States the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. Entergy Gulf States will use the proceeds to refinance or retire debt and to reduce equity. Entergy Gulf States began cost recovery through the transition charge in July 2007, and the transition charge is expected to remain in place over a 15-year period. See Note 4 to the financial statements for additional information regarding the securitization bonds.

In February 2007, Entergy Louisiana and Entergy Gulf States filed rebuttal testimony and filed a second supplemental and amending application by which they seek authority from the LPSC to securitize their storm cost recovery and storm reserve amounts, together with certain debt retirement costs and upfront and ongoing costs of the securitized debt issued. Securitization is authorized by a law signed by the Governor of Louisiana in May 2006. Hearings on the quantification of the amounts eligible for securitization began in late-April 2007. At the start of the hearing, a stipulation among Entergy Gulf States, Entergy Louisiana, the LPSC staff, and most other parties in the proceeding was read into the record. The stipulation quantifies the balance of storm restoration costs for recovery as \$545 million for Entergy Louisiana and \$187 million for Entergy Gulf States, and sets the storm reserve amounts at \$152 million for Entergy Louisiana and \$87 million for Entergy Gulf States. The stipulation also calls for securitization of the storm restoration costs and storm reserves in those same amounts. Hearings on authorization of securitization of the storm costs and reserves were held in June 2007. In August 2007, the LPSC issued orders approving recovery of the stipulated storm cost recovery and storm reserve amounts plus certain debt retirement and upfront and ongoing costs through securitization financing.

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Results of Operations

Net Income

Third Quarter 2007 Compared to Third Quarter 2006

Net income increased \$29.0 million primarily due to higher net revenue and higher other income, partially offset by higher other operation and maintenance expenses and higher interest and other charges.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net income decreased \$8.2 million primarily due to lower net revenue, higher other operation and maintenance expenses, and higher interest and other charges. This decrease was substantially offset by higher other income and lower taxes other than income taxes.

Net Revenue

Third Quarter 2007 Compared to Third Quarter 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges. Following is an analysis of the change in net revenue comparing the third quarter 2007 to the third quarter 2006.

	Amount (In Millions)
2006 net revenue	\$364.0
Net wholesale revenue	15.4
Fuel recovery	5.8
Securitization transition charge	4.9
Transmission revenue	3.5
Other	1.2
2007 net revenue	\$394.8

The net wholesale revenue variance is primarily due to re-pricing revisions, retroactive to 2003, of \$8.4 million of purchased power agreements among Entergy system companies as directed by the FERC in addition to higher margins on sales from the non-regulated portion of River Bend.

The fuel recovery variance resulted primarily from increased recovery of fuel costs from special rate customers in 2007 in addition to the under-recovery of fuel costs in 2006 from retail customers.

The securitization transition charge variance is due to the issuance of securitization bonds. In June 2007, Entergy Gulf States Reconstruction Funding I, LLC, a company wholly-owned and consolidated by Entergy Gulf States, issued securitization bonds and with the proceeds purchased from Entergy Gulf States the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. See Note 4 to the financial statements herein for details of the securitization bond issuance.

The transmission revenue variance is due to higher rates and the addition of new transmission customers in late-2006.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges

Gross operating revenues decreased primarily due to a decrease in fuel cost recovery revenues of \$116.6 million due to lower fuel rates and refunds. Refer to Note 2 to the financial statements for a discussion of the fuel refund filing with the PUCT. The decrease in gross operating revenues was partially offset by wholesale revenue from the system agreement cost equalization payments from Entergy Arkansas. The receipt of such payments for the Texas jurisdiction is being refunded to customers by crediting deferred fuel costs and reducing fuel rates ultimately charged to customers. As a result, the system agreement cost equalization receipt and refund to customers have no effect on net income.

Fuel and purchased power expenses decreased primarily due to a decrease in deferred fuel expense as a result of a decrease in fuel cost recovery revenues, as discussed above.

Other regulatory charges increased primarily due to the recovery in the Texas jurisdiction, effective July 2007, of bond expenses related to the bond securitization, as discussed above. The increase was also due to the amortization of

storm costs in 2007 as a result of the May 2006 formula rate plan filing (for the 2005 test year) with the LPSC to recover such costs through base rates effective September 2006. See Note 4 to the financial statements herein for details of the securitization bond issuance.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges. Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006.

	Amount (In Millions)
2006 net revenue	\$985.6
Fuel recovery	(30.7)
Purchased power capacity	(9.0)
Volume/weather	10.1
Transmission revenue	9.3
Net wholesale revenue	6.5
Securitization transition charge	4.9
Other	5.2
2007 net revenue	\$981.9

The fuel recovery variance resulted primarily from adjustments of fuel clause recoveries in the first quarter 2006 in Entergy Gulf States' Louisiana jurisdiction and a reserve for potential rate refunds in the first quarter 2007 in Entergy Gulf States' Texas jurisdiction as a result of a PUCT ruling related to the application of past PUCT rulings addressing transition to competition in Texas.

The purchased power capacity variance is primarily due to ongoing purchased power capacity expense and the amortization of deferred capacity charges. A portion of the increase in purchased power capacity costs is being recovered through base rate increases implemented to recover incremental deferred and ongoing purchased power capacity charges. The base rate increases are discussed in Note 2 to the financial statements in the Form 10-K.

The volume/weather variance is primarily due to increased electricity usage primarily in the residential and commercial sectors, including increased usage during the unbilled sales period. The increase in usage was substantially offset by decreased usage in the industrial sector in addition to less favorable weather compared to the same period in 2006. See Note 1 to the financial statements in the Form 10-K for a discussion of the accounting for unbilled revenues.

The transmission revenue variance is due to higher rates and the addition of new transmission customers in late-2006.

The net wholesale revenue variance is primarily due to re-pricing revisions, retroactive to 2003, of \$8.4 million of purchased power agreements among Entergy system companies as directed by the FERC.

The securitization transition charge variance is due to the issuance of securitization bonds. In June 2007, Entergy Gulf States Reconstruction Funding I, LLC, a company wholly-owned and consolidated by Entergy Gulf States, issued securitization bonds and with the proceeds purchased from Entergy Gulf States the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. See Note 4 to the financial statements herein for details of the securitization bond issuance.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges

Gross operating revenues decreased primarily due to a decrease in fuel cost recovery revenues of \$222.7 million due to lower fuel rates and refunds. Refer to Note 2 to the financial statements for a discussion of the fuel refund filing with the PUCT. The decrease was partially offset by more favorable volume/weather as discussed above and higher wholesale revenue from the system agreement cost equalization payments from Entergy Arkansas. The receipt of such payments for the Texas jurisdiction is being refunded to customers by crediting deferred fuel costs and reducing fuel rates ultimately charged to customers. As a result, the system agreement cost equalization receipt and refund to customers have no effect on net income.

Fuel and purchased power expenses decreased primarily due to a decrease in deferred fuel expense as a result of a decrease in fuel cost recovery revenues, as discussed above. The decrease was partially offset by an increase in the average market price of associated purchased power and an increase in demand.

Other regulatory charges increased primarily due to:

- an increase of \$5.2 million as a result of higher capacity charges and the amortization of capacity charges;
- the recovery of \$4.9 million in the Texas jurisdiction, effective July 2007, of bond expenses related to the bond securitization, as discussed above. See Note 4 to the financial statements herein for details of the securitization bond issuance; and
- a regulatory credit of \$4.5 million recorded during the second quarter 2006 as a result of Entergy Gulf States reinstating the application of regulatory accounting principles to its wholesale business. Refer to "Application of SFAS 71" in Note 1 to the financial statements in the Form 10-K for further discussion.

Other Income Statement Variances

Third Quarter 2007 Compared to Third Quarter 2006

Other operation and maintenance expenses increased primarily due to:

- an increase of \$9.3 million in transmission spending due to higher transmission equalization expenses and an increase in spending due to additional labor and materials costs related to substation and transmission line maintenance;
- an increase of \$2.7 million in nuclear expenses due to a non-refueling plant outage and a higher radwaste accrual; and
- an increase of \$1.5 million in vegetation maintenance expenses.

The increase was partially offset by a decrease of \$8.1 million in payroll, payroll-related, and benefit costs.

Taxes other than income taxes decreased primarily due to Texas franchise tax accruals recorded in August 2006 retroactive to April 2006 related to three new franchise agreements with cities in Texas in addition to lower Louisiana franchise taxes due to lower revenues.

Other income increased primarily due to carrying charges on storm restoration costs approved by the PUCT, in addition to interest earned on money pool investments. The PUCT approval and the securitization filing for the recovery of reconstruction costs are discussed in Note 2 to the financial statements in the Form 10-K and Note 2 to the financial statements herein.

Interest and other charges increased primarily due to the increase in long-term debt outstanding as a result of the issuance of securitization bonds during the second quarter 2007.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Other operation and maintenance expenses increased primarily due to:

- an increase of \$11.6 million in transmission spending due to higher transmission equalization expenses, additional costs related to the Independent Coordinator of Transmission, additional loss reserve accruals related to public liability litigation, and an increase in spending due to additional labor and materials costs related to substation and transmission line maintenance;
- an increase of \$9.2 million in nuclear expenses due to a non-refueling plant outage, a higher radwaste accrual, and increased NRC fees;
- an increase of \$4.2 million in vegetation maintenance expenses;
- an increase of \$2.5 million due to unfavorable litigation resolutions;
- an increase of \$2.0 million in distribution expenses due to the return to normal operations work in 2007 versus storm restoration activities in 2006 as a result of the hurricanes; and
- an increase of \$1.7 million due to higher insurance premiums as a result of amending coverage in June 2006 and the timing of premium payments in 2007 compared to 2006.

The increase was partially offset by a decrease of \$7.0 million in payroll, payroll-related, and benefit costs and a decrease of \$5 million due to a change in the accounting treatment of a gas storage facility which is included in fuel expense in 2007.

Taxes other than income taxes decreased primarily due to lower Louisiana franchise taxes resulting from lower fuel recovery revenues, as discussed above, partially offset by a payment in June 2007 for Texas corporate franchise taxes for amended returns filed for the years 1997 - 2001 as a result of an IRS audit settlement.

Other income increased primarily due to carrying charges on storm restoration costs approved by the PUCT, in addition to interest earned on money pool investments. The PUCT approval and the securitization filing for the recovery of reconstruction costs are discussed in Note 2 to the financial statements in the Form 10-K and Note 2 to the financial statements herein.

Interest and other charges increased primarily due to:

- an increase in long-term debt outstanding as a result of the issuance of securitization bonds during the second quarter 2007;
- an increase in interest recorded on advances from independent power producers as directed by the FERC; and
- an increase in interest recorded on deferred fuel costs.

Income Taxes

The effective income tax rate was 39.6% for the third quarter 2007 and 40.0% for the nine months ended September 30, 2007. The differences in the effective income tax rates for the third quarter 2007 and the nine months ended September 30, 2007 versus the federal statutory rate of 35.0% are primarily due to book and tax differences related to utility plant items and state income taxes, partially offset by flow-through book and tax timing differences related to a pension payment, book and tax differences related to allowance for equity funds used during construction, and the amortization of investment tax credits.

The effective income tax rate was 37.5% for the third quarter 2006 and 35.7% for the nine months ended September 30, 2006. The difference in the effective income tax rate for the third quarter 2006 versus the federal statutory rate of 35.0% is primarily due to state income taxes and book and tax differences related to utility plant items, partially offset by the amortization of investment tax credits and the flow-through of a pension item. The difference in the effective income tax rate for the nine months ended September 30, 2006 versus the federal statutory rate of 35.0% is primarily due to state income taxes and book and tax differences related to utility plant items partially offset by the amortization of investment tax credits, book and tax differences related to the allowance for equity funds used during construction, and the flow-through of a pension item.

Liquidity and Capital ResourcesCash Flow

Cash flows for the nine months ended September 30, 2007 and 2006 were as follows:

	2007	2006
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$180,381	\$25,373
Cash flow provided by (used in):		
Operating activities	380,945	514,774
Investing activities	(361,600)	(323,392)
Financing activities	239,609	(172,158)
Net increase in cash and cash equivalents	258,954	19,224
Cash and cash equivalents at end of period	\$439,335	\$44,597

Operating Activities

Net cash provided by operating activities decreased \$133.8 million primarily due to the timing of the collection of receivables from customers, decreased recovery of deferred fuel costs, and income tax payments of \$15.1 million for the nine months ended September 30, 2007 compared to income tax refunds of \$54.9 million for the same period in 2006. This decrease was partially offset by the timing of payments to vendors.

Investing Activities

Net cash used in investing activities increased \$38.2 million primarily due to money pool activity, partially offset by a decrease in construction expenditures due to storm-related projects in 2006.

Financing Activities

Financing activities provided cash of \$239.6 million for the nine months ended September 30, 2007 compared to using cash of \$172.2 million for the nine months ended September 30, 2006 primarily due to the issuance of \$329.5 million of securitization bonds in 2007 and a decrease of \$88.1 million in common stock dividends. See Note 4 to the financial statements for details of the securitization bond issuance.

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Capital Structure

Entergy Gulf States' capitalization is balanced between equity and debt, as shown in the following table. The increase in the debt to capital percentages as of September 30, 2007 is primarily due to the issuance of the securitization bonds in June 2007.

	September 30, 2007	December 31, 2006
Net debt to net capital	50.0%	50.1%
Effect of subtracting cash from debt	4.3%	1.9%
Debt to capital	54.3%	52.0%

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable, capital lease obligations, preferred stock with sinking fund, and long-term debt, including the currently maturing portion. Capital consists of debt and shareholders' equity. Net capital consists of capital less cash and cash equivalents. Entergy Gulf States 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 Gulf States' financial condition.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Gulf States' uses and sources of capital. Following are updates to the information provided in the Form 10-K.

Entergy Gulf States' receivables from the money pool were as follows:

September 30, 2007	December 31, 2006	September 30, 2006	December 31, 2005
(In Thousands)			
\$195,371	\$75,048	\$62,356	\$64,011

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

As discussed in the Form 10-K, Entergy Gulf States had in place a \$50 million line of credit. In August 2007, the line of credit was reduced to \$2 million. The line of credit allows Entergy Gulf States to borrow money and to issue letters of credit. \$1.4 million in letters of credit were issued under the facility at September 30, 2007, and no borrowings were outstanding. The line of credit terminates in February 2011.

In August 2007, Entergy Gulf States entered into a new, five-year, \$200 million credit facility which expires in August 2012. Entergy Gulf States has the ability to issue letters of credit against the facility. The credit agreement requires Entergy Gulf States to maintain a consolidated debt ratio of 65% or less of its total capitalization. The facility has a variable interest rate that would currently be approximately 5.54% on borrowings under the facility, and has a

facility fee that is currently 0.125% of the commitment amount. The facility fee and interest rate can fluctuate depending on the senior unsecured debt ratings of Entergy Gulf States. As of September 30, 2007, there were no borrowings or letters of credit outstanding under the \$200 million facility.

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Significant Factors and Known Trends

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends**" in the Form 10-K for a discussion of transition to retail competition; state and local rate regulation; federal regulation; the Energy Policy Act of 2005; industrial, commercial, and wholesale customers; nuclear matters; environmental risks; and litigation risks. Following are updates to the information disclosed in the Form 10-K.

Transition to Retail Competition

See the Form 10-K for a discussion of the current Texas legislation and Entergy Gulf States' proposed transition to competition plan.

As required by the June 2005 legislation, Entergy Gulf States filed its proposed transition to competition plan in December 2006. The plan provides that to achieve full customer choice, Entergy Gulf States should join ERCOT because ERCOT already has all of the prerequisites for retail choice. Pursuant to PUCT order, on June 4, 2007 Entergy Gulf States filed a restatement of the plan, in which Entergy Gulf States requested that the PUCT approve a "Financial Stability Provision" that is designed to ensure that Entergy Gulf States' proposed integration with ERCOT will not, during the necessary construction period, cause deterioration of its credit quality and financial strength. The June 4, 2007 filing also proposes a rule making process to implement the Financial Stability Provision and to consider the construction and ownership of necessary ERCOT integration facilities by third parties. The filing also eliminated from the plan certain provisions whereby Entergy Gulf States had the ability in its sole discretion to cease pursuit of the plan. Under Entergy Gulf States' plan, retail open access could commence as early as 2013, although that is unlikely given the PUCT's decision described below. Entergy Gulf States' plan includes an estimate that direct construction costs for facilities to interconnect Entergy Gulf States' Texas operations with ERCOT could be approximately \$1 billion. The Texas Legislature did not pass legislation addressing Entergy Gulf States' transition plan before adjourning its 2007 session. PUCT hearings on Entergy Gulf States' plan were completed in July 2007. In October 2007, the PUCT abated the proceeding to allow the Southwest Power Pool (SPP) to develop additional information about the costs and benefits of Entergy Gulf States joining the SPP similar to information presented regarding Entergy Gulf States joining ERCOT. The SPP has stated that it would take a minimum of six to nine months to develop this type of information. Entergy Gulf States filed a motion for reconsideration, in which it asks the PUCT to also allow for an update to the ERCOT cost study.

Jurisdictional Separation Plan

In March 2007, Entergy Gulf States filed an application with the FERC requesting authorization to implement its jurisdictional separation plan that will result in the restructuring of Entergy Gulf States into two separate utilities, one subject solely to the retail jurisdiction of the LPSC (EGS-LA) and the other subject solely to the retail jurisdiction of the PUCT (ETI). The FERC approved the application in July 2007.

In addition to the terms of the plan described in the Form 10-K, additional terms of the plan include that EGS-LA would remain primarily liable on all Entergy Gulf States long-term debt outstanding when the plan is implemented. Under one or more debt assumption agreements with EGS-LA, ETI would assume its pro rata share of this long-term debt. The assumption would not discharge EGS-LA's liability on the long-term debt. EGS-LA would record an assumption asset to reflect the long-term debt assumed by ETI. ETI would grant EGS-LA a first lien on its assets to secure its debt obligations under the debt assumption agreement or agreements. ETI would have three years from the

date of plan implementation to pay off the assumed debt. In addition, under the proposal, the currently outstanding preferred stock of Entergy Gulf States would be redeemed in anticipation of the jurisdictional separation. Entergy Gulf States expects that the redemption would occur at the call prices reported in Note 6 to the financial statements in the Form 10-K.

Entergy Gulf States has also filed with the FERC an application, on behalf of ETI, for authority from the end of 2007 through March 31, 2010 to issue up to \$200 million of short-term debt, up to \$300 million of tax-exempt bonds, and up to \$1.3 billion of other long-term securities, including common and preferred stock and long-term debt. Entergy Gulf States, on behalf of EGS-LA, has filed with the FERC a similar

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application for authority over the same time period to issue up to \$200 million of short-term debt, up to \$500 million of tax-exempt bonds and up to \$750 million of other long-term securities, including common and preferred membership interests and long-term debt. On November 8, 2007 the FERC issued orders granting the requested authority for a two-year period from the date that the orders were issued.

In May 2007, Entergy Gulf States filed with the NRC an application for transfer of the River Bend operating license, which was approved in November 2007. Additional FERC notice filings will also be made before the separation can occur. In addition, under the LPSC order approving the jurisdictional separation plan, jurisdictional separation will not occur if Entergy Gulf States cannot obtain reasonable assurances from the rating agencies that upon the separation there will not be a downgrade in ETI's or EGS-LA's credit ratings from Entergy Gulf States' credit ratings. Entergy Gulf States' current target for completing the jurisdictional separation is the end of 2007.

State and Local Rate Regulation

Entergy Gulf States made a rate filing in September 2007 with the PUCT requesting an annual rate increase totaling \$107.5 million, including a base rate increase of \$64.3 million and special riders totaling \$43.2 million. The base rate increase includes \$12.2 million for the storm damage reserve. Entergy Gulf States is requesting an 11% return on common equity. The rate filing also includes a request to reconcile \$858 million in fuel and purchased power costs on a Texas retail basis incurred over the period January 2006 through March 2007.

In September 2007, Entergy Gulf States filed with the PUCT a request to increase its incremental purchased capacity recovery rider to collect approximately \$25 million on an annual basis. This filing also includes a request to implement an interim surcharge to collect approximately \$10 million in under-recovered incremental purchased capacity costs incurred through July 2007. A decision is expected in the first quarter 2008. Amounts collected through the rider and interim surcharge are subject to final reconciliation.

In May 2007, Entergy Gulf States made its formula rate plan filing with the LPSC for the 2006 test year. The filing reflected a 10.0% return on common equity, which is within the allowed earnings bandwidth, and an anticipated formula rate plan decrease of \$23 million annually attributable to adjustments outside of the formula rate plan sharing mechanism related to capacity costs and the anticipated securitization of storm costs related to Hurricane Katrina and Hurricane Rita and the securitization of a storm reserve. In September 2007, Entergy Gulf States modified the formula rate plan filing to reflect a 10.07% return on common equity, which is still within the allowed bandwidth. The modified filing also reflected implementation of a \$4.1 million rate increase attributable to recovery of additional LPSC approved incremental deferred and ongoing capacity costs. The rate decrease anticipated in the original filing did not occur because of the additional capacity costs approved by the LPSC, and because securitization of storm costs

associated with Hurricane Katrina and Hurricane Rita and the establishment of a storm reserve have not yet occurred. Entergy Gulf States is currently exploring its securitization options.

In March 2007, Entergy Gulf States filed a request with the PUCT to refund \$78.5 million, including interest, of fuel cost recovery over-collections through January 2007. In June 2007, the PUCT approved a unanimous stipulation and settlement agreement that updated the over-collection balance through April 2007 and established a refund amount, including interest, of \$109.4 million. The refund was made over a two-month period beginning with the first billing cycle in July 2007. Amounts refunded through the interim fuel refund are subject to final reconciliation in a future fuel reconciliation proceeding.

In January 2007, Entergy Gulf States filed with the LPSC its gas rate stabilization plan for the test year ending September 30, 2006. The filing showed a revenue deficiency of \$3.5 million based on a return on common equity mid-point of 10.5%. In March 2007, Entergy Gulf States filed a set of rate and rider schedules that reflected all proposed LPSC staff adjustments and implemented a \$2.4 million base rate increase effective with the first billing cycle of April 2007 pursuant to the rate stabilization plan.

In May 2006, Entergy Gulf States filed with the PUCT a fuel and purchased power reconciliation case covering the period September 2003 through December 2005 for costs recoverable through the Texas fixed fuel factor rate and the incremental purchased capacity recovery rider. Entergy Gulf States reconciled \$1.6 billion of fuel and purchased power costs on a Texas retail basis. A hearing was conducted before ALJs in

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April 2007. In July 2007, the ALJs issued a proposal for decision recommending that Entergy Gulf States be authorized to reconcile all of its requested Texas fixed fuel factor expenses and recommending a minor adjustment to the incremental purchased capacity recovery calculation. The ALJs also recommend granting an exception to PUCT rules to allow for recovery of an additional \$11.4 million in Texas-jurisdictional purchased power capacity costs. In September 2007, the PUCT issued a final order, which affirmed the ultimate result of the ALJ's proposal for decision. Upon motions for rehearing, the PUCT added additional language in its order on rehearing. In order to preserve any appeals, the parties will have to file a subsequent motion for rehearing to the PUCT's order on rehearing.

In May 2006, Entergy Gulf States made its formula rate plan filing with the LPSC for the 2005 test year. Entergy Gulf States modified the filing in August 2006 to reflect an 11.1% return on common equity which is within the allowed bandwidth. The modified filing includes a formula rate plan increase of \$17.2 million annually that provides for 1) interim recovery of \$10.5 million of storm costs from Hurricane Katrina and Hurricane Rita and 2) recovery of \$6.7 million of LPSC-approved incremental deferred and ongoing capacity costs. The increase was implemented, subject to refund, with the first billing cycle of September 2006. In May 2007 the LPSC approved a settlement between Entergy Gulf States and the LPSC staff, affirming the rates that were implemented in September 2006.

Federal Regulation

See "[System Agreement Proceedings](#)", "[Independent Coordinator of Transmission](#)", and "[Available Flowgate Capacity Proceeding](#)" in the "[Significant Factors and Known Trends](#)" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

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 Gulf States' accounting for nuclear decommissioning costs, the application of SFAS 71, unbilled revenue, and qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

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ENTERGY GULF STATES, INC.
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2007	2006	2007	2006
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$946,222	\$1,043,264	\$2,606,045	\$2,766,558
Natural gas	11,818	12,495	66,836	63,521
TOTAL	958,040	1,055,759	2,672,881	2,830,079
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	210,890	342,828	643,081	842,959
Purchased power	341,278	348,318	1,024,478	999,244
Nuclear refueling outage expenses	2,529	4,199	10,000	13,299
Other operation and maintenance	128,154	121,560	395,283	367,113
Decommissioning	2,961	2,731	8,707	8,028
Taxes other than income taxes	35,838	40,624	101,980	108,312
Depreciation and amortization	50,925	53,802	156,400	154,981
Other regulatory charges - net	11,102	608	23,445	2,246
TOTAL	783,677	914,670	2,363,374	2,496,182
OPERATING INCOME	174,363	141,089	309,507	333,897
OTHER INCOME				
Allowance for equity funds used during construction	2,512	1,697	8,943	9,498
Interest and dividend income	29,020	6,336	61,314	20,805
Miscellaneous - net	214	(477)	871	(876)
TOTAL	31,746	7,556	71,128	29,427
INTEREST AND OTHER CHARGES				

Interest on long-term debt	39,878	35,004	109,567	102,997
Other interest - net	3,433	1,992	11,899	5,989
Allowance for borrowed funds used during construction	(1,610)	(1,027)	(5,784)	(5,428)
TOTAL	41,701	35,969	115,682	103,558
INCOME BEFORE INCOME TAXES	164,408	112,676	264,953	259,766
Income taxes	65,026	42,268	106,014	92,604
NET INCOME	99,382	70,408	158,939	167,162
Preferred dividend requirements and other	955	1,009	2,846	3,041
EARNINGS APPLICABLE TO COMMON STOCK	\$98,427	\$69,399	\$156,093	\$164,121

See Notes to Financial Statements.

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ENTERGY GULF STATES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	2007	2006
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$158,939	\$167,162
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Reserve for regulatory adjustments	270	6,305
Other regulatory charges - net	23,445	2,246

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Depreciation, amortization, and decommissioning	165,107	163,009
Deferred income taxes and investment tax credits, and non-current taxes accrued	1,126	95,333
Changes in working capital:		
Receivables	(178,606)	89,178
Fuel inventory	(8,685)	(8,996)
Accounts payable	38,139	(94,479)
Taxes accrued	22,199	68,055
Interest accrued	6,270	706
Deferred fuel costs	8,884	151,118
Other working capital accounts	59,625	8,332
Provision for estimated losses and reserves	(4,236)	(4,252)
Changes in other regulatory assets	(48,544)	(117,618)
Other	137,012	(11,325)
Net cash flow provided by operating activities	380,945	514,774

INVESTING ACTIVITIES

Construction expenditures	(226,941)	(311,255)
Allowance for equity funds used during construction	8,943	9,498
Insurance proceeds	6,580	-
Nuclear fuel purchases	(35,376)	(38,357)
Proceeds from sale/leaseback of nuclear fuel	13,839	37,647
Proceeds from nuclear decommissioning trust fund sales	48,918	39,344
Investment in nuclear decommissioning trust funds	(59,621)	(49,217)
Change in money pool receivable - net	(120,323)	1,655
Changes in other investments - net	2,381	915
Other regulatory investments	-	(13,622)
Net cash flow used in investing activities	(361,600)	(323,392)

FINANCING ACTIVITIES

Proceeds from the issuance of long-term debt	323,486	-
Redemption of preferred stock	(3,450)	(3,450)
Dividends paid:		
Common stock	(77,600)	(165,700)
Preferred stock	(2,827)	(3,008)
Net cash flow provided by (used in) financing activities	239,609	(172,158)

Net increase in cash and cash equivalents 258,954 19,224

Cash and cash equivalents at beginning of period 180,381 25,373

Cash and cash equivalents at end of period \$439,335 \$44,597

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid/(received) during the period for:

Interest - net of amount capitalized	\$108,372	\$101,059
Income taxes	\$15,066	(\$54,920)

See Notes to Financial Statements.

ENTERGY GULF STATES, INC.
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2007 and December 31, 2006
(Unaudited)

	2007	2006
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$11,587	\$2,923
Temporary cash investments - at cost, which approximates market	427,748	177,458
Total cash and cash equivalents	439,335	180,381
Accounts receivable:		
Customer	182,065	146,144
Allowance for doubtful accounts	(2,165)	(1,618)
Associated companies	289,527	106,990
Other	113,751	50,811
Accrued unbilled revenues	94,251	79,538
Total accounts receivable	677,429	381,865
Accumulated deferred income taxes	24,291	20,352
Fuel inventory - at average cost	77,896	69,211
Materials and supplies - at average cost	128,950	120,245
Deferred nuclear refueling outage costs	3,457	12,971
Prepayments and other	28,152	16,725
TOTAL	1,379,510	801,750
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	368,580	344,911
Non-utility property - at cost (less accumulated depreciation)	98,109	94,776
Other	29,632	25,218
TOTAL	496,321	464,905
UTILITY PLANT		
Electric	8,914,545	8,857,166
Natural gas	97,547	92,368
Construction work in progress	187,984	149,392
Nuclear fuel under capital lease	79,615	73,422
Nuclear fuel	7,375	10,821
TOTAL UTILITY PLANT	9,287,066	9,183,169
Less - accumulated depreciation and amortization	4,372,770	4,263,307
UTILITY PLANT - NET	4,914,296	4,919,862

**DEFERRED DEBITS AND OTHER
ASSETS**

Regulatory assets:		
SFAS 109 regulatory asset - net	467,651	465,259
Other regulatory assets	1,067,001	1,001,016
Deferred fuel costs	100,124	100,124
Long-term receivables	5,804	9,833
Other	31,022	23,928
TOTAL	1,671,602	1,600,160
TOTAL ASSETS	\$8,461,729	\$7,786,677

See Notes to Financial Statements.

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(In Thousands) CURRENT LIABILITIES

					Currently maturing long-term debt	\$325,000	
\$-	Accounts payable:		Associated companies	115,765	79,584	Other	195,107
200,746	Customer deposits	73,857	68,844	Taxes accrued	49,980	27,781	Interest accrued
40,753	34,483	Deferred fuel costs	35,146	26,262	Obligations under capital leases		24,769
24,769	Pension and other postretirement liabilities		7,884	7,662	System agreement cost equalization		
51,474	-	Other	45,484	31,933	TOTAL	965,219	502,064
NON-CURRENT LIABILITIES				Accumulated deferred income taxes and taxes accrued			
1,907,466	1,803,461	Accumulated deferred investment tax credits		122,922	127,202	Obligations under capital leases	53,648
		54,847	48,653	Other regulatory liabilities	74,707		
		Decommissioning and asset retirement cost liabilities		203,551	191,036	Transition to competition	
79,098	79,098	Accumulated provisions	20,647	21,245	Pension and other postretirement liabilities		
119,099	141,834	Long-term debt	2,363,474	2,358,327	Preferred stock with sinking fund		
7,050	10,500	Other	211,274	196,731	TOTAL	5,164,135	5,031,735
Commitments and Contingencies				SHAREHOLDERS' EQUITY			
		stock without sinking fund	47,327	47,327	Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 100 shares in 2007 and 2006	114,055	114,055
		Retained earnings	732,417	653,924	Accumulated other comprehensive loss		
1,457,486	1,457,486	TOTAL	2,332,375	2,252,878	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$8,461,729	\$7,786,677
(18,910)	(19,914)						See Notes to Financial Statements.

**ENTERGY GULF STATES, INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND COMPREHENSIVE INCOME
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)**

	Three Months Ended	
	2007	2006

(In Thousands)

RETAINED EARNINGS				
Retained Earnings - Beginning of period	\$666,090		\$670,824	
Add: Net Income	99,382	\$99,382	70,408	\$70,408
Deduct:				
Dividends declared on common stock	32,100		82,700	
Preferred dividend requirements and other	955	955	1,009	1,009
	33,055		83,709	
Retained Earnings - End of period	\$732,417		\$657,523	

**ACCUMULATED OTHER
COMPREHENSIVE
LOSS (Net of Taxes):**

Balance at beginning of period:				
Pension and other postretirement liabilities	(\$19,245)		\$ -	
Other accumulated comprehensive income items	-		(2,233)	
Pension and other postretirement liabilities (net of tax expense of \$326)	335	335	-	-
Net derivative instrument fair value changes arising during the period	-	-	617	617
Balance at end of period:				
Pension and other postretirement liabilities	(18,910)		-	
Other accumulated comprehensive income items	-		(1,616)	
Total	(\$18,910)		(\$1,616)	
Comprehensive Income		\$98,762		\$70,016

Nine Months Ended

2007

2006

(In Thousands)

RETAINED EARNINGS				
Retained Earnings - Beginning of period	\$653,924		\$659,102	
Add: Net Income	158,939	\$158,939	167,162	\$167,162
Deduct:				
Dividends declared on common stock	77,600		165,700	
Preferred dividend requirements and other	2,846	2,846	3,041	3,041
	80,446		168,741	
Retained Earnings - End of period	\$732,417		\$657,523	

**ACCUMULATED OTHER
COMPREHENSIVE
LOSS (Net of Taxes):**

Balance at beginning of period:

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Pension and other postretirement liabilities	(\$19,914)		\$ -	
Other accumulated comprehensive income items	-		(1,409)	
Pension and other postretirement liabilities (net of tax expense of \$978)	1,004	1,004	-	-
Net unrealized investment gains	-		(824)	
Net derivative instrument fair value changes arising during the period	-	-	617	617
Balance at end of period:				
Pension and other postretirement liabilities	(18,910)		-	
Other accumulated comprehensive income items	-		(1,616)	
Total	(\$18,910)		(\$1,616)	
Comprehensive Income		\$157,097		\$164,738

See Notes to Financial Statements.

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ENTERGY GULF STATES, INC.
SELECTED OPERATING RESULTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%
	2007	2006		
	(Dollars In Millions)			
Electric Operating Revenues:				
Residential	\$320	\$375	(\$55)	(15)
Commercial	210	249	(39)	(16)
Industrial	247	288	(41)	(14)
Governmental	10	13	(3)	(23)
Total retail	787	925	(138)	(15)
Sales for resale				
Associated companies	85	46	39	85
Non-associated companies	51	57	(6)	(11)
Other	23	15	8	53
Total	\$946	\$1,043	(\$97)	(9)
Billed Electric Energy				
Sales (GWh):				
Residential	3,359	3,393	(34)	(1)
Commercial	2,577	2,553	24	1
Industrial	3,815	3,920	(105)	(3)
Governmental	114	118	(4)	(3)
Total retail	9,865	9,984	(119)	(1)
Sales for resale				

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Associated companies	728	1,073	(345)	(32)
Non-associated companies	704	918	(214)	(23)
Total	11,297	11,975	(678)	(6)

Description	Nine Months Ended		Increase/ (Decrease)	%
	2007	2006		
(Dollars In Millions)				
Electric Operating Revenues:				
Residential	\$800	\$874	(\$74)	(8)
Commercial	612	671	(59)	(9)
Industrial	785	889	(104)	(12)
Governmental	34	37	(3)	(8)
Total retail	2,231	2,471	(240)	(10)
Sales for resale				
Associated companies	151	95	56	59
Non-associated companies	153	157	(4)	(3)
Other	71	44	27	61
Total	\$2,606	\$2,767	(\$161)	(6)
Billed Electric Energy				
Sales (GWh):				
Residential	7,890	7,841	49	1
Commercial	6,761	6,681	80	1
Industrial	11,317	11,430	(113)	(1)
Governmental	335	340	(5)	(1)
Total retail	26,303	26,292	11	-
Sales for resale				
Associated companies	1,962	2,225	(263)	(12)
Non-associated companies	2,248	2,213	35	2
Total	30,513	30,730	(217)	(1)

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ENTERGY LOUISIANA, LLC

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Hurricane Rita and Hurricane Katrina

See the Form 10-K for a discussion of the effects of Hurricanes Katrina and Rita, which caused catastrophic damage to Entergy Louisiana's service territory in August and September 2005, including the effect of extensive flooding that resulted from levee breaks in and around Entergy Louisiana's service territory, and Entergy Louisiana's efforts to recover storm restoration costs.

In February 2007, Entergy Louisiana and Entergy Gulf States filed rebuttal testimony and filed a second supplemental and amending application by which they seek authority from the LPSC to securitize their storm cost recovery and storm reserve amounts, together with certain debt retirement costs and upfront and ongoing costs of the securitized debt issued. Securitization is authorized by a law signed by the Governor of Louisiana in May 2006. Hearings on the quantification of the amounts eligible for securitization began in late-April 2007. At the start of the hearing, a stipulation among Entergy Gulf States, Entergy Louisiana, the LPSC staff, and most other parties in the proceeding was read into the record. The stipulation quantifies the balance of storm restoration costs for recovery as \$545 million for Entergy Louisiana and \$187 million for Entergy Gulf States, and sets the storm reserve amounts at \$152 million for Entergy Louisiana and \$87 million for Entergy Gulf States. The stipulation also calls for securitization of the storm restoration costs and storm reserves in those same amounts. Hearings on authorization of securitization of the storm costs and reserves were held in June 2007. In August 2007, the LPSC issued orders approving recovery of the stipulated storm cost recovery and storm reserve amounts plus certain debt retirement and upfront and ongoing costs through securitization financing.

Entergy reached an agreement with one of its excess insurers under which Entergy received \$69.5 million in the second quarter 2007 in settlement of its Hurricane Katrina claim with that insurer. Entergy Louisiana was allocated \$9.7 million of the proceeds. Entergy Louisiana has received a total of \$24.8 million as of September 30, 2007 on its Hurricanes Katrina and Rita insurance claims, including \$12.0 million in 2007. In the third quarter 2007, Entergy filed a lawsuit in the U.S. District Court for the Eastern District of Louisiana against its other excess insurer on the Hurricane Katrina claim. At issue in the lawsuit is whether any policy exclusions limit the extent of coverage provided by that insurer. Refer to Note 8 to the financial statements in the Form 10-K for a further description of Entergy's Hurricane Katrina and Hurricane Rita insurance claims and the non-nuclear property insurance coverage in place at the time the claims occurred.

Results of Operations

Net Income

Third Quarter 2007 Compared to Third Quarter 2006

Net income increased \$5.5 million primarily due to higher net revenue, lower depreciation and amortization expenses, and a lower effective income tax rate, substantially offset by higher other operation and maintenance expenses and higher interest and other charges.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net income increased \$4.7 million primarily due to higher net revenue and a lower effective income tax rate, substantially offset by higher other operation and maintenance expenses, lower other income, and higher interest and other charges.

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Net Revenue

Third Quarter 2007 Compared to Third Quarter 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the third quarter 2007 to the third quarter 2006.

Amount

(In Millions)

2006 net revenue	\$304.7
Base revenues	14.2
Purchased power capacity	(19.3)
Other	9.8
2007 net revenue	\$309.4

The base revenues variance is primarily due to increases effective September 2006 for the 2005 formula rate plan filing to recover LPSC-approved incremental deferred and ongoing capacity costs. See Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan filing.

The purchased power capacity variance is primarily due to higher purchased power capacity charges and the amortization of capacity charges effective September 2006 as a result of the formula rate plan filing in May 2006. A portion of the purchased power capacity costs is offset in base revenues due to a base rate increase implemented to recover incremental deferred and ongoing purchased power capacity charges, as mentioned above. See Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan filing.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues increased primarily due to:

- an increase of \$14.2 million in base revenues, as discussed above;
- an increase of \$9.3 million in gross wholesale revenue due to increased sales to affiliated systems; and
- an increase of \$5.1 million in fuel cost recovery revenues due to higher fuel rates.

Fuel and purchased power expenses increased primarily due to an increase in the market price of natural gas, partially offset by a decrease in deferred fuel expense.

Other regulatory credits decreased primarily due to the deferral of capacity charges in 2006 in addition to the amortization of these capacity charges in 2007 as a result of the May 2006 formula rate plan filing (for the 2005 test year) with the LPSC to recover such costs through base rates effective September 2006.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2007 to the nine months ended September 30, 2006.

	Amount (In Millions)
2006 net revenue	\$737.3

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Base revenues	73.1
Volume/weather	32.2
Purchased power capacity	(77.9)
Other	5.5
2007 net revenue	\$770.2

The base revenues variance is primarily due to increases effective September 2006 for the 2005 formula rate plan filing to recover LPSC-approved incremental deferred and ongoing capacity costs. See Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan filing.

The volume/weather variance is due to increased electricity usage in all sectors, including electricity sales during the unbilled service period. Billed retail electricity usage increased a total of 653 GWh in all sectors. See Note 1 to the financial statements in the Form 10-K for a discussion of the accounting for unbilled revenues.

The purchased power capacity variance is primarily due to higher purchased power capacity charges and the amortization of capacity charges effective September 2006 as a result of the formula rate plan filing in May 2006. A portion of the purchased power capacity costs is offset in base revenues due to a base rate increase implemented to recover incremental deferred and ongoing purchased power capacity charges, as mentioned above. See Note 2 to the financial statements in the Form 10-K for a discussion of the formula rate plan filing.

Gross operating revenues, fuel and purchased power expenses, and other regulatory charges (credits)

Gross operating revenues increased primarily due to:

- an increase of \$114 million in fuel cost recovery revenues due to higher fuel rates and usage;
- an increase of \$73.1 million in base revenues, as discussed above; and
- an increase of \$32.2 million related to volume/weather, as discussed above.

The increase was partially offset by a decrease of \$30.6 million in gross wholesale revenue due to decreased sales to affiliated systems.

Fuel and purchased power expenses increased primarily due to an increase in the average market price of purchased power, an increase in net area demand, and an increase in deferred fuel expense as a result of higher fuel rates, as discussed above.

Other regulatory credits decreased primarily due to the deferral of capacity charges in 2006 in addition to the amortization of these capacity charges in 2007 as a result of the May 2006 formula rate plan filing (for the 2005 test year) with the LPSC to recover such costs through base rates effective September 2006.

Third Quarter 2007 Compared to Third Quarter 2006

Other operation and maintenance expenses increased primarily due to:

- an increase of \$10.7 million in customer service costs, primarily a result of an increase in the write-off of uncollectible customer accounts;
- an increase of \$2.2 million in nuclear spending due to higher NRC fees and labor costs;
- an increase of \$2.1 million due to higher insurance premiums as a result of amending coverage in June 2006 and the timing of premium payments in 2007 compared to 2006; and
- an increase of \$1.5 million in distribution labor and contract costs due to the return to normal operations work in 2007 versus storm restoration activities in 2006 as a result of the hurricanes.

The increase was partially offset by a decrease of \$6.7 million in payroll, payroll-related, and benefits costs.

Depreciation and amortization expenses decreased primarily due to a revision in the third quarter 2007 related to depreciation previously recorded on storm-related assets. Recovery of the cost of those assets will now be through the securitization of storm costs approved by the LPSC in the third quarter 2007. The securitization approval is discussed above under "**Hurricane Rita and Hurricane Katrina**".

Interest and other charges increased primarily due to interest recorded on advances from independent power producers.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Other operation and maintenance expenses increased primarily due to:

- an increase of \$7.8 million in customer service costs, primarily a result of an increase in the write-off of uncollectible customer accounts;
- an increase of \$5 million due to higher insurance premiums as a result of amending coverage in June 2006 and the timing of premium payments in 2007 compared to 2006;
- an increase of \$4.6 million in distribution labor, contract costs, and maintenance due

to the return to normal operations work in 2007 versus storm restoration activities in 2006 as a result of the hurricanes;

- an increase of \$4.3 million in transmission spending due to additional costs related to the Independent Coordinator of Transmission and additional costs related to substation maintenance;
- an increase of \$3.9 million due to the amortization in 2006 of proceeds received from the radwaste settlement which is discussed in "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends - Central States Compact Claim**" in the Form 10-K;
- an increase of \$3.0 million in nuclear spending due to higher NRC fees and labor costs; and
- an increase of \$2.1 million in vegetation maintenance expenses.

The increase was partially offset by a decrease of \$8.1 million in payroll, payroll-related, and benefits costs.

Other income decreased primarily due to:

- a decrease in interest earned on deferred capacity charges as a result of the recovery of deferred capacity charges;
- a decrease related to proceeds received in 2006 from the radwaste settlement discussed in "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends - Central States Compact Claim**" in the Form 10-K; and

- a decrease in the allowance for equity funds used during construction due to more construction work in progress in 2006 as a result of Hurricanes Katrina and Rita.

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Interest and other charges increased primarily due to interest recorded on advances from independent power producers and a higher allowance for borrowed funds used during construction in 2006 as a result of Hurricanes Katrina and Rita.

Income Taxes

The effective income tax rate was 34.8% for the third quarter 2007 and 36.2% for the nine months ended September 30, 2007. The difference in the effective income tax rate for the nine months ended September 30, 2007 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to utility plant items and state income taxes, partially offset by book and tax differences related to the allowance for equity funds used during construction and the amortization of investment tax credits and excess deferred income taxes.

The effective income tax rate was 39.1% for the third quarter 2006 and 39.0% for the nine months ended September 30, 2006. The difference in the effective income tax rate for the third quarter 2006 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to utility plant items and state income taxes. The difference in the effective income tax rate for the nine months ended September 30, 2006 versus the federal statutory rate of 35.0% is primarily due to book and tax differences related to utility plant items and state income taxes, partially offset by book and tax differences related to the allowance for equity funds used during construction and the amortization of investment tax credits.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2007 and 2006 were as follows:

	2007	2006
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$2,743	\$105,285
Cash flow provided by (used in):		
Operating activities	193,117	245,122
Investing activities	(199,231)	(362,824)
Financing activities	3,898	16,365
Net decrease in cash and cash equivalents	(2,216)	(101,337)
Cash and cash equivalents at end of period	\$527	\$3,948

Operating Activities

Cash flow provided by operating activities decreased \$52 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 primarily due to:

- the timing of collections of receivables from customers and payments to vendors, including the catch-up in receivable collections in 2006 due to delays caused by the hurricanes in 2005; and

- an increase of \$81.7 million in income tax payments.

The decrease was partially offset by increased recovery of deferred fuel costs and higher pension contributions in 2006.

Investing Activities

The decrease of \$163.6 million in net cash used in investing activities for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 is primarily due to:

- higher distribution and transmission construction expenditures in 2006 due to Hurricanes Katrina and Rita;
- a decrease in 2006 due to capacity costs that were deferred and expected to be recovered over a period greater than twelve months; and
- insurance proceeds received in 2007 relating to Hurricanes Katrina and Rita.

The decrease was partially offset by higher spending on nuclear projects in 2007.

Financing Activities

The decrease of \$12.5 million in net cash provided by financing activities for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 is primarily due to proceeds of \$50 million from an equity contribution in 2006 from its parent, Entergy Louisiana Holdings, and money pool activity. The decrease was partially offset by the payment of \$40 million on a credit facility in 2006 and the retirement of \$25 million of long-term debt in 2006.

Capital Structure

Entergy Louisiana's capitalization is balanced between equity and debt, as shown in the following table. The decrease in the debt to capital percentage from 2006 to 2007 is primarily due to an increase in members' equity resulting from net income in 2007.

	September 30, 2007	December 31, 2006
Net debt to net capital	43.7%	46.4%
Effect of subtracting cash from debt	-	-
Debt to capital	43.7%	46.4%

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 and members' equity. Net capital consists of capital less cash and cash equivalents. Entergy Louisiana 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 Louisiana's financial condition.

Uses and Sources of Capital

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Louisiana's uses and sources of capital. Following are updates to the information provided in the Form 10-K.

In April 2007, Entergy Louisiana announced that it plans to pursue the self-build solid fuel repowering of a 538 MW unit at its Little Gypsy plant. Petroleum coke and coal will be the unit's primary fuel sources. In July 2007 Entergy Louisiana filed with the LPSC for approval of the repowering project, and stated that it expects to spend \$1.55 billion on the project. In addition to seeking a finding that the project is in the public interest, the filing with the LPSC asks that Entergy Louisiana be allowed to recover a portion of the project's financing costs during the construction period. Hearings were held in October 2007 and an LPSC decision could come in the fourth quarter 2007. Entergy Louisiana expects the project to be completed in 2011-2012. The planned capital investment estimate in the Form 10-K included capital required for a project of this type, although Entergy Louisiana now expects to spend approximately \$100 million more through 2009 than the amounts included in the Form 10-K for the project.

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Entergy Louisiana plans to replace the Waterford 3 steam generators, along with the reactor vessel closure head and control element drive mechanisms, in 2011. Replacement of these components is common to pressurized water reactors throughout the nuclear industry. The nuclear industry continues to address susceptibility to stress corrosion cracking of certain materials associated with these components within the reactor coolant system. The issue is applicable to Waterford 3 and is managed in accordance with standard industry practices and guidelines. Routine inspections of the steam generators during Waterford 3's Fall 2006 refueling outage identified additional degradation of certain tube spacer supports in the steam generators that required repair beyond that anticipated prior to the outage. Corrective measures were successfully implemented to permit continued operation of the steam generators. While potential future replacement of these components had been contemplated, the discovery of the additional steam generator degradation necessitates replacement of the steam generators as soon as reasonably achievable. 2011 is the earliest that new steam generators can be manufactured and delivered for installation. The reactor vessel head and control element drive mechanisms will be replaced at the same time, utilizing the same reactor building construction opening that is necessary for the steam generator replacement. Entergy Louisiana estimates that it will spend approximately \$485 million on this project.

Entergy Louisiana's payables to the money pool were as follows:

September 30, 2007	December 31, 2006	September 30, 2006	December 31, 2005
(In Thousands)			
(\$63,151)	(\$54,041)	(\$104,952)	(\$68,677)

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

On August 2, 2007, Entergy Louisiana entered into a \$200 million, 5-year bank credit facility. Entergy Louisiana has the ability to issue letters of credit against the facility. The credit agreement requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization. The facility has a variable interest rate that would currently be approximately 5.48% on borrowings under the facility, and has a facility fee that is currently 0.09% of the commitment amount. The facility fee and interest rate can fluctuate depending on the senior unsecured debt ratings of Entergy Louisiana. As of September 30, 2007, there were no borrowings or letters of credit outstanding under the Entergy Louisiana \$200 million facility.

Significant Factors and Known Trends

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Significant Factors and Known Trends**" in the Form 10-K for a discussion of state and local rate regulation, federal regulation, the Energy Policy Act of 2005, utility restructuring, nuclear matters, environmental risks, and litigation risks. Following are updates to the information provided in the Form 10-K.

State and Local Rate Regulation

In May 2007, Entergy Louisiana made its formula rate plan filing with the LPSC for the 2006 test year, indicating a 7.6% return on common equity and an anticipated formula rate plan decrease of \$6.9 million. The filing also included Entergy Louisiana's request to recover \$39.8 million in unrecovered fixed costs associated with the loss of customers that resulted from Hurricane Katrina and Hurricane Rita, which if approved by the LPSC would increase the return on common equity under the original filing to 9.4%, which is within the band of no change adjacent to the lower end of the sharing bandwidth. In September 2007, Entergy Louisiana modified its formula rate plan filing to reflect its implementation of certain adjustments proposed by the LPSC staff in its review of Entergy Louisiana's original filing with which Entergy Louisiana agreed, and to reflect its implementation of an \$18.4 million annual formula rate plan rate increase comprised of (1) a \$23.8 million increase representing 60% of Entergy Louisiana's revenue deficiency, and (2) a \$5.4 million decrease for reduced incremental and deferred capacity costs. The return on common equity in the modified filing is 7.63%. The LPSC authorized Entergy Louisiana to defer for accounting purposes the difference between

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its \$39.8 million claim for unrecovered fixed costs and 60% of the revenue deficiency to preserve Entergy Louisiana's right to pursue that claim in full during the formula rate plan proceeding. The rate decrease anticipated in the original filing did not occur because securitization of storm costs associated with Hurricane Katrina and Hurricane Rita and the establishment of a storm reserve have not yet occurred. Entergy Louisiana is currently exploring its securitization options.

Federal Regulation

See "System Agreement Proceedings", "Independent Coordinator of Transmission", and "Available Flowgate Capacity Proceeding" in the "**Significant Factors and Known Trends**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for updates to the discussion in the Form 10-K.

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 Louisiana's accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.

New Accounting Pronouncements

See "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis for a discussion of new accounting pronouncements.

ENTERGY LOUISIANA, LLC
INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2007 and 2006
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2007	2006	2007	2006
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$801,890	\$762,840	\$2,075,668	\$1,865,477
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	266,674	253,915	633,392	563,389
Purchased power	214,769	215,682	638,697	604,349
Nuclear refueling outage expenses	4,494	3,766	13,109	12,263
Other operation and maintenance	108,055	96,699	304,216	279,263
Decommissioning	4,673	4,350	13,772	12,817
Taxes other than income taxes	15,296	16,075	44,072	47,254
Depreciation and amortization	36,097	48,366	134,289	137,868
Other regulatory charges (credits) - net	11,071	(11,474)	33,363	(39,518)
TOTAL	661,129	627,379	1,814,910	1,617,685
OPERATING INCOME	140,761	135,461	260,758	247,792
OTHER INCOME				
Allowance for equity funds used during construction	2,737	2,572	8,994	11,749
Interest and dividend income	(526)	63	4,929	9,315
Miscellaneous - net	(876)	(782)	(2,565)	(2,200)
TOTAL	1,335	1,853	11,358	18,864
INTEREST AND OTHER CHARGES				
Interest on long-term debt	20,084	18,658	60,667	59,661
Other interest - net	5,271	2,692	10,989	7,023
Allowance for borrowed funds used during construction	(1,842)	(1,906)	(6,142)	(8,419)
TOTAL	23,513	19,444	65,514	58,265
INCOME BEFORE INCOME TAXES	118,583	117,870	206,602	208,391
Income taxes	41,272	46,068	74,725	81,239
NET INCOME	77,311	71,802	131,877	127,152