ENTERGY ARKANSAS INC
Form 10-K
February 28, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2010

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, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-31508	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 64-0205830
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000	0-05807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street

	71-0005900		New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
0-20371	ENTERGY GULF STATES LOUISIANA, L.L.C. (a Louisiana limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749 74-0662730	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798
1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749 75-3206126	1-09067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777

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Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Class	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, $0.01 Par Value – 179,037,924 shares outstanding at January 31, 2011	New York Stock Exchange, Inc. Chicago Stock Exchange, Inc.
Entergy Arkansas, Inc.	Mortgage Bonds, 5.75% Series due November 2040	New York Stock Exchange, Inc.
Entergy Louisiana, LLC	Mortgage Bonds, 6.0% Series due March 2040	New York Stock Exchange, Inc.
	Mortgage Bonds, 5.875% Series due June 2041	New York Stock Exchange, Inc.
Entergy Mississippi, Inc.	Mortgage Bonds, 6.0% Series due November 2032	New York Stock Exchange, Inc.
	Mortgage Bonds, 6.20% Series due April 2040	New York Stock Exchange, Inc.
Entergy Texas, Inc.	Mortgage Bonds, 7.875% Series due June 2039	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Class
Entergy Arkansas, Inc.	Preferred Stock, Cumulative, $100 Par Value Preferred Stock, Cumulative, $0.01 Par Value
Entergy Gulf States Louisiana, L.L.C.	Common Membership Interests
Entergy Mississippi, Inc.	Preferred Stock, Cumulative, $100 Par Value
Entergy New Orleans, Inc.	Preferred Stock, Cumulative, $100 Par Value
Entergy Texas, Inc.	Common Stock, no par value

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

	Yes	No
Entergy Corporation	Ö	
Entergy Arkansas, Inc.		Ö
Entergy Gulf States Louisiana, L.L.C.		Ö
Entergy Louisiana, LLC		Ö
Entergy Mississippi, Inc.		Ö
Entergy New Orleans, Inc.		Ö
Entergy Texas, Inc.		Ö
System Energy Resources, Inc.		Ö

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

	Yes	No
Entergy Corporation		Ö
Entergy Arkansas, Inc.		Ö
Entergy Gulf States Louisiana, L.L.C.		Ö
Entergy Louisiana, LLC		Ö
Entergy Mississippi, Inc.		Ö
Entergy New Orleans, Inc.		Ö
Entergy Texas, Inc.		Ö
System Energy Resources, Inc.		Ö

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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 þ No o

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [√]

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Entergy Corporation	Ö			
Entergy Arkansas, Inc.			Ö	
Entergy Gulf States Louisiana, L.L.C.			Ö	
Entergy Louisiana, LLC			Ö	
Entergy Mississippi, Inc.			Ö	
Entergy New Orleans, Inc.			Ö	
Entergy Texas, Inc.			Ö	
System Energy Resources, Inc.			Ö	

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

System Energy Resources meets the requirements set forth in General Instruction I(1) of Form 10-K and is therefore filing this Form 10-K with reduced disclosure as allowed in General Instruction I(2). System Energy Resources is reducing its disclosure by not including Part III, Items 10 through 13 in its Form 10-K.

The aggregate market value of Entergy Corporation Common Stock, $0.01 Par Value, held by non-affiliates as of the end of the second quarter of 2010, was $13.4 billion based on the reported last sale price of $71.62 per share for such stock on the New York Stock Exchange on June 30, 2010. Entergy Corporation is the sole holder of the common stock of Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. Entergy Corporation is the sole holder of the common stock of Entergy Louisiana Holdings, Inc., which is the sole holder of the common membership interests in Entergy Louisiana, LLC. Entergy Corporation is the sole holder of the common stock of EGS Holdings, Inc., which is the sole holder of the common membership interests in Entergy Gulf States Louisiana, L.L.C.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders, to be held May 6, 2011, are incorporated by reference into Part III hereof.

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This combined Form 10-K is separately filed by Entergy Corporation and its seven "Registrant Subsidiaries": Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representations whatsoever as to any other company.

The report should be read in its entirety as it pertains to each respective reporting company. No one section of the report deals with all aspects of the subject matter. Separate Item 6, 7, and 8 sections are provided for each reporting company, except for the Notes to the financial statements. The Notes to the financial statements for all of the reporting companies are combined. All Items other than 6, 7, and 8 are combined for the reporting companies.

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FORWARD-LOOKING INFORMATION

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

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including those factors discussed or incorporated by reference in (a) Item 1A. Risk Factors, (b) Management's Financial Discussion and Analysis, 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 other regulatory proceedings, including those related to Entergy's System Agreement or any successor agreement or arrangement, Entergy's utility supply plan, recovery of storm costs, and recovery of fuel and purchased power costs
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, the operations of the independent coordinator of transmission for Entergy's utility service territory and transition to a successor or alternative arrangement, including possible participation in a regional transmission organization, and the application of more stringent transmission reliability requirements or market power criteria by the FERC
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Entergy Wholesale Commodities business, and the effects of new or existing safety concerns regarding nuclear power plants and nuclear fuel
- resolution of pending or future applications for license renewals or modifications of nuclear generating facilities
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at its nuclear generating facilities
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities
- prices for power generated by Entergy's merchant generating facilities, the ability to hedge, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Entergy Wholesale Commodities nuclear plants
    - the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts
  - volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances, and changes in costs of compliance with environmental and other laws and regulations

- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal

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FORWARD-LOOKING INFORMATION (Concluded)

- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes and ice storms and the recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance
- effects of climate change
- Entergy's ability to manage its capital projects and operation and maintenance costs
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms
- the economic climate, and particularly economic conditions in Entergy's Utility service territory and the Northeast United States and events that could influence economic conditions in those areas
- the effects of Entergy's strategies to reduce tax payments
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria
- changes in inflation and interest rates
- the effect of litigation and government investigations or proceedings
- advances in technology
- the potential effects of threatened or actual terrorism and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion
- Entergy's ability to attract and retain talented management and directors
- changes in accounting standards and corporate governance
- declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans
- changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites
- factors that could lead to impairment of long-lived assets
- the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture.

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DEFINITIONS

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

Abbreviation or Acronym	Term
AEEC	Arkansas Electric Energy Consumers
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
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
DOE	United States Department of Energy
D. C. Circuit	U.S. Court of Appeals for the District of Columbia
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy-Koch	A joint venture equally owned by subsidiaries of Entergy and Koch Industries, Inc. Entergy-Koch's pipeline and trading businesses were sold in 2004.
Entergy Texas	Entergy Texas, Inc., a company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas

	jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Wholesale Commodities	Entergy's non-utility business segment primarily comprised of the ownership and operation of six nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by those plants to wholesale customers
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
firm LD	Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset) or settles financially on notional quantities; if a party fails to deliver or receive energy, the defaulting party must compensate the other party as specified in the contract
FitzPatrick	James A. FitzPatrick Nuclear Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment

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DEFINITIONS (Continued)

Abbreviation or Acronym	Term
Indian Point 3	Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
IRS	Internal Revenue Service
ISO	Independent System Operator
kV	Kilovolt
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LDEQ	Louisiana Department of Environmental Quality
LPSC	Louisiana Public Service Commission
Mcf	1,000 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, 70% of which is co-owned by Entergy Gulf States Louisiana (57.5%) and Entergy Texas (42.5%)
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
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
OASIS	Open Access Same Time Information Systems
Offsetting positions	Transactions for the purchase of energy, generally to offset a firm LD transaction which was used as a placeholder until a unit-contingent transaction could be originated and executed
Palisades	Palisades Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Pilgrim	Pilgrim Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
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 Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, 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 Station (nuclear), owned by Entergy Gulf States Louisiana
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
SMEPA	South Mississippi Electric Power Association, which owns a 10% interest in Grand Gulf
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.

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DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
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 not operating, the seller is generally not liable to the buyer for any damages
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf
Utility	Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility operating companies	Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas
Vermont Yankee	Vermont Yankee Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Station, 100% owned or leased by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather
White Bluff	White Bluff Steam Electric Generating Station, 57% owned by Entergy Arkansas

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ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities.

- The Utility business segment includes the generation, transmission, distribution, and sale of electric power in service territories in four states that include portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business.
    - The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers while it focuses on improving operating and financial performance of these plants, consistent with Entergy's market-based point-of-view.

In the fourth quarter 2010, Entergy finished integrating its former Non-Utility Nuclear business segment and its non-nuclear wholesale asset business into the new Entergy Wholesale Commodities business in an internal reorganization. The prior period financial information in this Form 10-K has been restated to reflect the change in reportable segments.

Following are the percentages of Entergy's consolidated revenues and net income generated by its operating segments and the percentage of total assets held by them:

	% of Revenue			% of Net Income			% of Total Assets		
Segment	2010	2009	2008	2010	2009	2008	2010	2009	2008
Utility	78	75	79	65	57	49	80	80	79
Entergy Wholesale Commodities	22	25	21	39	51	64	26	30	25
Parent & Other	-	-	-	(4)	(8)	(13)	(6)	(10)	(4)

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

Results of Operations

2010 Compared to 2009

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing 2010 to 2009 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities	Parent & Other	Entergy
		(In Thousands)		
2009 Consolidated Net Income (Loss)	$708,905	$641,094	($98,949)	$1,251,050
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	357,211	(163,518)	8,622	202,315
Other operation and maintenance expenses	112,384	124,758	(18,550)	218,592
Taxes other than income taxes	28,872	2,717	(1,149)	30,440
Depreciation and amortization	(24,112)	11,413	(182)	(12,881)
Gain on sale of business	-	44,173	-	44,173
Other income	(14,915)	66,222	(25,681)	25,626
Interest charges	31,035	(6,461)	(19,851)	4,723
Other	7,758	19,728	-	27,486
Income taxes	65,545	(53,606)	(27,440)	(15,501)
2010 Consolidated Net Income (Loss)	$829,719	$489,422	($48,836)	$1,270,305

Refer to “SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES” which accompanies Entergy Corporation’s financial statements in this report for further information with respect to operating statistics.

In November 2007 the Board approved a plan to pursue a separation of Entergy’s non-utility nuclear business from Entergy through a spin-off of the business to Entergy shareholders. In April 2010, Entergy announced that it planned to unwind the business infrastructure associated with the proposed spin-off transaction. As a result of the plan to unwind the business infrastructure, Entergy recorded expenses for the write-off of certain capitalized costs incurred in connection with the planned spin-off transaction. These costs are discussed in more detail below throughout this section.

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Net Revenue

Utility

Following is an analysis of the change in net revenue comparing 2010 to 2009.

	Amount (In Millions)
2009 net revenue	$4,694
Volume/weather	231
Retail electric price	137
Provision for regulatory proceedings	26
Rough production cost equalization	19
ANO decommissioning trust	(24)
Fuel recovery	(44)
Other	12
2010 net revenue	$5,051

The volume/weather variance is primarily due to an increase of 8,362 GWh, or 8%, in billed electricity usage in all retail sectors, including the effect on the residential sector of colder weather in the first quarter 2010 compared to 2009 and warmer weather in the second and third quarters 2010 compared to 2009. The industrial sector reflected strong sales growth on continuing signs of economic recovery. The improvement in this sector was primarily driven by inventory restocking and strong exports with the chemicals, refining, and miscellaneous manufacturing sectors leading the improvement.

The retail electric price variance is primarily due to:

- increases in the formula rate plan riders at Entergy Gulf States Louisiana effective November 2009, January 2010, and September 2010, at Entergy Louisiana effective November 2009, and at Entergy Mississippi effective July 2009;
- a base rate increase at Entergy Arkansas effective July 2010;
- rate actions at Entergy Texas, including base rate increases effective in May and August 2010;
- a formula rate plan provision of $16.6 million recorded in the third quarter 2009 for refunds that were made to customers in accordance with settlements approved by the LPSC; and
- the recovery in 2009 by Entergy Arkansas of 2008 extraordinary storm costs, as approved by the APSC, which ceased in January 2010. The recovery of storm costs is offset in other operation and maintenance expenses.

See Note 2 to the financial statements for further discussion of the proceedings referred to above.

The provision for regulatory proceedings variance is primarily due to provisions recorded in 2009 at Entergy Arkansas. See Note 2 to the financial statements for a discussion of regulatory proceedings affecting Entergy Arkansas.

The rough production cost equalization variance is due to an additional $18.6 million allocation recorded in the second quarter of 2009 for 2007 rough production cost equalization receipts ordered by the PUCT to Texas retail customers over what was originally allocated to Entergy Texas prior to the jurisdictional separation of Entergy Gulf States, Inc. into Entergy Gulf States Louisiana and Entergy Texas, effective December 2007, as discussed in Note 2 to the financial statements.

The ANO decommissioning trust variance is primarily related to the deferral of investment gains from the ANO 1 and 2 decommissioning trust. The gains resulted in an increase in interest and investment income and a corresponding increase in regulatory charges with no effect on net income in accordance with regulatory treatment.

The fuel recovery variance resulted primarily from an adjustment to deferred fuel costs in the fourth quarter 2009 relating to unrecovered nuclear fuel costs incurred since January 2008 that will now be recovered after a revision to the fuel adjustment clause methodology.

Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing 2010 to 2009.

	Amount (In Millions)
2009 net revenue	$2,364
Nuclear realized price changes	(96)
Nuclear volume	(60)
Other	(8)
2010 net revenue	$2,200

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by $164 million, or 7%, in 2010 compared to 2009 primarily due to results from its nuclear operations. The net revenue decrease was primarily due to lower pricing in its contracts to sell nuclear power and lower nuclear volume resulting from more planned and unplanned outage days in 2010. Included in net revenue is $46 million and $53 million of amortization of the Palisades purchased power agreement in 2010 and 2009, respectively, which is non-cash revenue and is discussed in Note 15 to the financial statements. Following are key performance measures for Entergy Wholesale Commodities' nuclear plants for 2010 and 2009:

	2010	2009
Net MW in operation at December 31	4,998	4,998
Average realized revenue per MWh	$59.16	$61.07
GWh billed	39,655	40,981
Capacity factor	90%	93%
Refueling Outage Days:		
FitzPatrick	35	-
Indian Point 2	33	-
Indian Point 3	-	36
Palisades	26	41
Pilgrim	-	31

Vermont Yankee	29	-

Overall, including its non-nuclear plants, Entergy Wholesale Commodities billed 42,682 GWh in 2010 and 43,969 GWh in 2009, with average realized revenue per MWh of $59.04 in 2010 and $60.46 in 2009.

Entergy Wholesale Commodities estimates that it will have a total of approximately 90 nuclear refueling outage days resulting from three planned outages in 2011.

Realized Price per MWh for Entergy Wholesale Commodities Nuclear Plants

When Entergy acquired the six nuclear power plants included in the Entergy Wholesale Commodities segment the buyers also entered into purchased power agreements with each of the sellers. For four of the plants, the 688 MW Pilgrim, 838 MW FitzPatrick, 1,028 MW Indian Point 2, and 1,041 MW Indian Point 3 plants, the original purchased power agreements with the sellers expired in 2004. The purchased power agreement with the seller of the 605 MW Vermont Yankee plant extends into 2012, and the purchased power agreement with the seller of the 798 MW Palisades plant extends into 2022. The majority of the existing contracts for sales of power from the other four plants expire by the end of 2012. The recent economic downturn and negative trends in the energy commodity markets have resulted in lower natural gas prices and therefore lower market prices for electricity in the New York and New England power regions. Entergy Wholesale Commodities’ nuclear business experienced a decrease in realized price per MWh to $59.16 in 2010 from $61.07 in 2009, and is almost certain to experience a decrease again in 2011 because, as shown in the contracted sale of energy table in “Market and Credit Risk Sensitive Instruments,” Entergy Wholesale Commodities has sold forward 96% of its planned nuclear energy output for 2011 for an average contracted energy price of $53 per MWh. In addition, Entergy Wholesale Commodities has sold forward 87% of its planned energy output for 2012 for an average contracted energy price of $49 per MWh.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $1,837 million for 2009 to $1,949 million for 2010 primarily due to:

- an increase of $70 million in compensation and benefits costs, resulting from decreasing discount rates, the amortization of benefit trust asset losses, and an increase in the accrual for incentive-based compensation. See “Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits” below and also Note 11 to the financial statements for further discussion of benefits costs;
- an increase of $25 million in fossil expenses resulting from higher outage costs in 2010 primarily because the scope of the outages was greater than in 2009;
- an increase of $17 million in transmission and distribution expenses resulting from increased vegetation contract work;
- an increase of $13 million in nuclear expenses primarily due to higher nuclear labor and contract costs;
- an increase of $12.5 million due to the capitalization in 2009 of Ouachita Plant service charges previously expensed; and
- an increase of $11 million due to the amortization of Entergy Texas rate case expenses. See Note 2 to the financial statements for further discussion of the Entergy Texas rate case settlement.

The increase was partially offset by:

- a decrease of $19.4 million due to 2008 storm costs at Entergy Arkansas which were deferred per an APSC order and were recovered through revenues in 2009;
- a decrease of $16 million due to higher write-offs of uncollectible customer accounts in 2009; and
- charges of $14 million in 2009 due to the Hurricane Ike and Hurricane Gustav storm cost recovery settlement agreement, as discussed further in Note 2 to the financial statements.

Other income decreased primarily due to:

- a decrease of $50 million in carrying charges on storm restoration costs because of the completion of financing or securitization of the costs, as discussed further in Note 2 to the financial statements; and
- a gain of $16 million recorded in 2009 on the sale of undeveloped real estate by Entergy Louisiana Properties, LLC.

The decrease was partially offset by:

- an increase of $24 million due to investment gains from the ANO 1 and 2 decommissioning trust, as discussed above;
    - an increase of $14 million resulting from higher earnings on decommissioning trust funds; and
- an increase of distributions of $13 million earned by Entergy Louisiana and $7 million earned by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company. The distributions on preferred membership interests are eliminated in consolidation and have no effect on net income because the investment is in another Entergy subsidiary. See Note 2 to the financial statements for discussion of these investments in preferred membership interests.

Interest charges increased primarily due to an increase in long-term debt outstanding resulting from net debt issuances by certain of the Utility operating companies in the second half of 2009 and in 2010. See Notes 4 and 5 to the financial statements for details of long-term debt outstanding.

Depreciation and amortization expenses decreased primarily due to a decrease in depreciation rates at Entergy Arkansas as a result of the rate case settlement agreement approved by the APSC in June 2010.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from $922 million for 2009 to $1,047 million for 2010 primarily due to:

- the write-off of $64 million of capital costs, primarily for software that will not be utilized, and $16 million of additional costs incurred in connection with Entergy's decision to unwind the infrastructure created for the planned spin-off of its non-utility nuclear business;
- an increase of $36 million in compensation and benefits costs, resulting from decreasing discount rates, the amortization of benefit trust asset losses, and an increase in the accrual for incentive-based compensation. See "Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits" below and also Note 11 to the financial statements for further discussion of benefits costs;
- spending of $15 million related to tritium remediation work at the Vermont Yankee site; and
- the write-off of $10 million of capitalized engineering costs associated with a potential uprate project that will not be pursued.

The gain on sale resulted from the sale of Entergy's ownership interest in the Harrison County Power Project 550 MW combined-cycle plant to two Texas electric cooperatives that owned a minority share of the plant. Entergy sold its 61 percent share of the plant for $219 million and realized a pre-tax gain of $44.2 million on the sale.

Other income increased primarily due to $86 million in charges in 2009 resulting from the recognition of impairments that are not considered temporary of certain equity securities held in Entergy Wholesale Commodities' decommissioning trust funds, partially offset by a decrease of $28 million in realized earnings on the decommissioning trust funds.

Interest charges decreased primarily due to a decrease in fees paid to Entergy Corporation for providing collateral in the form of guarantees in connection with some of the Entergy Wholesale Commodities agreements to sell power. The guarantee fees paid are intercompany transactions and are eliminated in consolidation. The decrease was substantially offset by the write-off of $39 million of debt financing costs, primarily incurred for a $1.2 billion credit facility that will not be used, in connection with Entergy's decision to unwind the infrastructure created for the planned spin-off of its non-utility nuclear business.

Parent & Other

Other income decreased primarily due to increases in the distributions paid of $13 million to Entergy Louisiana and $7 million to Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company, as discussed above.

Interest charges decreased primarily due to lower borrowings, including the redemption of $267 million of notes payable in December 2009, as well as lower interest rates on borrowings under Entergy Corporation's revolving credit facility.

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Income Taxes

The effective income tax rate for 2010 was 32.7%. The difference in the effective income tax rate versus the statutory rate of 35% in 2010 was primarily due to:

- a favorable Tax Court decision holding that the U.K. Windfall Tax can be used as a credit for purposes of computing the U.S. foreign tax credit, which allowed Entergy to reverse a provision for uncertain tax positions of $43 million, included in Parent and Other, on the issue. See Note 3 to the financial statements for further discussion of this tax litigation;
- a $19 million tax benefit recorded in connection with Entergy's decision to unwind the infrastructure created for the planned spin-off of its non-utility nuclear business; and
- the recognition of a $14 million Louisiana state income tax benefit related to storm cost financing.

Partially offsetting the decreased effective income tax rate was a charge of $16 million resulting from a change in tax law associated with the recently enacted federal healthcare legislation, as discussed below in "Critical Accounting Estimates" and state income taxes and certain book and tax differences for Utility plant items.

The effective income tax rate for 2009 was 33.6%. The reduction in the effective income tax rate versus the federal statutory rate of 35% in 2009 is primarily due to:

- recognition of a capital loss of $73.1 million resulting from the sale of preferred stock of a Entergy Wholesale Commodities subsidiary to a third party;
- reduction of a valuation allowance of $24.3 million on state loss carryovers;
- reduction of a valuation allowance of $16.2 million on a federal capital loss carryover;
- reduction of the provision for uncertain tax positions of $15.2 million resulting from settlements and agreements with taxing authorities;
- adjustment to state income taxes of $13.8 million for Entergy Wholesale Commodities to reflect the effect of a change in the methodology of computing Massachusetts state income taxes as required by that state's taxing authority; and
- additional deferred tax benefit of approximately $8 million associated with writedowns on nuclear decommissioning qualified trust securities.

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

See Note 3 to the financial statements for a reconciliation of the federal statutory rate of 35.0% to the effective income tax rates, and for additional discussion regarding income taxes.

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2009 Compared to 2008

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

	Utility	Entergy Wholesale Commodities	Parent & Other	Entergy
		(In Thousands)		
2008 Consolidated Net Income (Loss)	$605,144	$798,227	($162,836)	$1,240,535
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	105,167	(6,968)	(765)	97,434
Other operation and maintenance expenses	(30,423)	86,131	(47,660)	8,048
Taxes other than income taxes	(2,173)	8,840	240	6,907
Depreciation and amortization	37,409	14,917	(411)	51,915
Other income	74,456	(17,598)	(56,437)	421
Interest charges	36,990	(22,479)	(52,988)	(38,477)
Other	16,658	12,546	1	29,205
Income taxes	17,401	32,612	(20,271)	29,742
2009 Consolidated Net Income (Loss)	$708,905	$641,094	($98,949)	$1,251,050

Refer to “SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES” which accompanies Entergy Corporation’s financial statements in this report for further information with respect to operating statistics.

Net Revenue

Utility

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

Amount
(In
Millions)

2008 net revenue	$4,589
Volume/weather	57
Retail electric price	33
Fuel recovery	31
Provision for regulatory proceedings	(26)
Other	10
2009 net revenue	$4,694

The volume/weather variance is primarily due to increased electricity usage primarily during the unbilled sales period in addition to the negative effect of Hurricane Gustav and Hurricane Ike in 2008. Electricity usage by industrial customers decreased, however, by 6%. The overall decline of the economy led to lower usage affecting both the large customer industrial segment as well as small and mid-sized industrial customers, who are also being affected by overseas competition. The effect of the industrial sales volume decrease is mitigated, however, by the fixed charge basis of many industrial customers' rates, which causes average price per KWh sold to increase as the fixed charges are spread over lower volume.

The retail electric price increase is primarily due to:

- rate increases that were implemented at Entergy Texas in January 2009;
- an increase in the formula rate plan rider at Entergy Gulf States Louisiana and Entergy Louisiana effective September 2008 and November 2009;
- the recovery of 2008 extraordinary storm costs at Entergy Arkansas as approved by the APSC, effective January 2009. The recovery of 2008 extraordinary storm costs is discussed in Note 2 to the financial statements;
- an increase in the capacity acquisition rider related to the Ouachita plant acquisition at Entergy Arkansas. The net income effect of the Ouachita plant cost recovery is limited to a portion representing an allowed return on equity with the remainder offset by Ouachita plant costs in other operation and maintenance expenses, depreciation expenses and taxes other than income taxes;
- an increase in the formula rate plan rider at Entergy Mississippi in July 2009;
- an Energy Efficiency rider at Entergy Texas, which was effective December 31, 2008, that is substantially offset in other operation and maintenance expenses; and
- an increase in the Attala power plant costs recovered through the power management rider by Entergy Mississippi. The net income effect of this recovery is limited to a portion representing an allowed return on equity with the remainder offset by Attala power plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes.

The retail electric price increase was partially offset by:

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

The fuel recovery variance resulted primarily from an adjustment to deferred fuel costs in the fourth quarter 2009 relating to unrecovered nuclear fuel costs incurred since January 2008 that will now be recovered after a revision to the fuel adjustment clause methodology.

The provision for regulatory proceedings variance is primarily due to provisions recorded in 2009 at Entergy Arkansas. See Note 2 to the financial statements for a discussion of regulatory proceedings affecting Entergy Arkansas.

Entergy Wholesale Commodities

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

	Amount (In Millions)

2008 net revenue	$2,371
Nuclear volume	(53)
Palisades purchased power amortization	(23)
Nuclear realized price changes	67
Other	2
2009 net revenue	$2,364

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As shown in the table above, net revenue for Entergy Wholesale Commodities decreased slightly by $7 million, or 0.3%, in 2009 compared to 2008 primarily due to results from its nuclear operations. Higher pricing in its contracts to sell nuclear power was partially offset by lower nuclear volume resulting from more refueling outage days in 2009 compared to 2008. Included in net revenue is $53 million and $76 million of amortization of the Palisades purchased power agreement in 2009 and 2008, respectively, which is non-cash revenue and is discussed in Note 15 to the financial statements. Following are key performance measures for Entergy Wholesale Commodities' nuclear plants for 2009 and 2008:

	2009	2008
Net MW in operation at December 31	4,998	4,998
Average realized revenue per MWh	$61.07	$59.51
GWh billed	40,981	41,710
Capacity factor	93%	95%
Refueling Outage Days:		
FitzPatrick	-	26
Indian Point 2	-	26
Indian Point 3	36	-
Palisades	41	-
Pilgrim	31	-
Vermont Yankee	-	22

Overall, including its non-nuclear plants, Entergy Wholesale Commodities billed 43,969 GWh in 2009 and 44,747 GWh in 2008, with average realized revenue per MWh of $60.46 in 2009 and $60.73 in 2008.

Other Income Statement Items

Utility

Other operation and maintenance expenses decreased from $1,867 million for 2008 to $1,837 million for 2009. The variance includes the following:

- a decrease due to the write-off in the fourth quarter 2008 of $52 million of costs previously accumulated in Entergy Arkansas's storm reserve and $16 million of removal costs associated with the termination of a lease, both in connection with the December 2008 Arkansas Court of Appeals decision in Entergy Arkansas's base rate case. The base rate case is discussed in more detail in Note 2 to the financial statements;
- a decrease due to the capitalization of Ouachita plant service charges of $12.5 million previously expensed;
- a decrease of $22 million in loss reserves in 2009, including a decrease in storm damage reserves as a result of the completion of the Act 55 storm cost financing at Entergy Gulf States Louisiana and Entergy Louisiana;
- a decrease of $16 million in payroll-related and benefits costs;
- prior year storm damage charges as a result of several storms hitting Entergy Arkansas's service territory in 2008, including Hurricane Gustav and Hurricane Ike in the third quarter 2008. Entergy Arkansas discontinued regulatory storm reserve accounting beginning July 2007 as a result of the APSC order issued in Entergy Arkansas's rate

case. As a result, non-capital storm expenses of $41 million were charged to other operation and maintenance expenses. In December 2008, $19.4 million of these storm expenses were deferred per an APSC order and were recovered through revenues in 2009;

- an increase of $35 million in fossil expenses primarily due to higher plant maintenance costs and plant outages;
- an increase of $22 million in nuclear expenses primarily due to increased nuclear labor and contract costs;

- an increase of $14 million due to the reinstatement of storm reserve accounting at Entergy Arkansas effective January 2009;
- an increase of $14 million due to the Hurricane Ike and Hurricane Gustav storm cost recovery settlement agreement, as discussed below under "Liquidity and Capital Resources - Sources of Capital - Hurricane Gustav and Hurricane Ike";
- an increase of $8 million in customer service costs primarily as a result of write-offs of uncollectible customer accounts; and
- a reimbursement of $7 million of costs in 2008 in connection with a litigation settlement.

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

Other income increased primarily due to:

- an increase in distributions of $25 million earned by Entergy Louisiana and $9 million earned by Entergy Gulf States Louisiana on investments in preferred membership interests of Entergy Holdings Company. The distributions on preferred membership interests are eliminated in consolidation and have no effect on Entergy's net income because the investment is in another Entergy subsidiary. See Note 2 to the financial statements for a discussion of these investments in preferred membership interests;
- carrying charges of $35 million on Hurricane Ike storm restoration costs as authorized by Texas legislation in the second quarter 2009;
- an increase of $15 million in allowance for equity funds used during construction due to more construction work in progress primarily as a result of Hurricane Gustav and Hurricane Ike; and
- a gain of $16 million recorded on the sale of undeveloped real estate by Entergy Louisiana Properties, LLC.

These increases in other income were partially offset by a decrease of $14 million in taxes collected on advances for transmission projects and a decrease of $18 million resulting from lower interest earned on the decommissioning trust funds and short-term investments.

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

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from $836 million in 2008 to $922 million in 2009 primarily due to $46 million in outside service costs and incremental labor costs related to the then planned spin-off of Entergy's non-utility nuclear business. Also contributing to the increase were higher nuclear labor and regulatory costs.

Other income decreased primarily due to $86 million in charges in 2009 compared to $50 million in charges in 2008 resulting from the recognition of impairments of certain equity securities held in Entergy Wholesale Commodities' decommissioning trust funds that are not considered temporary. The decrease was partially offset by increases in interest income and realized earnings from the decommissioning trust funds and interest income from loans to Entergy subsidiaries.

Parent & Other

Other operation and maintenance expenses decreased for the parent company, Entergy Corporation, primarily due to a decrease in outside services costs of $38 million related to the then planned spin-off of Entergy's non-utility nuclear business.

Other income decreased primarily due to:

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

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

Income Taxes

The effective income tax rate for 2009 was 33.6%. See "2010 Compared to 2009 – Income Taxes" above for an explanation of the difference between the effective income tax rate versus the federal statutory rate of 35% for 2009.

The effective income tax rate for 2008 was 32.7%. The reduction in the effective income tax rate versus the federal statutory rate of 35% in 2008 is primarily due to:

- recognition of a capital loss of $202 million on the liquidation of an Entergy Wholesale Commodities subsidiary;
- reduction of the provision for uncertain tax positions of $44.3 million resulting from settlements and agreements with taxing authorities; and
- an adjustment to state income taxes of approximately $18.8 million for Entergy Wholesale Commodities to reflect the effect of a change in the methodology of computing Massachusetts state income taxes resulting from legislation passed in the third quarter 2008.

These factors were partially offset by:

- income taxes of $16.1 million recorded on redemption payments received by an Entergy Wholesale Commodities subsidiary; and
- book and tax differences for utility plant items and state income taxes at the Utility operating companies, including the flow-through treatment of the Entergy Arkansas write-offs referenced above.

See Note 3 to the financial statements for a reconciliation of the federal statutory rate of 35.0% to the effective income tax rates, and for additional discussion regarding income taxes.

Liquidity and Capital Resources

This section discusses Entergy's capital structure, capital spending plans and other uses of capital, sources of capital, and the cash flow activity presented in the cash flow statement.

Capital Structure

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

	2010	2009
Debt to capital	57.3%	57.4%
Effect of excluding Arkansas and Texas securitization bonds	(2.0)%	(1.8)%
Debt to capital, excluding securitization bonds (1)	55.3%	55.6%
Effect of subtracting cash	(3.2)%	(4.1)%

Net debt to net capital, excluding securitization bonds (1)	52.1%	51.5%

(1) Calculation excludes the Arkansas and Texas securitization bonds, which are non-recourse to Entergy Arkansas and Entergy Texas, respectively.

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

Long-term debt, including the currently maturing portion, makes up substantially all of Entergy's total debt outstanding. Following are Entergy's long-term debt principal maturities and estimated interest payments as of December 31, 2010. To estimate future interest payments for variable rate debt, Entergy used the rate as of December 31, 2010. The amounts below include payments on the Entergy Louisiana and System Energy sale-leaseback transactions, which are included in long-term debt on the balance sheet.

Long-term debt maturities and estimated interest payments	2011	2012	2013	2014-2015	after 2015
			(In Millions)		
Utility	$653	$677	$1,205	$1,354	$10,554
Entergy Wholesale Commodities	34	31	20	43	46
Parent and Other	143	1,683	43	630	559
Total	$830	$2,391	$1,268	$2,027	$11,159

Note 5 to the financial statements provides more detail concerning long-term debt outstanding.

Entergy Corporation has a revolving credit facility that 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 0.125% 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 for the year ended December 31, 2010 was 0.78% on the drawn portion of the facility.

As of December 31, 2010, amounts outstanding and capacity available under the $3.5 billion credit facility are:

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,466	$1,632	$25	$1,809

Under covenants contained in Entergy Corporation's credit facility and in one of the indentures governing Entergy Corporation's senior notes, Entergy is required to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility and in one of the indentures governing the Entergy Corporation senior notes is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with these covenants. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the Entergy Corporation credit facility's maturity date may occur and there may be an acceleration of amounts due under Entergy Corporation's senior notes.

Capital lease obligations are a minimal part of Entergy's overall capital structure, and are discussed in Note 10 to the financial statements. Following are Entergy's payment obligations under those leases:

	2011	2012	2013	2014-2015	after 2015
			(In Millions)		
Capital lease payments	$6	$6	$7	$9	$44

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Entergy Corporation and Subsidiaries
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Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas each had credit facilities available as of December 31, 2010 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of Dec. 31, 2010
Entergy Arkansas	April 2011	$75.125 million (b)	2.75%	-
Entergy Gulf States Louisiana	August 2012	$100 million (c)	0.67%	-
Entergy Louisiana	August 2012	$200 million (d)	0.67%	-
Entergy Mississippi	May 2011	$35 million (e)	2.01%	-
Entergy Mississippi	May 2011	$25 million (e)	2.01%	-
Entergy Mississippi	May 2011	$10 million (e)	2.01%	-
Entergy Texas	August 2012	$100 million (f)	0.74%	-

(a) The interest rate is the weighted average interest rate as of December 31, 2010 applied, or that would be applied, to outstanding borrowings under the facility.

(b) The credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization. Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.

(c) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Gulf States Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(d) The credit facility allows Entergy Louisiana to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

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

(f) The credit facility allows Entergy Texas to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Texas to maintain a consolidated debt ratio of 65% or less of its total capitalization. Pursuant to the terms of the credit agreement, securitization bonds are excluded from debt and capitalization in calculating the debt ratio.

Operating Lease Obligations and Guarantees of Unconsolidated Obligations

Entergy has a minimal amount of operating lease obligations and guarantees in support of unconsolidated obligations. Entergy's guarantees in support of unconsolidated obligations are not likely to have a material effect on Entergy's financial condition or results of operations. Following are Entergy's payment obligations as of December 31, 2010 on non-cancelable operating leases with a term over one year:

	2011	2012	2013	2014-2015	after 2015
			(In Millions)		
Operating lease payments	$88	$77	$69	$124	$188

The operating leases are discussed in Note 10 to the financial statements.

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Summary of Contractual Obligations of Consolidated Entities

Contractual Obligations	2011	2012-2013	2014-2015	after 2015	Total
			(In Millions)		
Long-term debt (1)	$830	$3,659	$2,027	$11,159	$17,675
Capital lease payments (2)	$6	$13	$9	$44	$72
Operating leases (2)	$88	$146	$124	$188	$546
Purchase obligations (3)	$1,772	$3,114	$2,663	$5,061	$12,610

(1) Includes estimated interest payments. Long-term debt is discussed in Note 5 to the financial statements.
(2) Lease obligations are discussed in Note 10 to the financial statements.
(3) Purchase obligations represent the minimum purchase obligation or cancellation charge for contractual obligations to purchase goods or services. Almost all of the total are fuel and purchased power obligations.

In addition to the contractual obligations, Entergy currently expects to contribute approximately $368.8 million to its pension plans and approximately $78 million to other postretirement plans in 2011; although the required pension contributions will not be known with more certainty until the January 1, 2011 valuations are completed by April 1, 2011.

Also in addition to the contractual obligations, Entergy has $805 million of unrecognized tax benefits and interest net of unused tax attributes for which the timing of payments beyond 12 months cannot be reasonably estimated due to uncertainties in the timing of effective settlement of tax positions. See Note 3 to the financial statements for additional information regarding unrecognized tax benefits.

Capital Funds Agreement

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

- maintain System Energy’s equity capital at a minimum of 35% of its total capitalization (excluding short-term debt);
- permit the continued commercial operation of Grand Gulf;
- pay in full all System Energy indebtedness for borrowed money when due; and
- enable System Energy to make payments on specific System Energy debt, under supplements to the agreement assigning System Energy’s rights in the agreement as security for the specific debt.

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Capital Expenditure Plans and Other Uses of Capital

Following are the amounts of Entergy's planned construction and other capital investments by operating segment for 2011 through 2013:

Planned construction and capital investments	2011	2012	2013
		(In Millions)	
Maintenance Capital:			
Utility:			
Generation	$126	$135	$123
Transmission	193	209	207
Distribution	440	451	448
Other	89	100	90
Total	848	895	868
Entergy Wholesale Commodities	93	93	111
	941	988	979
Capital Commitments:			
Utility:			
Generation	$1,098	$1,071	$628
Transmission	213	252	223
Distribution	30	26	14
Other	44	46	57
Total	1,385	1,395	922
Entergy Wholesale Commodities	273	268	264
	1,658	1,663	1,186
Total	$2,599	$2,651	$2,165

Maintenance Capital refers to amounts Entergy plans to spend on routine capital projects that are necessary to support reliability of its service, equipment, or systems and to support normal customer growth.

Capital Commitments refers to non-routine capital investments for which Entergy is either contractually obligated, has Board approval, or otherwise expects to make to satisfy regulatory or legal requirements. Amounts reflected in this category include the following:

- The currently planned construction or purchase of additional generation supply sources within the Utility's service territory through the Utility's portfolio transformation strategy, including Entergy Louisiana's planned purchase of Acadia Unit 2, which is discussed below, and three resources identified in the Summer 2009 Request for Proposal, including a self-build option at Entergy Louisiana's Ninemile site.
- Entergy Louisiana's Waterford 3 steam generators replacement project, which is discussed in further detail below.
- System Energy's planned approximate 178 MW uprate of the Grand Gulf nuclear plant. The project is currently expected to cost $575 million, including transmission upgrades. On November 30, 2009, the MPSC issued a Certificate of Public Convenience and Necessity for implementation of the uprate.

- Transmission improvements and upgrades designed to provide greater transmission flexibility in the Entergy System.
- Spending to comply with current and anticipated North American Electric Reliability Corporation transmission planning requirements.
- Entergy Wholesale Commodities investments associated with specific investments such as dry cask storage, nuclear license renewal efforts, component replacement across the fleet, NYPA value sharing, wedgewire screens at Indian Point, and spending in response to the Indian Point Independent Safety Evaluation.

- Environmental compliance spending. Entergy continues to review potential environmental spending needs and financing alternatives for any such spending, and future spending estimates could change based on the results of this continuing analysis.
    - Continued rebuilding of the Entergy New Orleans gas system damaged during Hurricane Katrina.

The Utility's owned generating capacity remains short of customer demand, and its supply plan initiative will continue to seek to transform its generation portfolio with new or repowered generation resources. Opportunities resulting from the supply plan initiative, including new projects or the exploration of alternative financing sources, could result in increases or decreases in the capital expenditure estimates given above. Estimated capital expenditures are also subject to periodic review and modification and may vary based on the ongoing effects of business restructuring, regulatory constraints and requirements, environmental regulations, business opportunities, market volatility, economic trends, changes in project plans, and the ability to access capital.

Acadia Unit 2 Purchase Agreement

In October 2009, Entergy Louisiana announced that it has signed an agreement to acquire Unit 2 of the Acadia Energy Center, a 580 MW generating unit located near Eunice, La., from Acadia Power Partners, LLC, an independent power producer. The Acadia Energy Center, which entered commercial service in 2002, consists of two combined-cycle gas-fired generating units, each nominally rated at 580 MW. Entergy Louisiana proposes to acquire 100 percent of Acadia Unit 2 and a 50 percent ownership interest in the facility's common assets for approximately $300 million. In a separate transaction, Cleco Power acquired Acadia Unit 1 and the other 50 percent interest in the facility's common assets. Upon closing the transaction, Cleco Power will serve as operator for the entire facility. Entergy Louisiana has committed to sell one-third of the output of Unit 2 to Entergy Gulf States Louisiana in accordance with terms and conditions detailed under the existing Entergy System Agreement. Entergy Louisiana's purchase of the plant is contingent upon, among other things, obtaining necessary approvals, including full cost recovery, from various federal and state regulatory and permitting agencies.

Entergy Louisiana and Acadia Power Partners also have entered into two purchase power agreements that are intended to provide access to the capacity and energy output of the unit during the period before the acquisition closes. The initial purchase power agreement was a call option agreement that commenced on June 1, 2010 and terminated on September 30, 2010. Beginning October 1, 2010, Entergy Louisiana began purchasing 100 percent of the output of Acadia Unit 2 under a tolling agreement. The LPSC has approved both purchase power agreements.

In December 2010, Entergy Louisiana and Entergy Gulf States Louisiana filed an executed uncontested settlement term sheet, which was approved by the LPSC in January 2011. The term sheet provides for three scenarios allowing the transaction to proceed, depending upon the outcome of a FERC ruling on modifications to a System Agreement schedule to include acquisition adjustments. If the FERC approves the modifications to the System Agreement schedule prior to closing, Entergy Louisiana will purchase 100 percent of the plant and sell one-third of the output to Entergy Gulf States Louisiana as proposed. In the other two scenarios, Entergy Louisiana will retain and include in rates 100 percent of the unit for a period of up to one year, at which time Entergy Louisiana must file either to permanently retain 100 percent ownership of the unit or enter into a joint ownership arrangement with Entergy Gulf States Louisiana pursuant to which Entergy Gulf States Louisiana would purchase one-third of the unit. The commercial issues associated with joint ownership of a single generation unit are being evaluated, and it is possible Entergy Louisiana may seek approvals to purchase the full output of the unit permanently. Closing of the sale to Entergy Louisiana is expected to occur by the end of the first quarter 2011.

Waterford 3 Steam Generator Replacement Project

Entergy Louisiana planned to replace the Waterford 3 steam generators, along with the reactor vessel closure head and control element drive mechanisms, in the spring 2011. Replacement of these components is common to pressurized water reactors throughout the nuclear industry. In December 2010, Entergy Louisiana advised the LPSC that the replacement generators will not be completed and delivered by the manufacturer in time to install them during the spring 2011 refueling outage. During the final steps in the manufacturing process, the manufacturer discovered separation of stainless steel cladding from the carbon steel base metal in the channel head of both replacement steam generators (RSGs), in areas beneath and adjacent to the divider plate. As a result of this damage, the manufacturer will be unable to meet the contractual delivery deadlines, and the RSGs cannot be installed in the spring 2011. After the manufacturer completes its analysis of the cause of the failure and repair options, Entergy Louisiana will work with the manufacturer to fully develop and evaluate repair options and to revise the project schedule. In the interim, the spring 2011 outage has been converted to a normal refueling outage and inspection. Prior to the delay, Entergy Louisiana estimated that it would spend approximately $511 million on this project, and the planned construction expenditures estimate given above includes approximately $190 million in 2011 for the completion of this project. A revised estimate will be made after the development of the new project schedule, although it is likely that the estimated cost will increase, including increased carrying cost due to the delayed construction period.

In June 2008, Entergy Louisiana filed with the LPSC for approval of the replacement project, including full cost recovery. Following discovery and the filing of testimony by the LPSC staff and an intervenor, the parties entered into a stipulated settlement of the proceeding. The LPSC unanimously approved the settlement in November 2008. The settlement resolved the following issues: 1) the accelerated degradation of the steam generators is not the result of any imprudence on the part of Entergy Louisiana; 2) the decision to undertake the replacement project at the then-estimated cost of $511 million is in the public interest, is prudent, and would serve the public convenience and necessity; 3) the scope of the replacement project is in the public interest; 4) undertaking the replacement project at the target installation date during the 2011 refueling outage is in the public interest; and 5) the jurisdictional costs determined to be prudent in a future prudence review are eligible for cost recovery, either in an extension or renewal of the formula rate plan or in a full base rate case including necessary proforma adjustments. Upon completion of the replacement project, the LPSC will undertake a prudence review with regard to the following aspects of the replacement project: 1) project management; 2) cost controls; 3) success in achieving stated objectives; 4) the costs of the replacement project; and 5) the outage length and replacement power costs. In June 2010, Entergy Louisiana filed an application at the LPSC to certify the estimated first year revenue requirement associated with the project. In January 2011 the procedural schedule in the proceeding was suspended pending the development and filing of a revised project schedule and cost estimate.

Dividends and Stock Repurchases

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. At its January 2011 meeting, the Board declared a dividend of $0.83 per share, which is the same quarterly dividend per share that Entergy has paid since second quarter 2010. The prior quarterly dividend per share was $0.75. Entergy paid $604 million in 2010, $577 million in 2009, and $573 million in 2008 in cash dividends on its common stock.

In accordance with Entergy’s stock-based compensation plan, Entergy periodically grants stock options to key employees, which may be exercised to obtain shares of Entergy’s common stock. According to the plan, these shares can be newly issued shares, treasury stock, or shares purchased on the open market. Entergy’s management has been authorized by the Board to repurchase on the open market shares up to an amount sufficient to fund the exercise of grants under the plan.

In addition to the authority to fund grant exercises, in January 2007 the Board approved a program under which Entergy is authorized to repurchase up to $1.5 billion of its common stock. In January 2008, the Board authorized an incremental $500 million share repurchase program to enable Entergy to consider opportunistic purchases in response to equity market conditions. Entergy completed both the $1.5 billion and $500 million programs in the third quarter 2009. In October 2009 the Board granted authority for an additional $750 million share repurchase program which was completed in the fourth quarter 2010. In October 2010 the Board granted authority for an additional $500 million share repurchase program. The amount of repurchases may vary as a result of material changes in business results or capital spending or new investment opportunities, or if limitations in the credit markets continue for a prolonged period.

Sources of Capital

Entergy's sources to meet its capital requirements and to fund potential investments include:

- internally generated funds;
- cash on hand ($1.29 billion as of December 31, 2010);
- securities issuances;
- bank financing under new or existing facilities; and
- sales of assets.

Circumstances such as weather patterns, fuel and purchased power price fluctuations, and unanticipated expenses, including unscheduled plant outages and storms, could affect the timing and level of internally generated funds in the future.

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries could restrict the payment of cash dividends or other distributions on their common and preferred stock. As of December 31, 2010, under provisions in their mortgage indentures, Entergy Arkansas and Entergy Mississippi had restricted retained earnings unavailable for distribution to Entergy Corporation of $458 million and $240.8 million, respectively, and Entergy Louisiana had member's equity unavailable for distribution to Entergy Corporation of $465 million. All debt and common and preferred equity issuances by the Registrant Subsidiaries require prior regulatory approval and their preferred equity and debt issuances are also subject to issuance tests set forth in corporate charters, bond indentures, and other agreements. Entergy believes that the Registrant Subsidiaries have sufficient capacity under these tests to meet foreseeable capital needs.

The FERC has jurisdiction over securities issuances by the Utility operating companies and System Energy (except securities with maturities longer than one year issued by Entergy Arkansas and Entergy New Orleans, which are subject to the jurisdiction of the APSC and the City Council, respectively). No regulatory approvals are necessary for Entergy Corporation to issue securities. The current FERC-authorized short-term borrowing limits are effective through October 2011, as established by a FERC order issued in October 2009. Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy Texas, and System Energy have obtained long-term financing authorizations from the FERC that extend through July 2011. Entergy Arkansas has obtained long-term financing authorization from the APSC that extends through December 2012. Entergy New Orleans has obtained long-term financing authorization from the City Council that extends through July 2012. In addition to borrowings from commercial banks, the FERC short-term borrowing orders authorized the Registrant Subsidiaries to continue as participants in the Entergy System money pool. The money pool is an intercompany borrowing arrangement designed to reduce Entergy's subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external short-term borrowings combined may not exceed authorized limits. As of December 31, 2010, Entergy's Registrant Subsidiaries had no outstanding short-term borrowings from external sources. See Notes 4 and 5 to the financial statements for further discussion of Entergy's borrowing limits and authorizations.

Hurricane Gustav and Hurricane Ike

In September 2008, Hurricane Gustav and Hurricane Ike caused catastrophic damage to portions of Entergy's service territories in Louisiana and Texas, and to a lesser extent in Arkansas and Mississippi. The storms resulted in widespread power outages, significant damage to distribution, transmission, and generation infrastructure, and the loss of sales during the power outages. In October 2008, Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy New Orleans drew a total of $229 million from their funded storm reserves.

In September 2009, Entergy Gulf States Louisiana and Entergy Louisiana and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed with the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana's and Entergy Louisiana's storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Regular Session of 2007 (Act 55 financings). In July 2010 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $468.9 million in bonds under Act 55. From the $462.4 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $200 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $262.4 million directly to Entergy Louisiana. In July 2010 the LCDA issued another $244.1 million in bonds under Act 55. From the $240.3 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $90 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $150.3 million directly to Entergy Gulf States Louisiana. Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana do not report the bonds on their balance sheets because the bonds are the obligation of the LCDA, and there is no recourse against Entergy, Entergy Gulf States Louisiana or Entergy Louisiana in the event of a bond default. See Note 2 to the financial statements for additional discussion of the Act 55 financings.

In November 2009, Entergy Texas Restoration Funding, LLC (Entergy Texas Restoration Funding), a company wholly-owned and consolidated by Entergy Texas, issued $545.9 million of senior secured transition bonds (securitization bonds) to finance Entergy Texas Hurricane Ike and Hurricane Gustav restoration costs. See Note 2 to the financial statements for a discussion of the proceeding approving the issuance of the securitization bonds and see Note 5 to the financial statements for a discussion of the terms of the securitization bonds.

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

Entergy Arkansas January 2009 Ice Storm

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

Hurricane Katrina and Hurricane Rita

In August and September 2005, Hurricanes Katrina and Rita caused catastrophic damage to large portions of the Utility’s service territories in Louisiana, Mississippi, and Texas, including the effect of extensive flooding that resulted from levee breaks in and around the greater New Orleans area. The storms and flooding resulted in widespread power outages, significant damage to electric distribution, transmission, and generation and gas infrastructure, and the loss of sales and customers due to mandatory evacuations and the destruction of homes and businesses. Entergy pursued a broad range of initiatives to recover storm restoration and business continuity costs, including obtaining reimbursement of certain costs covered by insurance and pursuing recovery through existing or new rate mechanisms regulated by the FERC and local regulatory bodies, including the issuance of securitization bonds.

Storm Cost Financings

Louisiana

In March 2008, Entergy Gulf States Louisiana, Entergy Louisiana, and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed at the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Gulf States Louisiana and Entergy Louisiana storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Legislature (Act 55 financings). In July 2008 the LPFA issued $687.7 million in bonds under the aforementioned Act 55. From the $679 million of bond proceeds loaned by the LPFA to the LURC, the LURC deposited $152 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $527 million directly to Entergy Louisiana. In August 2008 the LPFA issued $278.4 million in bonds under the aforementioned Act 55. From the $274.7 million of bond proceeds loaned by the LPFA to the LURC, the LURC deposited $87 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $187.7 million directly to Entergy Gulf States Louisiana. Entergy Gulf States Louisiana and Entergy Louisiana do not report the bonds on their balance sheets because the bonds are the obligation of the LPFA, and there is no recourse against Entergy, Entergy Gulf States Louisiana or Entergy Louisiana in the event of a bond default. See Note 2 to the financial statements for additional discussion of the Act 55 financings.

Community Development Block Grants

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

Cash Flow Activity

As shown in Entergy's Statements of Cash Flows, cash flows for the years ended December 31, 2010, 2009, and 2008 were as follows:

	2010	2009	2008
		(In Millions)	
Cash and cash equivalents at beginning of period	$1,710	$1,920	$1,253
Cash flow provided by (used in):			
Operating activities	3,926	2,933	3,324
Investing activities	(2,574)	(2,094)	(2,590)
Financing activities	(1,767)	(1,048)	(70)
Effect of exchange rates on cash and cash equivalents	-	(1)	3
Net increase (decrease) in cash and cash equivalents	(415)	(210)	667
Cash and cash equivalents at end of period	$1,295	$1,710	$1,920

Operating Cash Flow Activity

2010 Compared to 2009

Entergy's cash flow provided by operating activities increased $993 million in 2010 compared to 2009 primarily due to the receipt in July 2010 of $703 million from the Louisiana Utilities Restoration Corporation as a result of the

Louisiana Act 55 storm cost financings for Hurricane Gustav and Hurricane Ike. The Act 55 storm cost financings are discussed in more detail above and also in Note 2 to the financial statements. In addition, the absence of the Hurricane Gustav, Hurricane Ike, and Arkansas ice storm restoration spending that occurred in 2009 also contributed to the increase. These factors were partially offset by an increase of $323 million in pension contributions at Utility and Entergy Wholesale Commodities and a decrease in net revenue at Entergy Wholesale Commodities. See "Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits" below and also Note 11 to the financial statements for further discussion of pension funding.

2009 Compared to 2008

Entergy's cash flow provided by operating activities decreased by $391 million in 2009 compared to 2008 primarily due to the receipt in 2008 of $954 million from the Louisiana Utilities Restoration Corporation as a result of the Louisiana Act 55 storm cost financings, Arkansas ice storm restoration spending, and increases in nuclear refueling outage spending and spin-off costs for the non-utility nuclear business. These factors were partially offset by a decrease of $94 million in income tax payments, a decrease of $155 million in pension contributions at Utility and Entergy Wholesale Commodities, increased collection of fuel costs, and higher spending in 2008 on Hurricane Gustav and Hurricane Ike storm restoration.

Investing Activities

2010 Compared to 2009

Net cash used in investing activities increased $480 million in 2010 compared to 2009 primarily due to the following activity:

- an increase in net uses of cash for nuclear fuel purchases, which was caused by the consolidation of the nuclear fuel company variable interest entities that is discussed in Note 18 to the financial statements. With the consolidation of the nuclear fuel company variable interest entities, their purchases of nuclear fuel from Entergy are now eliminated in consolidation, whereas before 2010 they were a source of investing cash flows;
- the investment of a total of $290 million in Entergy Gulf States Louisiana's and Entergy Louisiana's storm reserve escrow accounts as a result of their Act 55 storm cost financings, which are discussed in Note 2 to the financial statements;
- an increase in construction expenditures, primarily in the Entergy Wholesale Commodities business, as decreases for the Utility resulting from Hurricane Gustav, Hurricane Ike, and Arkansas ice storm restoration spending in 2009 were offset by spending on various projects; and
- proceeds of $219 million in 2010 from the sale of Entergy's ownership interest in the Harrison County Power Project 550 MW combined-cycle power plant to two Texas electric cooperatives that owned a minority share of the plant.

2009 Compared to 2008

Net cash used in investing activities decreased by $496 million in 2009 compared to 2008. The following significant investing cash flow activity occurred in 2009 and 2008:

- Construction expenditures were $281 million lower in 2009 than in 2008 primarily due to Hurricane Gustav and Hurricane Ike restoration spending in 2008.
- In March 2008, Entergy Gulf States Louisiana purchased the Calcasieu Generating Facility, a 322 MW simple-cycle, gas-fired power plant located near the city of Sulphur in southwestern Louisiana, for approximately $56 million.
- In September 2008, Entergy Arkansas purchased the Ouachita Plant, a 789 MW gas-fired plant located 20 miles south of the Arkansas state line near Sterlington, Louisiana, for approximately $210 million (In November 2009, Entergy Arkansas sold one-third of the plant to Entergy Gulf States Louisiana).
- Receipt in 2009 of insurance proceeds from Entergy Texas's Hurricane Ike claim and in 2008 of insurance proceeds from Entergy New Orleans's Hurricane Katrina claim.
- The investment of $45 million in escrow accounts for construction projects in 2008 and the withdrawal of $36 million of those funds from escrow accounts in 2009.

Financing Activities

2010 Compared to 2009

Net cash used in financing activities increased $719 million in 2010 compared to 2009 primarily because long-term debt activity used approximately $307 million of cash in 2010 and provided approximately $160 million of cash in 2009. The most significant net use for long-term debt activity was by Entergy Corporation, which reduced its 5-year credit facility balance by $934 million and repaid a total of $275 million of notes and bank term loans, while issuing $1 billion of notes in 2010. For the details of Entergy's long-term debt outstanding see Note 5 to the financial statements herein. In addition, Entergy Corporation repurchased $879 million of its common stock in 2010 and repurchased $613 million of its common stock in 2009. Entergy's stock repurchases are discussed further in the "Capital Expenditure Plans and Other Uses of Capital - Dividends and Stock Repurchases" section above.

2009 Compared to 2008

Net cash used in financing activities increased $978 million in 2009 compared to 2008 primarily because long-term debt activity provided approximately $160 million of cash in 2009 and provided approximately $970 million of cash in 2008. Also, Entergy Corporation repurchased $613 million of its common stock in 2009 and repurchased $512 million of its common stock in 2008.

Rate, Cost-recovery, and Other Regulation

State and Local Rate Regulation and Fuel-Cost Recovery

The rates that the Utility operating companies and System Energy charge for their services significantly influence Entergy's financial position, results of operations, and liquidity. These companies are regulated and the rates charged to their customers are determined in regulatory proceedings. Governmental agencies, including the APSC, the City Council, the LPSC, the MPSC, the PUCT, and the FERC, are primarily responsible for approval of the rates charged to customers. Following is a summary of the Utility operating companies' authorized returns on common equity and current retail base rates. The Utility operating companies' base rate, fuel and purchased power cost recovery, and storm cost recovery proceedings are discussed in Note 2 to the financial statements.

Company	Authorized Return on Common Equity	
Entergy Arkansas	10.2%	- Current retail base rates implemented in the July 2010 billing cycle pursuant to a settlement approved by the APSC.
Entergy Gulf States Louisiana	9.9%-11.4% Electric; 10.0%-11.0% Gas	- Current retail electric base rates implemented in the September 2010 billing cycle based on Entergy Gulf States Louisiana's revised 2009 test year formula rate plan filing approved by the LPSC. Current retail gas base rates reflect the rate stabilization plan filing for the 2009 test year ended September 2009.
Entergy Louisiana	9.45%-11.05%	- Current retail base rates implemented in the September 2010 billing cycle based on Entergy Louisiana's revised 2009 test year formula rate plan filing approved by the LPSC.
Entergy Mississippi	10.79%-13.05%	- Current retail base rates reflect Entergy Mississippi's latest formula rate plan filing, based on the 2009 test year, and a settlement approved by the MPSC.
Entergy New Orleans	10.7% - 11.5%	- Current retail base rates implemented in the October 2010 billing cycle pursuant to Entergy New Orleans's 2009 test year formula rate

	Electric; 10.25% - 11.25% Gas	plan filing and a settlement approved by the City Council.
Entergy Texas	10.125%	- Current retail base rates implemented for usage beginning August 15, 2010, pursuant to a settlement of Entergy Texas's base rate case approved by the PUCT.

Federal Regulation

System Agreement

The FERC regulates wholesale rates (including Entergy Utility intrasystem energy exchanges pursuant to the System Agreement) and interstate transmission of electricity, as well as rates for System Energy's sales of capacity and energy from Grand Gulf to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans pursuant to the Unit Power Sales Agreement. The Utility operating companies historically have engaged in the coordinated planning, construction, and operation of generating and bulk transmission facilities under the terms of the System Agreement, which is a rate schedule that has been approved by the FERC. Certain of the Utility operating companies' retail regulators and other parties are pursuing litigation involving the System Agreement at the FERC. The proceedings include challenges to the allocation of costs as defined by the System Agreement and allegations of imprudence by the Utility operating companies in their execution of their obligations under the System Agreement. See Note 2 to the financial statements for discussions of this litigation.

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

Citing its concerns that the benefits of its continued participation in the current form of the System Agreement have been seriously eroded, in December 2005, Entergy Arkansas submitted its notice that it will terminate its participation in the current System Agreement effective ninety-six (96) months from the date of the notice or such earlier date as authorized by the FERC.

In October 2007 the MPSC issued a letter confirming its belief that Entergy Mississippi should exit the System Agreement in light of the recent developments involving the System Agreement. The MPSC letter also requested 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.

On February 2, 2009, Entergy Arkansas and Entergy Mississippi filed with the FERC their notices of cancellation to effectuate the termination of their participation in the Entergy System Agreement, effective December 18, 2013 and November 7, 2015, respectively. While the FERC had indicated previously that the notices should be filed 18 months prior to Entergy Arkansas's termination (approximately mid-2012), the filing explains that resolving this issue now, rather than later, is important to ensure that informed long-term resource planning decisions can be made during the years leading up to Entergy Arkansas's withdrawal and that all of the Utility operating companies are properly positioned to continue to operate reliably following Entergy Arkansas's and, eventually, Entergy Mississippi's, departure from the System Agreement. Entergy Arkansas and Entergy Mississippi requested that the FERC accept the proposed notices of cancellation without further proceedings. Various parties intervened or filed protests in the proceeding, including the APSC, the LPSC, the MPSC, and the City Council.

In November 2009 the FERC accepted the notices of cancellation and determined that Entergy Arkansas and Entergy Mississippi are permitted to withdraw from the System Agreement following the 96 month notice period without payment of a fee or the requirement to otherwise compensate the remaining Utility operating companies as a result of withdrawal. The FERC stated that it expected Entergy and all interested parties to move forward and develop details of all needed successor arrangements and encouraged Entergy to file its Section 205 filing for post 2013 arrangements as soon as possible. In February 2011 the FERC denied the LPSC's and the City Council's rehearing requests. The LPSC has appealed the FERC's decision to the U.S. Court of Appeals for the District of Columbia.

The APSC had previously commenced an investigation, in 2004, into whether Entergy Arkansas's continued participation in the System Agreement is in the best interests of its customers. The Entergy Arkansas president, Hugh McDonald, filed testimony with the APSC in response to requests by the APSC. In addition, Mr. McDonald has appeared before the APSC at public hearings for questioning. In December 2007, the APSC ordered Mr. McDonald to file testimony each month with the APSC detailing progress toward development of successor arrangements, beginning in March 2008, and Mr. McDonald has done so. In his September 2009 testimony Mr. McDonald reported to the APSC the results of a related study. According to the study the total estimated cost to establish the systems and staff the organizations to perform the necessary planning and operating functions for a stand-alone Entergy Arkansas operation are estimated at approximately $23 million, including $18 million to establish generation-related functions and $5 million to modify transmission-related information systems. Incremental costs for ongoing staffing and systems costs are estimated at approximately $8 million. Cost and implementation schedule estimates will continue to be re-evaluated and refined as additional, more detailed analysis is completed. The study did not assess the effect of stand-alone operation on Entergy Arkansas's generation resource requirements. Entergy Arkansas expects it would take approximately two years to implement stand-alone operations for Entergy Arkansas.

In February 2010 the APSC issued an order announcing a refocus of its ongoing investigation of Entergy Arkansas's post-System Agreement operation. The order describes the APSC's "stated purpose in opening this inquiry to conduct an investigation regarding the prudence of [Entergy Arkansas] entering into a successor ESA [Entergy System Agreement] as opposed to becoming a stand-alone utility upon its exit from the ESA, and whether [Entergy Arkansas], as a standalone utility, should join the SPP RTO. It is the [APSC's] intention to render a decision regarding the prudence of [Entergy Arkansas] entering into a successor ESA as opposed to becoming a stand-alone utility upon its exit from the ESA, as well as [Entergy Arkansas'] RTO participation by the end of calendar year 2010. In parallel with this Docket, the [APSC] will be actively involved and will be closely watching to see if any meaningful enhancement will be made to a new Enhanced Independent Coordinator of Transmission ("E-ICT") Agreement through the efforts of the [Entergy Transmission System] stakeholders, Entergy, and the newly formed and federally-recognized [Entergy Regional State Committee] in 2010." Later, in April 2010, the APSC issued an order that directs Entergy Arkansas also to consider joining the Midwest ISO RTO as a stand-alone utility.

Entergy Arkansas filed testimony and participated in a March 2010 evidentiary hearing in the proceeding. Entergy Arkansas noted in its testimony that it was not reasonable to complete a comprehensive evaluation of strategic options by the end of 2010 and that forcing a decision would place parties in the untenable position of making critical decisions based on insufficient information. Entergy Arkansas outlined three options for post-System Agreement operation of its electrical system: 1) Entergy Arkansas self providing its generation planning and operating functions as a stand-alone company; 2) Entergy Arkansas plus coordination agreements with third parties in which Entergy Arkansas self provides some planning and operations functions, but also enters into one or more coordinating or pooling agreements with third parties; and 3) Successor Arrangements under which Entergy Arkansas plans for its own generation resources but enters into a new generation commitment and dispatch agreement with other Utility operating companies under a successor agreement intended to avoid the litigation previously experienced. Entergy Arkansas's plan is expected to lead to a decision in late 2011 regarding which option to implement; however, Entergy Arkansas anticipates pursuing during this time several elements that are common to all options. In an attempt to reach understanding of complex issues, Entergy Arkansas proposed to hold a series of technical conferences targeting specific subjects. Technical conferences have been held and another evidentiary hearing in the proceeding was held in August 2010.

An additional technical conference is scheduled in March 2011. As stated by an APSC order: "The scope of the technical conference includes the Charles River Associates ("CRA") Federal Energy Regulatory Commission ("FERC") -

directed cost/benefit study of all Entergy Operating Companies (‘‘Entergy OpCos”) becoming full members in the Southwest Power Pool Regional Transmission Organization (“SPP RTO”); the CRA APSC-directed addendum study considering Entergy Arkansas, Inc. (“EAI”) as a stand-alone member of the SPP RTO; and the CRA APSC-directed addendum study considering EAI as a stand-alone member of the Midwest Independent Transmission System Operator (“MISO”); as well as the CRA EAI/Entergy Services, Inc. (“ESI”)-directed additional addendum studies (including a cost/benefit study of all Entergy Op Cos becoming members of MISO).”

A procedural schedule has been established in the proceeding that, among other things: (1) requires Entergy Arkansas to file its assessment and recommendations regarding each of the strategic reorganization options by May 12, 2011 and (2) sets an evidentiary hearing to begin September 7, 2011.

The Utility operating companies continue to meet with various interested parties to discuss a proposed framework for successor arrangements to the current System Agreement. An initial draft of the successor arrangements, referred to as the Commitment, Operations, and Dispatch Agreement or "CODA," was provided to state regulators on September 16, 2010. The draft CODA was based on three overarching principles: voluntary coordinated resource planning; centralized commitment, operations, and dispatch (so that the resources of all Utility operating companies are operated to serve the combined loads of those companies); and coordinated transmission operations. In contrast to the current System Agreement, which requires joint generation resource planning, the draft CODA is intended to establish a resource planning regime that reflects the resource needs of each Utility operating company's jurisdictional customers so that each Utility operating company would realize the benefits and costs of its own generation planning decisions.

Prior to that time, in early April 2010, Entergy Corporation and the Utility operating companies determined in connection with their decision-making process that it is appropriate to agree and commit that no Utility operating company will enter voluntarily into successor arrangements with the other Utility operating companies if its retail regulator finds successor arrangements are not in the public interest. Hugh McDonald, Entergy Arkansas president, notified the APSC of this decision, and explained the decision and commitment, in a letter filed with the APSC on April 26, 2010.

LPSC and City Council Action Related to the Entergy Arkansas and Entergy Mississippi Notices of Termination

In light of the notices of Entergy Arkansas and Entergy Mississippi to terminate participation in the current System Agreement, in January 2008 the LPSC unanimously voted to direct the LPSC Staff to begin evaluating the potential for a new agreement. Likewise, the New Orleans City Council opened a docket to gather information on progress towards a successor agreement. The LPSC subsequently passed a resolution stating that it cannot evaluate successor arrangements without having certainty about System Agreement exit obligations.

Independent Coordinator of Transmission

In 2000, the FERC issued an order encouraging utilities to voluntarily place their transmission facilities under the control of independent RTOs (regional transmission organizations). Delays in implementing the FERC RTO order occurred due to a variety of reasons, including the fact that utility companies, other stakeholders, and federal and state regulators have had to work to resolve various issues related to the establishment of such RTOs.

In November 2006, after nearly a decade of effort, including filings, orders, technical conferences, and proceedings at the FERC, the Utility operating companies installed the Southwest Power Pool (SPP) as their Independent Coordinator of Transmission (ICT). The installation does not transfer control of Entergy's transmission system to the ICT, but rather vests with the ICT responsibility for:

- granting or denying transmission service on the Utility operating companies' transmission system.
- administering the Utility operating companies' OASIS node for purposes of processing and evaluating transmission service requests and ensuring compliance with the Utility operating companies' obligation to post transmission-related information.
-

developing a base plan for the Utility operating companies' transmission system that will result in the ICT making the determination on whether costs of transmission upgrades should be rolled into the Utility operating companies' transmission rates or directly assigned to the customer requesting or causing an upgrade to be constructed. This should result in a transmission pricing structure that ensures that the Utility operating companies' retail native load customers are required to pay for only those upgrades necessary to reliably serve their needs.

- serving as the reliability coordinator for the Entergy transmission system.
- overseeing the operation of the weekly procurement process (WPP).
- evaluating interconnection-related investments already made on the Entergy System for purposes of determining the future allocation of the uncredited portion of these investments, pursuant to a detailed methodology. The ICT agreement also clarifies the rights that customers receive when they fund a supplemental upgrade.

In October 2008 the FERC issued an order accepting a tariff amendment establishing that the WPP shall take effect at a date to be determined, after completion of successful simulation trials and the ICT's endorsement of the WPP's implementation. On January 16, 2009, the Utility operating companies filed a compliance filing with the FERC that included the ICT's endorsement of the WPP implementation, subject to the FERC's acceptance of certain additional tariff amendments and the completion of simulation testing and certain other items. The Utility operating companies filed the tariff amendments supported by the ICT on the same day. The amendments proposed to further amend the WPP to (a) limit supplier offers in the WPP to on-peak periods and (b) eliminate the granting of certain transmission service through the WPP.

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

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

The Entergy Regional State Committee (E-RSC), which is comprised of representatives from all of the Utility operating companies' retail regulators, has been formed to consider several of these issues related to Entergy's transmission system. Among other things, the E-RSC in concert with the FERC plan to conduct a cost/benefit analysis comparing the ICT arrangement and a proposal under which Entergy would join the Southwest Power Pool RTO. The scope of the study was expanded in July 2010 to consider Entergy joining the Midwest ISO RTO as another alternative.

In September 2010, as modified in October 2010, the Utility operating companies filed a request for a two-year interim extension, with certain modifications, of the ICT arrangement, which was scheduled to expire on November 17, 2010. The filing stated that, if approved by the E-RSC during its October 20-21, 2010 meeting, the Utility operating companies will make a subsequent filing with the FERC to provide the E-RSC with the authority to, upon unanimous approval of all E-RSC members, (1) propose modifications to cost allocation methodology for transmission projects and (2) add transmission projects to the construction plan. On October 13, 2010, the LPSC issued an order approving proposals filed by Entergy Louisiana and Entergy Gulf States Louisiana to modify the current ICT arrangement and to give the E-RSC authority in the two areas as described above. On October 20, 2010, the E-RSC unanimously voted in favor of the proposal granting the E-RSC authority in the two areas described above. The Utility operating companies have filed the necessary revisions to the Entergy OATT to implement the E-RSC's new authority. In November 2010 the FERC approved extension of the ICT arrangement for two years. In December 2010 the FERC approved the proposal to provide the E-RSC with authority in the two areas described above.

On September 30, 2010, the consultant presented its cost/benefit analysis of the Entergy and Cleco regions joining the SPP RTO. The cost/benefit analysis indicates that the Entergy region, including entities beyond the Utility operating companies, would realize a net cost of $438 million to a net benefit of $387 million, primarily depending upon transmission cost allocation issues. Addendum studies, including studies related to Entergy Arkansas and the Utility operating companies joining the Midwest ISO, are due to be completed by the end of the first quarter 2011. Pursuant to a schedule established by an LPSC ALJ, Entergy Gulf States Louisiana and Entergy Louisiana expect to make a filing in May 2011 that sets forth the results of the analysis of the available options and preliminary recommendations regarding which option is in the public interest. The other Utility operating companies expect to make similar filings at that time.

Notice to SERC Reliability Corporation Regarding Reliability Standards

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

U.S. Department of Justice Investigation

In September 2010, Entergy was notified that the U.S. Department of Justice had commenced a civil investigation of competitive issues concerning certain generation procurement, dispatch, and transmission system practices and policies of the Utility operating companies. The investigation is ongoing.

Market and Credit Risk Sensitive Instruments

Market risk is the risk of changes in the value of commodity and financial instruments, or in future net income or cash flows, in response to changing market conditions. Entergy holds commodity and financial instruments that are exposed to the following significant market risks:

- The commodity price risk associated with the sale of electricity by the Entergy Wholesale Commodities business.
- The interest rate and equity price risk associated with Entergy's investments in pension and other postretirement benefit trust funds. See Note 11 to the financial statements for details regarding Entergy's pension and other postretirement benefit trust funds.
- The interest rate and equity price risk associated with Entergy's investments in nuclear plant decommissioning trust funds, particularly in the Entergy Wholesale Commodities business. See Note 17 to the financial statements for details regarding Entergy's decommissioning trust funds.
- The interest rate risk associated with changes in interest rates as a result of Entergy's issuances of debt. Entergy manages its interest rate exposure by monitoring current interest rates and its debt outstanding in relation to total capitalization. See Notes 4 and 5 to the financial statements for the details of Entergy's debt outstanding.

The Utility business has limited exposure to the effects of market risk because it operates primarily under cost-based rate regulation. To the extent approved by their retail rate regulators, the Utility operating companies hedge exposure to natural gas price volatility.

Entergy's commodity and financial instruments are exposed to credit risk. Credit risk is the risk of loss from nonperformance by suppliers, customers, or financial counterparties to a contract or agreement. Entergy is also exposed to a potential demand on liquidity due to credit support requirements within its supply or sales agreements.

Commodity Price Risk

Power Generation

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities also sells unforced capacity from its nuclear plants to load-serving entities, which allows those companies to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward fixed price power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy to its counterparties, make capacity available to them, or both. The following is a summary as of December 31, 2010 of the amount of Entergy Wholesale Commodities' nuclear power plants' planned energy output that is sold forward under physical or financial contracts:

	2011	2012	2013	2014	2015
Entergy Wholesale Commodities:					
Percent of planned generation sold forward:					
Unit-contingent	79%	59%	34%	14%	12%
	17%	14%	6%	3%	3%

Unit-contingent with guarantee of availability (1)					
Firm LD	3%	24%	0%	8%	0%
Offsetting positions	(3)%	(10)%	0%	0%	0%
Total energy sold forward	96%	87%	40%	25%	15%
Planned generation (TWh) (4)	41	41	40	41	41
Average revenue under contract per MWh (2) (3)	$53	$49	$47	$51	$51

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(1) A sale of power on a unit-contingent basis coupled with a guarantee of availability provides for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.
(2) The Vermont Yankee acquisition included a 10-year PPA under which the former owners will buy most of the power produced by the plant, which is through the expiration in 2012 of the current operating license for the plant. The PPA includes an adjustment clause under which the prices specified in the PPA will be adjusted downward monthly, beginning in November 2005, if power market prices drop below PPA prices, which has not happened thus far.
(3) Average revenue under contract may fluctuate due to positive or negative basis differences, option premiums, costs to convert firm LD to unit-contingent, and other risk management costs. Also, average revenue under contract excludes payments owed under the value sharing agreement with NYPA.
(4) Assumes license renewal for plants whose current licenses expire within five years. License renewal applications are in process for four units, as follows (with current license expirations in parentheses): Vermont Yankee (March 2012), Pilgrim (June 2012), Indian Point 2 (September 2013), and Indian Point 3 (December 2015).

Entergy estimates that a $10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on December 31, 2010 market conditions, planned generation volume, and hedged position, would have a corresponding effect on pre-tax net income of $17 million in 2011. Entergy estimates that, based on December 31, 2009 market conditions, planned generation volume, and hedged position, a $10 per MWh change in the annual average energy price would have had a corresponding effect on pre-tax net income of $53 million in 2010.

Entergy's purchase of the FitzPatrick and Indian Point 3 plants from NYPA included value sharing agreements with NYPA. In October 2007, NYPA and the subsidiaries that own the FitzPatrick and Indian Point 3 plants amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the amended value sharing agreements, the Entergy subsidiaries agreed to make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Entergy subsidiaries 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's output is due by January 15 of the following year. Entergy will record the liability for payments to NYPA as power is generated and sold by Indian Point 3 and FitzPatrick. In 2010, 2009, and 2008, Entergy Wholesale Commodities recorded a $72 million liability for generation during each of those years. An amount equal to the liability was recorded each year 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.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' 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 Entergy Wholesale Commodities 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 December 31, 2010, based on power prices at that time, Entergy had credit exposure of $14 million under the guarantees in place supporting Entergy Nuclear Power Marketing (a subsidiary in the Entergy Wholesale Commodities segment) transactions, $20 million of guarantees that support letters of credit, and $5 million of posted cash collateral to the ISOs. As of December 31, 2010, the credit exposure associated with Entergy Wholesale Commodities assurance requirements would increase by $123 million for a $1 per MMBtu increase in gas prices in both the short-and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of December 31, 2010, Entergy would have been required to provide approximately $78 million of additional cash or letters of credit under some of the agreements.

As of December 31, 2010, the counterparties or their guarantors for 99.7% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2015 have public investment grade credit ratings and 0.3% is with load-serving entities without public credit ratings.

In addition to selling the power produced by its plants, Entergy Wholesale Commodities sells unforced 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 as of December 31, 2010 of the amount of the Entergy Wholesale Commodities nuclear plants' installed capacity that is sold forward, and the blended amount of the Entergy Wholesale Commodities nuclear plants' planned generation output and installed capacity that is sold forward:

	2011	2012	2013	2014	2015
Entergy Wholesale Commodities:					
Percent of capacity sold forward:					
Bundled capacity and energy contracts	25%	18%	16%	16%	16%
Capacity contracts	37%	29%	26%	10%	0%
Total capacity sold forward	62%	47%	42%	26%	16%
Planned net MW in operation	4,998	4,998	4,998	4,998	4,998
Average revenue under contract per kW per month	$2.6	$3.0	$3.1	$3.5	$-
(applies to capacity contracts only)					
Blended Capacity and Energy Recap (based on revenues)					
% of planned generation and capacity sold forward	96%	87%	40%	26%	15%
Average revenue under contract per MWh	$54	$51	$50	$53	$52

Critical Accounting Estimates

The preparation of Entergy's financial statements in conformity with generally accepted accounting principles requires management to apply appropriate accounting policies and to make estimates and judgments that can have a significant effect on reported financial position, results of operations, and cash flows. Management has identified the following accounting policies and estimates as critical because they are based on assumptions and measurements that involve a high degree of uncertainty, and the potential for future changes in the assumptions and measurements that could produce estimates that would have a material effect on the presentation of Entergy's financial position or results of operations.

Nuclear Decommissioning Costs

Entergy subsidiaries own nuclear generation facilities in both its Utility and Entergy Wholesale Commodities business units. Regulations require Entergy subsidiaries to decommission the nuclear power plants after each facility is taken out of service, and money is collected and deposited in trust funds during the facilities' operating lives in order to provide for this obligation. Entergy conducts periodic decommissioning cost studies to estimate the costs that will be incurred to decommission the facilities. The following key assumptions have a significant effect on these estimates:

- Cost Escalation Factors - Entergy's current decommissioning cost studies include an assumption that decommissioning costs will escalate over present cost levels by annual factors ranging from approximately 3% to 3.5%. A 50 basis point change in this assumption could change the ultimate cost of decommissioning a facility by as much as an approximate average of 20% to 25%. To the extent that a high probability of license renewal is assumed, a change in the estimated inflation or cost escalation rate has a larger effect on the undiscounted cash flows because the rate of inflation is factored into the calculation for a longer period of time.
- Timing - In projecting decommissioning costs, two assumptions must be made to estimate the timing of plant decommissioning. First, the date of the plant's retirement must be estimated. A high probability that the plant's license will be renewed and operate for some time beyond the original license term has currently been assumed for purposes of calculating the decommissioning liability for a number of Entergy's nuclear units. Second, an assumption must be made whether decommissioning will begin immediately upon plant retirement, or whether the plant will be held in "safestore" status for later decommissioning, as permitted by applicable regulations. While the effect of these assumptions cannot be determined with precision, a change of assumption of either renewal or use of a "safestore" status can possibly change the present value of these obligations. Future revisions to appropriately reflect changes needed to the estimate of decommissioning costs will affect net income, only to the extent that the estimate of any reduction in the liability exceeds the amount of the undepreciated asset retirement cost at the date of the revision, for unregulated portions of Entergy's business. Any increases in the liability recorded due to such changes are capitalized and depreciated over the asset's remaining economic life.

- Spent Fuel Disposal - Federal law requires the DOE to provide for the permanent storage of spent nuclear fuel, and legislation has been passed by Congress to develop a repository at Yucca Mountain, Nevada. However the DOE has not yet begun accepting spent nuclear fuel and is in non-compliance with federal law. The DOE continues to delay meeting its obligation and Entergy is continuing to pursue damages claims against the DOE for its failure to provide timely spent fuel storage. Until a federal site is available, however, nuclear plant operators must provide for interim spent fuel storage on the nuclear plant site, which can require the construction and maintenance of dry cask storage sites or other facilities. The costs of developing and maintaining these facilities can have a significant effect (as much as an average of 20% to 30% of estimated decommissioning costs). Entergy's decommissioning studies may include cost estimates for spent fuel storage. However, these estimates could change in the future based on the timing of the opening of an appropriate facility designated by the federal government to receive spent nuclear fuel.
- Technology and Regulation – Over the past several years, more practical experience with the actual decommissioning of facilities has been gained and that experience has been incorporated in to Entergy's current decommissioning cost estimates. However, given the long duration of decommissioning projects, additional experience, including technological advancements in decommissioning, could occur and affect current cost estimates. If regulations regarding nuclear decommissioning were to change, this could have a potentially significant effect on cost estimates. The effect of these potential changes is not presently determinable.
- Interest Rates - The estimated decommissioning costs that form the basis for the decommissioning liability recorded on the balance sheet are discounted to present values using a credit-adjusted risk-free rate. When the decommissioning cost estimate is significantly changed requiring a revision to the decommissioning liability and the change results in an increase in cash flows, that increase is discounted using a current credit-adjusted risk-free rate. Under accounting rules, if the revision in estimate results in a decrease in estimated cash flows, that decrease is discounted using the previous credit-adjusted risk-free rate. Therefore, to the extent that one of the factors noted above changes resulting in a significant increase in estimated cash flows, current interest rates will affect the calculation of the present value of the additional decommissioning liability.

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

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

In the fourth quarter 2009, Entergy Gulf States Louisiana recorded a revision to its estimated decommissioning cost liability for River Bend as a result of a revised decommissioning cost study. The revised estimate resulted in a $78.7 million increase in its decommissioning liability, along with a corresponding increase in the related asset retirement obligation asset that will be depreciated over the remaining life of the unit.

Unbilled Revenue

As discussed in Note 1 to the financial statements, Entergy records an estimate of the revenues earned for energy delivered since the latest customer billing. Each month the estimated unbilled revenue amounts are recorded as revenue and a receivable, and the prior month's estimate is reversed. The difference between the estimate of the unbilled receivable at the beginning of the period and the end of the period is the amount of unbilled revenue recognized during the period. The estimate recorded is primarily based upon an estimate of customer usage during the unbilled period and the billed price to customers in that month. Therefore, revenue recognized may be affected by the estimated price and usage at the beginning and end of each period, in addition to changes in certain components of the calculation.

Impairment of Long-lived Assets and Trust Fund Investments

Entergy has significant investments in long-lived assets in all of its segments, and Entergy evaluates these assets against the market economics and under the accounting rules for impairment whenever there are indications that impairments may exist. This evaluation involves a significant degree of estimation and uncertainty. In the Utility business, portions of River Bend are not included in rate base, which could reduce the revenue that would otherwise be recovered for the applicable portions of its generation. In the Entergy Wholesale Commodities business, Entergy's investments in merchant nuclear generation assets are subject to impairment if adverse market conditions arise, if a unit ceases operation, or for certain units if their operating licenses are not renewed. Entergy's investments in merchant non-nuclear generation assets are subject to impairment if adverse market conditions arise.

In order to determine if Entergy should recognize an impairment of a long-lived asset that is to be held and used, accounting standards require that the sum of the expected undiscounted future cash flows from the asset be compared to the asset's carrying value. The carrying value of the asset includes any capitalized asset retirement cost associated with the recording of an additional decommissioning liability, therefore changes in assumptions that affect the decommissioning liability can increase or decrease the carrying value of the asset subject to impairment. If the expected undiscounted future cash flows exceed the carrying value, no impairment is recorded; if such cash flows are less than the carrying value, Entergy is required to record an impairment charge to write the asset down to its fair value. If an asset is held for sale, an impairment is required to be recognized if the fair value (less costs to sell) of the asset is less than its carrying value.

These estimates are based on a number of key assumptions, including:

- Future power and fuel prices - Electricity and gas prices have been very volatile in recent years, and this volatility is expected to continue. This volatility necessarily increases the imprecision inherent in the long-term forecasts of commodity prices that are a key determinant of estimated future cash flows.
- Market value of generation assets - Valuing assets held for sale requires estimating the current market value of generation assets. While market transactions provide evidence for this valuation, the market for such assets is volatile and the value of individual assets is impacted by factors unique to those assets.
- Future operating costs - Entergy assumes relatively minor annual increases in operating costs. Technological or regulatory changes that have a significant impact on operations could cause a significant change in these assumptions.
- Timing - Entergy currently assumes, for a number of its nuclear units, that the plant's license will be renewed. A change in that assumption could have a significant effect on the expected future cash flows and result in a significant effect on operations.

Four nuclear power plants in the Entergy Wholesale Commodities business segment have applications pending for NRC license renewals. This includes the Vermont Yankee plant, which currently has an operating license that expires March 21, 2012. In addition to its federal NRC license, there is a two-step state law licensing process for obtaining a Certificate of Public Good (CPG) to operate Vermont Yankee and store spent nuclear fuel beyond March

21, 2012, when the current CPG expires. First, the Vermont legislature must vote affirmatively to permit the Vermont Public Service Board to consider Vermont Yankee’s application for a renewed CPG for the continued operation of Vermont Yankee and for storage of spent fuel. Second, the Vermont Public Service Board must vote to renew the CPG. On March 3, 2008, Entergy filed an application with the VPSB to renew its CPG. On February 24, 2010, a bill to approve the continued operation of Vermont Yankee was advanced to a vote in the Vermont Senate and defeated by a margin of 26 to 4. Neither house of the Vermont General Assembly has voted on a similar bill since that time.

If Entergy concludes that Vermont Yankee is unlikely to operate significantly beyond its current license expiration date in 2012, it could result in an impairment of part or all of the carrying value of the plant. Entergy's evaluation of the probability associated with operations of the plant past 2012 includes a number of factors such as the status of the NRC's evaluation of Entergy's application for license renewal, the status of state regulatory issues as described above, the potential sale of the plant, and the application of federal laws regarding the continued operations of nuclear facilities. In preparing its 2010 financial statements Entergy evaluated these factors and concluded that the carrying value of Vermont Yankee is not impaired as of December 31, 2010. The net carrying value of the plant, including nuclear fuel, is $424 million as of December 31, 2010.

Effective January 1, 2009, Entergy adopted an accounting pronouncement providing guidance regarding recognition and presentation of other-than-temporary impairments related to investments in debt securities. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary-impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). For debt securities held as of January 1, 2009 for which an other-than-temporary impairment had previously been recognized but for which assessment under the new guidance indicates this impairment is temporary, Entergy recorded an adjustment to its opening balance of retained earnings of $11.3 million ($6.4 million net-of-tax). Entergy did not have any material other than temporary impairments relating to credit losses on debt securities in 2010 or 2009. The assessment of whether an investment in an equity security has suffered an other than temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy’s trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. As discussed in Note 1 to the financial statements, unrealized losses that are not considered temporarily impaired are recorded in earnings for Entergy Wholesale Commodities. Entergy Wholesale Commodities recorded charges to other income of $1 million in 2010, $86 million in 2009, and $50 million in 2008 resulting from the recognition of impairments of certain securities held in its decommissioning trust funds that are not considered temporary. Additional impairments could be recorded in 2011 to the extent that then current market conditions change the evaluation of recoverability of unrealized losses.

Qualified Pension and Other Postretirement Benefits

Entergy sponsors qualified, defined benefit pension plans which cover substantially all employees. Additionally, Entergy currently provides postretirement health care and life insurance benefits for substantially all employees who reach retirement age while still working for Entergy. Entergy’s reported costs of providing these benefits, as described in Note 11 to the financial statements, are impacted by numerous factors including the provisions of the plans, changing employee demographics, and various actuarial calculations, assumptions, and accounting mechanisms. Because of the complexity of these calculations, the long-term nature of these obligations, and the importance of the assumptions utilized, Entergy's estimate of these costs is a critical accounting estimate for the Utility and Entergy Wholesale Commodities segments.

Assumptions

Key actuarial assumptions utilized in determining these costs include:

- Discount rates used in determining future benefit obligations;
- Projected health care cost trend rates;
- Expected long-term rate of return on plan assets; and
- Rate of increase in future compensation levels.

Entergy reviews these assumptions on an annual basis and adjusts them as necessary. The falling interest rate environment and worse-than-expected performance of the financial equity markets in 2008, partially offset by recoveries in 2009 and 2010, have impacted Entergy's funding and reported costs for these benefits. In addition, these trends have caused Entergy to make a number of adjustments to its assumptions.

In selecting an assumed discount rate to calculate benefit obligations, Entergy reviews market yields on high-quality corporate debt and matches these rates with Entergy's projected stream of benefit payments. Based on recent market trends, the discount rates used to calculate its qualified pension benefit obligation decreased from a range of 6.10% to 6.30% for its specific pension plans in 2009 to a range of 5.6% to 5.7% in 2010. The discount rate used to calculate its other postretirement benefit obligation also decreased from 6.10% in 2009 to 5.5% in 2010. Entergy's assumed discount rates used to calculate the 2008 pension and other postretirement obligations were 6.75% and 6.7%, respectively.

Entergy reviews actual recent cost trends and projected future trends in establishing health care cost trend rates. Based on this review, Entergy's health care cost trend rate assumption used in calculating the December 31, 2010 accumulated postretirement benefit obligation was an 8.5% increase in health care costs in 2011 gradually decreasing each successive year, until it reaches a 4.75% annual increase in health care costs in 2019 and beyond for pre-65 retirees and 4.75% in 2018 and beyond for post-65 retirees.

The assumed rate of increase in future compensation levels used to calculate benefit obligations was 4.23% in 2010 and 2009.

In determining its expected long-term rate of return on plan assets used in calculation of benefit plan costs, Entergy reviews past long-term performance, asset allocations, and long-term inflation assumptions. Entergy targets an asset allocation for its qualified pension plan assets of roughly 65% equity securities and 35% fixed-income securities. The target allocations for Entergy's non-taxable postretirement benefit assets are 55% equity securities and 45% fixed-income securities and, for its taxable other postretirement benefit assets, 35% equity securities and 65% fixed-income securities. Entergy's expected long-term rate of return on qualified pension assets and non-taxable other postretirement assets used to calculate qualified pension and other postretirement benefits costs was 8.5% and 7.75% , respectively for 2010 and 8.5% for both qualified and other postretirement benefit costs for 2009 and 2008. Entergy's expected long-term rates of return on qualified pension assets and non-taxable other postretirement assets used to calculate 2011 qualified pension and other postretirement benefits costs were 8.5% and 7.75%, respectively. Entergy's expected long-term rates of return on taxable other postretirement assets used to calculate other postretirement benefits costs were 5.5% in 2011 and 2010, 6% in 2009 and 5.5% in 2008.

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

Cost Sensitivity

The following chart reflects the sensitivity of qualified pension cost to changes in certain actuarial assumptions (dollars in thousands):

Actuarial Assumption	Change in Assumption	Impact on 2010 Qualified Pension Cost Increase/(Decrease)	Impact on Qualified Projected Benefit Obligation
Discount rate	(0.25%)	$13,682	$131,414
Rate of return on plan assets	(0.25%)	$7,634	-
Rate of increase in compensation	0.25%	$6,367	$30,374

The following chart reflects the sensitivity of postretirement benefit cost to changes in certain actuarial assumptions (dollars in thousands):

Actuarial Assumption	Change in Assumption	Impact on 2010 Postretirement Benefit Cost Increase/(Decrease)	Impact on Accumulated Postretirement Benefit Obligation
Health care cost trend	0.25%	$6,500	$34,291
Discount rate	(0.25%)	$4,375	$40,557

Each fluctuation above assumes that the other components of the calculation are held constant.

Accounting Mechanisms

Effective December 31, 2006, accounting standards required an employer to recognize in its balance sheet the funded status of its benefit plans. Refer to Note 11 to the financial statements for a further discussion of Entergy's funded status.

In accordance with pension accounting standards, Entergy utilizes a number of accounting mechanisms that reduce the volatility of reported pension costs. Differences between actuarial assumptions and actual plan results are deferred and are amortized into expense only when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the market-related value of plan assets. If necessary, the excess is amortized over the average remaining service period of active employees.

Entergy calculates the expected return on pension and other postretirement benefit plan assets by multiplying the long-term expected rate of return on assets by the market-related value (MRV) of plan assets. Entergy determines the MRV of pension plan assets by calculating a value that uses a 20-quarter phase-in of the difference between actual and expected returns. For other postretirement benefit plan assets Entergy uses fair value when determining MRV.

Costs and Funding

In 2010, Entergy's total qualified pension cost was $147.1 million. Entergy anticipates 2011 qualified pension cost to be $154 million. Pension funding was $454 million for 2010. Entergy's contributions to the pension trust are currently estimated to be approximately $368.8 million in 2011, although the required pension contributions will not be known with more certainty until the January 1, 2011 valuations are completed by April 1, 2011.

Minimum required funding calculations as determined under Pension Protection Act guidance are performed annually as of January 1 of each year and are based on measurements of the assets and funding liabilities as measured at that date. Any excess of the funding liability over the calculated fair market value of assets results in a funding shortfall which, under the Pension Protection Act, must be funded over a seven-year rolling period. The

Pension Protection Act also imposes certain plan limitations if the funded percentage, which is based on a calculated fair market values of assets divided by funding liabilities, does not meet certain thresholds. For funding purposes, asset gains and losses are smoothed in to the calculated fair market value of assets and the funding liability is based upon a weighted average 24-month corporate bond rate published by the U.S. Treasury; therefore, periodic changes in asset returns and interest rates can affect funding shortfalls and future cash contributions.

Total postretirement health care and life insurance benefit costs for Entergy in 2010 were $111.1 million, including $26.6 million in savings due to the estimated effect of future Medicare Part D subsidies. Entergy expects 2011 postretirement health care and life insurance benefit costs to be $114.7 million. This includes a projected $33 million in savings due to the estimated effect of future Medicare Part D subsidies. Entergy contributed $75 million to its postretirement plans in 2010. Entergy's current estimate of contributions to its other postretirement plans is approximately $78 million in 2011.

Federal Healthcare Legislation

The Patient Protection and Affordable Care Act (PPACA) became federal law on March 23, 2010, and, on March 30, 2010, the Health Care and Education Reconciliation Act of 2010 became federal law and amended certain provisions of the PPACA. These new federal laws change the law governing employer-sponsored group health plans, like Entergy's plans, and include, among other things, the following significant provisions:

- A 40% excise tax on per capita medical benefit costs that exceed certain thresholds;
- Change in coverage limits for dependants; and
- Elimination of lifetime caps.

The total impact of PPACA is not yet determinable because technical guidance regarding application must still be issued. Additionally, ongoing litigation and political discussions are in progress regarding the constitutionality of and the potential repeal of health care reform, although whether that occurs and what parts of health care reform would be invalidated or repealed is not yet known. Entergy will continue to monitor these developments to determine the possible impact on Entergy as a result of PPACA. Entergy is participating in the programs currently provided for under PPACA, such as the early retiree reinsurance program, which may provide for some limited reimbursements of certain claims for early retirees aged 55 to 64 who are not yet eligible for Medicare.

One provision of the new law that is effective in 2013 eliminates the federal income tax deduction for prescription drug expenses of Medicare beneficiaries for which the plan sponsor also receives the retiree drug subsidy under Part D. Entergy receives subsidy payments under the Medicare Part D plan and therefore in the first quarter 2010 recorded a reduction to the deferred tax asset related to the unfunded other postretirement benefit obligation. The offset was recorded as a $16 million charge to income tax expense or, for the Utility, including each Registrant Subsidiary, as a regulatory asset.

Other Contingencies

As a company with multi-state domestic utility operations and a history of international investments, Entergy is subject to a number of federal, state, and international laws and regulations and other factors and conditions in the areas in which it operates, which potentially subject it to environmental, litigation, and other risks. Entergy periodically evaluates its exposure for such risks and records a reserve for those matters which are considered probable and estimable in accordance with generally accepted accounting principles.

Environmental

Entergy must comply with environmental laws and regulations applicable to the handling and disposal of hazardous waste. Under these various laws and regulations, Entergy could incur substantial costs to restore properties consistent with the various standards. Entergy conducts studies to determine the extent of any required remediation and has recorded reserves based upon its evaluation of the likelihood of loss and expected dollar amount for each issue. Additional sites could be identified which require environmental remediation for which Entergy could be liable. The amounts of environmental reserves recorded can be significantly affected by the following external events or conditions:

- Changes to existing state or federal regulation by governmental authorities having jurisdiction over air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters.
- The identification of additional sites or the filing of other complaints in which Entergy may be asserted to be a potentially responsible party.
    - The resolution or progression of existing matters through the court system or resolution by the EPA.

Litigation

Entergy has been named as defendant in a number of lawsuits involving employment, ratepayer, and injuries and damages issues, among other matters. Entergy periodically reviews the cases in which it has been named as defendant and assesses the likelihood of loss in each case as probable, reasonably estimable, or remote and records reserves for cases which have a probable likelihood of loss and can be estimated. Notes 2 and 8 to the financial statements include more detail on ratepayer and other lawsuits and management's assessment of the adequacy of reserves recorded for these matters. Given the environment in which Entergy operates, and the unpredictable nature of many of the cases in which Entergy is named as a defendant, however, the ultimate outcome of the litigation Entergy is exposed to has the potential to materially affect the results of operations of Entergy, or its operating company subsidiaries.

Uncertain Tax Positions

Entergy's operations, including acquisitions and divestitures, require Entergy to evaluate risks such as the potential tax effects of a transaction, or warranties made in connection with such a transaction. Entergy believes that it has adequately assessed and provided for these types of risks, where applicable. Any reserves recorded for these types of issues, however, could be significantly affected by events such as claims made by third parties under warranties, additional transactions contemplated by Entergy, or completion of reviews of the tax treatment of certain transactions or issues by taxing authorities. Entergy does not expect a material adverse effect on earnings from these matters.

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects that have not yet resulted in final pronouncements. Final pronouncements that result from these projects could have a material effect on Entergy's future net income or financial position.

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ENTERGY CORPORATION AND SUBSIDIARIES
REPORT OF MANAGEMENT

Management of Entergy Corporation and its subsidiaries has prepared and is responsible for the financial statements and related financial information included in this document. To meet this responsibility, management establishes and maintains a system of internal controls designed to provide reasonable assurance regarding the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles. This system includes communication through written policies and procedures, an employee Code of Entegrity, and an organizational structure that provides for appropriate division of responsibility and training of personnel. This system is also tested by a comprehensive internal audit program.

Entergy management assesses the effectiveness of Entergy's internal control over financial reporting on an annual basis. In making this assessment, management uses the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Management acknowledges, however, that all internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and presentation.

Entergy Corporation and the Registrant Subsidiaries' independent registered public accounting firm, Deloitte & Touche LLP, has issued an attestation report on the effectiveness of Entergy's internal control over financial reporting as of December 31, 2010, which is included herein on pages 390 through 397.

In addition, the Audit Committee of the Board of Directors, composed solely of independent Directors, meets with the independent auditors, internal auditors, management, and internal accountants periodically to discuss internal controls, and auditing and financial reporting matters. The Audit Committee appoints the independent auditors annually, seeks shareholder ratification of the appointment, and reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present, providing free access to the Audit Committee.

Based on management's assessment of internal controls using the COSO criteria, management believes that Entergy and each of the Registrant Subsidiaries maintained effective internal control over financial reporting as of December 31, 2010. Management further believes that this assessment, combined with the policies and procedures noted above, provides reasonable assurance that Entergy's and each of the Registrant Subsidiaries' financial statements are fairly and accurately presented in accordance with generally accepted accounting principles.

J. WAYNE LEONARD
Chairman of the Board and Chief Executive Officer of Entergy Corporation

LEO P. DENAULT
Executive Vice President and Chief Financial Officer of Entergy Corporation

HUGH T. MCDONALD
Chairman of the Board, President, and Chief Executive Officer of Entergy Arkansas, Inc.

WILLIAM M. MOHL
Chairman of the Board, President, and Chief Executive Officer of Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC

HALEY R. FISACKERLY
Chairman of the Board, President, and Chief Executive Officer of Entergy Mississippi, Inc.

CHARLES L. RICE, JR.
President and Chief Executive Officer of Entergy New Orleans, Inc.

JOSEPH F. DOMINO
Chairman of the Board, President, and Chief Executive Officer of Entergy Texas, Inc.

JOHN T. HERRON
Chairman, President, and Chief Executive Officer of System Energy Resources, Inc.

THEODORE H. BUNTING, JR.
Senior Vice President and Chief Accounting Officer (and acting principal financial officer) of Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

WANDA C. CURRY
Vice President and Chief Financial Officer of System Energy Resources, Inc.

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ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2010	2009	2008	2007	2006
	(In Thousands, Except Percentages and Per Share Amounts)				
Operating revenues	$11,487,577	$10,745,650	$13,093,756	$11,484,398	$10,932,158
Income from continuing operations	$1,270,305	$1,251,050	$1,240,535	$1,159,954	$1,133,098
Earnings per share from continuing operations:					
Basic	$6.72	$6.39	$6.39	$5.77	$5.46
Diluted	$6.66	$6.30	$6.20	$5.60	$5.36
Dividends declared per share	$3.24	$3.00	$3.00	$2.58	$2.16
Return on common equity	14.61 %	14.85 %	15.42 %	14.13 %	14.21 %
Book value per share, year-end	$47.53	$45.54	$42.07	$40.71	$40.45
Total assets	$38,685,276	$37,561,953	$36,616,818	$33,643,002	$31,082,731
Long-term obligations (1)	$11,575,973	$11,277,314	$11,734,411	$10,165,735	$9,194,206

(1) Includes long-term debt (excluding currently maturing debt), noncurrent capital lease obligations, subsidiary preferred stock without sinking fund that is not presented as equity on the balance sheet, and in 2006 preferred stock with sinking fund.

	2010	2009	2008	2007	2006
	(Dollars In Millions)				
Utility Electric Operating Revenues:					
Residential	$3,375	$2,999	$3,610	$3,228	$3,193
Commercial	2,317	2,184	2,735	2,413	2,318
Industrial	2,207	1,997	2,933	2,545	2,630
Governmental	212	204	248	221	155
Total retail	8,111	7,384	9,526	8,407	8,296
Sales for resale (1)	389	206	325	393	612
Other	241	290	222	246	155
Total	$8,741	$7,880	$10,073	$9,046	$9,063
Utility Billed Electric Energy Sales (GWh):					
Residential	37,465	33,626	33,047	33,281	31,665
Commercial	28,831	27,476	27,340	27,408	25,079
Industrial	38,751	35,638	37,843	38,985	38,339
Governmental	2,463	2,408	2,379	2,339	1,580
Total retail	107,510	99,148	100,609	102,013	96,663
Sales for resale (1)	4,372	4,862	5,401	6,145	10,803
Total	111,882	104,010	106,010	108,158	107,466
Competitive Businesses:					
Operating Revenues	$2,549	$2,693	$2,779	$2,232	$1,785
Billed Electric Energy Sales (GWh)	42,682	43,969	44,747	40,916	38,289

(1) Includes sales to Entergy New Orleans in 2006 , which was deconsolidated while its bankruptcy reorganization proceeding was pending.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Entergy Corporation and Subsidiaries
New Orleans, Louisiana

We have audited the accompanying consolidated balance sheets of Entergy Corporation and Subsidiaries (the "Corporation") as of December 31, 2010 and 2009, and the related consolidated income statements, consolidated statements of changes in equity and comprehensive income, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Entergy Corporation and Subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation's internal control over financial reporting as of December 31, 2010, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2011 expressed an unqualified opinion on the Corporation's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

New Orleans, Louisiana
February 25, 2011

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	For the Years Ended December 31, 2010	2009	2008
	(In Thousands, Except Share Data)		
OPERATING REVENUES			
Electric	$8,740,637	$7,880,016	$10,073,160
Natural gas	197,658	172,213	241,856
Competitive businesses	2,549,282	2,693,421	2,778,740
TOTAL	11,487,577	10,745,650	13,093,756
OPERATING EXPENSES			
Operating and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	2,518,582	2,309,831	3,577,764
Purchased power	1,659,416	1,395,203	2,491,200
Nuclear refueling outage expenses	256,123	241,310	221,759
Other operation and maintenance	2,969,402	2,750,810	2,742,762
Decommissioning	211,736	199,063	189,409
Taxes other than income taxes	534,299	503,859	496,952
Depreciation and amortization	1,069,894	1,082,775	1,030,860
Other regulatory charges (credits) - net	44,921	(21,727)	59,883
TOTAL	9,264,373	8,461,124	10,810,589
Gain on sale of business	44,173	-	-
OPERATING INCOME	2,267,377	2,284,526	2,283,167
OTHER INCOME			
Allowance for equity funds used during construction	59,381	59,545	44,523
Interest and investment income	185,455	236,628	197,872
Other than temporary impairment losses	(1,378)	(86,069)	(49,656)
Miscellaneous - net	(48,124)	(40,396)	(23,452)
TOTAL	195,334	169,708	169,287
INTEREST EXPENSE			
Interest expense	610,146	603,679	634,188
Allowance for borrowed funds used during construction	(34,979)	(33,235)	(25,267)
TOTAL	575,167	570,444	608,921
INCOME BEFORE INCOME TAXES	1,887,544	1,883,790	1,843,533
Income taxes	617,239	632,740	602,998
CONSOLIDATED NET INCOME	1,270,305	1,251,050	1,240,535

Preferred dividend requirements of subsidiaries	20,063	19,958	19,969
NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION	$1,250,242	$1,231,092	$1,220,566
Earnings per average common share:			
Basic	$6.72	$6.39	$6.39
Diluted	$6.66	$6.30	$6.20
Dividends declared per common share	$3.24	$3.00	$3.00
Basic average number of common shares outstanding	186,010,452	192,772,032	190,925,613
Diluted average number of common shares outstanding	187,814,235	195,838,068	201,011,588

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
OPERATING ACTIVITIES			
Consolidated net income	$1,270,305	$1,251,050	$1,240,535
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:			
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	1,705,331	1,458,861	1,391,689
Deferred income taxes, investment tax credits, and non-current taxes accrued	718,987	864,684	333,948
Gain on sale of business	(44,173)	-	-
Changes in working capital:			
Receivables	(99,640)	116,444	78,653
Fuel inventory	(10,665)	19,291	(7,561)
Accounts payable	216,635	(14,251)	(23,225)
Prepaid taxes and taxes accrued	(116,988)	(260,029)	122,134
Interest accrued	17,651	4,974	(652)
Deferred fuel	8,909	72,314	(38,500)
Other working capital accounts	(160,326)	(43,391)	(119,296)
Changes in provisions for estimated losses	265,284	(12,030)	12,462
Changes in other regulatory assets	339,408	(415,157)	(324,211)
Changes in pensions and other postretirement liabilities	(80,844)	71,789	828,160
Other	(103,793)	(181,391)	(169,808)
Net cash flow provided by operating activities	3,926,081	2,933,158	3,324,328
INVESTING ACTIVITIES			
Construction/capital expenditures	(1,974,286)	(1,931,245)	(2,212,255)
Allowance for equity funds used during construction	59,381	59,545	44,523
Nuclear fuel purchases	(407,711)	(525,474)	(423,951)
Proceeds from sale/leaseback of nuclear fuel	-	284,997	297,097
Proceeds from sale of assets and businesses	228,171	39,554	30,725
Payment for purchase of plant	-	-	(266,823)
Insurance proceeds received for property damages	7,894	53,760	130,114
Changes in transition charge account	(29,945)	(1,036)	7,211
NYPA value sharing payment	(72,000)	(72,000)	(72,000)
Payments to storm reserve escrow account	(296,614)	(6,802)	(248,863)
Receipts from storm reserve escrow account	9,925	-	249,461
Decrease (increase) in other investments	24,956	100,956	(73,431)
Proceeds from nuclear decommissioning trust fund sales	2,606,383	2,570,523	1,652,277
Investment in nuclear decommissioning trust funds	(2,730,377)	(2,667,172)	(1,704,181)
Net cash flow used in investing activities	(2,574,223)	(2,094,394)	(2,590,096)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2010	2009	2008
		(In Thousands)	
FINANCING ACTIVITIES			
Proceeds from the issuance of:			
Long-term debt	3,870,694	2,003,469	3,456,695
Common stock and treasury stock	51,163	28,198	34,775
Retirement of long-term debt	(4,178,127)	(1,843,169)	(2,486,806)
Repurchase of common stock	(878,576)	(613,125)	(512,351)
Redemption of preferred stock	-	(1,847)	-
Changes in credit borrowings - net	(8,512)	(25,000)	30,000
Dividends paid:			
Common stock	(603,854)	(576,956)	(573,045)
Preferred stock	(20,063)	(19,958)	(20,025)
Net cash flow used in financing activities	(1,767,275)	(1,048,388)	(70,757)
Effect of exchange rates on cash and cash equivalents	338	(1,316)	3,288
Net increase (decrease) in cash and cash equivalents	(415,079)	(210,940)	666,763
Cash and cash equivalents at beginning of period	1,709,551	1,920,491	1,253,728
Cash and cash equivalents at end of period	$1,294,472	$1,709,551	$1,920,491
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$540,352	$568,417	$612,288
Income taxes	$32,144	$43,057	$137,234
Noncash financing activities:			
Long-term debt retired (equity unit notes)	-	$(500,000)	-
Common stock issued in settlement of equity unit purchase contracts	-	$500,000	-

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	December 31, 2010	2009
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$76,290	$85,861
Temporary cash investments	1,218,182	1,623,690
Total cash and cash equivalents	1,294,472	1,709,551
Securitization recovery trust account	43,044	13,098
Accounts receivable:		
Customer	602,796	553,692
Allowance for doubtful accounts	(31,777)	(27,631)
Other	161,662	152,303
Accrued unbilled revenues	302,901	302,463
Total accounts receivable	1,035,582	980,827
Deferred fuel costs	64,659	126,798
Accumulated deferred income taxes	8,472	-
Fuel inventory - at average cost	207,520	196,855
Materials and supplies - at average cost	866,908	825,702
Deferred nuclear refueling outage costs	218,423	225,290
System agreement cost equalization	52,160	70,000
Prepaid taxes	301,807	184,819
Prepayments and other	246,036	201,221
TOTAL	4,339,083	4,534,161
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	40,697	39,580
Decommissioning trust funds	3,595,716	3,211,183
Non-utility property - at cost (less accumulated depreciation)	257,847	247,664
Other	405,946	120,273
TOTAL	4,300,206	3,618,700
PROPERTY, PLANT AND EQUIPMENT		
Electric	37,153,061	36,343,772
Property under capital lease	800,078	783,096
Natural gas	330,608	314,256
Construction work in progress	1,661,560	1,547,319
Nuclear fuel under capital lease	-	527,521
Nuclear fuel	1,377,962	739,827
TOTAL PROPERTY, PLANT AND EQUIPMENT	41,323,269	40,255,791
Less - accumulated depreciation and amortization	17,474,914	16,866,389
PROPERTY, PLANT AND EQUIPMENT - NET	23,848,355	23,389,402

DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Regulatory asset for income taxes - net	845,725	816,856
Other regulatory assets (includes securitization property of $882,346 as of December 31, 2010)	3,838,237	3,647,154
Deferred fuel costs	172,202	172,202
Goodwill	377,172	377,172
Accumulated deferred income taxes	54,523	-
Other	909,773	1,006,306
TOTAL	6,197,632	6,019,690
TOTAL ASSETS	$38,685,276	$37,561,953
See Notes to Financial Statements.		

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY

	December 31, 2010	2009
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	$299,548	$711,957
Notes payable and commercial paper	154,135	30,031
Accounts payable	1,181,099	998,228
Customer deposits	335,058	323,342
Accumulated deferred income taxes	49,307	48,584
Interest accrued	217,685	192,283
Deferred fuel costs	166,409	219,639
Obligations under capital leases	3,388	212,496
Pension and other postretirement liabilities	39,862	55,031
System agreement cost equalization	52,160	187,204
Other	277,598	215,202
TOTAL	2,776,249	3,193,997
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	8,573,646	7,662,798
Accumulated deferred investment tax credits	292,330	308,395
Obligations under capital leases	42,078	354,233
Other regulatory liabilities	539,026	378,862
Decommissioning and asset retirement cost liabilities	3,148,479	2,939,539
Accumulated provisions	395,250	141,315
Pension and other postretirement liabilities	2,175,364	2,241,039
Long-term debt (includes securitization bonds of $931,131 as of December 31, 2010)	11,317,157	10,705,738
Other	618,559	711,334
TOTAL	27,101,889	25,443,253
Commitments and Contingencies		
Subsidiaries' preferred stock without sinking fund	216,738	217,343
EQUITY		
Common Shareholders' Equity:		
Common stock, $.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2010 and in 2009	2,548	2,548
Paid-in capital	5,367,474	5,370,042
Retained earnings	8,689,401	8,043,122
Accumulated other comprehensive loss	(38,212)	(75,185)
Less - treasury stock, at cost (76,006,920 shares in 2010 and 65,634,580 shares in 2009)	5,524,811	4,727,167

Total common shareholders' equity	8,496,400	8,613,360
Subsidiaries' preferred stock without sinking fund	94,000	94,000
TOTAL	8,590,400	8,707,360
TOTAL LIABILITIES AND EQUITY	$38,685,276	$37,561,953
See Notes to Financial Statements.		

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME
For the Years Ended December 31, 2010, 2009, and 2008

		Common Shareholders' Equity					
	Subsidiaries' Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
				(In Thousands)			
Balance at December 31, 2007	$94,000	$2,482	$(3,734,865)	$4,850,769	$6,735,965	$ 8,320	$7,956,671
Consolidated net income (a)	19,969	-	-	-	1,220,566	-	1,240,535
Other comprehensive income:							
Cash flow hedges net unrealized gain (net of tax expense of $78,837)	-	-	-	-	-	133,370	133,370
Pension and other postretirement liabilities (net of tax benefit of $68,076)	-	-	-	-	-	(125,087)	(125,087)
Net unrealized investment losses (net of tax benefit of $108,049)	-	-	-	-	-	(126,013)	(126,013)
Foreign currency translation (net of tax benefit of $1,770)	-	-	-	-	-	(3,288)	(3,288)
Total comprehensive income							1,119,517
Common stock repurchases	-	-	(512,351)	-	-	-	(512,351)

Common stock issuances related to stock plans	-	-	72,002	18,534	-	-	90,536
Common stock dividends declared	-	-	-	-	(573,924)	-	(573,924)
Preferred dividend requirements of subsidiaries (a)	(19,969)	-	-	-	-	-	(19,969)
Capital stock and other expenses	-	-	-	-	112	-	112
Balance at December 31, 2008	$94,000	$2,482	$(4,175,214)	$4,869,303	$7,382,719	$ (112,698)	$8,060,592
Consolidated net income (a)	19,958	-	-	-	1,231,092	-	1,251,050
Other comprehensive income:							
Cash flow hedges net unrealized loss (net of tax expense of $333)	-	-	-	-	-	(2,887)	(2,887)
Pension and other postretirement liabilities (net of tax benefit of $34,415)	-	-	-	-	-	(35,707)	(35,707)
Net unrealized investment gains (net of tax expense of $102,845)	-	-	-	-	-	82,929	82,929
Foreign currency translation (net of tax benefit of $246)	-	-	-	-	-	(457)	(457)
Total comprehensive income							1,294,928
Common stock repurchases	-	-	(613,125)	-	-	-	(613,125)
	-	66	-	499,934	-	-	500,000

Common stock issuances in settlement of equity unit purchase contracts							
Common stock issuances related to stock plans	-	-	61,172	805	-	-	61,977
Common stock dividends declared	-	-	-	-	(576,913)	-	(576,913)
Preferred dividend requirements of subsidiaries (a)	(19,958)	-	-	-	-	-	(19,958)
Capital stock and other expenses	-	-	-	-	(141)	-	(141)
Adjustment for implementation of new accounting pronouncement	-	-	-	-	6,365	(6,365)	-
Balance at December 31, 2009	$94,000	$2,548	$(4,727,167)	$5,370,042	$8,043,122	$ (75,185)	8,707,360
Consolidated net income (a)	20,063	-	-	-	1,250,242	-	1,270,305
Other comprehensive income:							
Cash flow hedges net unrealized loss (net of tax benefit of $7,088)	-	-	-	-	-	(11,685)	(11,685)
Pension and other postretirement liabilities (net of tax benefit of $14,387)	-	-	-	-	-	(8,527)	(8,527)
Net unrealized investment gains (net of tax expense of $51,130)	-	-	-	-	-	57,523	57,523
	-	-	-	-	-	(338)	(338)

Foreign currency translation (net of tax benefit of $182)							
Total comprehensive income							1,307,278
Common stock repurchases	-	-	(878,576)	-	-	-	(878,576)
Common stock issuances related to stock plans	-	-	80,932	(2,568)	-	-	78,364
Common stock dividends declared	-	-	-	-	(603,963)	-	(603,963)
Preferred dividend requirements of subsidiaries (a)	(20,063)	-	-	-	-	-	(20,063)
Balance at December 31, 2010	$94,000	$2,548	$(5,524,811)	$5,367,474	$8,689,401	$ (38,212)	$8,590,400

See Notes to Financial Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2010, 2009, and 2008 include $13.3 million of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented as equity.

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ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

The accompanying consolidated financial statements include the accounts of Entergy Corporation and its subsidiaries. As required by generally accepted accounting principles, all intercompany transactions have been eliminated in the consolidated financial statements. Entergy's Registrant Subsidiaries (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy) also include their separate financial statements in this Form 10-K. The Registrant Subsidiaries and many other Entergy subsidiaries maintain accounts in accordance with FERC and other regulatory guidelines. Certain previously reported amounts have been reclassified to conform to current classifications, with no effect on net income or common shareholders' (or members') equity.

Use of Estimates in the Preparation of Financial Statements

In conformity with generally accepted accounting principles, the preparation of Entergy Corporation's consolidated financial statements and the separate financial statements of the Registrant Subsidiaries requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used.

Revenues and Fuel Costs

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas generate, transmit, and distribute electric power primarily to retail customers in Arkansas, Louisiana, Louisiana, Mississippi, and Texas, respectively. Entergy Gulf States Louisiana also distributes natural gas to retail customers in and around Baton Rouge, Louisiana. Entergy New Orleans sells both electric power and natural gas to retail customers in the City of New Orleans, except for Algiers, where Entergy Louisiana is the electric power supplier. The Entergy Wholesale Commodities segment derives almost all of its revenue from sales of electric power generated by plants owned by subsidiaries in that segment.

Entergy recognizes revenue from electric power and natural gas sales when power or gas is delivered to customers. To the extent that deliveries have occurred but a bill has not been issued, Entergy's Utility operating companies accrue an estimate of the revenues for energy delivered since the latest billings. The Utility operating companies calculate the estimate based upon several factors including billings through the last billing cycle in a month, actual generation in the month, historical line loss factors, and prices in effect in Entergy's Utility operating companies' various jurisdictions. Changes are made to the inputs in the estimate as needed to reflect changes in billing practices. Each month the estimated unbilled revenue amounts are recorded as revenue and unbilled accounts receivable, and the prior month's estimate is reversed. Therefore, changes in price and volume differences resulting from factors such as weather affect the calculation of unbilled revenues from one period to the next, and may result in variability in reported revenues from one period to the next as prior estimates are reversed and new estimates recorded.

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Entergy Corporation and Subsidiaries
Notes to Financial Statements

Entergy records revenue from sales under rates implemented subject to refund less estimated amounts accrued for probable refunds when Entergy believes it is probable that revenues will be refunded to customers based upon the status of the rate case as of the date the financial statements are prepared.

Entergy's Utility operating companies' rate schedules include either fuel adjustment clauses or fixed fuel factors, which allow either current recovery in billings to customers or deferral of fuel costs until the costs are billed to customers. Where the fuel component of revenues is billed based on a pre-determined fuel cost (fixed fuel factor), the fuel factor remains in effect until changed as part of a general rate case, fuel reconciliation, or fixed fuel factor filing.System Energy's operating revenues are intended to recover from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans operating expenses and capital costs attributable to Grand Gulf. The capital costs are computed by allowing a return on System Energy's common equity funds allocable to its net investment in Grand Gulf, plus System Energy's effective interest cost for its debt allocable to its investment in Grand Gulf.

Property, Plant, and Equipment

Property, plant, and equipment is stated at original cost. Depreciation is computed on the straight-line basis at rates based on the applicable estimated service lives of the various classes of property. For the Registrant Subsidiaries, the original cost of plant retired or removed, less salvage, is charged to accumulated depreciation. Normal maintenance, repairs, and minor replacement costs are charged to operating expenses. Substantially all of the Registrant Subsidiaries' plant is subject to mortgage liens.

Electric plant includes the portions of Grand Gulf and Waterford 3 that have been sold and leased back. For financial reporting purposes, these sale and leaseback arrangements are reflected as financing transactions.

Net property, plant, and equipment for Entergy (including property under capital lease and associated accumulated amortization) by business segment and functional category, as of December 31, 2010 and 2009, is shown below:

2010	Entergy	Utility	Entergy Wholesale Commodities	Parent & Other
		(In Millions)		
Production				
Nuclear	$8,393	$5,378	$3,015	$-
Other	1,842	1,797	45	-
Transmission	2,986	2,956	30	-
Distribution	5,926	5,926	-	-
Other	1,661	1,411	248	2
Construction work in progress	1,662	1,300	361	1
Nuclear fuel	1,378	760	618	-
Property, plant, and equipment - net	$23,848	$19,528	$4,317	$3

2009	Entergy	Utility	Entergy Wholesale Commodities	Parent & Other
		(In Millions)		
Production				
Nuclear	$8,105	$5,414	$2,691	$-
Other	1,936	1,724	212	-
Transmission	2,922	2,889	33	-
Distribution	5,948	5,948	-	-
Other	1,664	1,398	263	3
Construction work in progress	1,547	1,134	414	(1)
Nuclear fuel (leased and owned)	1,267	747	520	-
Property, plant, and equipment - net	$23,389	$19,254	$4,133	$2

Depreciation rates on average depreciable property for Entergy approximated 2.6% in 2010, 2.7% in 2009, and 2.7% in 2008. Included in these rates are the depreciation rates on average depreciable utility property of 2.5% in 2010, 2.7% in 2009, and 2.7% 2008, and the depreciation rates on average depreciable non-utility property of 3.7% in 2010, 3.8% in 2009, and 3.7% in 2008.

Entergy amortizes nuclear fuel using a units-of-production method. Nuclear fuel amortization is included in fuel expense in the income statements.

"Non-utility property - at cost (less accumulated depreciation)" for Entergy is reported net of accumulated depreciation of $207.6 million and $197.8 million as of December 31, 2010 and 2009, respectively.

Construction expenditures included in accounts payable at December 31, 2010 is $171 million.

Net property, plant, and equipment for the Registrant Subsidiaries (including property under capital lease and associated accumulated amortization) by company and functional category, as of December 31, 2010 and 2009, is shown below:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
Production							
Nuclear	$1,029	$1,452	$1,489	$-	$-	$-	$1,408
Other	406	302	393	368	(2)	331	-
Transmission	837	456	597	469	22	569	6
Distribution	1,637	817	1,255	977	296	944	-
Other	197	192	289	207	180	116	20

Construction work in progress	114	119	521	147	12	80	211
Nuclear fuel	189	203	135	-	-	-	155
Property, plant, and equipment - net	$4,409	$3,541	$4,679	$2,168	$508	$2,040	$1,800

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Entergy Corporation and Subsidiaries
Notes to Financial Statements

2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
Production							
Nuclear	$1,017	$1,484	$1,450	$-	$-	$-	$1,463
Other	414	300	384	331	(6)	301	-
Transmission	819	416	611	467	27	543	6
Distribution	1,618	870	1,330	943	280	907	-
Other	202	185	307	220	174	113	21
Construction work in progress	115	84	510	63	21	82	199
Nuclear fuel (leased and owned)	185	163	122	-	-	-	85
Property, plant, and equipment - net	$4,370	$3,502	$4,714	$2,024	$496	$1,946	$1,774

Depreciation rates on average depreciable property for the Registrant Subsidiaries are shown below:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
2010	2.9%	1.8%	2.4%	2.6%	3.1%	2.3%	2.9%
2009	3.3%	1.9%	2.5%	2.6%	3.0%	2.3%	2.9%
2008	3.2%	2.2%	2.5%	2.6%	3.1%	2.4%	2.9%

Non-utility property - at cost (less accumulated depreciation) for Entergy Gulf States Louisiana is reported net of accumulated depreciation of $134 million and $131 million as of December 31, 2010 and 2009, respectively. Non-utility property - at cost (less accumulated depreciation) for Entergy Louisiana is reported net of accumulated depreciation of $2.5 million and $2.3 million as of December 31, 2010 and 2009, respectively. Non-utility property - at cost (less accumulated depreciation) for Entergy Texas is reported net of accumulated depreciation of $9.5 million and $9.2 million as of December 31, 2010 and 2009, respectively.

As of December 31, 2010, construction expenditures included in accounts payable are $16 million for Entergy Arkansas, $14.3 million for Entergy Gulf States Louisiana, $31.6 million for Entergy Louisiana, $6.8 million for Entergy Mississippi, $157.5 thousand for Entergy New Orleans, $3.3 million for Entergy Texas, and $23.8 million for System Energy.

System Energy invested, through its subsidiary Entergy New Nuclear Development, LLC, in initial development costs for potential new nuclear development at the Grand Gulf and River Bend sites, including licensing and design activities. As of December 31, 2009, $100.3 million in construction work in progress was recorded on System Energy's balance sheet related to this project. In the first quarter 2010, $24.9 million, $24.9 million, and $49.5 million of this construction work in progress was transferred to Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy Mississippi, respectively.

Jointly-Owned Generating Stations

Certain Entergy subsidiaries jointly own electric generating facilities with affiliates or third parties. The investments and expenses associated with these generating stations are recorded by the Entergy subsidiaries to the extent of their respective undivided ownership interests. As of December 31, 2010, the subsidiaries' investment and accumulated depreciation in each of these generating stations were as follows:

Generating Stations		Fuel-Type	Total Megawatt Capability (1)	Ownership	Investment	Accumulated Depreciation
					(In Millions)	
Utility business:						
Entergy Arkansas -						
Independence	Unit 1	Coal	836	31.50%	$127	$94
	Common Facilities	Coal		15.75%	$33	$24
White Bluff	Units 1 and 2	Coal	1,659	57.00%	$489	$332
Ouachita (2)	Common Facilities	Gas		66.67%	$171	$140
Entergy Gulf States Louisiana -						
Roy S. Nelson	Unit 6	Coal	550	40.25%	$243	$167
Big Cajun 2	Unit 3	Coal	588	24.15%	$142	$94
Ouachita (2)	Common Facilities	Gas		33.33%	$87	$72
Entergy Mississippi -						
Independence	Units 1 and 2 and Common Facilities	Coal	1,678	25.00%	$247	$132
Entergy Texas -						
Roy S. Nelson	Unit 6	Coal	550	29.75%	$178	$116
Big Cajun 2	Unit 3	Coal	588	17.85%	$106	$67
System Energy -						
Grand Gulf	Unit 1	Nuclear	1,251	90.00%(3)	$3,852	$2,418
Entergy Wholesale Commodities:						
Independence	Unit 2	Coal	842	14.37%	$68	$40
	Common Facilities	Coal		7.18%	$16	$10

(1)

"Total Megawatt Capability" is the dependable load carrying capability as demonstrated under actual operating conditions based on the primary fuel (assuming no curtailments) that each station was designed to utilize.

(2) Ouachita Units 1 and 2 are owned 100% by Entergy Arkansas and Ouachita Unit 3 is owned 100% by Entergy Gulf States Louisiana. The investment and accumulated depreciation numbers above are only for the common facilities.

(3) Includes an 11.5% leasehold interest held by System Energy. System Energy's Grand Gulf lease obligations are discussed in Note 10 to the financial statements.

Nuclear Refueling Outage Costs

Nuclear refueling outage costs are deferred during the outage and amortized over the estimated period to the next outage because these refueling outage expenses are incurred to prepare the units to operate for the next operating cycle without having to be taken off line.

Allowance for Funds Used During Construction (AFUDC)

AFUDC represents the approximate net composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction by the Registrant Subsidiaries. AFUDC increases both the plant balance and earnings and is realized in cash through depreciation provisions included in the rates charged to customers.

Income Taxes

Entergy Corporation and the majority of its subsidiaries file a United States consolidated federal income tax return. Each tax paying entity records income taxes as if it were a separate taxpayer and consolidating adjustments are allocated to the tax filing entities in accordance with Entergy's intercompany income tax allocation agreement. Deferred income taxes are recorded for all temporary differences between the book and tax basis of assets and liabilities, and for certain credits available for carryforward.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates in the period in which the tax or rate was enacted.

Investment tax credits are deferred and amortized based upon the average useful life of the related property, in accordance with ratemaking treatment.

Earnings per Share

The following table presents Entergy's basic and diluted earnings per share calculation included on the consolidated statements of income:

	For the Years Ended December 31,								
	2010			2009			2008		
	(In Millions, Except Per Share Data)								
Basic earnings per average common share	Income	Shares	$/share	Income	Shares	$/share	Income	Shares	$/share
Net income attributable to Entergy Corporation	$1,250.2	186.0	$6.72	$1,231.1	192.8	$6.39	$1,220.6	190.9	$6.39
Average dilutive effect of:									
Stock options	-	1.8	(0.06)	-	2.2	(0.07)	-	4.1	(0.13)
Equity units	-	-	-	3.2	0.8	(0.02)	24.7	6.0	(0.06)
Diluted earnings per average common share	$1,250.2	187.8	$6.66	$1,234.3	195.8	$6.30	$1,245.3	201.0	$6.20

The calculation of diluted earnings per share excluded 5,380,262 options outstanding at December 31, 2010, 4,368,614 options outstanding at December 31, 2009, and 3,326,835 options outstanding at December 31, 2008 that could potentially dilute basic earnings per share in the future. Those options were not included in the calculation of diluted earnings per share because the exercise price of those options exceeded the average market price for the year.

See Note 7 to the financial statements for a discussion of the equity units.

Stock-based Compensation Plans

Entergy grants stock options to key employees of the Entergy subsidiaries, which is described more fully in Note 12 to the financial statements. Effective January 1, 2003, Entergy prospectively adopted the fair value based method of accounting for stock options. Awards under Entergy's plans generally vest over three years. Stock-based compensation expense included in consolidated net income, net of related tax effects, is \$9.2 million for 2010, is \$10.4 million for 2009, and is \$10.7 million for 2008 for Entergy's stock options granted.

Accounting for the Effects of Regulation

Entergy's Utility operating companies and System Energy are rate-regulated enterprises whose rates meet three criteria specified in accounting standards. The Utility operating companies and System Energy have rates that (i) are approved by a body empowered to set rates that bind customers (its regulator); (ii) are cost-based; and (iii) can be charged to and collected from customers. These criteria may also be applied to separable portions of a utility's business, such as the generation or transmission functions, or to specific classes of customers. Because the Utility operating companies and System Energy meet these criteria, each of them capitalizes costs that would otherwise be charged to expense if the rate actions of its regulator make it probable that those costs will be recovered in future revenue. Such capitalized costs are reflected as regulatory assets in the accompanying financial statements. When an enterprise concludes that recovery of a regulatory asset is no longer probable, the regulatory asset must be removed from the entity's balance sheet.

An enterprise that ceases to meet the three criteria for all or part of its operations should report that event in its financial statements. In general, the enterprise no longer meeting the criteria should eliminate from its balance sheet all regulatory assets and liabilities related to the applicable operations. Additionally, if it is determined that a regulated enterprise is no longer recovering all of its costs, it is possible that an impairment may exist that could require further write-offs of plant assets.

Entergy Gulf States Louisiana does not apply regulatory accounting standards to the Louisiana retail deregulated portion of River Bend, the 30% interest in River Bend formerly owned by Cajun, and its steam business. The Louisiana retail deregulated portion of River Bend is operated under a deregulated asset plan representing a portion (approximately 15%) of River Bend plant costs, generation, revenues, and expenses established under a 1992 LPSC order. The plan allows Entergy Gulf States Louisiana to sell the electricity from the deregulated assets to Louisiana retail customers at 4.6 cents per kWh or off-system at higher prices, with certain provisions for sharing incremental revenue above 4.6 cents per kWh between ratepayers and shareholders.

Cash and Cash Equivalents

Entergy considers all unrestricted highly liquid debt instruments with an original or remaining maturity of three months or less at date of purchase to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects Entergy's best estimate of losses on the accounts receivable balances. The allowance is based on accounts receivable agings, historical experience, and other currently available evidence. Utility operating company customer accounts receivable are written off consistent with approved regulatory requirements.

Investments

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits. Decommissioning trust funds for Pilgrim, Indian Point 2, Vermont Yankee, and Palisades do not meet the criteria for regulatory accounting treatment. Accordingly, unrealized gains recorded on the assets in these trust funds are recognized in the accumulated other comprehensive income component of shareholders' equity because these assets are classified as available for sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of shareholders' equity unless the unrealized loss is other than temporary and therefore recorded in earnings. Effective January 1, 2009, Entergy adopted an accounting pronouncement providing guidance regarding recognition and presentation of other-than-temporary impairments related to investments in debt securities. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). The assessment of whether an investment in an equity security has suffered an other-than-temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. See Note 17 to the financial statements for details on the decommissioning trust funds and the other than temporary impairments recorded in 2010, 2009, and 2008.

Equity Method Investments

Entergy owns investments that are accounted for under the equity method of accounting because Entergy's ownership level results in significant influence, but not control, over the investee and its operations. Entergy records its share of earnings or losses of the investee based on the change during the period in the estimated liquidation value of the investment, assuming that the investee's assets were to be liquidated at book value. In accordance with this method, earnings are allocated to owners or members based on what each partner would receive from its capital account if, hypothetically, liquidation were to occur at the balance sheet date and amounts distributed were based on recorded book values. Entergy discontinues the recognition of losses on equity investments when its share of losses equals or exceeds its carrying amount for an investee plus any advances made or commitments to provide additional financial support. See Note 14 to the financial statements for additional information regarding Entergy's equity method investments.

Derivative Financial Instruments and Commodity Derivatives

The accounting standards for derivative instruments and hedging activities require that all derivatives be recognized at fair value on the balance sheet, either as assets or liabilities, unless they meet the normal purchase, normal sales criteria. The changes in the fair value of recognized derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and the type of hedge transaction.

Contracts for commodities that will be delivered in quantities expected to be used or sold in the ordinary course of business, including certain purchases and sales of power and fuel, meet the normal purchase, normal sales criteria and are not recognized on the balance sheet. Revenues and expenses from these contracts are reported on a gross basis in the appropriate revenue and expense categories as the commodities are received or delivered.

For other contracts for commodities in which Entergy is hedging the variability of cash flows related to a variable-rate asset, liability, or forecasted transactions that qualify as cash flow hedges, the changes in the fair value of such derivative instruments are reported in other comprehensive income. To qualify for hedge accounting, the relationship between the hedging instrument and the hedged item must be documented to include the risk management objective and strategy and, at inception and on an ongoing basis, the effectiveness of the hedge in offsetting the changes in the cash flows of the item being hedged. Gains or losses accumulated in other comprehensive income are reclassified as earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The ineffective portions of all hedges are recognized in current-period earnings.

Entergy has determined that contracts to purchase uranium do not meet the definition of a derivative under the accounting standards for derivative instruments because they do not provide for net settlement and the uranium markets are not sufficiently liquid to conclude that forward contracts are readily convertible to cash. If the uranium markets do become sufficiently liquid in the future and Entergy begins to account for uranium purchase contracts as derivative instruments, the fair value of these contracts would be accounted for consistent with Entergy's other derivative instruments.

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using bid prices and market quotes. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments held by regulated businesses may be reflected in future rates and therefore do not accrue to the benefit or detriment of stockholders. Entergy considers the carrying amounts of most financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments. See Note 16 to the financial statements for further discussion of fair value.

Impairment of Long-Lived Assets

Entergy periodically reviews long-lived assets held in all of its business segments whenever events or changes in circumstances indicate that recoverability of these assets is uncertain. Generally, the determination of recoverability is based on the undiscounted net cash flows expected to result from such operations and assets. Projected net cash flows depend on the future operating costs associated with the assets, the efficiency and availability of the assets and generating units, and the future market and price for energy over the remaining life of the assets.

Four nuclear power plants in the Entergy Wholesale Commodities business segment have applications pending for NRC license renewals. This includes the Vermont Yankee plant, which currently has an operating license that expires March 21, 2012. In addition to its federal NRC license, there is a two-step state law licensing process for obtaining a Certificate of Public Good (CPG) to operate Vermont Yankee and store spent nuclear fuel beyond March 21, 2012, when the current CPG expires. First, the Vermont legislature must vote affirmatively to permit the Vermont Public Service Board to consider Vermont Yankee's application for a renewed CPG for the continued operation of Vermont Yankee and for storage of spent fuel. Second, the Vermont Public Service Board must vote to renew the CPG. On March 3, 2008, Entergy filed an application with the VPSB to renew its CPG. On February 24, 2010, a bill to approve the continued operation of Vermont Yankee was advanced to a vote in the Vermont Senate and defeated by a margin of 26 to 4. Neither house of the Vermont General Assembly has voted on a similar bill since that time.

Entergy Wholesale Commodities' investments are subject to impairment if adverse market conditions arise, if a unit ceases operation, or for certain units if their operating licenses will not be renewed. Specifically regarding Vermont Yankee, if Entergy concludes that Vermont Yankee is unlikely to operate significantly beyond its current license expiration date in 2012, it could result in an impairment of part or all of the carrying value of the plant. Entergy's evaluation of the probability associated with operations of the plant past 2012 include a number of factors such as the status of the NRC's evaluation of Entergy's application for license renewal, the status of state regulatory issues as described above, the potential sale of the plant, and the application of federal laws regarding the continued operations of nuclear facilities. In preparing its 2010 financial statements Entergy evaluated these factors and concluded that the carrying value of Vermont Yankee is not impaired as of December 31, 2010. The net carrying value of the plant, including nuclear fuel, is $424 million as of December 31, 2010.

River Bend AFUDC

The River Bend AFUDC gross-up is a regulatory asset that represents the incremental difference imputed by the LPSC between the AFUDC actually recorded by Entergy Gulf States Louisiana on a net-of-tax basis during the construction of River Bend and what the AFUDC would have been on a pre-tax basis. The imputed amount was only calculated on that portion of River Bend that the LPSC allowed in rate base and is being amortized through August 2025.

Reacquired Debt

The premiums and costs associated with reacquired debt of Entergy's Utility operating companies and System Energy (except that portion allocable to the deregulated operations of Entergy Gulf States Louisiana) are included in regulatory assets and are being amortized over the life of the related new issuances, in accordance with ratemaking treatment.

Taxes Imposed on Revenue-Producing Transactions

Governmental authorities assess taxes that are both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer, including, but not limited to, sales, use, value added, and some excise taxes. Entergy presents these taxes on a net basis, excluding them from revenues, unless required to report them differently by a regulatory authority.

Presentation of Non-Controlling Interests

In 2007, a new accounting pronouncement was issued regarding non-controlling interests that requires generally that ownership interests in subsidiaries held by parties other than the reporting company (non-controlling interests) be clearly identified, labeled, and presented in the consolidated balance sheet within equity, but separate from the controlling shareholders' equity, and that the amount of consolidated net income attributable to the reporting company and to the non-controlling interests be clearly identified and presented on the face of the consolidated income statement. This new accounting pronouncement became effective for Entergy in the first quarter 2009 and applies to preferred securities issued by Entergy subsidiaries to third parties.

Presentation of Preferred Stock without Sinking Fund

In connection with the adoption of the new accounting pronouncement regarding non-controlling interests Entergy evaluated the accounting standards regarding the classification and measurement of redeemable securities. These standards require the classification of securities between liabilities and shareholders' equity on the balance sheet if the holders of those securities have protective rights that allow them to gain control of the board of directors in certain circumstances. These rights would have the effect of giving the holders the ability to potentially redeem their securities, even if the likelihood of occurrence of these circumstances is considered remote. The Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans articles of incorporation provide, generally, that the holders of each company's preferred securities may elect a majority of the respective company's board of directors if dividends are not paid for a year, until such time as the dividends in arrears are paid. Therefore, Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans present their preferred securities outstanding between liabilities and shareholders' equity on the balance sheet. Entergy Gulf States Louisiana and Entergy Louisiana, both organized as limited liability companies, have outstanding preferred securities with similar protective rights with respect to unpaid dividends, but provide for the election of board members that would not constitute a majority of the board; and their preferred securities are therefore classified for all periods presented as a component of members' equity.

The outstanding preferred securities of Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, and Entergy Asset Management, whose preferred holders also have protective rights as described in Note 6 to the financial statements, are similarly presented between liabilities and equity on Entergy's consolidated balance sheets and the outstanding preferred securities of Entergy Gulf States Louisiana and Entergy Louisiana are presented within total equity in Entergy's consolidated balance sheets. The preferred dividends or distributions paid by all subsidiaries are reflected for all periods presented outside of consolidated net income.

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects that have not yet resulted in final pronouncements. Final pronouncements that result from these projects could have a material effect on Entergy's future net income or financial position.

NOTE 2. RATE AND REGULATORY MATTERS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Regulatory Assets

Other Regulatory Assets

Regulatory assets represent probable future revenues associated with costs that are expected to be recovered from customers through the regulatory ratemaking process affecting the Utility business. In addition to the regulatory assets that are specifically disclosed on the face of the balance sheets, the table below provides detail of "Other regulatory assets" that are included on Entergy's and the Registrant Subsidiaries' balance sheets as of December 31, 2010 and 2009:

Entergy

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$406.4	$403.9
Deferred capacity - recovery timing will be determined by the LPSC in the formula rate plan filings (Note 2 – Retail Rate Proceedings – Filings with the LPSC)	15.8	23.2
Grand Gulf fuel - non-current and power management rider - recovered through rate riders when rates are redetermined periodically (Note 2 – Fuel and purchased power cost recovery)	17.4	58.2
Gas hedging costs - recovered through fuel rates	1.9	0.4
Pension & postretirement costs (Note 11 – Qualified Pension Plans, Other Postretirement Benefits, and Non-Qualified Pension Plans) (b)	1,734.7	1,481.7
Postretirement benefits - recovered through 2012 (Note 11 – Other Postretirement Benefits) (b)	4.8	7.2
Provision for storm damages, including hurricane costs - recovered through securitization,		

insurance proceeds, and retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	1,026.0	1,183.2
Removal costs - recovered through depreciation rates (Note 9) (b)	81.5	44.4
River Bend AFUDC - recovered through August 2025 (Note 1 – River Bend AFUDC)	26.2	28.1
Sale-leaseback deferral - Grand Gulf Lease Obligation recovered through June 2014 and Waterford 3 Lease Obligation (in 2009) (Note 10 – Sale and Leaseback Transactions – Grand Gulf Lease Obligations and Waterford 3 Lease Obligations)	22.3	115.3
Spindletop gas storage facility - recovered through December 2032 (a)	32.6	34.2
Transition to competition costs - recovered over a 15-year period through February 2021	95.8	101.9
Little Gypsy cost proceeding – recovery timing will be determined by the LPSC in the project costs proceeding (Note 2 – Little Gypsy Repowering Project)	200.9	-
Unamortized loss on reacquired debt - recovered over term of debt	122.5	115.0
Other	49.4	50.5
Total	$3,838.2	$3,647.2

Entergy Arkansas

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$167.3	$179.4
Incremental ice storm costs - recovered through 2032	11.1	11.6
Pension & postretirement costs (Note 11 – Qualified Pension Plans, Other Postretirement Benefits, and Non-Qualified Pension Plans) (b)	547.5	447.6
Grand Gulf fuel - non-current - recovered through rate riders when rates are redetermined periodically (Note 2 – Fuel and purchased power cost recovery)	-	8.2
Postretirement benefits - recovered through 2012 (Note 11 – Other Postretirement Benefits) (b)	4.8	7.2
Provision for storm damages - recovered either through securitization or retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	118.5	61.7
Unamortized loss on reacquired debt - recovered over term of debt	38.0	29.7
Other	5.2	1.6
Entergy Arkansas Total	$892.4	$747.0

Entergy Gulf States Louisiana

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$17.8	$17.6
Gas hedging costs - recovered through fuel rates	1.0	0.3
Pension & postretirement costs (Note 11 – Qualified Pension Plans and Non-Qualified Pension Plans) (b)	157.4	142.7
Provision for storm damages, including hurricane costs - recovered through securitization, insurance proceeds, and retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	6.0	44.1
Deferred capacity - recovery timing will be determined by the LPSC in the formula rate plan filings (Note 2 – Retail Rate Proceedings – Filings with the LPSC)	14.0	15.7
River Bend AFUDC - recovered through August 2025 (Note 1 – River Bend AFUDC)	26.2	28.1
Spindletop gas storage facility - recovered through December 2032 (a)	32.6	34.2
Unamortized loss on reacquired debt - recovered over term of debt	13.5	14.1

Other	2.4	3.0
Entergy Gulf States Louisiana Total	$270.9	$299.8

Entergy Louisiana

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$113.4	$99.9
Pension & postretirement costs (Note 11 – Qualified Pension Plans and Non-Qualified Pension Plans) (b)	309.1	200.4
Little Gypsy cost proceeding – recovery timing will be determined by the LPSC in the project costs proceeding (Note 2 – Little Gypsy Repowering Project)	200.9	-
Provision for storm damages, including hurricane costs - recovered through securitization, insurance proceeds, and retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	1.0	91.9
Deferred capacity - recovery timing will be determined by the LPSC in the formula rate plan filings (Note 2 – Retail Rate Proceedings – Filings with the LPSC)	1.8	7.5
Sale-leaseback deferral - (Note 10 – Sale and Leaseback Transactions – Waterford 3 Lease Obligations)	-	40.7
Unamortized loss on reacquired debt - recovered over term of debt	22.5	19.7
Other	14.0	16.9
Entergy Louisiana Total	$662.7	$477.0

Entergy Mississippi

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$5.0	$4.7
Removal costs - recovered through depreciation rates (Note 9) (b)	46.1	44.5
Grand Gulf fuel - non-current and power management rider- recovered through rate riders when rates are redetermined periodically (Note 2 – Fuel and purchased power cost recovery)	17.4	50.0
Pension & postretirement costs (Note 11 – Qualified Pension Plans, Other Postretirement Benefits, and Non-Qualified Pension Plans) (b)	160.0	131.5
Provision for storm damages - recovered through retail rates	8.7	10.0
Unamortized loss on reacquired debt - recovered over term of debt	11.5	10.1
Other	4.5	0.6
Entergy Mississippi Total	$253.2	$251.4

Entergy New Orleans

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$3.2	$3.0
Removal costs - recovered through depreciation rates (Note 9) (b)	15.4	15.2
Gas hedging costs - recovered through fuel rates	0.5	0.2
Pension & postretirement costs (Note 11 – Qualified Pension Plans, Other Postretirement Benefits, and Non-Qualified Pension Plans) (b)	95.3	74.8
Provision for storm damages, including hurricane costs - recovered through insurance proceeds and retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	10.8	23.8
Unamortized loss on reacquired debt - recovered over term of debt	3.0	2.9
Other	7.1	5.8
Entergy New Orleans Total	$135.3	$125.7

Entergy Texas

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$1.4	$1.5

Removal costs - recovered through depreciation rates (Note 9) (b)	7.3	7.2
Pension & postretirement costs (Note 11 – Qualified Pension Plans, Other Postretirement Benefits, and Non-Qualified Pension Plans) (b)	165.4	145.9
Provision for storm damages, including hurricane costs - recovered through securitization, insurance proceeds, and retail rates (Note 2 - Storm Cost Recovery Filings with Retail Regulators)	881.7	952.2
Transition to competition costs - recovered over a 15-year period through February 2021	95.8	101.9
Unamortized loss on reacquired debt - recovered over term of debt	12.7	13.5
Other	4.7	9.9
Entergy Texas Total	$1,169.0	$1,232.1

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System Energy

	2010	2009
	(In Millions)	
Asset Retirement Obligation - recovery dependent upon timing of decommissioning (Note 9) (b)	$98.3	$97.8
Removal costs - recovered through depreciation rates (Note 9) (b)	12.2	13.9
Pension & postretirement costs (Note 11 – Qualified Pension Plans and Other Postretirement Benefits) (b)	142.0	78.4
Sale-leaseback deferral - recovered through June 2014 (Note 10 – Sale and Leaseback Transactions – Grand Gulf Lease Obligations)	22.3	74.6
Unamortized loss on reacquired debt - recovered over term of debt	21.5	25.0
Other	0.4	0.3
System Energy Total	$296.7	$290.0

(a) The jurisdictional split order assigned the regulatory asset to Entergy Texas. The regulatory asset, however, is being recovered and amortized at Entergy Gulf States Louisiana. As a result, a billing will occur monthly over the same term as the recovery and receipts will be submitted to Entergy Texas. Entergy Texas has recorded a receivable from Entergy Gulf States Louisiana and Entergy Gulf States Louisiana has recorded a corresponding payable.
(b) Does not earn a return on investment, but is offset by related liabilities.

Fuel and purchased power cost recovery

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas are allowed to recover fuel and purchased power costs through fuel mechanisms included in electric and gas rates that are recorded as fuel cost recovery revenues. The difference between revenues collected and the current fuel and purchased power costs is recorded as "Deferred fuel costs" on the Utility operating companies' financial statements. The table below shows the amount of deferred fuel costs as of December 31, 2010 and 2009, that Entergy expects to recover (or return to customers) through fuel mechanisms, subject to subsequent regulatory review.

	2010	2009
	(In Millions)	
Entergy Arkansas	$61.5	$122.8
Entergy Gulf States Louisiana (a)	$77.8	$57.8
Entergy Louisiana (a)	$8.8	$66.4
Entergy Mississippi	$3.2	($72.9)
	($2.8)	$8.1

Entergy New Orleans (a)		
Entergy Texas	($77.4)	($102.7)

(a) 2010 and 2009 include $100.1 million for Entergy Gulf States Louisiana, $68 million for Entergy Louisiana , and $4.1 million for Entergy New Orleans of fuel, purchased power, and capacity costs, which do not currently earn a return on investment and whose recovery periods are indeterminate but are expected to be over a period greater than twelve months.

Entergy Gulf States Louisiana made a $36.8 million adjustment to its deferred fuel costs in the fourth quarter 2009 relating to unrecovered nuclear fuel costs incurred since January 2008 that will now be recovered after a revision to the fuel adjustment clause methodology.

Entergy Arkansas

Production Cost Allocation Rider

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

Energy Cost Recovery Rider

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

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

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

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

Arkansas expects the amount of damages, if any, to have an immaterial effect on its results of operations, financial position, or cash flows.

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

Entergy Gulf States Louisiana and Entergy Louisiana

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

In January 2003 the LPSC authorized its staff to initiate a proceeding to audit the fuel adjustment clause filings of Entergy Gulf States Louisiana and its affiliates. The audit includes a review of the reasonableness of charges flowed by Entergy Gulf States Louisiana through its fuel adjustment clause for the period 1995 through 2004. The LPSC Staff issued its audit report in December 2010. The report recommends the disallowance of $23 million of costs which, with interest, will total $43 million. $2.3 million of this total relates to a realignment to and recovery through base rates of certain SO2 costs. Entergy Gulf States Louisiana filed comments disputing the findings in the report and requested a hearing. Entergy Gulf States Louisiana has recorded provisions for the estimated effect of this proceeding.

In April 2010 the LPSC authorized its staff to initiate an audit of Entergy Gulf States Louisiana's purchased gas adjustment clause filings for its gas distribution operations. The audit includes a review of the reasonableness of charges flowed through by Entergy Gulf States Louisiana for the period from 2003 through 2008. Discovery is in progress, but a procedural schedule has not been established.

In August 2000 the LPSC authorized its staff to initiate a proceeding to audit the fuel adjustment clause filings of Entergy Louisiana. The time period that is the subject of the audit was January 1, 2000 through December 31, 2001. The scope of this docket was expanded to include a review of annual reports on fuel and purchased power transactions with affiliates and a prudence review of transmission planning issues and to include the years 2002 through 2004. Hearings were held and in May 2008 the ALJ issued a final recommendation that found in Entergy Louisiana’s favor on the issues, except for the disallowance of hypothetical SO2 allowance costs included in affiliate purchases. The ALJ recommended a refund of the SO2 allowance costs collected to date and a realignment of these costs into base rates prospectively with an amortization of the refunded amount through base rates over a five-year period. The LPSC issued an order in December 2008 affirming the ALJ’s recommendation. Entergy Louisiana recorded a provision for the disallowance, including interest, and refunded approximately $7 million to customers in 2009.

In April 2010 the LPSC authorized its staff to initiate an audit of Entergy Louisiana's fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed through the fuel adjustment clause by Entergy Louisiana for the period from 2005 through 2009. Discovery is in progress, but a procedural schedule has not been established.

Entergy Mississippi

Entergy Mississippi’s rate schedules include an energy cost recovery rider that is adjusted quarterly to reflect accumulated over- or under-recoveries from the second prior quarter. Entergy Mississippi’s fuel cost recoveries are subject to annual audits conducted pursuant to the authority of the MPSC.

In October 2008 the MPSC issued an order directing Entergy Mississippi and Entergy Services, Inc. to provide documents associated with fuel adjustment clause litigation in Louisiana involving Entergy Louisiana and Entergy New Orleans, and in January 2009 issued an order requiring Entergy Mississippi to provide additional information related to the long-term Evangeline gas contract that had been an issue in the fuel adjustment clause litigation in Louisiana. Entergy Mississippi and Entergy Services filed a response to the MPSC order stating that gas from the Evangeline gas contract had been sold into the Entergy System exchange and had an effect on the costs paid by Entergy Mississippi's customers. Further proceedings have not been scheduled.

Mississippi Attorney General Complaint

The Mississippi attorney general filed a complaint in state court in December 2008 against Entergy Corporation, Entergy Mississippi, Entergy Services, Inc., and Entergy Power, Inc. alleging, among other things, violations of Mississippi statutes, fraud, and breach of good faith and fair dealing, and requesting an accounting and restitution. The litigation is wide ranging and relates to tariffs and procedures under which Entergy Mississippi purchases power not generated in Mississippi to meet electricity demand. Entergy believes the complaint is unfounded. On December 29, 2008, the defendant Entergy companies filed to remove the attorney general's suit to U.S. District Court (the forum that Entergy believes is appropriate to resolve the types of federal issues raised in the suit), where it is currently pending, and additionally answered the complaint and filed a counter-claim for relief based upon the Mississippi Public Utilities Act and the Federal Power Act. The Mississippi attorney general has filed a pleading seeking to remand the matter to state court. In May 2009, the defendant Entergy companies filed a motion for judgment on the pleadings asserting grounds of federal preemption, the exclusive jurisdiction of the MPSC, and factual errors in the attorney general's complaint.

Entergy New Orleans

Entergy New Orleans's electric rate schedules include a fuel adjustment tariff designed to reflect no more than targeted fuel and purchased power costs, adjusted by a surcharge or credit for deferred fuel expense arising from the monthly reconciliation of actual fuel and purchased power costs incurred with fuel cost revenues billed to customers, including carrying charges. In June 2006 the City Council authorized the recovery of all Grand Gulf costs through Entergy New Orleans's fuel adjustment clause (a significant portion of Grand Gulf costs was previously recovered through base rates), and continued that authorization in approving the October 2006 formula rate plan filing settlement. Effective June 2009, the majority of Grand Gulf costs were realigned to base rates and are no longer flowed through the fuel adjustment clause.

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

Entergy Texas

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

In October 2007, Entergy Texas filed a request with the PUCT to refund $45.6 million, including interest, of fuel cost recovery over-collections through September 2007. In January 2008, Entergy Texas filed with the PUCT a stipulation and settlement agreement among the parties that updated the over-collection balance through November 2007 and established a refund amount, including interest, of $71 million. The PUCT approved the agreement in February 2008. The refund was made over a two-month period beginning February 2008, but was reduced by $10.3 million of under-recovered incremental purchased capacity costs.

In January 2008, Entergy Texas made a compliance filing with the PUCT describing how its 2007 rough production cost equalization receipts under the System Agreement were allocated between Entergy Gulf States, Inc.'s Texas and Louisiana jurisdictions. In December 2008 the PUCT adopted an ALJ proposal for decision recommending an additional $18.6 million allocation to Texas retail customers. Because the PUCT allocation to Texas retail customers is inconsistent with the LPSC allocation to Louisiana retail customers, the PUCT's decision results in trapped costs between the Texas and Louisiana jurisdictions with no mechanism for recovery. Entergy Texas filed with the FERC a proposed amendment to the System Agreement bandwidth formula to specifically calculate the payments to Entergy Gulf States Louisiana and Entergy Texas of Entergy Gulf States, Inc.'s rough production cost equalization receipts for 2007. In May 2009 the FERC issued an order rejecting the proposed amendment. Because of the FERC's order, Entergy Texas recorded the effects of the PUCT's allocation of the additional $18.6 million to Texas retail customers in the second quarter 2009. On an after-tax basis, the charge to earnings was approximately $13.0 million (including interest). The PUCT and FERC decisions are now final.

In May 2009, Entergy Texas filed with the PUCT a request to refund $46.1 million, including interest, of fuel cost recovery over-collections through February 2009. Entergy Texas requested that the proposed refund be made over a four-month period beginning June 2009. Pursuant to a stipulation among the various parties, in June 2009 the PUCT issued an order approving a refund of $59.2 million, including interest, of fuel cost recovery overcollections through March 2009. The refund was made for most customers over a three-month period beginning July 2009.

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

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

In December 2010, Entergy Texas filed with the PUCT a request to refund approximately $52 million, including interest, of fuel cost recovery over-collections through October 2010. Pursuant to a stipulation among the parties that was approved on an interim basis and is pending final action by the PUCT, Entergy Texas will refund over-collections of approximately $72.7 million through November 2010. The refund will be made for most customers over a three-month period beginning with the February 2011 billing cycle.

Entergy Texas’s December 2009 rate case filing, which is discussed below, also included a request to reconcile $1.8 billion of fuel and purchased power costs covering the period April 2007 through June 2009.

Storm Cost Recovery Filings with Retail Regulators

Entergy Arkansas

Entergy Arkansas January 2009 Ice Storm

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

2010 issuance of the securitization bonds.

Entergy Gulf States Louisiana and Entergy Louisiana

Hurricane Gustav and Hurricane Ike

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

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

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

In July 2010 the LCDA issued another $244.1 million in bonds under Act 55. From the $240.3 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $90 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $150.3 million directly to Entergy Gulf States

Louisiana. From the bond proceeds received by Entergy Gulf States Louisiana from the LURC, Entergy Gulf States Louisiana used $150.3 million to acquire 1,502,643.04 Class B preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 9% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2010, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion.

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

Hurricane Katrina and Hurricane Rita

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

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

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

In August 2008 the LPFA issued $278.4 million in bonds under the aforementioned Act 55. From the $274.7 million of bond proceeds loaned by the LPFA to the LURC, the LURC deposited $87 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $187.7 million directly to Entergy Gulf

States Louisiana. From the bond proceeds received by Entergy Gulf States Louisiana from the LURC, Entergy

Gulf States Louisiana invested $189.4 million, including $1.7 million that was withdrawn from the restricted escrow account as approved by the April 16, 2008 LPSC orders, in exchange for 1,893,918.39 Class A preferred, non-voting, membership interest units of Entergy Holdings Company LLC that carry a 10% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2008 and have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1 billion.

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

Entergy New Orleans

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

Entergy Texas

Hurricane Ike and Hurricane Gustav

Entergy Texas filed an application in April 2009 seeking a determination that $577.5 million of Hurricane Ike and Hurricane Gustav restoration costs are recoverable, including estimated costs for work to be completed. On August 5, 2009, Entergy Texas submitted to the ALJ an unopposed settlement agreement intended to resolve all issues in the storm cost recovery case. Under the terms of the agreement $566.4 million, plus carrying costs, are eligible for recovery. Insurance proceeds will be credited as an offset to the securitized amount. Of the $11.1 million difference between Entergy Texas's request and the amount agreed to, which is part of the black box agreement and not directly attributable to any specific individual issues raised, $6.8 million is operation and maintenance expense for which Entergy Texas recorded a charge in the second quarter 2009. The remaining $4.3 million was recorded as utility plant. The PUCT approved the settlement in August 2009, and in September 2009 the PUCT approved recovery of the costs, plus carrying costs, by securitization. See Note 5 to the financial statements for a discussion of the November 2009 issuance of the securitization bonds.

Little Gypsy Repowering Project (Entergy and Entergy Louisiana)

In April 2007, Entergy Louisiana announced that it intended to pursue the solid fuel repowering of a 538 MW unit at its Little Gypsy plant. In March 2009 the LPSC voted in favor of a motion directing Entergy Louisiana to temporarily suspend the repowering project and, based upon an analysis of the project's economic viability, to make a recommendation regarding whether to proceed with the project. This action was based upon a number of factors including the recent decline in natural gas prices, as well as environmental concerns, the unknown costs of carbon legislation and changes in the capital/financial markets. In April 2009, Entergy Louisiana complied with the LPSC's directive and recommended that the project be suspended for an extended period of time of three years or more. In May 2009 the LPSC issued an order declaring that Entergy Louisiana's decision to place the Little Gypsy project into a longer-term suspension of three years or more is in the public interest and prudent.

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In October 2009, Entergy Louisiana made a filing with the LPSC seeking permission to cancel the Little Gypsy repowering project and seeking project cost recovery over a five-year period. In June 2010 and August 2010, the LPSC Staff and Intervenors filed testimony. The LPSC Staff (1) agreed that it was prudent to move the project from long-term suspension to cancellation and that the timing of the decision to suspend on a longer-term basis was not imprudent; (2) indicated that, except for $0.8 million in compensation-related costs, the costs incurred should be deemed prudent; (3) recommended recovery from customers over ten years but stated that the LPSC may want to consider 15 years; (4) allowed for recovery of carrying costs and earning a return on project costs, but at a reduced rate approximating the cost of debt, while also acknowledging that the LPSC may consider ordering no return; and (5) indicated that Entergy Louisiana should be directed to securitize project costs, if legally feasible and in the public interest. In the third quarter 2010, in accordance with accounting standards, Entergy Louisiana determined that it is probable that the Little Gypsy repowering project will be abandoned and accordingly reclassified the project costs from construction work in progress to a regulatory asset. This accounting reclassification does not modify Entergy Louisiana's requested relief pending before the LPSC. A hearing on the issues, except for cost allocation among customer classes, was held before the ALJ in November 2010. In January 2011 all parties conducted a mediation on the disputed issues, resulting in a settlement of all disputed issues, including cost recovery and cost allocation. The settlement is expected to be presented to the LPSC for approval in the first quarter 2011.

Retail Rate Proceedings

The following chart summarizes the Utility operating companies' current retail base rates:

Company	Authorized Return on Common Equity	
Entergy Arkansas	10.2%	- Current retail base rates implemented in the July 2010 billing cycle pursuant to a settlement approved by the APSC.
Entergy Gulf States Louisiana	9.9%-11.4% Electric; 10.0%-11.0% Gas	- Current retail electric base rates implemented in the September 2010 billing cycle based on Entergy Gulf States Louisiana's revised 2009 test year formula rate plan filing approved by the LPSC. Current retail gas base rates reflect the rate stabilization plan filing for the 2009 test year ended September 2009.
Entergy Louisiana	9.45%-11.05%	- Current retail base rates implemented in the September 2010 billing cycle based on Entergy Louisiana's revised 2009 test year formula rate plan filing approved by the LPSC.
Entergy Mississippi	10.79%-13.05%	- Current retail base rates reflect Entergy Mississippi's latest formula rate plan filing, based on the 2009 test year, and a settlement approved by the MPSC.
Entergy New Orleans	10.7% - 11.5% Electric;	- Current retail base rates implemented in the October 2010 billing cycle pursuant to Entergy New Orleans's 2009 test year formula rate plan filing and a settlement approved by the City Council.

	10.25% - 11.25% Gas	
Entergy Texas	10.125%	- Current retail base rates implemented for usage beginning August 15, 2010, pursuant to a settlement of Entergy Texas's base rate case approved by the PUCT.

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Filings with the APSC (Entergy Arkansas)

Retail Rates

2009 Base Rate Filing

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

2006 Base Rate Filing

In August 2006, Entergy Arkansas filed with the APSC a request for a change in base rates. In June 2007, after hearings on the filing, 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's 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, and left Entergy Arkansas with no mechanism to recover $52 million of costs previously accumulated in Entergy Arkansas's storm reserve and $18 million of removal costs associated with the termination of a lease. The base rate change was implemented effective for bills rendered after June 15, 2007.

Entergy Arkansas sought to overturn the APSC's decision, but in December 2008 the Arkansas Court of Appeals upheld almost all aspects of the APSC decision. After considering the progress of the proceeding in light of the decision of the Court of Appeals, Entergy Arkansas recorded in the fourth quarter 2008 an approximately $70 million charge to earnings, on both a pre- and after-tax basis because these are primarily flow-through items, to recognize that the regulatory assets associated with the storm reserve costs, lease termination removal costs, and stock-based compensation were no longer probable of recovery. In April 2009 the Arkansas Supreme Court denied Entergy Arkansas's petition for review of the Court of Appeals decision.

Filings with the LPSC

Formula Rate Plans (Entergy Gulf States Louisiana and Entergy Louisiana)

In March 2005 the LPSC approved a settlement proposal to resolve various dockets covering a range of issues for Entergy Gulf States Louisiana and Entergy Louisiana. The settlement included the establishment of a three-year formula rate plan for Entergy Gulf States Louisiana that, among other provisions, establishes a return on common equity mid-point of 10.65% for the initial three-year term of the plan and permits Entergy Gulf States Louisiana to recover incremental capacity costs outside of a traditional base rate proceeding. Under the formula rate plan, over- and under-earnings outside an allowed range of 9.9% to 11.4% are allocated 60% to customers and 40% to Entergy Gulf States Louisiana. Entergy Gulf States Louisiana made its initial formula rate plan filing in June 2005. The formula rate plan was subsequently extended one year.

Entergy Louisiana made a rate filing with the LPSC requesting a base rate increase in January 2004. In May 2005 the LPSC approved a settlement that included the adoption of a three-year formula rate plan, the terms of which included an ROE mid-point of 10.25% for the initial three-year term of the plan and permit Entergy Louisiana to recover incremental capacity costs outside of a traditional base rate proceeding. Under the formula rate plan, over- and under-earnings outside an allowed regulatory range of 9.45% to 11.05% will be allocated 60% to customers and 40% to Entergy Louisiana. The initial formula rate plan filing was made in May 2006.

As discussed below the formula rate plans for Entergy Gulf States Louisiana and Entergy Louisiana have been extended, with return on common equity provisions consistent with previously approved provisions, to cover the 2008, 2009, and 2010 test years.

Retail Rates - Electric

(Entergy Gulf States Louisiana)

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

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

(Entergy Louisiana)

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

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

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

Retail Rates - Gas (Entergy Gulf States Louisiana)

In January 2011, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2010. The filing showed an earned return on common equity of 8.84% and a revenue deficiency of $0.3 million. The sixty-day review and comment period for this filing remains open.

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

Filings with the MPSC (Entergy Mississippi)

Formula Rate Plan Filings

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

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

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Filings with the City Council (Entergy New Orleans)

Formula Rate Plans and Storm-related Riders

On July 31, 2008, Entergy New Orleans filed an electric and gas base rate case with the City Council. On April 2, 2009, the City Council approved a comprehensive settlement. The settlement provided for a net $35.3 million reduction in combined fuel and non-fuel electric revenue requirement, including conversion of a $10.6 million voluntary recovery credit, implemented in January 2008, to a permanent reduction and substantial realignment of Grand Gulf cost recovery from fuel to electric base rates, and a $4.95 million gas base rate increase, both effective June 1, 2009, with adjustment of the customer charges for all rate classes. A new three-year formula rate plan was also adopted, with terms including an 11.1% benchmark electric return on common equity (ROE) with a +/- 40 basis point bandwidth and a 10.75% benchmark gas ROE with a +/- 50 basis point bandwidth. Earnings outside the bandwidth reset to the midpoint benchmark ROE, with rates changing on a prospective basis depending on whether Entergy New Orleans is over- or under-earning. The formula rate plan also includes a recovery mechanism for City Council-approved capacity additions, plus provisions for extraordinary cost changes and force majeure events.

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

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

In June 2006, Entergy New Orleans made its annual formula rate plan filings with the City Council. The filings presented various alternatives to reflect the effect of Entergy New Orleans’s lost customers and decreased revenue following Hurricane Katrina. The alternative that Entergy New Orleans recommended adjusts for lost customers and assumes that the City Council’s June 2006 decision to allow recovery of all Grand Gulf costs through the fuel adjustment clause stays in place during the rate-effective period (a significant portion of Grand Gulf costs was previously recovered through base rates).

At the same time as it made its formula rate plan filings, Entergy New Orleans also filed with the City Council a request to implement two storm-related riders. With the first rider, Entergy New Orleans sought to recover the electric and gas restoration costs that it had actually spent through March 31, 2006. Entergy New Orleans also proposed semiannual filings to update the rider for additional restoration spending and also to consider the receipt of CDBG funds or insurance proceeds that it may receive. With the second rider, Entergy New Orleans sought to establish a storm reserve to provide for the risk of another storm.

In October 2006, the City Council approved a settlement agreement that resolved Entergy New Orleans’s rate and storm-related rider filings by providing for phased-in rate increases, while taking into account with respect to storm restoration costs the anticipated receipt of CDBG funding as recommended by the Louisiana Recovery Authority. The settlement provided for a 0% increase in electric base rates through December 2007, with a $3.9 million increase implemented in January 2008. Recovery of all Grand Gulf costs through the fuel adjustment clause was continued. Gas base rates increased by $4.75 million in November 2006 and increased by an additional $1.5 million in March 2007 and an additional $4.75 million in November 2007. The settlement called for Entergy New Orleans to file a base rate case by July 31, 2008, which it did as discussed above. The settlement agreement discontinued the formula rate plan and the generation performance-based plan but permitted Entergy New Orleans to file an application to seek authority to implement formula rate plan mechanisms no sooner than six months following the effective date of the implementation of the base rates resulting from the July 31, 2008 base rate case. The settlement also authorized a $75 million storm reserve for damage from future storms, which will be created over a ten-year period through a storm reserve rider beginning in March 2007. These storm reserve funds will be held in a restricted escrow account.

Filings with the PUCT and Texas Cities (Entergy Texas)

Retail Rates

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

The parties filed a settlement in August 2010 intended to resolve the rate case proceeding. The settlement provides for a $59 million base rate increase for electricity usage beginning August 15, 2010, with an additional increase of $9 million for bills rendered beginning May 2, 2011. The settlement stipulates an authorized return on equity of 10.125%. Baseline values were established to be used in Entergy Texas's request for a transmission cost recovery factor that will be made in a separate proceeding. The settlement states that Entergy Texas's fuel costs for the period April 2007 through June 2009 are reconciled, with $3.25 million of disallowed costs, which were included in an interim fuel refund. The settlement also sets River Bend decommissioning costs at $2.0 million annually. Consistent with the settlement, in the third quarter 2010, Entergy Texas amortized $11 million of rate case costs. The PUCT approved the settlement in December 2010.

System Agreement Cost Equalization Proceedings

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

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

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

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

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

The LPSC, APSC, MPSC, and the AEEC appealed the FERC's decision to the United States Court of Appeals for the D.C. Circuit. Entergy and the City of New Orleans intervened in the various appeals. The D.C. Circuit issued its decision in April 2008. The D.C. Circuit affirmed the FERC's decision in most respects, but remanded the case to the FERC for further proceedings and reconsideration of its conclusion that it was prohibited from ordering refunds and its determination to implement the bandwidth remedy commencing with calendar year 2006 production costs (with the first payments/receipts commencing in June 2007), rather than commencing the remedy on June 1, 2005. The D.C. Circuit concluded the FERC had failed so far in the proceeding to offer a reasoned explanation regarding these issues. As discussed below, in December 2009 the FERC established a paper hearing to determine whether the FERC had the authority and, if so, whether it would be appropriate to order refunds resulting from changes in the treatment of interruptible load in the allocation of capacity costs by the Utility operating companies. The FERC also deferred further action on the question of whether it provided sufficient rationale for not ordering refunds, and whether it impermissibly delayed implementation of the bandwidth remedy, until resolution of this paper hearing.

In April 2006, the Utility operating companies filed with the FERC their compliance filing to implement the provisions of the FERC's decision. The filing amended the System Agreement to provide for the calculation of production costs, average production costs, and payments/receipts among the Utility operating companies to the extent required to maintain rough production cost equalization pursuant to the FERC's decision. The FERC accepted the compliance filing in November 2006, with limited modifications. Provisions of the compliance filing as approved by the FERC include: the first payments commenced in June 2007, rather than earlier; interest is not required on the unpaid balance; and any payments will be made over seven months, rather than 12. In April 2007, the FERC denied various requests for rehearing, 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 further below in this section under "Interruptible Load Proceeding."

Calendar Year 2010 Production Costs

The liabilities and assets for the preliminary estimate of the payments and receipts required to implement the FERC's remedy based on calendar year 2010 production costs were recorded in December 2010, based on certain year-to-date information. The preliminary estimate was recorded based on the following estimate of the payments/receipts among the Utility operating companies for 2011.

	Payments or (Receipts) (In Millions)
Entergy Arkansas	$52
Entergy Gulf States Louisiana	$-
Entergy Louisiana	$-
Entergy Mississippi	($37)
Entergy New Orleans	($15)
Entergy Texas	$-

The actual payments/receipts for 2011, based on calendar year 2010 production costs, will not be calculated until the Utility operating companies' FERC Form 1s have been filed. Once the calculation is completed, it will be filed at the FERC. The level of any payments and receipts is significantly affected by a number of factors, including, among others, weather, the price of alternative fuels, the operating characteristics of the Entergy System generating fleet, and multiple factors affecting the calculation of the non-fuel related revenue requirement components of the total production costs, such as plant investment.

Rough Production Cost Equalization Rates

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

	2007 Payments or (Receipts) Based on 2006 Costs	2008 Payments or (Receipts) Based on 2007 Costs	2009 Payments or (Receipts) Based on 2008 Costs	2010 Payments or (Receipts) Based on 2009 Costs

(In Millions)

Entergy Arkansas	$252	$252	$390	$41
Entergy Gulf States Louisiana	($120)	($124)	($107)	$-
Entergy Louisiana	($91)	($36)	($140)	($22)
Entergy Mississippi	($41)	($20)	($24)	($19)
Entergy New Orleans	$-	($7)	$-	$-
Entergy Texas	($30)	($65)	($119)	$-

The APSC has approved a production cost allocation rider for recovery from customers of the retail portion of the costs allocated to Entergy Arkansas. Management believes that any changes in the allocation of production costs resulting from the FERC's decision and related retail proceedings should result in similar rate changes for retail customers, subject to specific circumstances that have caused trapped costs. See "Fuel and purchased power cost recovery, Entergy Texas," above for discussion of a PUCT decision that resulted in $18.6 million of trapped costs between Entergy's Texas and Louisiana jurisdictions. See "2007 Rate Filing Based on Calendar Year 2006 Production Costs" below for a discussion of a FERC decision that could result in $14.5 million of trapped costs at Entergy Arkansas.

Based on the FERC's April 27, 2007 order on rehearing that is discussed above, in the second quarter 2007 Entergy Arkansas recorded accounts payable and Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas 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. Entergy Arkansas recorded a corresponding regulatory asset for its right to collect the payments from its customers, and Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas recorded corresponding regulatory liabilities for their obligations to pass the receipts on to their customers. The companies have followed this same accounting practice each year since then. The regulatory asset and liabilities are shown as "System Agreement cost equalization" on the respective balance sheets.

2007 Rate Filing Based on Calendar Year 2006 Production Costs

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

AmerenUE argued that its current wholesale power contract with Entergy Arkansas, pursuant to which Entergy Arkansas sells power to AmerenUE, does not permit Entergy Arkansas to flow through to AmerenUE any portion of Entergy Arkansas's bandwidth payment. According to AmerenUE, Entergy Arkansas has sought to collect from AmerenUE approximately $14.5 million of the 2007 Entergy Arkansas bandwidth payment. The AmerenUE contract expired in August 2009. In April 2008, AmerenUE filed a complaint with the FERC seeking refunds of this amount, plus interest, in the event the FERC ultimately determines that bandwidth payments are not properly recovered under the AmerenUE contract. In response to the FERC's decision discussed in the previous paragraph, Entergy Arkansas recorded a regulatory provision in the fourth quarter 2009 for a potential refund to AmerenUE.

2008 Rate Filing Based on Calendar Year 2007 Production Costs

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

The parties reached a partial settlement agreement of certain of the issues initially raised in this proceeding. The partial settlement agreement was conditioned on the FERC accepting the agreement without modification or condition, which the FERC did on August 24, 2009. A hearing on the remaining issues in the proceeding was completed in June 2009, and in September 2009 the ALJ issued an initial decision. The initial decision affirms Entergy's position in the filing, except for two issues that may result in a reallocation of costs among the Utility operating companies. Entergy, the APSC, the LPSC, and the MPSC have submitted briefs on exceptions in the proceeding, and the matter has been submitted to the FERC for decision.

2009 Rate Filing Based on Calendar Year 2008 Production Costs

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

2010 Rate Filing Based on Calendar Year 2009 Production Costs

In May 2010, Entergy filed with the FERC the 2010 rates in accordance with the FERC's orders in the System Agreement proceeding, and supplemented the filing in September 2010. Several parties intervened in the proceeding at the FERC, including the LPSC and the City Council, which have also filed protests. In July 2010 the FERC accepted Entergy's proposed rates for filing, effective June 1, 2010, subject to refund, and set the proceeding for hearing and settlement procedures. Settlement procedures have been terminated, and the ALJ scheduled hearings to begin in March 2011, with an initial decision scheduled for July 2011. Subsequently, in January 2011 the ALJ issued an order directing the parties and FERC staff to show cause why this proceeding should not be stayed pending the issuance of FERC decisions in the prior production cost proceedings currently before the FERC on review. Briefing on the issue concluded on February 14, 2011. A hearing on the show cause order is scheduled for March 3, 2011.

Interruptible Load Proceeding

In April 2007 the U.S. Court of Appeals for the D.C. Circuit issued its opinion in the LPSC's appeal of the FERC's March 2004 and April 2005 orders related to the treatment under the System Agreement of the Utility operating companies' interruptible loads. In its opinion, the D.C. Circuit concluded that the FERC (1) acted arbitrarily and capriciously by allowing the Utility operating companies to phase-in the effects of the elimination of the interruptible load over a 12-month period of time; (2) failed to adequately explain why refunds could not be ordered under Section 206(c) of the Federal Power Act; and (3) exercised appropriately its discretion to defer addressing the cost of sulfur dioxide allowances until a later time. The D.C. Circuit remanded the matter to the FERC for a more considered determination on the issue of refunds. The FERC issued its order on remand in September 2007, in which it directed Entergy to make a compliance filing removing all interruptible load from the computation of peak load responsibility commencing April 1, 2004 and to issue any necessary refunds to reflect this change. In addition, the order directed the Utility operating companies to make refunds for the period May 1995 through July 1996. In November 2007 the Utility operating companies filed a refund report describing the refunds to be issued pursuant to the FERC's orders. The LPSC filed a protest to the refund report in December 2007, and the Utility operating companies filed an answer to the protest in January 2008. The refunds were made in October 2008 by the Utility operating companies that owed refunds to the Utility operating companies that were due a refund under the decision. The APSC and the Utility operating companies appealed the FERC decisions to the D.C. Circuit. Because of its refund obligation to its customers as a result of this proceeding and a related LPSC proceeding, Entergy Louisiana recorded provisions during 2008 of approximately $16 million, including interest, for rate refunds. The refunds were made in the fourth quarter 2009.

Following the filing of petitioners' initial briefs, the FERC filed a motion requesting the D.C. Circuit hold the appeal of the FERC's decisions ordering refunds in the interruptible load proceeding in abeyance and remand the record to the FERC. The D.C. Circuit granted the FERC's unopposed motion on June 24, 2009, and directed the FERC to file status reports at 60-day intervals beginning August 24, 2009. The D.C. Circuit also directed the parties to file motions to govern future proceedings in the case within 30 days of the completion of the FERC proceedings. In December 2009 the FERC established a paper hearing to determine whether the FERC had the authority and, if so, whether it would be appropriate to order refunds resulting from changes in the treatment of interruptible load in the allocation of capacity costs by the Utility operating companies. In August 2010 the FERC issued an order stating that it has the authority and refunds are appropriate. The APSC, MPSC, and Entergy have requested rehearing of the FERC's decision. In September 2010, the FERC set for hearing and settlement judge procedures the Utility operating companies' calculation of the refunds for the 15-month refund period of May 14, 1995 through August 13, 1996, as contained in the November 2007 refund report. The purpose of the hearing is to determine whether the refund amounts for such period were calculated in a just and reasonable manner. The settlement proceedings are ongoing.

Entergy Arkansas filed a request with the APSC for recovery of the refund paid to its customers and the APSC staff has filed a motion to dismiss the request. A procedural schedule has not been set in the proceeding.

Entergy Arkansas Opportunity Sales Proceeding

In June 2009, the LPSC filed a complaint requesting that the FERC determine that certain of Entergy Arkansas’s sales of electric energy to third parties: (a) violated the provisions of the System Agreement that allocate the energy generated by Entergy System resources, (b) imprudently denied the Entergy System and its ultimate consumers the benefits of low-cost Entergy System generating capacity, and (c) violated the provision of the System Agreement that prohibits sales to third parties by individual companies absent an offer of a right-of-first-refusal to other Utility operating companies. The LPSC’s complaint challenges sales made beginning in 2002 and requests refunds. On July 20, 2009, the Utility operating companies filed a response to the complaint requesting that the FERC dismiss the complaint on the merits without hearing because the LPSC has failed to meet its burden of showing any violation of the System Agreement and failed to produce any evidence of imprudent action by the Entergy System. In their response, the Utility operating companies explained that the System Agreement clearly contemplates that the Utility operating companies may make sales to third parties for their own account, subject to the requirement that those sales be included in the load (or load shape) for the applicable Utility operating company. The response further explains that the FERC already has determined that Entergy Arkansas’s short-term wholesale sales did not trigger the “right-of-first-refusal” provision of the System Agreement. While the D.C. Circuit recently determined that the “right-of-first-refusal” issue was not properly before the FERC at the time of its earlier decision on the issue, the LPSC has raised no additional claims or facts that would warrant the FERC reaching a different conclusion. On December 7, 2009, the FERC issued an order setting the matter for hearing and settlement procedures.

The LPSC filed direct testimony in the proceeding alleging, among other things, (1) that Entergy violated the System Agreement by permitting Entergy Arkansas to make non-requirements sales to non-affiliated third parties rather than making such energy available to the other Utility operating companies’ customers; and (2) that over the period 2000 - 2009, these non-requirements sales caused harm to the Utility operating companies’ customers of $144 million and these customers should be compensated for this harm by Entergy. In subsequent testimony, the LPSC modified its original damages claim in favor of quantifying damages by re-running intra-system bills, which has not occurred. The Utility operating companies believe the LPSC's allegations are without merit. A hearing in the matter was held in August 2010.

In December 2010 the ALJ issued an initial decision. The ALJ found that the System Agreement allowed for Entergy Arkansas to make the sales to third parties but concluded that the sales should be accounted for in the same manner as joint account sales. The ALJ concluded that "shareholders" should make refunds of the damages to the Utility operating companies, along with interest. Entergy Corporation, or an Entergy Corporation subsidiary, is the shareholder of each of the Utility operating companies. Entergy disagrees with several aspects of the ALJ's initial decision and in January 2011 filed with the FERC exceptions to the decision. FERC consideration of the initial decision is pending. Entergy is unable to estimate the potential damages in this matter because certain aspects of how the refunds would be calculated require clarification by the FERC.

LPSC Interruptible Load Proceeding (Entergy Louisiana)

As discussed above, the FERC issued orders in September 2005 and 2007 in which it directed Entergy to remove all interruptible load from certain computations of peak load responsibility commencing April 1, 2004 and to issue any necessary refunds to reflect this change. In addition, in September 2008 the FERC directed the Utility operating companies to make refunds for the period May 1995 through July 1996. In October 2009 the LPSC issued an order approving the flow through to retail rates of the LPSC-jurisdictional portion of the payments and credits resulting from the FERC's orders that had not yet been flowed through to retail rates, which required a net refund to Entergy Louisiana retail customers of $17.6 million, including interest. The refunds were made in the fourth quarter 2009. Of this amount, $5.4 million was refunded subject to adjustment in the event that future action by the FERC or the D.C. Circuit Court of Appeals results in a reversal or change in the amount of the refunds ordered by the FERC in September 2008.

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

Income tax expenses from continuing operations for 2010, 2009, and 2008 for Entergy Corporation and Subsidiaries consist of the following:

	2010	2009	2008
		(In Thousands)	
Current:			
Federal	$145,161	($433,105)	$451,517
Foreign	131	154	256
State	19,313	(108,552)	146,171
Total	164,605	(541,503)	597,944
Deferred and non-current -- net	468,698	1,191,418	23,022
Investment tax credit adjustments -- net	(16,064)	(17,175)	(17,968)
Income tax expense from continuing operations	$617,239	$632,740	$602,998

Income tax expenses for 2010, 2009, and 2008 for Entergy's Registrant Subsidiaries consist of the following:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	$114,821	$196,230	$73,174	$12,812	($114,441)	($10,607)	($4,102)
State	(9,200)	481	(4,324)	5,822	1,412	1,060	3,328
Total	105,621	196,711	68,850	18,634	(113,029)	(9,547)	(774)
Deferred and non-current -- net	10,328	(117,426)	918	31,415	129,880	53,539	60,305
Investment tax credit adjustments -- net	(3,005)	(3,407)	(3,222)	(985)	(324)	(1,609)	(3,482)
	$112,944	$75,878	$66,546	$49,064	$16,527	$42,383	$56,049

Income taxes

2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	($37,544)	($203,651)	$12,387	$19,347	$160,846	($72,207)	$73,183
State	22,710	(12,416)	(49,843)	(2,321)	1,171	2,478	(12,667)
Total	(14,834)	(216,067)	(37,456)	17,026	162,017	(69,729)	60,516
Deferred and non-current -- net	100,584	308,659	85,728	26,400	(145,981)	108,253	39,866
Investment tax credit adjustments -- net	(3,994)	(3,407)	(3,222)	(1,103)	(323)	(1,609)	(3,481)
Income taxes	$81,756	$89,185	$45,050	$42,323	$15,713	$36,915	$96,901

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2008	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Current:							
Federal	($200,032)	$96,585	$335,164	$43,214	$22,419	$73,974	$25,356
State	12,533	39,423	59,304	5,099	(3,493)	3,954	8,518
Total	(187,499)	136,008	394,468	48,313	18,926	77,928	33,874
Deferred and non-current -- net	288,118	(74,681)	(320,596)	(13,918)	4,471	(48,200)	29,100
Investment tax credit							
adjustments - net	(3,996)	(4,130)	(3,224)	(1,155)	(345)	(1,610)	(3,480)
Income taxes	$96,623	$57,197	$70,648	$33,240	$23,052	$28,118	$59,494

Total income taxes for Entergy Corporation and Subsidiaries differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences for the years 2010, 2009, and 2008 are:

	2010	2009	2008
	(In Thousands)		
Net income attributable to Entergy Corporation	$1,250,242	$1,231,092	$1,220,566
Preferred dividend requirements of subsidiaries	20,063	19,958	19,969
Consolidated net income	1,270,305	1,251,050	1,240,535
Income taxes	617,239	632,740	602,998
Income before income taxes	$1,887,544	$1,883,790	$1,843,533
Computed at statutory rate (35%)	$660,640	$659,327	$645,237
Increases (reductions) in tax resulting from:			
State income taxes net of federal income tax effect	40,530	65,241	9,926

Regulatory differences - utility plant items	14,931	57,383	45,543
Amortization of investment tax credits	(15,980)	(16,745)	(17,458)
Writeoff of reorganization costs	(19,974)	-	-
Tax law change-Medicare Part D	13,616	-	-
Decommissioning trust fund basis	-	(7,917)	(417)
Capital gains / (losses)	-	(28,051)	(74,278)
Flow-through / permanent differences	(26,370)	(49,486)	14,656
Provision for uncertain tax positions	(43,115)	(17,435)	(27,970)
Valuation allowance	-	(40,795)	11,770
Other - net	(7,039)	11,218	(4,011)
Total income taxes as reported	$617,239	$632,740	$602,998
Effective Income Tax Rate	32.7%	33.6%	32.7%

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Total income taxes for the Registrant Subsidiaries differ from the amounts computed by applying the statutory income tax rate to income before taxes. The reasons for the differences for the years 2010, 2009, and 2008 are:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	$172,618	$190,738	$231,435	$83,687	$31,005	$66,200	$82,624
Income taxes	112,944	75,878	66,546	49,064	16,527	42,383	56,049
Pretax income	$285,562	$266,616	$297,981	$132,751	$47,532	$108,583	$138,673
Computed at statutory rate (35%)	$99,947	$93,316	$104,293	$46,463	$16,636	$38,004	$48,536
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	13,156	1,142	(10,618)	1,156	1,377	424	2,206
Regulatory differences - utility plant items	5,982	(5,551)	(987)	1,812	3,815	2,564	7,297
Amortization of investment tax credits	(2,983)	(3,309)	(3,192)	(972)	(313)	(1,596)	(3,480)
Flow-through / permanent differences	(1,235)	(7,996)	(754)	153	(4,883)	236	(497)
Non-taxable dividend income	-	(9,189)	(23,603)	-	-	-	-
Provision for uncertain tax positions	(2,100)	7,200	2,200	700	(300)	2,800	2,090
Other -- net	177	265	(793)	(248)	195	(49)	(103)

Total income taxes	$112,944	$75,878	$66,546	$49,064	$16,527	$42,383	$56,049
Effective Income Tax Rate	39.6%	28.5%	22.3%	37.0%	34.8%	39.0%	40.4%

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	$66,875	$153,047	$232,845	$77,636	$31,025	$63,841	$48,908
Income taxes	81,756	89,185	45,050	42,323	15,713	36,915	96,901
Pretax income	$148,631	$242,232	$277,895	$119,959	$46,738	$100,756	$145,809
Computed at statutory rate (35%)	$52,021	$84,781	$97,263	$41,986	$16,358	$35,264	$51,033
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	9,617	6,487	5,095	2,417	1,387	1,509	4,033
Regulatory differences - utility plant items	19,275	10,303	14,463	1,365	(55)	2,008	10,024
Amortization of investment tax credits	(3,972)	(3,088)	(3,192)	(1,092)	(324)	(1,596)	(3,480)
Flow-through / permanent differences	2,331	(690)	(7,539)	(319)	(2,300)	(1,538)	(4,462)
Non-taxable dividend income	-	(6,627)	(19,075)	-	-	-	-
Benefit of Entergy Corporation expenses	978	(170)	(24,231)	(2,841)	31	-	35,027
Provision for uncertain tax positions	-	(5,400)	(17,700)	800	(400)	600	4,900

Other -- net	1,506	3,589	(34)	7	1,016	668	(174)
Total income taxes	$81,756	$89,185	$45,050	$42,323	$15,713	$36,915	$96,901
Effective Income Tax Rate	55.0%	36.8%	16.2%	35.3%	33.6%	36.6%	66.5%

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2008	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net income	$47,152	$144,767	$157,543	$59,710	$34,947	$57,895	$91,067
Income taxes	96,623	57,197	70,648	33,240	23,052	28,118	59,494
Pretax income	$143,775	$201,964	$228,191	$92,950	$57,999	$86,013	$150,561
Computed at statutory rate (35%)	$50,321	$70,687	$79,867	$32,533	$20,299	$30,105	$52,696
Increases (reductions) in tax resulting from:							
State income taxes net of federal income tax effect	10,754	(891)	(18,486)	4,126	2,057	3,138	5,604
Regulatory differences - utility plant items	17,542	3,308	9,960	3,305	1,202	1,076	9,150
Amortization of investment tax credits	(3,972)	(3,730)	(3,192)	(1,140)	(348)	(1,596)	(3,480)
Flow-through / permanent differences	17,868	(12,130)	11,885	(477)	(694)	(4,133)	(1,956)
Non-taxable dividend income	-	-	(10,332)	(3,591)	-	-	-
Benefit of Entergy Corporation expenses	-	-	-	(1,556)	-	-	(3,420)
Provision for uncertain tax positions	2,800	1,000	1,150	700	200	(1,200)	900
Other – net	1,310	(1,047)	(204)	(660)	336	728	-

Total income taxes	$96,623	$57,197	$70,648	$33,240	$23,052	$28,118	$59,494
Effective Income Tax Rate	67.2%	28.3%	31.0%	35.8%	39.7%	32.7%	39.5%

The flow-through/permanent differences for Entergy Arkansas in 2008 result from the write-off of regulatory assets associated with storm reserve costs, lease termination removal costs, and stock-based compensation which are no longer probable of recovery. The flow-through/permanent differences for Entergy Gulf States Louisiana in 2008 result mainly from regulatory and tax accounting applied to its pension payments.

Significant components of accumulated deferred income taxes and taxes accrued for Entergy Corporation and Subsidiaries as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Thousands)	
Deferred tax liabilities:		
Plant-related basis differences	($5,947,760)	($5,520,095)
Net regulatory assets/(liabilities)	(1,074,133)	(1,147,710)
Power purchase agreements	(265,429)	(862,322)
Nuclear decommissioning trusts	(439,481)	(855,608)
Other	(679,302)	(456,053)
Total	(8,406,105)	(8,841,788)
Deferred tax assets:		
Accumulated deferred investment tax credit	111,170	118,587
Pension and other post-employment benefits	161,730	356,284
Nuclear decommissioning liabilities	285,889	313,648
Sale and leaseback	256,157	260,934
Provision for regulatory adjustments	100,504	103,403
Provision for contingencies	28,554	98,514
Unbilled/deferred revenues	18,642	31,995
Customer deposits	15,724	13,073
Net operating loss carryforwards	123,710	148,979
Capital losses	56,602	45,787
Other	19,009	160,264
Valuation allowance	(70,089)	(47,998)
Total	1,107,602	1,603,470
Noncurrent accrued taxes (including unrecognized tax benefits)	(1,261,455)	(473,064)
Accumulated deferred income taxes and taxes accrued	($8,559,958)	($7,711,382)

Entergy's estimated tax attributes carryovers and their expiration dates as of December 31, 2010 are as follows:

Carryover Description	Carryover Amount	Year(s) of expiration
	$10 billion	2023-2029

Federal net operating losses		
State net operating losses	$7.5 billion	2011-2030
Federal capital losses	$60.7 million	2014
State capital losses	$855 million	2011-2015
Federal minimum tax credits	$29 million	never
Other federal and state credits	$70 million	2011-2030

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

Because it is more likely than not that the benefit from certain state net operating and capital loss carryovers will not be utilized, a valuation allowance of $28 million and $34 million has been provided on the deferred tax assets relating to these state net operating and capital loss carryovers, respectively.

Significant components of accumulated deferred income taxes and taxes accrued for the Registrant Subsidiaries as of December 31, 2010 and 2009 are as follows:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi (In Thousands)	Entergy New Orleans	Entergy Texas	System Energy
Deferred tax liabilities:							
Plant-related basis differences - net	($1,156,099)	($992,939)	($983,926)	($526,062)	($178,434)	($799,937)	($328,060)
Net regulatory assets/(liabilities)	(145,649)	(253,389)	(289,297)	(63,515)	37,946	(135,006)	(225,222)
Power purchase agreements	582	102,581	(417,388)	(766)	(61)	(6,851)	-
Nuclear decommissioning trusts	(9,968)	(978)	(3,806)	-	-	-	(4,102)
Deferred fuel	(24,210)	(935)	(7,584)	(4,521)	(626)	10,025	(60)
Other	(123,524)	(2,505)	(21,971)	(10,991)	(13,839)	(19,712)	(15,234)
Total	($1,458,868)	($1,148,165)	($1,723,972)	($605,855)	($155,014)	($951,481)	($572,678)
Deferred tax assets:							
Accumulated deferred investment tax credits	17,623	32,651	29,417	2,502	706	7,327	20,944
Pension and OPEB	(64,774)	70,954	7,922	(27,111)	(11,527)	(38,152)	(18,255)
Nuclear decommissioning liabilities	(173,666)	(41,829)	-	-	-	-	(69,610)
Sale and leaseback	-	-	80,117	-	-	-	176,040
Provision for regulatory	-	100,504	-	-	-	-	-

adjustments							
Unbilled/deferred revenues	8,056	(23,853)	6,892	8,914	1,538	15,775	-
Customer deposits	7,907	618	5,699	1,391	109	-	-
Rate refund	10,873	(5,386)	131	-	-	(4,008)	-
NOL carryforward	-	40	41	-	8	139,859	-
Other	13,589	26,468	25,897	14,585	21,310	28,508	16,486
Total	(180,392)	160,167	156,116	281	12,144	149,309	125,605
Noncurrent accrued taxes (including unrecognized tax benefits)	(104,925)	(419,125)	(321,757)	(55,585)	(22,328)	17,256	(178,447)
Accumulated deferred income taxes and taxes accrued	($1,744,185)	($1,407,123)	($1,889,613)	($661,159)	($165,198)	($784,916)	($625,520)

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Deferred tax liabilities:							
Plant-related basis differences - net	($987,968)	($1,057,746)	($981,938)	($492,769)	($165,552)	($756,898)	($278,973)
Net regulatory assets/(liabilities)	(176,945)	(249,870)	(294,431)	(63,887)	40,831	(128,807)	(274,602)
Power purchase agreements	(46,244)	37,995	(477,965)	1,059	60,705	(36,898)	25,192
Nuclear decommissioning trusts	(198,301)	(58,100)	(12,369)	-	-	-	(88,646)
Deferred fuel	2,948	(3,416)	(2,876)	-	-	2,627	(21)
Other	(139,501)	(3,647)	(38,442)	(21,763)	(32,331)	(19,923)	(14,621)
Total	($1,546,011)	($1,334,784)	($1,808,021)	($577,360)	($96,347)	($939,899)	($631,671)
Deferred tax assets:							
Accumulated deferred investment tax credits	18,795	33,957	30,648	2,874	2,153	7,886	22,274
Pension and OPEB	6,857	80,127	44,451	(2,110)	(2,930)	(23,489)	2,991
Nuclear decommissioning liability	12,070	-	-	-	-	-	3,160
Sale and leaseback	-	-	84,517	-	-	-	176,417
Provision for regulatory adjustments	-	103,403	-	-	-	-	-
Unbilled/deferred revenues	13,619	(17,236)	(1,464)	14,335	-	22,741	-
Customer deposits	8,540	616	5,698	(1,890)	109	-	-
Rate refund	11,786	(6,041)	121	-	-	(4,018)	-
NOL carryforward	-	9,398	3,521	-	6,017	156,153	7,546
Other	(113)	6,780	13,220	(5,701)	19,479	40,032	15,685

Total	71,554	211,004	180,712	7,508	24,828	199,305	228,073
Noncurrent accrued taxes (including unrecognized tax benefits)	(151,079)	(167,324)	(196,024)	(33,505)	(131,142)	35,424	(224,733)
Accumulated deferred income taxes and taxes accrued	($1,625,536)	($1,291,104)	($1,823,333)	($603,357)	($202,661)	($705,170)	($628,331)

The Registrant Subsidiaries' estimated tax attributes carryovers and their expiration dates as of December 31, 2010 are as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
Federal net operating losses	$337 million	$19 million	$315 million	-	-	$417 million	-
Year(s) of expiration	2028-2030	2029	2029-2030	N/A	N/A	2028-2029	N/A
State net operating losses	-	$78 million	$380 million	-	$34 million	-	-
Year(s) of expiration	N/A	2023-2024	2023-2025	N/A	2020-2021	N/A	N/A
Federal minimum tax credits	$5 million	$17 million	-	$1 million	$1 million	-	-
Year(s) of expiration	never	never	N/A	never	never	N/A	N/A
Other federal credits	$1 million	$1 million	$1 million	-	$1 million	-	$1 million
Year(s) of expiration	2024-2028	2024-2028	2024-2030	N/A	2024-2028	N/A	2024-2030
State credits	-	-	-	$4.8 million	-	$11.2 million	$1.9 million
Year(s) of expiration	N/A	N/A	N/A	2013-2015	N/A	2011-2027	2015

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

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Unrecognized tax benefits

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

	2010	2009	2008
		(In Thousands)	
Gross balance at January 1	$4,050,491	$1,825,447	$2,523,794
Additions based on tax positions related to the current year	480,843	2,286,759	378,189
Additions for tax positions of prior years	871,682	697,615	259,434
Reductions for tax positions of prior years	(438,460)	(372,862)	(166,651)
Settlements	(10,462)	(385,321)	(1,169,319)
Lapse of statute of limitations	(4,306)	(1,147)	-
Gross balance at December 31	4,949,788	4,050,491	1,825,447
Offsets to gross unrecognized tax benefits:			
Credit and loss carryovers	(3,771,301)	(3,349,589)	(1,265,734)
Cash paid to taxing authorities	(373,000)	(373,000)	(548,000)
Unrecognized tax benefits net of unused tax attributes and payments (1)	$805,487	$327,902	$11,713

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

The balances of unrecognized tax benefits include $605 million, $522 million, and $543 million as of December 31, 2010, 2009, and 2008, respectively, which, if recognized, would lower the effective income tax rates. Because of the effect of deferred tax accounting, the remaining balances of unrecognized tax benefits of $4.34 billion, $3.53 billion, and $1.28 billion as of December 31, 2010, 2009, and 2008, respectively, if disallowed, would not affect the annual effective income tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

Entergy has made deposits, with the IRS against its potential liabilities arising from audit adjustments and settlements related to its uncertain tax positions. Deposits are expected to be made to the IRS as the cash tax benefits of uncertain tax positions are realized. As of December 31, 2010, Entergy has deposits of $373 million on account with the IRS to cover its uncertain tax positions.

Entergy accrues interest and penalties expenses, if any, related to unrecognized tax benefits in income tax expense. Entergy's December 31, 2010, 2009, and 2008 accrued balance for the possible payment of interest and penalties is approximately $45 million, $48 million, and $55 million, respectively.

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A reconciliation of the Registrant Subsidiaries' beginning and ending amount of unrecognized tax benefits for 2010, 2009, and 2008 is as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2010	$293,920	$311,311	$352,577	$17,137	($53,295)	$32,299	$211,247
Additions based on tax positions related to the current year	38,205	87,755	183,188	4,679	173	5,169	16,829
Additions for tax positions of prior years	1,838	25,960	34,236	6,857	72,169	5,868	10,402
Reductions for tax positions of prior years	(92,699)	(71,033)	(64,868)	(4,469)	(863)	(29,100)	(13,116)
Settlements	(1,025)	(107)	55	(41)	(8)	(7)	(844)
Gross balance at December 31, 2010	240,239	353,886	505,188	24,163	18,176	14,229	224,518
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(123,968)	(29,257)	(131,805)	(6,477)	(3,751)	(6,269)	(10,487)
Cash paid to taxing authorities	(75,977)	(45,493)	-	(7,556)	(1,174)	(1,376)	(41,878)
Unrecognized tax benefits net of unused tax attributes and payments	$40,294	$279,136	$373,383	$10,130	$13,251	$6,584	$172,153

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2009	$240,203	$275,378	$298,650	$31,724	$26,050	$39,202	$172,168
Additions based on tax positions related to the current year	9,826	5,436	10,197	283	17	97	6,812
Additions for tax positions of prior years	80,968	102,466	108,399	1,256	109	28,821	30,586
Reductions for tax positions of prior years	(22,830)	(33,000)	(45,613)	(4,235)	(70,391)	(17,853)	(244)
Settlements	(14,247)	(38,969)	(19,056)	(11,891)	(9,080)	(17,968)	1,925
Gross balance at December 31, 2009	293,920	311,311	352,577	17,137	(53,295)	32,299	211,247
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(39,847)	(20,031)	(70,428)	(1,618)	(633)	(30,921)	(1,297)
Cash paid to taxing authorities	(75,977)	(45,493)	-	(7,556)	(1,174)	(1,376)	(41,878)
Unrecognized tax benefits net of unused tax attributes and payments	$178,096	$245,787	$282,149	$7,963	($55,102)	$2	$168,072

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Gross balance at January 1, 2008	$309,019	$224,379	$66,291	$69,734	$46,904	$86,732	$197,307
Additions based on tax positions related to the current year	685	89,966	236,499	773	404	338	502
Additions for tax positions of prior years	12,465	10,784	5,300	7,494	1,025	189	1,405
Reductions for tax positions of prior years	(330)	(372)	(1,567)	(8,051)	(13,645)	(5,082)	(192)
Settlements	(81,636)	(49,379)	(7,873)	(38,226)	(8,638)	(42,975)	(26,854)
Gross balance at December 31, 2008	240,203	275,378	298,650	31,724	26,050	39,202	172,168
Offsets to gross unrecognized tax benefits:							
Loss carryovers	(147,737)	-	(127,572)	-	(6,392)	(39,202)	-
Cash paid to taxing authorities	(69,273)	(36,812)	-	(806)	(554)	(1,376)	(66,398)
Unrecognized tax benefits net of unused tax attributes and payments	$23,193	$238,566	$171,078	$30,918	$19,104	($1,376)	$105,770

The Registrant Subsidiaries' balances of unrecognized tax benefits included amounts which, if recognized, would affect the effective income tax rate as follows:

	December 31, 2010	December 31, 2009	December 31, 2008
Entergy Arkansas	$0.2	$1.2	$1.2
Entergy Gulf States Louisiana	$129.6	$69.8	$75.2
Entergy Louisiana	$286.7	$192.7	$210.4
Entergy Mississippi	$5.3	$3.3	$2.5
Entergy New Orleans	-	$0.3	$0.7
Entergy Texas	$6.0	$1.2	$0.6
System Energy	$12.1	$8.7	$3.9

The Registrant Subsidiaries accrue interest and penalties related to unrecognized tax benefits in income tax expense. Accrued balances for the possible payment of interest and penalties are as follows:

	December 31, 2010	December 31, 2009 (In Millions)	December 31, 2008
Entergy Arkansas	-	$0.7	$1.6
Entergy Gulf States Louisiana	$9.7	$2.3	$1.4
Entergy Louisiana	$3.3	$1.2	-
Entergy Mississippi	$1.6	$2.1	$2.1
Entergy New Orleans	-	$0.3	$0.7
Entergy Texas	$0.1	$0.2	$0.2
System Energy	$8.2	$7.2	$3.3

Income Tax Litigation

On October 4, 2010 the United States Tax Court entered its decision in favor of Entergy for tax years 1997 and 1998. The issues decided by the Court are as follows:

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

On December 20, 2010, the IRS filed notice that it will appeal the decision of the Tax Court to the United States Court of Appeals for the Fifth Circuit.

On February 21, 2008, the IRS issued a Statutory Notice of Deficiency for the year 2000. The deficiency resulted from a disallowance of the same two issues discussed above as well as the issue discussed below.

- Depreciation deductions that resulted from Entergy's purchase price allocations on its acquisitions of its non-utility nuclear plants.

Entergy filed a Tax Court Petition on May 5, 2008 challenging the three issues in dispute. On June 28, 2010, trial was held in Washington, D.C. On February 7, 2011 a joint stipulation of settled issues was filed addressing the depreciation issue in the above Tax Court case. As a result, the IRS agreed that Entergy was entitled to allocate all of the cash consideration to plant and equipment rather than to nuclear decommissioning trusts thereby entitling Entergy to its claimed depreciation. However, the case has been left open for administrative purposes pending the appeal by the IRS of the U.K. Windfall Tax foreign tax credit and street lighting issues to the United States Court of Appeals for the Fifth Circuit. Additionally, with respect to Entergy's acquisition of all of its non-utility nuclear power plants, Entergy and the IRS entered into a closing agreement on January 31, 2011 that entitles Entergy to allocate all of its cash consideration to plant and equipment.

With respect to the U.K. Windfall Tax issue, the total tax included in IRS Notices of Deficiency is $82 million. The total tax and interest associated with this issue for all years is approximately $275 million.

With respect to the street lighting issue, the total tax included in IRS Notices of Deficiency is $22 million. The total federal and state tax and interest associated with this issue for all open tax years is approximately $75 million.

Income Tax Audits

Entergy or one of its subsidiaries files U.S. federal and various state and foreign income tax returns. Other than the matters discussed in the Income Tax Litigation section above, the IRS's and substantially all state taxing authorities' examinations are completed for years before 2004.

2002-2003 IRS Audit

In September 2009, Entergy entered into a partial agreement with the IRS for the years 2002 and 2003. It is a partial agreement because Entergy did not agree to the IRS's disallowance of foreign tax credits for the U.K. Windfall Tax and the street lighting issues. These issues will be governed by the outcome of the decision by the 5th Circuit for the tax years 1997 and 1998.

2004-2005 IRS Audit

The IRS issued its 2004-2005 Revenue Agent's Report on May 26, 2009.

On June 25, 2009 Entergy filed a formal Protest with the IRS Appeals Office indicating disagreement with certain issues contained in the Revenue Agent's Report. The major issues in dispute are:

- Depreciation of street lighting assets (issue before the 5th Circuit)
- Qualified research expenditures for purposes of the research credit
- Inclusion of nuclear decommissioning liabilities in cost of goods sold

The initial IRS Appeals Conference to discuss these disputed issues occurred in September of 2010. Negotiations are ongoing.

2006-2007 IRS Audit

The IRS commenced an examination of Entergy's 2006 and 2007 U.S. federal income tax returns in the third quarter 2009. The IRS has proposed adjustments for these years. The audit is progressing according to plan. The audit report is expected to be issued in the second quarter 2011.

The IRS has also examined the Entergy Wholesale Commodities subsidiaries' and Utility operating companies' mark-to-market deductions claimed on wholesale power contracts. With respect to the mark-to-market issue, the total federal and state tax included in unrecognized tax benefits is approximately $747 million for Entergy and $62 million for Entergy Louisiana. Amounts for the other Registrant Subsidiaries are not significant.

Other Tax Matters

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

When Entergy Louisiana, Inc. restructured effective December 31, 2005, Entergy Louisiana agreed, under the terms of the merger plan, to indemnify its parent, Entergy Louisiana Holdings, Inc. (formerly, Entergy Louisiana, Inc.) for certain tax obligations that arose from the 2002-2003 IRS partial agreement. Because the agreement with the IRS was settled in the fourth quarter 2009, Entergy Louisiana paid Entergy Louisiana Holdings approximately $289 million pursuant to these intercompany obligations in the fourth quarter 2009.

On November 20, 2009, Entergy Corporation and subsidiaries amended the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement such that Entergy Corporation shall be treated, under all provisions of such Agreement, in a manner that is identical to the treatment afforded all subsidiaries, direct or indirect, of Entergy Corporation.

In the fourth quarter 2009, Entergy filed Applications for Change in Method of Accounting for certain costs under Section 263A of the Internal Revenue Code. In the Application, Entergy is requesting permission to treat the nuclear decommissioning liability associated with the operation of its nuclear power plants as a production cost properly includable in cost of goods sold. The effect of this change for Entergy is a $5.7 billion reduction in 2009 taxable income within Entergy Wholesale Commodities.

In March of 2010, Entergy filed an Application for Change in Accounting Method with the Internal Revenue Service. In the application Entergy proposed to change the definition of Unit of Property to determine the appropriate characterization of costs associated with such Unit as capital or repair under the Internal Revenue Code and related Treasury Regulations. The effect of this change is an approximate $530 million reduction in 2010 taxable income for Entergy. The effect of this change is a reduction in 2010 taxable income of $160 million for Entergy Arkansas, $60 million for Entergy Gulf States Louisiana, $71 million for Entergy Louisiana, $19 million for Entergy Mississippi, $27 million for Entergy Texas, and $48 million for System Energy.

During the fourth quarter 2010, Entergy determined that its calculation of certain temporary differences associated primarily with plant-related basis differences had been either under or overstated in prior periods and required adjustments to previously reported amounts of accumulated deferred income taxes and taxes accrued and the offsetting regulatory assets or liabilities for income taxes. Entergy and the Registrant Subsidiaries have restated the 2009 balance sheets as shown below. Entergy and Entergy New Orleans also separately restated the 2009 balance sheets to reclassify an amount from other regulatory liabilities, now included as a component of other non-current liabilities for Entergy New Orleans, to accumulated deferred income taxes and taxes accrued. There was no impact on the results of operations or cash flows as a result of these corrections. The following corrections were made to either increase or (decrease) the previously reported amounts as of December 31, 2009 for Entergy and the Registrant Subsidiaries:

	Accumulated deferred income taxes and taxes accrued	Regulatory asset for income taxes - net	Regulatory liability for income taxes - net	Other regulatory liabilities
		(In Millions)		
Entergy	$240	$197	$-	($43)
Entergy Arkansas	$57	$57	$-	$-
Entergy Gulf States Louisiana	($67)	($67)	$-	$-
Entergy Louisiana	$107	$107	$-	$-
Entergy Mississippi	$25	$25	$-	$-
Entergy New Orleans	$58	$-	($15)	($43)
Entergy Texas	$24	$24	$-	$-
System Energy	$37	$37	$-	$-

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

Entergy Corporation has a revolving credit facility that 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 0.125% 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 for the year ended December 31, 2010 was 0.78% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of December 31, 2010.

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,466	$1,632	$25	$1,809

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

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy Texas each had credit facilities available as of December 31, 2010 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of December 31, 2010
Entergy Arkansas	April 2011	$75.125 million (b)	2.75%	-
Entergy Gulf States Louisiana	August 2012	$100 million (c)	0.67%	-
Entergy Louisiana	August 2012	$200 million (d)	0.67%	-
Entergy Mississippi	May 2011	$35 million (e)	2.01%	-
Entergy Mississippi	May 2011	$25 million (e)	2.01%	-
Entergy Mississippi	May 2011	$10 million (e)	2.01%	-

Entergy Texas	August 2012	$100 million (f)	0.74%	-

(a) The interest rate is the weighted average interest rate as of December 31, 2010 applied, or that would be applied, to outstanding borrowings under the facility.

(b) The credit facility requires Entergy Arkansas to maintain a debt ratio of 65% or less of its total capitalization. Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable.

(c) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Gulf States Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

(d) The credit facility allows Entergy Louisiana to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Louisiana to maintain a consolidated debt ratio of 65% or less of its total capitalization.

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

(f) The credit facility allows Entergy Texas to issue letters of credit against the borrowing capacity of the facility. As of December 31, 2010, no letters of credit were outstanding. The credit facility requires Entergy Texas to maintain a consolidated debt ratio of 65% or less of its total capitalization. Pursuant to the terms of the credit agreement securitization bonds are excluded from debt and capitalization in calculating the debt ratio.

The facility fees on the credit facilities range from 0.09% to 0.15% of the commitment amount.

The short-term borrowings of the Registrant Subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through October 31, 2011 under a FERC order dated October 14, 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 the Utility subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external short-term borrowings combined may not exceed the FERC-authorized limits. The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings as of December 31, 2010 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	$250	-
Entergy Gulf States Louisiana	$200	-
Entergy Louisiana	$250	-
Entergy Mississippi	$175	$33
Entergy New Orleans	$100	-
Entergy Texas	$200	-
System Energy	$200	-

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

See Note 18 to the financial statements for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIE) effective in the first quarter 2010. The variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of December 31, 2010:

Company	Expiration Date	Amount of Facility	Weighted Average Interest Rate on Borrowings (a)	Amount Outstanding as of December 31, 2010
		(Dollars in Millions)		
Entergy Arkansas VIE	July 2013	$85	2.45%	$62.8
Entergy Gulf States Louisiana VIE	July 2013	$85	2.125%	$24.2
Entergy Louisiana VIE	July 2013	$90	2.42%	$23.1
System Energy VIE	July 2013	$100	2.40%	$38.3

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

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

The variable interest entities had long-term notes payable that are included in long-term debt on the respective balance sheets as of December 31, 2010 as follows:

Company	Description	Amount
Entergy Arkansas VIE	5.60% Series G due September 2011	$35 million
Entergy Arkansas VIE	9% Series H due June 2013	$30 million
Entergy Arkansas VIE	5.69% Series I due July 2014	$70 million
Entergy Gulf States Louisiana VIE	5.56% Series N due May 2013	$75 million
Entergy Gulf States Louisiana VIE	5.41% Series O due July 2012	$60 million
Entergy Louisiana VIE	5.69% Series E due July 2014	$50 million
System Energy VIE	6.29% Series F due September 2013	$70 million
System Energy VIE	5.33% Series G due April 2015	$60 million

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

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

Long-term debt for Entergy Corporation and subsidiaries as of December 31, 2010 and 2009 consisted of:

Type of Debt and Maturity	Weighted Average Interest Rate December 31, 2010	Interest Rate Ranges at December 31, 2010	Interest Rate Ranges at December 31, 2009	Outstanding at December 31, 2010	Outstanding at December 31, 2009
				(In Thousands)	
Mortgage Bonds					
2010-2015	4.68%	3.6%-6.2%	4.5%-6.2%	$820,000	$1,662,120
2016-2020	5.98%	3.95%-7.125%	4.95%-7.125%	1,910,000	1,910,000
2021-2025	5.13%	3.75%-5.66%	5.40%-5.66%	1,258,738	909,097
2026-2035	5.90%	4.44%-6.4%	5.65%-7.6%	1,118,546	1,318,950
2039-2041	6.28%	5.75%-7.875%	7.875%	755,000	150,000
Governmental Bonds (a)					
2010-2015	4.26%	2.875%-6.75%	5.45%-7.0%	79,295	91,310
2016-2020	4.76%	4.6%-5.8%	4.6%-6.3%	65,540	214,200
2021-2025	5.67%	4.6%-5.9%	4.6%-5.9%	410,005	410,005
2026-2030	5.32%	5.0%-6.2%	6.2%-6.6%	288,680	111,680
Securitization Bonds					
2013-2020	3.93%	2.12%-5.79%	2.12%-5.79%	474,318	505,628
2021-2023	4.25%	2.30%-5.93%	4.38%-5.93%	457,100	333,000
Variable Interest Entities Notes Payable (Note 4)					
2011-2015	5.69%	2.125%-9%	-	474,200	-
Entergy Corporation Notes					
due May 2010	-	-	6.58%	-	75,000
due November 2010	-	-	6.9%	-	140,000

due March 2011	n/a	7.06%	7.06%	86,000	86,000
due September 2015	n/a	3.625%	-	550,000	-
due September 2020	n/a	5.125%	-	450,000	-
Note Payable to NYPA	(b)	(b)	(b)	155,971	177,543
5 Year Credit Facility (Note 4)	n/a	0.78%	1.377%	1,632,120	2,566,150
Entergy Corporation Bank Term Loan due 2010	-	-	1.41%	-	60,000
Long-term DOE Obligation (c)	-	-	-	180,919	180,683
Waterford 3 Lease Obligation (d)	n/a	7.45%	7.45%	223,802	241,128
Grand Gulf Lease Obligation (d)	n/a	5.13%	5.13%	222,280	266,864
Unamortized Premium and Discount - Net				(10,181)	(10,635)
Other				14,372	18,972
Total Long-Term Debt				11,616,705	11,417,695
Less Amount Due Within One Year				299,548	711,957
Long-Term Debt Excluding Amount Due Within One Year				$11,317,157	$10,705,738
Fair Value of Long-Term Debt (e)				$10,988,646	$10,727,908

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(a) Consists of pollution control revenue bonds and environmental revenue bonds.
(b) These notes do not have a stated interest rate, but have an implicit interest rate of 4.8%.
(c) Pursuant to the Nuclear Waste Policy Act of 1982, Entergy's nuclear owner/licensee subsidiaries have contracts with the DOE for spent nuclear fuel disposal service. The contracts include a one-time fee for generation prior to April 7, 1983. Entergy Arkansas is the only Entergy company that generated electric power with nuclear fuel prior to that date and includes the one-time fee, plus accrued interest, in long-term debt.
(d) See Note 10 for further discussion of the Waterford 3 and Grand Gulf Lease Obligations.
(e) The fair value excludes lease obligations of $224 million at Entergy Louisiana and $222 million at System Energy, long-term DOE obligations of $181 million at Entergy Arkansas, and the note payable to NYPA of $156 million at Entergy, and includes debt due within one year. Fair values are based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads.

The annual long-term debt maturities (excluding lease obligations and long-term DOE obligations) for debt outstanding as of December 31, 2010, for the next five years are as follows:

	Amount (In Thousands)
2011	$230,257
2012	$1,815,972
2013	$734,309
2014	$150,681
2015	$863,539

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

One of the covenants in certain of the Entergy Corporation notes require it to maintain a consolidated debt ratio of 65% or less of its total capitalization. If Entergy's debt ratio exceeds this limit, or if Entergy Corporation or certain of the Utility operating companies default on other indebtedness or are in bankruptcy or insolvency proceedings, an acceleration of the notes' maturity dates may occur.

Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy Texas, and System Energy have obtained long-term financing authorizations from the FERC that extend through July 2011. Entergy Arkansas has obtained long-term financing authorization from the APSC that extends through December 2012. Entergy New Orleans has obtained long-term financing authorization from the City Council that extends through July 2012.

Capital Funds Agreement

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

- maintain System Energy's equity capital at a minimum of 35% of its total capitalization (excluding short-term debt);
- permit the continued commercial operation of Grand Gulf;
- pay in full all System Energy indebtedness for borrowed money when due; and
- enable System Energy to make payments on specific System Energy debt, under supplements to the agreement assigning System Energy's rights in the agreement as security for the specific debt.

Long-term debt for the Registrant Subsidiaries as of December 31, 2010 and 2009 consisted of:

	2010	2009
	(In Thousands)	
Entergy Arkansas		
Mortgage Bonds:		
4.50% Series due June 2010	$-	$100,000
5.40% Series due August 2013	300,000	300,000
5.4% Series due May 2018	-	150,000
5.0% Series due July 2018	115,000	115,000
3.75% Series due February 2021	350,000	-
5.66% Series due February 2025	175,000	175,000
6.7% Series due April 2032	-	100,000
6.0% Series due November 2032	-	100,000
5.9% Series due June 2033	100,000	100,000
6.38% Series due November 2034	60,000	60,000
5.75% Series due November 2040	225,000	-
Total mortgage bonds	1,325,000	1,200,000
Governmental Bonds (a):		
6.3% Series due 2016, Pope County (d)	-	19,500
4.6% Series due 2017, Jefferson County (d)	54,700	54,700
6.3% Series due 2020, Pope County	-	120,000
5.0% Series due 2021, Independence County (d)	45,000	45,000
Total governmental bonds	99,700	239,200
Variable Interest Entity Notes Payable (Note 4)		
5.60% Series G due September 2011	35,000	-
9% Series H due June 2013	30,000	-
5.69% Series I due July 2014	70,000	-
Total variable interest entity notes payable	135,000	-
Securitization Bonds		
2.30% Series Senior Secured due August 2021	124,100	-
Total securitization bonds	124,100	-
Other		
Long-term DOE Obligation (b)	180,919	180,683
Unamortized Premium and Discount – Net	(812)	(1,314)

Other	3	-
Total Long-Term Debt	1,863,910	1,618,569
Less Amount Due Within One Year	35,000	100,000
Long-Term Debt Excluding Amount Due Within One Year	$1,828,910	$1,518,569
Fair Value of Long-Term Debt (c)	$1,712,663	$1,463,378

Entergy Corporation and Subsidiaries
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	2010	2009
	(In Thousands)	
Entergy Gulf States Louisiana (e)		
Mortgage Bonds:		
4.875% Series due November 2011	$-	$200,000
5.70% Series due June 2015	-	200,000
5.25% Series due August 2015	-	92,120
6.00% Series due May 2018	375,000	375,000
3.95% Series due October 2020	250,000	-
5.59% Series due October 2024	300,000	300,000
6.2% Series due July 2033	240,000	240,000
6.18% Series due March 2035	85,000	85,000
Total mortgage bonds	1,250,000	1,492,120
Governmental Bonds (a):		
5.45% Series due 2010, Calcasieu Parish	-	11,975
6.75% Series due 2012, Calcasieu Parish	26,170	26,170
6.7% Series due 2013, Pointe Coupee Parish	9,460	9,460
5.7% Series due 2014, Iberville Parish	11,710	11,710
5.8% Series due 2015, West Feliciana Parish	-	15,395
7.0% Series due 2015, West Feliciana Parish	-	16,600
2.875% Series due 2015, Louisiana Public Facilities Authority (d)	31,955	-
5.8% Series due 2016, West Feliciana Parish	10,840	20,000
5.0% Series due 2028, Louisiana Public Facilities Authority (d)	83,680	-
6.6% Series due 2028, West Feliciana Parish	-	21,680
Total governmental bonds	173,815	132,990
Variable Interest Entity Notes Payable		
5.41% Series O due July 2012	60,000	-
5.56% Series N due May 2013	75,000	-
Credit Facility due July 2013, weighted avg rate 2.125%	24,200	-
Total variable interest entity notes payable	159,200	-
Other		
Unamortized Premium and Discount - Net	(2,287)	(2,372)
Other	3,604	3,603
Total Long-Term Debt	1,584,332	1,626,341
Less Amount Due Within One Year	-	11,975
Long-Term Debt Excluding Amount Due Within One Year	$1,584,332	$1,614,366

Fair Value of Long-Term Debt (c)	$1,643,514	$1,637,862

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	2010	2009
	(In Thousands)	
Entergy Louisiana		
Mortgage Bonds:		
4.67% Series due June 2010	$-	$55,000
5.83% Series due November 2010	-	150,000
5.09% Series due November 2014	-	115,000
5.56% Series due September 2015	-	100,000
6.50% Series due September 2018	300,000	300,000
5.5% Series due April 2019	-	100,000
5.40% Series due November 2024	400,000	400,000
4.44% Series due January 2026	250,000	-
7.6% Series due April 2032	-	150,000
6.4% Series due October 2034	70,000	70,000
6.3% Series due September 2035	100,000	100,000
6.0% Series due March 2040	150,000	-
5.875% Series due June 2041	150,000	-
Total mortgage bonds	1,420,000	1,540,000
Governmental Bonds (a):		
5.0% Series due 2030, Louisiana Public Facilities Authority (d)	115,000	-
Total governmental bonds	115,000	-
Variable Interest Entity Notes Payable		
5.69% Series E due July 2014	50,000	-
Total variable interest entity notes payable	50,000	-
Other Long-Term Debt		
Waterford 3 Lease Obligation 7.45% (Note 10)	223,802	241,128
Unamortized Premium and Discount - Net	(1,689)	(1,576)
Other	3	-
Total Long-Term Debt	1,807,116	1,779,552
Less Amount Due Within One Year	35,550	222,326
Long-Term Debt Excluding Amount Due Within One Year	$1,771,566	$1,557,226
Fair Value of Long-Term Debt (c)	$1,515,121	$1,565,969

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	2010	2009
	(In Thousands)	
Entergy Mississippi		
Mortgage Bonds:		
4.65% Series due May 2011	$80,000	$80,000
5.15% Series due February 2013	100,000	100,000
5.92% Series due February 2016	100,000	100,000
4.95% Series due June 2018	95,000	95,000
6.64% Series due July 2019	150,000	150,000
6.0% Series due November 2032	75,000	75,000
7.25% Series due December 2032	-	100,000
6.25% Series due April 2034	100,000	100,000
6.20% Series due April 2040	80,000	-
Total mortgage bonds	780,000	800,000
Governmental Bonds (a):		
4.60% Series due 2022, Mississippi Business Finance Corp.(d)	16,030	16,030
4.90% Series due 2022, Independence County (d)	30,000	30,000
Total governmental bonds	46,030	46,030
Other		
Unamortized Premium and Discount - Net	(652)	(726)
Total Long-Term Debt	825,378	845,304
Less Amount Due Within One Year	80,000	-
Long-Term Debt Excluding Amount Due Within One Year	$745,378	$845,304
Fair Value of Long-Term Debt (c)	$802,045	$874,131

	2010	2009
	(In Thousands)	
Entergy New Orleans		
Mortgage Bonds:		
4.98% Series due July 2010	$-	$30,000
5.25% Series due August 2013	70,000	70,000
6.75% Series due October 2017	-	25,000
5.10% Series due December 2020	25,000	-
5.6% Series due September 2024	33,738	34,097
5.65% Series due September 2029	38,546	38,950
Total mortgage bonds	167,284	198,047

Other Long-Term Debt		
Affiliate Notes Payable (f)	-	74,230
Unamortized Premium and Discount - Net	(69)	(24)
Total Long-Term Debt	167,215	272,253
Less Amount Due Within One Year	-	104,230
Long-Term Debt Excluding Amount Due Within One Year	$167,215	$168,023
Fair Value of Long-Term Debt (c)	$171,077	$198,062

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Entergy Texas

Entergy Gulf States Louisiana was primarily liable for all of the long-term debt issued by Entergy Gulf States, Inc. that was outstanding on December 31, 2007. Under a debt assumption agreement with Entergy Gulf States Louisiana, Entergy Texas assumed its pro rata share of this long-term debt, which was $1.079 billion, or approximately 46%, of which none remains outstanding at December 31, 2010. The pro rata share of the long-term debt assumed by Entergy Texas was determined by first determining the net assets for each company on a book value basis, and then calculating a debt assumption ratio that resulted in the common equity ratios for each company being approximately the same as the Entergy Gulf States, Inc. common equity ratio immediately prior to the jurisdictional separation. By June 2010, Entergy Texas had repaid the outstanding assumed debt and the debt assumption agreement was terminated.

	2010	2009
	(In Thousands)	
Mortgage Bonds share assumed under debt assumption agreement:		
4.875% Series due November 2011	$-	$28,023
5.70% Series due June 2015	-	91,592
6.18% Series due March 2035	-	38,927
Total mortgage bonds	-	158,542
Governmental Bonds share assumed under debt assumption agreement (a):		
7.0% Series due 2015, West Feliciana Parish	-	40
5.8% Series due 2016, West Feliciana Parish	-	9,160
Total governmental bonds	-	9,200
Mortgage Bonds:		
3.60% Series due June 2015	200,000	-
7.125% Series due February 2019	500,000	500,000
7.875% Series due June 2039	150,000	150,000
Total mortgage bonds	850,000	650,000
Securitization Bonds		
5.51% Series Senior Secured, Series A due October 2013	38,152	56,728
5.79% Series Senior Secured, Series A due October 2018	121,600	121,600
5.93% Series Senior Secured, Series A due June 2022	114,400	114,400
2.12% Series Senior Secured due February 2016	169,766	182,500
3.65% Series Senior Secured due August 2019	144,800	144,800
4.38% Series Senior Secured due November 2023	218,600	218,600
Total securitization bonds	807,318	838,628
Other		
Unamortized Premium and Discount - Net	(3,419)	(3,759)
Other	5,331	5,414
Total Long-Term Debt	1,659,230	1,658,025

Less Amount Due Within One Year	-	167,742
Long-Term Debt Excluding Amount Due Within One Year	$1,659,230	$1,490,283
Fair Value of Long-Term Debt (c)	$1,822,219	$1,747,348

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	2010	2009
	(In Thousands)	
System Energy		
Mortgage Bonds:		
6.2% Series due October 2012	$70,000	$70,000
Total mortgage bonds	70,000	70,000
Governmental Bonds (a):		
5.875% Series due 2022, Mississippi Business Finance Corp.	216,000	216,000
5.9% Series due 2022, Mississippi Business Finance Corp.	102,975	102,975
6.2% Series due 2026, Claiborne County	90,000	90,000
Total governmental bonds	408,975	408,975
Variable Interest Entity Notes Payable		
6.29% Series F due September 2013	70,000	-
5.33% Series G due April 2015	60,000	-
Total variable interest entity notes payable	130,000	-
Other Long-Term Debt:		
Grand Gulf Lease Obligation 5.13% (Note 10)	222,280	266,864
Unamortized Premium and Discount - Net	(789)	(864)
Other	2	-
Total Long-Term Debt	830,468	744,975
Less Amount Due Within One Year	33,740	41,715
Long-Term Debt Excluding Amount Due Within One Year	$796,728	$703,260
Fair Value of Long-Term Debt (c)	$611,837	$479,893

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

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

(c) The fair value excludes lease obligations of $224 million at Entergy Louisiana and $222 million at System Energy and long-term DOE obligations of $181 million at Entergy Arkansas, and includes debt due within one year. Fair values are based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads.

(d) The bonds are secured by a series of collateral first mortgage bonds.

(e) Entergy Gulf States Louisiana was primarily liable for all of the long-term debt issued by Entergy Gulf States, Inc. that was outstanding on December 31, 2007. Under a debt assumption agreement with Entergy Gulf States Louisiana, Entergy Texas assumed approximately 46% of this long-term debt. Entergy Gulf States Louisiana recorded an assumption asset on its balance sheet to reflect the long-term debt assumed by Entergy Texas. By June 2010, Entergy Texas had repaid the outstanding assumed debt and the debt assumption agreement was terminated.

(f) The affiliate note payable at Entergy New Orleans that was due May 2010 was classified as current notes payable - associated companies in 2009.

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The annual long-term debt maturities (excluding lease obligations and long-term DOE obligations) for debt outstanding as of December 31, 2010, for the next five years are as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
2011	$35,000	-	-	$80,000	-	-	-
2012	-	$86,170	-	-	-	-	$70,000
2013	$330,000	$108,660	-	$100,000	$70,000	$38,152	$70,000
2014	$70,000	$11,710	$50,000	-	-	-	-
2015	-	$31,955	-	-	-	$200,000	$60,000

Entergy Arkansas Securitization Bonds

In June 2010 the APSC issued a financing order authorizing the issuance of bonds to recover Entergy Arkansas's January 2009 ice storm damage restoration costs, including carrying costs of $11.5 million and $4.6 million of up-front financing costs. In August 2010, Entergy Arkansas Restoration Funding, LLC, a company wholly-owned and consolidated by Entergy Arkansas, issued $124.1 million of storm cost recovery bonds. The bonds have a coupon of 2.30% and an expected maturity date of August 2021. Although the principal amount is not due until the date given above, Entergy Arkansas Restoration Funding expects to make principal payments on the bonds over the next five years in the amount of $10.3 million for 2011, $12.2 million for 2012, $12.6 million for 2013, $12.8 million for 2014, and $13.2 million for 2015. With the proceeds, Entergy Arkansas Restoration Funding purchased from Entergy Arkansas the storm recovery property, which is the right to recover from customers through a storm recovery charge amounts sufficient to service the securitization bonds. The storm recovery property is reflected as a regulatory asset on the consolidated Entergy Arkansas balance sheet. The creditors of Entergy Arkansas do not have recourse to the assets or revenues of Entergy Arkansas Restoration Funding, including the storm recovery property, and the creditors of Entergy Arkansas Restoration Funding do not have recourse to the assets or revenues of Entergy Arkansas. Entergy Arkansas has no payment obligations to Entergy Arkansas Restoration Funding except to remit storm recovery charge collections.

Entergy Texas Securitization Bonds - Hurricane Rita

In April 2007 the PUCT issued a financing order authorizing the issuance of securitization bonds to recover $353 million of Entergy Texas's 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 that is now wholly-owned and consolidated by Entergy Texas, issued $329.5 million of senior secured transition bonds (securitization bonds) as follows:

	Amount (In Thousands)
Senior Secured Transition Bonds, Series A:	
	$93,500

Tranche A-1 (5.51%) due October 2013	
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 $19.7 million for 2011, $20.8 million for 2012, $21.9 million for 2013, $23.2 million for 2014, and $24.6 million for 2015. All of the scheduled principal payments for 2011-2012 are for Tranche A-1, except for $2.3 million for Tranche A-2 in 2012, and all of the scheduled principal payments for 2013-2015 are for Tranche A-2.

With the proceeds, Entergy Gulf States Reconstruction Funding purchased from Entergy Texas the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. The transition property is reflected as a regulatory asset on the consolidated Entergy Texas balance sheet. The creditors of Entergy Texas 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 do not have recourse to the assets or revenues of Entergy Texas. Entergy Texas has no payment obligations to Entergy Gulf States Reconstruction Funding except to remit transition charge collections.

Entergy Texas Securitization Bonds - Hurricane Ike and Hurricane Gustav

In September 2009 the PUCT authorized the issuance of securitization bonds to recover $566.4 million of Entergy Texas's Hurricane Ike and Hurricane Gustav restoration costs, plus carrying costs and transaction costs, offset by insurance proceeds. In November 2009, Entergy Texas Restoration funding, LLC (Entergy Texas Restoration Funding), a company wholly-owned and consolidated by Entergy Texas, issued $545.9 million of senior secured transition bonds (securitization bonds), as follows:

	Amount (In Thousands)
Senior Secured Transition Bonds	
Tranche A-1 (2.12%) due February 2016	$182,500
Tranche A-2 (3.65%) due August 2019	144,800
Tranche A-3 (4.38%) due November 2023	218,600
Total senior secured transition bonds	$545,900

Although the principal amount of each tranche is not due until the dates given above, Entergy Texas Restoration Funding expects to make principal payments on the bonds over the next five years in the amount of $37.8 million for 2011, $38.6 million for 2012, $39.4 million for 2013, $40.2 million for 2014, and $41.2 million for 2015. All of the expected principal payments for 2011-2014 are for Tranche A-1 and $13.8 million of the scheduled principal payments for 2015 are for Tranche A-1 and $27.4 million are for Tranche A-2.

With the proceeds, Entergy Texas Restoration Funding purchased from Entergy Texas the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. The transition property is reflected as a regulatory asset on the consolidated Entergy Texas balance sheet. The creditors of Entergy Texas do not have recourse to the assets or revenues of Entergy Texas Restoration Funding, including the transition property, and the creditors of Entergy Texas Restoration Funding do not have recourse to the assets or revenues of Entergy Texas. Entergy Texas has no payment obligations to Entergy Texas Restoration Funding except to remit transition charge collections.

Entergy Texas Note Payable to Entergy Corporation

In December 2008, Entergy Texas borrowed $160 million from its parent company, Entergy Corporation, under a $300 million revolving credit facility pursuant to an Inter-Company Credit Agreement between Entergy Corporation and Entergy Texas. The note had a December 3, 2013 maturity date. Entergy Texas used the proceeds, together with other available corporate funds, to pay at maturity the portion of the $350 million Floating Rate series of First Mortgage Bonds due December 2008 that had been assumed by Entergy Texas, and that bond series is no longer outstanding. In January 2009, Entergy Texas repaid its $160 million note payable to Entergy Corporation with the proceeds from the issuance of $500 million of 7.125% Series mortgage bonds in January 2009.

Entergy New Orleans Affiliate Notes

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. In May 2010, Entergy New Orleans repaid, at maturity, the notes payable.

NOTE 6. PREFERRED EQUITY (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans)

The number of shares and units authorized and outstanding and dollar value of preferred stock, preferred membership interests, and minority interest for Entergy Corporation subsidiaries as of December 31, 2010 and 2009 are presented below. All series of the Utility preferred stock are redeemable at the option of the related company.

	Shares/Units Authorized		Shares/Units Outstanding			
	2010	2009	2010	2009	2010	2009
Entergy Corporation					(Dollars in Thousands)	
Utility:						
Preferred Stock or Preferred Membership Interests without sinking fund:						
Entergy Arkansas, 4.32%-6.45% Series	3,413,500	3,413,500	3,413,500	3,413,500	$116,350	$116,350
Entergy Gulf States Louisiana, Series A 8.25 %	100,000	100,000	100,000	100,000	10,000	10,000
Entergy Louisiana, 6.95% Series (a)	1,000,000	1,000,000	840,000	840,000	84,000	84,000
Entergy Mississippi, 4.36%-6.25% Series	1,403,807	1,403,807	1,403,807	1,403,807	50,381	50,381
Entergy New Orleans, 4.36%-5.56% Series	197,798	197,798	197,798	197,798	19,780	19,780
Total Utility Preferred Stock or Preferred Membership Interests without sinking fund	6,115,105	6,115,105	5,955,105	5,955,105	280,511	280,511

Entergy Wholesale Commodities:						
Preferred Stock without sinking fund:						
Entergy Asset Management, 8.95% rate (b)	1,000,000	1,000,000	305,240	305,240	29,375	29,375
Other	-	-	-	-	852	1,457
Total Subsidiaries' Preferred Stock without sinking fund	7,115,105	7,115,105	6,260,345	6,260,345	$310,738	$311,343

(a) In 2007, Entergy Louisiana Holdings, an Entergy subsidiary, purchased 160,000 of these shares from the holders.

(b) Upon the sale of Class B preferred shares in December 2009, Entergy Asset Management had issued and outstanding Class A and Class B preferred shares. The preferred stockholders' agreement provides that during the 180 day period prior to each December 31 either Entergy Asset Management or the majority Class A or Class B preferred shareholders, each acting separately as a class, may request that the preferred dividend rate for the respective class be reset. If Entergy Asset Management and the respective preferred shareholders are unable to agree on a dividend reset rate, the preferred shareholder can request that its shares be sold to a third party ("Sale Election"). If Entergy Asset Management is unable to enter into an agreement in principle to sell the preferred shares within 75 days, the Class A preferred shareholders have the right to take control of the Entergy Asset Management board of directors for the purpose of liquidating the assets of Entergy Asset Management in order to repay the Class A preferred shares and any accrued dividends. Upon the sale of Class A shares resulting from a Sale Election or a liquidation transaction by the Class A preferred shareholders, Class B shareholders have the option to exchange their shares for shares of Class A preferred stock.

All outstanding preferred stock and membership interests are cumulative.

At December 31, 2010 and 2009, Entergy Gulf States Louisiana had outstanding 100,000 units of no par value 8.25% Series Preferred Membership Interests that were initially issued by Entergy Gulf States, Inc. as preference stock. The preference shares were converted into the preferred units as part of the jurisdictional separation. The distributions are cumulative and payable quarterly beginning March 15, 2008. The preferred membership interests are redeemable on or after December 15, 2015, at Entergy Gulf States Louisiana's option, at the fixed redemption price of $100 per unit.

The number of shares and units authorized and outstanding and dollar value of preferred stock and membership interests for Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans as of December 31, 2010 and 2009 are presented below. All series of the Utility operating companies' preferred stock and membership interests are redeemable at the respective company's option at the call prices presented. Dividends and distributions paid on all of Entergy's preferred stock and membership interests series are eligible for the dividends received deduction. The dividends received deduction is limited by Internal Revenue Code section 244 for the following preferred stock series: Entergy Arkansas 4.72%, Entergy Mississippi 4.56%, and Entergy New Orleans 4.75%.

	Shares Authorized and Outstanding		Dollars (In Thousands)		Call Price per Share as of December 31, 2010
	2010	2009	2010	2009	2010
Entergy Arkansas Preferred Stock Without sinking fund:					
Cumulative, $100 par value:					
4.32% Series	70,000	70,000	$7,000	$7,000	$103.65
4.72% Series	93,500	93,500	9,350	9,350	$107.00
4.56% Series	75,000	75,000	7,500	7,500	$102.83
4.56% 1965 Series	75,000	75,000	7,500	7,500	$102.50
6.08% Series	100,000	100,000	10,000	10,000	$102.83
Cumulative, $25 par value:					
6.45% Series (a)	3,000,000	3,000,000	75,000	75,000	$-
Total without sinking fund	3,413,500	3,413,500	$116,350	$116,350	

	Shares/Units Authorized and Outstanding		Dollars (In Thousands)		Call Price per Share/Unit as of

					December 31,
	2010	2009	2010	2009	2010
Entergy Gulf States Louisiana					
Preferred Membership Interests					
Without sinking fund:					
Cumulative, $100 liquidation value:					
8.25% Series (b)	100,000	100,000	$10,000	$10,000	$-
Total without sinking fund	100,000	100,000	$10,000	$10,000	

	Units Authorized and Outstanding		Dollars (In Thousands)		Call Price per Unit as of December 31,
	2010	2009	2010	2009	2010
Entergy Louisiana					
Preferred Membership Interests					
Without sinking fund:					
Cumulative, $100 liquidation value:					
6.95% Series (c)	1,000,000	1,000,000	$100,000	$100,000	$-
Total without sinking fund	1,000,000	1,000,000	$100,000	$100,000	

	Shares Authorized and Outstanding		Dollars (In Thousands)		Call Price per Share as of December 31,
	2010	2009	2010	2009	2010
Entergy Mississippi Preferred Stock					
Without sinking fund:					
Cumulative, $100 par value:					
4.36% Series	59,920	59,920	$5,992	$5,992	$103.88
4.56% Series	43,887	43,887	4,389	4,389	$107.00
4.92% Series	100,000	100,000	10,000	10,000	$102.88
Cumulative, $25 par value					
6.25% Series (d)	1,200,000	1,200,000	30,000	30,000	$-
Total without sinking fund	1,403,807	1,403,807	$50,381	$50,381	

	Shares Authorized and Outstanding		Dollars (In Thousands)		Call Price per Share as of December 31,
	2010	2009	2010	2009	2010
Entergy New Orleans Preferred Stock					
Without sinking fund:					
Cumulative, $100 par value:					
4.36% Series	60,000	60,000	$6,000	$6,000	$104.58
4.75% Series	77,798	77,798	7,780	7,780	$105.00
5.56% Series	60,000	60,000	6,000	6,000	$102.59
Total without sinking fund	197,798	197,798	$19,780	$19,780	

(a) Series is non-callable until April 2011; thereafter callable at par.
(b) Series is non-callable until January 2016; thereafter callable at par.
(c) Series is callable at par.
(d) Series is callable at par.

NOTE 7. COMMON EQUITY (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Common Stock

Common stock and treasury stock shares activity for Entergy for 2010, 2009, and 2008 is as follows:

	2010		2009		2008	
	Common Shares Issued	Treasury Shares	Common Shares Issued	Treasury Shares	Common Shares Issued	Treasury Shares
Beginning Balance, January 1	254,752,788	65,634,580	248,174,087	58,815,518	248,174,087	55,053,847
Equity Unit Transaction	-	-	6,578,701	-	-	-
Repurchases	-	11,490,551	-	7,680,000	-	4,792,299
Issuances:						
Employee Stock-Based Compensation Plans	-	(1,113,411)	-	(856,390)	-	(1,025,408)
Directors' Plan	-	(4,800)	-	(4,548)	-	(5,220)
Ending Balance, December 31	254,752,788	76,006,920	254,752,788	65,634,580	248,174,087	58,815,518

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In December 2005, Entergy Corporation sold 10 million equity units with a stated amount of $50 each. An equity unit consisted of (1) a note, initially due February 2011 and initially bearing interest at an annual rate of 5.75%, and (2) a purchase contract that obligated the holder of the equity unit to purchase for $50 between 0.5705 and 0.7074 shares of Entergy Corporation common stock on or before February 17, 2009. Entergy paid the holders quarterly contract adjustment payments of 1.875% per year on the stated amount of $50 per equity unit. Under the terms of the purchase contracts, Entergy attempted to remarket the notes in February 2009 but was unsuccessful, the note holders put the notes to Entergy, Entergy retired the notes, and Entergy issued shares of common stock to settle the purchase contracts.

Entergy Corporation reissues treasury shares to meet the requirements of the Stock Plan for Outside Directors (Directors' Plan), two Equity Ownership Plans of Entergy Corporation and Subsidiaries, the Equity Awards Plan of Entergy Corporation and Subsidiaries, and certain other stock benefit plans. The Directors' Plan awards to non-employee directors a portion of their compensation in the form of a fixed number of shares of Entergy Corporation common stock.

In January 2007, the Board approved a repurchase program that authorized Entergy to repurchase up to $1.5 billion of its common stock. In January 2008, the Board authorized an incremental $500 million share repurchase program to enable Entergy to consider opportunistic purchases in response to equity market conditions. Entergy completed both the $1.5 billion and $500 million programs in the third quarter 2009. In October 2009, the Board granted authority for an additional $750 million share repurchase program which was completed in the fourth quarter 2010. In October 2010, the Board granted authority for an additional $500 million share repurchase program.

Retained Earnings and Dividend Restrictions

Provisions within the articles of incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries could restrict the payment of cash dividends or other distributions on their common and preferred equity. As of December 31, 2010, under provisions in their mortgage indentures, Entergy Arkansas and Entergy Mississippi had retained earnings unavailable for distribution to Entergy Corporation of $458 million and $241 million, respectively, and Entergy Louisiana had member's equity unavailable for distribution to Entergy Corporation of $465 million. Entergy Corporation received dividend payments from subsidiaries totaling $580 million in 2010, $417 million in 2009, and $313 million in 2008.

Comprehensive Income

Accumulated other comprehensive income (loss) is included in the equity section of the balance sheets of Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana. Accumulated other comprehensive income (loss) in the balance sheets included the following components:

Entergy		Entergy Gulf States Louisiana		Entergy Louisiana	
December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
(In Thousands)					

Cash flow hedges net unrealized gain	$106,258	$117,943	$-	$-	$-	$-
Pension and other postretirement liabilities	(276,466)	(267,939)	(40,304)	(42,171)	(24,962)	(25,539)
Net unrealized investment gains	129,685	72,162	-	-	-	-
Foreign currency translation	2,311	2,649	-	-	-	-
Total	($38,212)	($75,185)	($40,304)	($42,171)	($24,962)	($25,539)

Other comprehensive income and total comprehensive income for years ended December 31, 2010, 2009, and 2008 are presented in Entergy's, Entergy Gulf States Louisiana's, and Entergy Louisiana's Statements of Changes in Equity and Comprehensive Income.

NOTE 8. COMMITMENTS AND CONTINGENCIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy and the Registrant Subsidiaries are involved in a number of legal, regulatory, and tax proceedings before various courts, regulatory commissions, and governmental agencies in the ordinary course of business. While management is unable to predict the outcome of such proceedings, management does not believe that the ultimate resolution of these matters will have a material adverse effect on Entergy's results of operations, cash flows, or financial condition. Entergy discusses regulatory proceedings in Note 2 to the financial statements and discusses tax proceedings in Note 3 to the financial statements.

Vidalia Purchased Power Agreement

Entergy Louisiana has an agreement extending through the year 2031 to purchase energy generated by a hydroelectric facility known as the Vidalia project. Entergy Louisiana made payments under the contract of approximately $216.5 million in 2010, $204.9 million in 2009, and $166.5 million in 2008. If the maximum percentage (94%) of the energy is made available to Entergy Louisiana, current production projections would require estimated payments of approximately $170.2 million in 2011, and a total of $2.64 billion for the years 2012 through 2031. Entergy Louisiana currently recovers the costs of the purchased energy through its fuel adjustment clause. In an LPSC-approved settlement related to tax benefits from the tax treatment of the Vidalia contract, Entergy Louisiana agreed to credit rates by $11 million each year for up to ten years, beginning in October 2002. In addition, in accordance with an LPSC settlement, Entergy Louisiana credited rates in August 2007 by $11.8 million (including interest) as a result of a settlement with the IRS of the 2001 tax treatment of the Vidalia contract. Entergy Louisiana agreed to credit ratepayers additional amounts unless the tax accounting election was not sustained. During the years 2013-2031, Entergy Louisiana and its ratepayers would share the remaining benefits of this tax accounting election. The provisions of the settlement also provide that the LPSC shall not recognize or use Entergy Louisiana's use of the cash benefits from the tax treatment in setting any of Entergy Louisiana's rates. Therefore, to the extent Entergy Louisiana's use of the proceeds would ordinarily have reduced its rate base, no change in rate base shall be reflected for ratemaking purposes.

Nuclear Insurance

Third Party Liability Insurance

The Price-Anderson Act requires that reactor licensees purchase insurance and participate in a secondary insurance pool that provides insurance coverage for the public in the event of a nuclear power plant accident. The costs of this insurance are borne by the nuclear power industry. Congress amended and renewed the Price-Anderson Act in 2005 for a term through 2025. The Price-Anderson Act requires nuclear power plants to show evidence of financial protection in the event of a nuclear accident. This protection must consist of two layers of coverage:

1. The primary level is private insurance underwritten by American Nuclear Insurers and provides public liability insurance coverage of $375 million. If this amount is not sufficient to cover claims arising from an accident, the

second level, Secondary Financial Protection, applies.

2. Within the Secondary Financial Protection level, each nuclear reactor has a contingent obligation to pay a retrospective premium, equal to its proportionate share of the loss in excess of the primary level, regardless of proximity to the incident or fault, up to a maximum of $117.5 million per reactor per incident (Entergy's maximum total contingent obligation per incident is $1.3 billion). This consists of a $111.9 million maximum retrospective premium plus a five percent surcharge, which equates to $117.5 million, that may be payable, if needed, at a rate that is currently set at $17.5 million per year per incident per nuclear power reactor. There is no limitation for terrorist acts as there had been in the past.

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Currently, 104 nuclear reactors are participating in the Secondary Financial Protection program. The product of the maximum retrospective premium assessment to the nuclear power industry and the number of nuclear power reactors provides over $12.2 billion in secondary layer insurance coverage to compensate the public in the event of a nuclear power reactor accident. The Price-Anderson Act provides that all potential liability for a nuclear accident is limited to the amounts of insurance coverage available under the primary and secondary layers.

Entergy Arkansas has two licensed reactors and Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy each have one licensed reactor (10% of Grand Gulf is owned by a non-affiliated company (SMEPA) that would share on a pro-rata basis in any retrospective premium assessment to System Energy under the Price-Anderson Act). The Entergy Wholesale Commodities segment includes the ownership and operation of six nuclear power reactors and the ownership of the shutdown Indian Point 1 reactor and Big Rock Point facility.

Property Insurance

Entergy's nuclear owner/licensee subsidiaries are members of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage, including decontamination and premature decommissioning expense, to the members' nuclear generating plants. Effective April 1, 2010, Entergy was insured against such losses per the following structures:

Utility Plants (ANO 1 and 2, Grand Gulf, River Bend, and Waterford 3)

- Primary Layer (per plant) - $500 million per occurrence
- Excess Layer (per plant) - $750 million per occurrence
- Blanket Layer (shared among the Utility plants) - $350 million per occurrence
- Total limit - $1.6 billion per occurrence
- Deductibles:
- $2.5 million per occurrence - Turbine/generator damage
- $2.5 million per occurrence - Other than turbine/generator damage
- $10 million per occurrence plus 10% of amount above $10 million - Damage from a windstorm, flood, earthquake, or volcanic eruption

Note: ANO 1 and 2 share in the primary and excess layers with common policies because the policies are issued on a per site basis.

Entergy Wholesale Commodities Plants (Indian Point, FitzPatrick, Pilgrim, Vermont Yankee, Palisades, and Big Rock Point)

- Primary Layer (per plant) - $500 million per occurrence
- Excess Layer - $615 million per occurrence
- Total limit - $1.115 billion per occurrence
- Deductibles:
- $2.5 million per occurrence - Turbine/generator damage
- $2.5 million per occurrence - Other than turbine/generator damage
- $10 million per occurrence plus 10% of amount above $10 million - Damage from a windstorm, flood, earthquake, or volcanic eruption

Note: The Indian Point Units share in the primary and excess layers with common policies because the policies are issued on a per site basis. Big Rock Point has its own primary policy with no excess coverage.

In addition, Waterford 3, Grand Gulf, and the Entergy Wholesale Commodities plants are also covered under NEIL's Accidental Outage Coverage program. This coverage provides certain fixed indemnities in the event of an unplanned outage that results from a covered NEIL property damage loss, subject to a deductible and a waiting period. The following summarizes this coverage effective April 1, 2010:

Waterford 3

- $2.95 million weekly indemnity
- $413 million maximum indemnity
- Deductible: 26 week waiting period

Grand Gulf

- $400,000 weekly indemnity (total for four policies)
- $56 million maximum indemnity (total for four policies)
- Deductible: 26 week waiting period

Indian Point 2, Indian Point 3, and Palisades

- $4.5 million weekly indemnity
- $490 million maximum indemnity
- Deductible: 12 week waiting period

FitzPatrick and Pilgrim

- $4.0 million weekly indemnity
- $490 million maximum indemnity
- Deductible: 12 week waiting period

Vermont Yankee

- $3.5 million weekly indemnity
- $435 million maximum indemnity
- Deductible: 12 week waiting period

Under the property damage and accidental outage insurance programs, all NEIL insured plants could be subject to assessments should losses exceed the accumulated funds available from NEIL. Effective April 1, 2010, the maximum amounts of such possible assessments per occurrence were as follows:

	Assessments (In Millions)
Utility:	
Entergy Arkansas	$21.3
Entergy Gulf States Louisiana	$16.3
Entergy Louisiana	$19.3
	$0.07

Entergy Mississippi	
Entergy New Orleans	$0.07
Entergy Texas	N/A
System Energy	$15.3
Entergy Wholesale Commodities	$-

Potential assessments for the Entergy Wholesale Commodities plants are covered by insurance obtained through NEIL’s reinsurers.

Entergy maintains property insurance for its nuclear units in excess of the NRC's minimum requirement of $1.06 billion per site for nuclear power plant licensees. NRC regulations provide that the proceeds of this insurance must be used, first, to render the reactor safe and stable, and second, to complete decontamination operations. Only after proceeds are dedicated for such use and regulatory approval is secured would any remaining proceeds be made available for the benefit of plant owners or their creditors.

In the event that one or more acts of terrorism causes property damage under one or more or all nuclear insurance policies issued by NEIL (including, but not limited to, those described above) within 12 months from the date the first property damage occurs, the maximum recovery under all such nuclear insurance policies shall be an aggregate of $3.24 billion plus the additional amounts recovered for such losses from reinsurance, indemnity, and any other sources applicable to such losses. The Terrorism Risk Insurance Reauthorization Act of 2007 created a government program that provides for up to $100 billion in coverage in excess of existing coverage for a terrorist event.

Conventional Property Insurance

Entergy's conventional property insurance program provides coverage of up to $400 million on an Entergy system-wide basis for all operational perils (direct physical loss or damage due to machinery breakdown, electrical failure, fire, lightning, hail, or explosion) on an "each and every loss" basis; up to $400 million in coverage for certain natural perils (direct physical loss or damage due to earthquake, tsunami, flood, ice storm, and tornado) on an annual aggregate basis; and up to $125 million for certain other natural perils (direct physical loss or damage due to a named windstorm or storm surge) on an annual aggregate basis. The conventional property insurance program provides up to $50 million in coverage for the Entergy New Orleans gas distribution system on an annual aggregate basis. The coverage is subject to a $20 million self-insured retention per occurrence for operational perils and a $35 million self-insured retention per occurrence for natural perils and for the Entergy New Orleans gas distribution system.

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 layer consists of a $65 million layer in excess of the self-insured retention and the excess layer consists of a $335 million layer in excess of the $65 million primary layer. Both layers are placed on a quota share basis through several insurers. This coverage is in place for Entergy Corporation, the Registrant Subsidiaries, and certain other Entergy subsidiaries, including the owners of the nuclear power plants in the Entergy Wholesale Commodities segment.

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, except for properties that are damaged by flooding and properties whose values are greater than $20 million; these properties have a $500,000 deductible.

Gas System Rebuild Insurance Proceeds (Entergy New Orleans)

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

Employment and Labor-related Proceedings

The Registrant Subsidiaries and other Entergy subsidiaries are responding to various lawsuits in both state and federal courts and to other labor-related proceedings filed by current and former employees and third parties not selected for open positions. 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. Management believes that loss exposure has been and will continue to be handled so that the ultimate resolution of these matters will not be material, in the aggregate, to the financial position, results of operation, or cash flows of Entergy or the Utility operating companies.

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

Numerous lawsuits have been filed in federal and state courts primarily in Texas and Louisiana, primarily by contractor employees who worked in the 1940-1980s timeframe, against Entergy Gulf States Louisiana and Entergy Texas, and to a lesser extent the other Utility operating companies, as premises owners of power plants, for damages caused by alleged exposure to asbestos. Many other defendants are named in these lawsuits as well. Currently, there are approximately 500 lawsuits involving approximately 5,000 claimants. Management believes that adequate provisions have been established to cover any exposure. Additionally, negotiations continue with insurers to recover reimbursements. Management believes that loss exposure has been and will continue to be handled so that the ultimate resolution of these matters will not be material, in the aggregate, to the financial position, results of operation, or cash flows of the Utility operating companies.

Grand Gulf - Related Agreements

Capital Funds Agreement (System Energy)

System Energy has entered into agreements with Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans whereby they are obligated to purchase their respective entitlements of capacity and energy from System Energy's interest in Grand Gulf, and to make payments that, together with other available funds, are adequate to cover System Energy's operating expenses. System Energy would have to secure funds from other sources, including Entergy Corporation's obligations under the Capital Funds Agreement, to cover any shortfalls from payments received from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under these agreements.

Unit Power Sales Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

System Energy has agreed to sell all of its share of capacity and energy from Grand Gulf to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans in accordance with specified percentages (Entergy Arkansas-36%, Entergy Louisiana-14%, Entergy Mississippi-33%, and Entergy New Orleans-17%) as ordered by the FERC. Charges under this agreement are paid in consideration for the purchasing companies' respective entitlement to receive capacity and energy and are payable irrespective of the quantity of energy delivered so long as the unit remains in commercial operation. The agreement will remain in effect until terminated by the parties and the termination is approved by the FERC, most likely upon Grand Gulf's retirement from service. Monthly obligations are based on actual capacity and energy costs. The average monthly payments for 2010 under the agreement are approximately $17.1 million for Entergy Arkansas, $6.9 million for Entergy Louisiana, $14.2 million for Entergy Mississippi, and $8.3 million for Entergy New Orleans.

Availability Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans are individually obligated to make payments or subordinated advances to System Energy in accordance with stated percentages (Entergy Arkansas-17.1%, Entergy Louisiana-26.9%, Entergy Mississippi-31.3%, and Entergy New Orleans-24.7%) in amounts that, when added to amounts received under the Unit Power Sales Agreement or otherwise, are adequate to cover all of System Energy's operating expenses as defined, including an amount sufficient to amortize the cost of Grand Gulf 2 over 27 years. (See Reallocation Agreement terms below.) System Energy has assigned its rights to payments and advances to certain creditors as security for certain obligations. Since commercial operation of Grand Gulf began, payments under the Unit Power Sales Agreement have exceeded the amounts payable under the Availability Agreement. Accordingly, no payments under the Availability Agreement have ever been required. If Entergy Arkansas or Entergy Mississippi fails to make its Unit Power Sales Agreement payments, and System Energy is unable to obtain funds from other sources, Entergy Louisiana and Entergy New Orleans could become subject to claims or demands by System Energy or its creditors for payments or advances under the Availability Agreement (or the assignments thereof) equal to the difference between their required Unit Power Sales Agreement payments and their required Availability Agreement payments.

Reallocation Agreement (Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy)

System Energy, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans entered into the Reallocation Agreement relating to the sale of capacity and energy from Grand Gulf and the related costs, in which Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans agreed to assume all of Entergy Arkansas's responsibilities and obligations with respect to Grand Gulf under the Availability Agreement. FERC's decision allocating a portion of Grand Gulf capacity and energy to Entergy Arkansas supersedes the Reallocation Agreement as it relates to Grand Gulf. Responsibility for any Grand Gulf 2 amortization amounts has been individually allocated (Entergy Louisiana-26.23%, Entergy Mississippi-43.97%, and Entergy New Orleans-29.80%) under the terms of the Reallocation Agreement. However, the Reallocation Agreement does not affect Entergy Arkansas's obligation to System Energy's lenders under the assignments referred to in the preceding paragraph. Entergy Arkansas would be liable for its share of such amounts if Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans were unable to meet their contractual obligations. No payments of any amortization amounts will be required so long as amounts paid to System Energy under the Unit Power Sales Agreement, including other funds available to System Energy, exceed amounts required under the Availability Agreement, which is expected to be the case for the foreseeable future.

Reimbursement Agreement (System Energy)

In December 1988, in two separate but substantially identical transactions, System Energy sold and leased back undivided ownership interests in Grand Gulf for the aggregate sum of $500 million. The interests represent approximately 11.5% of Grand Gulf. During the term of the leases, System Energy is required to maintain letters of credit for the equity investors to secure certain amounts payable to the equity investors under the transactions.

Under the provisions of the reimbursement agreement relating to the letters of credit, System Energy has agreed to a number of covenants regarding the maintenance of certain capitalization and fixed charge coverage ratios. System Energy agreed, during the term of the reimbursement agreement, to maintain a ratio of debt to total liabilities and equity less than or equal to 70%. In addition, System Energy must maintain, with respect to each fiscal quarter during the term of the reimbursement agreement, a ratio of adjusted net income to interest expense of at least 1.50 times earnings. As of December 31, 2010, System Energy was in compliance with these covenants.

NOTE 9. ASSET RETIREMENT OBLIGATIONS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Accounting standards require the recording of liabilities for all legal obligations associated with the retirement of long-lived assets that result from the normal operation of those assets. For Entergy, substantially all of its asset retirement obligations consist of its liability for decommissioning its nuclear power plants. In addition, an insignificant amount of removal costs associated with non-nuclear power plants is also included in the decommissioning line item on the balance sheets.

These liabilities are recorded at their fair values (which are the present values of the estimated future cash outflows) in the period in which they are incurred, with an accompanying addition to the recorded cost of the long-lived asset. The asset retirement obligation is accreted each year through a charge to expense, to reflect the time value of money for this present value obligation. The accretion will continue through the completion of the asset retirement activity. The amounts added to the carrying amounts of the long-lived assets will be depreciated over the useful lives of the assets. The application of accounting standards related to asset retirement obligations is earnings neutral to the rate-regulated business of the Registrant Subsidiaries.

In accordance with ratemaking treatment and as required by regulatory accounting standards, the depreciation provisions for the Registrant Subsidiaries include a component for removal costs that are not asset retirement obligations under accounting standards. In accordance with regulatory accounting principles, the Registrant Subsidiaries have recorded regulatory assets (liabilities) in the following amounts to reflect their estimates of the difference between estimated incurred removal costs and estimated removal costs recovered in rates:

	December 31, 2010	2009
	(In Millions)	
Entergy Arkansas	($24.0)	($7.3)
Entergy Gulf States Louisiana	($24.9)	($7.5)
Entergy Louisiana	($52.9)	($21.7)
Entergy Mississippi	$46.1	$44.5
Entergy New Orleans	$15.4	$15.2
Entergy Texas	$7.3	$7.2
System Energy	$12.2	$13.9

The cumulative decommissioning and retirement cost liabilities and expenses recorded in 2010 by Entergy were as follows:

	Liabilities as of December 31, 2009	Accretion	Change in Cash Flow Estimate	Spending	Liabilities as of December 31, 2010

		(In Millions)			
Utility:					
Entergy Arkansas	$566.4	$35.8	$-	$-	$602.2
Entergy Gulf States Louisiana	$321.2	$18.7	$-	$-	$339.9
Entergy Louisiana	$298.2	$23.0	$-	$-	$321.2
Entergy Mississippi	$5.1	$0.3	$-	$-	$5.4
Entergy New Orleans	$3.2	$0.2	$-	$-	$3.4
Entergy Texas	$3.4	$0.2	$-	$-	$3.6
System Energy	$421.4	$31.4	$-	$-	$452.8
Entergy Wholesale Commodities	$1,320.6	$107.6	$-	($8.2)	$1,420.0

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The cumulative decommissioning and retirement cost liabilities and expenses recorded in 2009 by Entergy were as follows:

	Liabilities as of December 31, 2008	Accretion	Change in Cash Flow Estimate	Spending	Liabilities as of December 31, 2009
			(In Millions)		
Utility:					
Entergy Arkansas	$540.7	$34.6	($8.9)	$-	$566.4
Entergy Gulf States Louisiana	$222.9	$19.6	$78.7	$-	$321.2
Entergy Louisiana	$276.8	$21.4	$-	$-	$298.2
Entergy Mississippi	$4.8	$0.3	$-	$-	$5.1
Entergy New Orleans	$3.0	$0.2	$-	$-	$3.2
Entergy Texas	$3.3	$0.1	$-	$-	$3.4
System Energy	$396.2	$29.4	($4.2)	$-	$421.4
Entergy Wholesale Commodities	$1,229.9	$99.3	$-	($8.6)	$1,320.6

Entergy periodically reviews and updates estimated decommissioning costs. The actual decommissioning costs may vary from the estimates because of regulatory requirements, changes in technology, and increased costs of labor, materials, and equipment. As described below, during 2009 Entergy updated decommissioning cost estimates for certain nuclear power plants. There were no updates to decommissioning cost estimates for 2010.

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

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

In the fourth quarter 2009, Entergy Gulf States Louisiana recorded a revision to its estimated decommissioning cost liabilities for River Bend as a result of a revised decommissioning cost study. The revised estimate resulted in a $78.7 million increase in its decommissioning liability, along with a corresponding increase in the related asset retirement obligation asset that will be depreciated over the remaining life of the units.

For the Indian Point 3 and FitzPatrick plants purchased in 2000, NYPA retained the decommissioning trusts and the decommissioning liability. NYPA and Entergy subsidiaries executed decommissioning agreements, which specify their decommissioning obligations. NYPA has the right to require the Entergy subsidiaries to assume the decommissioning liability provided that it assigns the corresponding decommissioning trust, up to a specified level, to the Entergy subsidiaries. If the decommissioning liability is retained by NYPA, the Entergy subsidiaries will perform the decommissioning of the plants at a price equal to the lesser of a pre-specified level or the amount in the decommissioning trusts. Entergy recorded an asset representing its estimate of the present value of the difference between the stipulated contract amount for decommissioning the plants less the decommissioning cost estimated in an independent decommissioning cost study. The asset is increased by monthly accretion based on the applicable discount rate necessary to ultimately provide for the estimated future value of the decommissioning contract. The monthly accretion is recorded as interest income.

Entergy maintains decommissioning trust funds that are committed to meeting the costs of decommissioning the nuclear power plants. The fair values of the decommissioning trust funds and the related asset retirement obligation regulatory assets of Entergy as of December 31, 2010 are as follows:

	Decommissioning Trust Fair Values	Regulatory Asset
	(In Millions)	
Utility:		
ANO 1 and ANO 2	$520.8	$161.4
River Bend	$393.6	$10.9
Waterford 3	$240.5	$104.2
Grand Gulf	$387.9	$98.3
Entergy Wholesale Commodities	$2,052.9	$-

The fair values of the decommissioning trust funds and the related asset retirement obligation regulatory assets of Entergy as of December 31, 2009 are as follows:

	Decommissioning Trust Fair Values	Regulatory Asset
	(In Millions)	
Utility:		
ANO 1 and ANO 2	$440.2	$173.7
River Bend	$349.5	$11.0
Waterford 3	$209.1	$91.0
Grand Gulf	$327.0	$97.8
Entergy Wholesale Commodities	$1,885.4	$-

NOTE 10. LEASES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

General

As of December 31, 2010, Entergy had capital leases and non-cancelable operating leases for equipment, buildings, vehicles, and fuel storage facilities (excluding nuclear fuel leases and the Grand Gulf and Waterford 3 sale and leaseback transactions) with minimum lease payments as follows:

	Operating	Capital

Year	Leases	Leases
	(In Thousands)	
2011	$88,316	$6,494
2012	77,006	6,494
2013	69,160	6,494
2014	70,589	4,694
2015	53,828	4,694
Years thereafter	187,404	43,497
Minimum lease payments	546,303	72,367
Less: Amount representing interest	-	29,405
Present value of net minimum lease payments	$546,303	$42,962

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Total rental expenses for all leases (excluding nuclear fuel leases and the Grand Gulf and Waterford 3 sale and leaseback transactions) amounted to $80.8 million in 2010, $71.6 million in 2009, and $66.4 million in 2008.

As of December 31, 2010, the Registrant Subsidiaries had capital leases and non-cancelable operating leases for equipment, buildings, vehicles, and fuel storage facilities (excluding nuclear fuel leases and the sale and leaseback transactions) with minimum lease payments as follows:

Capital Leases

Year	Entergy Arkansas	Entergy Mississippi
	(In Thousands)	
2011	$237	$3,370
2012	237	3,370
2013	237	3,370
2014	237	1,570
2015	237	1,570
Years thereafter	1,146	3,140
Minimum lease payments	2,331	16,390
Less: Amount representing interest	1,028	3,655
Present value of net minimum lease payments	$1,303	$12,735

Operating Leases

Year	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
2011	$23,214	$11,231	$9,727	$6,168	$1,379	$5,005
2012	22,158	10,904	8,930	5,488	1,271	4,817
2013	20,824	10,334	8,025	5,018	1,227	4,612
2014	19,243	17,427	6,820	4,382	1,061	3,636
2015	20,565	8,094	4,797	3,390	961	1,538
Years thereafter	12,859	67,499	2,884	8,439	1,324	2,049
Minimum lease payments	$118,863	$125,489	$41,183	$32,885	$7,223	$21,657

Rental Expenses

Year	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
2010	$13.0	$12.5	$11.7	$5.5	$1.7	$7.4	$1.4
2009	$12.0	$11.6	$10.7	$5.3	$1.6	$9.9	$1.3
2008	$11.4	$11.6	$9.9	$5.6	$1.5	$7.8	$1.1

In addition to the above rental expense, railcar operating lease payments and oil tank facilities lease payments are recorded in fuel expense in accordance with regulatory treatment. Railcar operating lease payments were $8.4 million in 2010, $7.2 million in 2009, and $10.2 million in 2008 for Entergy Arkansas and $2.3 million in 2010, $3.1 million in 2009, and $3.4 million in 2008 for Entergy Gulf States Louisiana. Oil tank facilities lease payments for Entergy Mississippi were $3.4 million in 2010, $3.4 million in 2009, and $3.4 million in 2008.

Sale and Leaseback Transactions

Waterford 3 Lease Obligations

In 1989, in three separate but substantially identical transactions, Entergy Louisiana sold and leased back undivided interests in Waterford 3 for the aggregate sum of $353.6 million. The interests represent approximately 9.3% of Waterford 3. The leases expire in 2017. Under certain circumstances, Entergy Louisiana may repurchase the leased interests prior to the end of the term of the leases. At the end of the lease terms, Entergy Louisiana has the option to repurchase the leased interests in Waterford 3 at fair market value or to renew the leases for either fair market value or, under certain conditions, a fixed rate.

Entergy Louisiana issued $208.2 million of non-interest bearing first mortgage bonds as collateral for the equity portion of certain amounts payable under the leases.

Upon the occurrence of certain events, Entergy Louisiana may be obligated to assume the outstanding bonds used to finance the purchase of the interests in the unit and to pay an amount sufficient to withdraw from the lease transaction. Such events include lease events of default, events of loss, deemed loss events, or certain adverse “Financial Events.” “Financial Events” include, among other things, failure by Entergy Louisiana, following the expiration of any applicable grace or cure period, to maintain (i) total equity capital (including preferred membership interests) at least equal to 30% of adjusted capitalization, or (ii) a fixed charge coverage ratio of at least 1.50 computed on a rolling 12 month basis. As of December 31, 2010, Entergy Louisiana was in compliance with these provisions.

As of December 31, 2010, Entergy Louisiana had future minimum lease payments (reflecting an overall implicit rate of 7.45%) in connection with the Waterford 3 sale and leaseback transactions, which are recorded as long-term debt, as follows:

	Amount (In Thousands)
2011	$50,421
2012	39,067
2013	26,301
2014	31,036
2015	28,827
Years thereafter	77,994
Total	253,646
Less: Amount representing interest	29,844

Present value of net minimum lease payments	$223,802

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Grand Gulf Lease Obligations

In December 1988, in two separate but substantially identical transactions, System Energy sold and leased back undivided ownership interests in Grand Gulf for the aggregate sum of $500 million. The interests represent approximately 11.5% of Grand Gulf. The leases expire in 2015. Under certain circumstances, System Entergy may repurchase the leased interests prior to the end of the term of the leases. At the end of the lease terms, System Energy has the option to repurchase the leased interests in Grand Gulf at fair market value or to renew the leases for either fair market value or, under certain conditions, a fixed rate.

In May 2004, System Energy caused the Grand Gulf lessors to refinance the outstanding bonds that they had issued to finance the purchase of their undivided interest in Grand Gulf. The refinancing is at a lower interest rate, and System Energy's lease payments have been reduced to reflect the lower interest costs.

System Energy is required to report the sale-leaseback as a financing transaction in its financial statements. For financial reporting purposes, System Energy expenses the interest portion of the lease obligation and the plant depreciation. However, operating revenues include the recovery of the lease payments because the transactions are accounted for as a sale and leaseback for ratemaking purposes. Consistent with a recommendation contained in a FERC audit report, System Energy initially recorded as a net regulatory asset the difference between the recovery of the lease payments and the amounts expensed for interest and depreciation and continues to record this difference as a regulatory asset or liability on an ongoing basis, resulting in a zero net balance for the regulatory asset at the end of the lease term. The amount was a net regulatory asset of $60.6 million and $93.1 million as of December 31, 2010 and 2009, respectively.

As of December 31, 2010, System Energy had future minimum lease payments (reflecting an implicit rate of 5.13%), which are recorded as long-term debt as follows:

	Amount (In Thousands)
2011	$49,437
2012	49,959
2013	50,546
2014	51,637
2015	52,253
Years thereafter	-
Total	253,832
Less: Amount representing interest	31,552
Present value of net minimum lease payments	$222,280

NOTE 11. RETIREMENT, OTHER POSTRETIREMENT BENEFITS, AND DEFINED CONTRIBUTION PLANS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Qualified Pension Plans

Entergy has seven qualified pension plans covering substantially all employees: “Entergy Corporation Retirement Plan for Non-Bargaining Employees,” “Entergy Corporation Retirement Plan for Bargaining Employees,” “Entergy Corporation Retirement Plan II for Non-Bargaining Employees,” “Entergy Corporation Retirement Plan II for Bargaining Employees,” “Entergy Corporation Retirement Plan III,” “Entergy Corporation Retirement Plan IV for Non-Bargaining Employees,” and “Entergy Corporation Retirement Plan IV for Bargaining Employees.” The Registrant Subsidiaries participate in two of these plans: “Entergy Corporation Retirement Plan for Non-Bargaining Employees” and “Entergy Corporation Retirement Plan for Bargaining Employees.” Except for the Entergy Corporation Retirement Plan III, the pension plans are noncontributory and provide pension benefits that are based on employees’ credited service and compensation during the final years before retirement. The Entergy Corporation Retirement Plan III includes a mandatory employee contribution of 3% of earnings during the first 10 years of plan participation, and allows voluntary contributions from 1% to 10% of earnings for a limited group of employees.

The assets of the seven qualified pension plans are held in a master trust established by Entergy. Each pension plan maintains an undivided beneficial interest in each of the investment accounts of the master trust that is maintained by a trustee. Use of the master trust permits the commingling of the trust assets of the pension plans of Entergy Corporation and its Registrant Subsidiaries for investment and administrative purposes. Although assets are commingled in the master trust, the trustee maintains supporting records for the purpose of allocating the equity in net earnings (loss) and the administrative expenses of the investment accounts to the various participating pension plans. The trustee determines the fair value of the fund and calculates a daily earnings factor, including realized and unrealized gains or losses, collected and accrued income, and administrative expenses, and allocates earnings to each plan in the master trust on a pro rata basis.

Further, within each pension plan, the record of each Registrant Subsidiary’s beneficial interest in the plan assets is maintained by the plan’s actuary and is updated quarterly. Assets for each Registrant Subsidiary are increased for investment income and contributions, and decreased for benefit payments. A plan’s investment net income/(loss) (i.e. interest and dividends, realized gains and losses and expenses) is allocated to the Registrant Subsidiaries participating in that plan based on the value of assets for each Registrant Subsidiary at the beginning of the quarter adjusted for contributions and benefit payments made during the quarter.

Entergy Corporation and its subsidiaries fund pension costs in accordance with contribution guidelines established by the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended. The assets of the plans include common and preferred stocks, fixed-income securities, interest in a money market fund, and insurance contracts. The Registrant Subsidiaries’ pension costs are recovered from customers as a component of cost of service in each of their respective jurisdictions.

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Components of Qualified Net Pension Cost and Other Amounts Recognized as a Regulatory Asset and/or Accumulated Other Comprehensive Income (AOCI)

Entergy Corporation and its subsidiaries' total 2010, 2009, and 2008 qualified pension costs and amounts recognized as a regulatory asset and/or other comprehensive income, including amounts capitalized, included the following components:

	2010	2009	2008
		(In Thousands)	
Net periodic pension cost:			
Service cost - benefits earned during the period	$104,956	$89,646	$90,392
Interest cost on projected benefit obligation	231,206	218,172	206,586
Expected return on assets	(259,608)	(249,220)	(230,558)
Amortization of prior service cost	4,658	4,997	5,063
Recognized net loss	65,901	22,401	26,834
Net periodic pension costs	$147,113	$85,996	$98,317
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)			
Arising this period:			
Net (gain)/loss	$232,279	$76,799	$965,069
Amounts reclassified from regulatory asset and/or AOCI to net periodic pension cost in the current year:			
Amortization of prior service cost	(4,658)	(4,997)	(5,063)
Amortization of net loss	(65,901)	(22,401)	(26,834)
Total	161,720	49,401	933,172
Total recognized as net periodic pension cost, regulatory asset, and/or AOCI (before tax)	$308,834	$135,397	$1,031,489

Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year			
Prior service cost	$3,350	$4,658	$4,997
Net loss	$92,977	$65,900	$22,401

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The Registrant Subsidiaries' total 2010, 2009, and 2008 qualified pension costs and amounts recognized as a regulatory asset and/or other comprehensive income, including amounts capitalized, included the following components:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net periodic pension cost:							
Service cost - benefits earned during the period	$15,775	$8,462	$9,770	$4,651	$2,063	$4,267	$4,132
Interest cost on projected benefit obligation	49,277	24,377	28,541	15,230	6,040	15,869	9,009
Expected return on assets	(50,635)	(30,752)	(32,775)	(17,252)	(7,236)	(20,549)	(11,808)
Amortization of prior service cost	782	302	474	318	177	237	34
Recognized net loss	16,506	7,622	8,604	4,361	2,544	3,208	523
Net pension cost	$31,705	$10,011	$14,614	$7,308	$3,588	$3,032	$1,890
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
Net loss	$97,117	$4,748	$99,129	$21,801	$22,600	$17,316	$56,756
Amounts reclassified from regulatory asset and/or							

AOCI to net periodic pension cost in the current year:							
Amortization of prior service cost	(782)	(302)	(474)	(318)	(177)	(237)	(34)
Amortization of net loss	(16,506)	(7,622)	(8,604)	(4,361)	(2,544)	(3,208)	(523)
Total	$79,829	($3,176)	$90,051	$17,122	$19,879	$13,871	$56,199
Total recognized as net periodic pension cost, regulatory asset, and/or AOCI (before tax)	$111,534	$6,835	$104,665	$24,430	$23,467	$16,903	$58,089
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Prior service cost	$459	$79	$280	$152	$35	$65	$16
Net loss	$25,681	$9,118	$17,990	$6,717	$4,666	$5,579	$5,284

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net periodic pension cost:							
Service cost - benefits earned during the period	$13,601	$6,993	$7,896	$3,981	$1,701	$3,668	$3,519
Interest cost on projected benefit obligation	47,043	21,116	27,760	14,706	5,878	15,741	8,555
Expected return on assets	(48,749)	(30,065)	(32,789)	(16,943)	(7,261)	(20,740)	(11,064)
Amortization of prior service cost	849	438	474	341	206	321	34
Recognized net loss	7,058	319	2,817	1,289	1,225	168	439
Net pension cost/(income)	$19,802	($1,199)	$6,158	$3,374	$1,749	($842)	$1,483
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
Net loss/(gain)	$32,528	$36,704	$7,113	$5,609	$724	($3,444)	$5,076
Amounts reclassified from regulatory asset and/or							

AOCI to net periodic pension cost in the current year:							
Amortization of prior service cost	(849)	(438)	(474)	(341)	(206)	(321)	(34)
Amortization of net loss	(7,058)	(319)	(2,817)	(1,289)	(1,225)	(168)	(439)
Total	$24,621	$35,947	$3,822	$3,979	($707)	($3,933)	$4,603
Total recognized as net periodic pension cost/(income), regulatory asset, and/or AOCI (before tax)	$44,423	$34,748	$9,980	$7,353	$1,042	($4,775)	$6,086
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Prior service cost	$782	$302	$474	$318	$177	$237	$34
Net loss	$16,506	$7,621	$8,603	$4,362	$2,544	$3,207	$523

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2008	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Net periodic pension cost:							
Service cost - benefits earned during the period	$14,335	$7,363	$8,230	$4,251	$1,779	$3,874	$3,719
Interest cost on projected benefit obligation	46,464	20,189	27,135	14,507	5,660	15,528	7,749
Expected return on assets	(47,060)	(28,658)	(32,535)	(16,299)	(7,355)	(20,188)	(9,810)
Amortization of prior service cost	892	438	478	361	205	321	34
Recognized net loss	9,212	461	3,679	1,941	1,280	621	366
Net pension cost/(income)	$23,843	($207)	$6,987	$4,761	$1,569	$156	$2,058
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
Net loss	$178,674	$118,804	$131,649	$64,245	$30,687	$81,016	$37,700
Amounts reclassified from regulatory asset and/or							

AOCI to net periodic pension cost in the current year:							
Amortization of prior service cost	(892)	(438)	(478)	(361)	(205)	(321)	(34)
Amortization of net loss	(9,212)	(461)	(3,679)	(1,941)	(1,280)	(621)	(366)
Total	$168,570	$117,905	$127,492	$61,943	$29,202	$80,074	$37,300
Total recognized as net periodic pension cost, regulatory asset, and/or AOCI (before tax)	$192,413	$117,698	$134,479	$66,704	$30,771	$80,230	$39,358
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Prior service cost	$849	$438	$474	$341	$206	$321	$34
Net loss	$7,063	$323	$2,823	$1,299	$1,216	$200	$433

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Qualified Pension Obligations, Plan Assets, Funded Status, Amounts Recognized in the Balance Sheet for Entergy Corporation and its Subsidiaries as of December 31, 2010 and 2009

	December 31, 2010	December 31, 2009
	(In Thousands)	
Change in Projected Benefit Obligation (PBO)		
Balance at beginning of year	$3,837,744	$3,305,315
Service cost	104,956	89,646
Interest cost	231,206	218,172
Actuarial loss	293,189	385,221
Employee contributions	894	852
Benefits paid	(166,771)	(161,462)
Balance at end of year	$4,301,218	$3,837,744
Change in Plan Assets		
Fair value of assets at beginning of year	$2,607,274	$2,078,252
Actual return on plan assets	320,517	557,642
Employer contributions	454,354	131,990
Employee contributions	894	852
Benefits paid	(166,771)	(161,462)
Fair value of assets at end of year	$3,216,268	$2,607,274
Funded status	($1,084,950)	($1,230,470)
Amount recognized in the balance sheet		
Non-current liabilities	($1,084,950)	($1,230,470)
Amount recognized as a regulatory asset		
Prior service cost	$12,979	$16,376
Net loss	1,350,616	1,183,824
	$1,363,595	$1,200,200
Amount recognized as AOCI (before tax)		
Prior service cost	$2,855	$4,116
Net loss	297,093	297,507
	$299,948	$301,623

Qualified Pension Obligations, Plan Assets, Funded Status, and Amounts Recognized in the Balance Sheet for the Registrant Subsidiaries as of December 31, 2010 and 2009

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Change in Projected Benefit Obligation (PBO)							
Balance at beginning of year	$824,261	$405,228	$480,503	$255,057	$101,325	$266,371	$149,387
Service cost	15,775	8,462	9,770	4,651	2,063	4,267	4,132
Interest cost	49,277	24,377	28,541	15,230	6,040	15,869	9,009
Actuarial loss	108,171	11,050	106,227	25,438	24,211	21,055	56,841
Employee contribution	-	-	-	-	-	-	2
Benefits paid	(46,889)	(17,247)	(28,311)	(14,197)	(5,162)	(15,011)	(6,273)
Balance at end of year	$950,595	$431,870	$596,730	$286,179	$128,477	$292,551	$213,098
Change in Plan Assets							
Fair value of assets at beginning of year	$494,732	$310,445	$328,520	$171,912	$72,046	$209,936	$91,061
Actual return on plan assets	61,690	37,054	39,872	20,889	8,847	24,289	11,893
Employer contributions	136,958	30,955	66,135	33,518	12,957	18,288	31,324
Employee contribution	-	-	-	-	-	-	2
Benefits paid	(46,889)	(17,247)	(28,311)	(14,197)	(5,162)	(15,011)	(6,273)
Fair value of assets at end of year	$646,491	$361,207	$406,216	$212,122	$88,688	$237,502	$128,007
Funded status	($304,104)	($70,663)	($190,514)	($74,057)	($39,789)	($55,049)	($85,091)

Amounts recognized in the balance sheet (funded status)							
Non-current liabilities	($304,104)	($70,663)	($190,514)	($74,057)	($39,789)	($55,049)	($85,091)
Amounts recognized as regulatory asset							
Prior service cost	$682	$88	$571	$191	$45	$86	$35
Net loss	427,122	141,052	289,726	119,333	71,035	11,940	117,419
	$427,804	$141,140	$290,297	$119,524	$71,080	$112,026	$117,454
Amounts recognized as AOCI (before tax)							
Prior service cost	$-	$19	$-	$-	$-	$-	$-
Net loss	-	30,963	-	-	-	-	-
	$-	$30,982	$-	$-	$-	$-	$-

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Change in Projected Benefit Obligation (PBO)							
Balance at beginning of year	$717,104	$320,220	$423,322	$224,605	$89,315	$240,666	$128,540
Service cost	13,601	6,993	7,896	3,981	1,701	3,668	3,519
Interest cost	47,043	21,116	27,760	14,706	5,878	15,741	8,555
Actuarial loss	90,303	73,059	46,963	25,774	9,000	21,311	13,423
Employee contribution	-	-	-	-	-	-	2
Benefits paid	(43,790)	(16,160)	(25,438)	(14,009)	(4,569)	(15,015)	(4,652)
Balance at end of year	$824,261	$405,228	$480,503	$255,057	$101,325	$266,371	$149,387
Change in Plan Assets							
Fair value of assets at beginning of year	$407,158	$253,966	$273,473	$142,916	$60,104	$175,551	$71,648
Actual return on plan assets	106,556	66,610	72,862	37,186	15,404	45,823	19,316
Employer contributions	24,808	6,029	7,623	5,819	1,107	3,577	4,747
Employee contribution	-	-	-	-	-	-	2
Benefits paid	(43,790)	(16,160)	(25,438)	(14,009)	(4,569)	(15,015)	(4,652)
Fair value of assets at end of year	$494,732	$310,445	$328,520	$171,912	$72,046	$209,936	$91,061
Funded status	($329,529)	($94,783)	($151,983)	($83,145)	($29,279)	($56,435)	($58,326)
Amounts recognized in							

the balance sheet (funded status)							
Non-current liabilities	($329,529)	($94,783)	($151,983)	($83,145)	($29,279)	($56,435)	($58,326)
Amounts recognized as regulatory asset							
Prior service cost	$1,464	$331	$1,045	$509	$222	$324	$69
Net loss	346,511	141,661	199,201	101,893	50,980	97,832	61,186
	$347,975	$141,992	$200,246	$102,402	$51,202	$98,156	$61,255
Amounts recognized as AOCI (before tax)							
Prior service cost	$-	$78	$-	$-	$-	$-	$-
Net loss	-	33,229	-	-	-	-	-
	$-	$33,307	$-	$-	$-	$-	$-

Other Postretirement Benefits

Entergy also currently provides health care and life insurance benefits for retired employees. Substantially all employees may become eligible for these benefits if they reach retirement age while still working for Entergy. Entergy uses a December 31 measurement date for its postretirement benefit plans.

Effective January 1, 1993, Entergy adopted an accounting standard requiring a change from a cash method to an accrual method of accounting for postretirement other than pensions. At January 1, 1993, the actuarially determined accumulated postretirement benefit obligation (APBO) earned by retirees and active employees was estimated to be approximately $241.4 million for Entergy (other than the former Entergy Gulf States) and $128 million for the former Entergy Gulf States (now split into Entergy Gulf States Louisiana and Entergy Texas). Such obligations are being amortized over a 20-year period that began in 1993. For the most part, the Registrant Subsidiaries recover other postretirement benefit costs from customers and are required to contribute other postretirement benefits collected in rates to an external trust.

Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, and Entergy Texas have received regulatory approval to recover other postretirement benefit costs through rates. Entergy Arkansas began recovery in 1998, pursuant to an APSC order. This order also allowed Entergy Arkansas to amortize a regulatory asset (representing the difference between other postretirement benefit costs and cash expenditures for other postretirement benefits incurred for a five-year period that began January 1, 1993) over a 15-year period that began in January 1998.

The LPSC ordered Entergy Gulf States Louisiana and Entergy Louisiana to continue the use of the pay-as-you-go method for ratemaking purposes for postretirement benefits other than pensions. However, the LPSC retains the flexibility to examine individual companies' accounting for other postretirement benefits to determine if special exceptions to this order are warranted.

Pursuant to regulatory directives, Entergy Arkansas, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy contribute the other postretirement benefit costs collected in rates into trusts. System Energy is funding, on behalf of Entergy Operations, other postretirement benefits associated with Grand Gulf.

Trust assets contributed by participating Registrant Subsidiaries are in three bank-administered trusts, established by Entergy Corporation and maintained by a trustee. Each participating Registrant Subsidiary holds a beneficial interest in the trusts' assets. Use of these master trusts permits the commingling of the trust assets for investment and administrative purposes. Although assets are commingled, the trustee maintains supporting records for the purpose of allocating the beneficial interest in net earnings (losses) and the administrative expenses of the investment accounts to the various participating plans and participating Registrant Subsidiaries. Beneficial interest in an investment account's net income/ (loss) is comprised of interest and dividends and realized and unrealized gains and losses and expense. Beneficial interest from these investments is allocated monthly to the plans and participating Registrant Subsidiary based on its portion of net assets in the pooled accounts.

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Components of Net Other Postretirement Benefit Cost and Other Amounts Recognized as a Regulatory Asset and/or AOCI

Entergy Corporation's and its subsidiaries' total 2010, 2009, and 2008 other postretirement benefit costs, including amounts capitalized and amounts recognized as a regulatory asset and/or other comprehensive income, included the following components:

	2010	2009	2008
		(In Thousands)	
Other post retirement costs:			
Service cost - benefits earned during the period	$52,313	$46,765	$47,198
Interest cost on APBO	76,078	75,265	71,295
Expected return on assets	(26,213)	(23,484)	(28,109)
Amortization of transition obligation	3,728	3,732	3,827
Amortization of prior service credit	(12,060)	(16,096)	(16,417)
Recognized net loss	17,270	18,970	15,565
Net other postretirement benefit cost	$111,116	$105,152	$93,359
Other changes in plan assets and benefit obligations recognized as a regulatory asset and /or AOCI (before tax)			
Arising this period:			
Prior service credit for period	($50,548)	$-	($5,422)
Net loss	82,189	24,983	59,291
Amounts reclassified from regulatory asset and /or AOCI to net periodic benefit cost in the current year:			
Amortization of transition obligation	(3,728)	(3,732)	(3,827)
Amortization of prior service credit	12,060	16,096	16,417
Amortization of net loss	(17,270)	(18,970)	(15,565)
Total	$22,703	$18,377	$50,894
Total recognized as net periodic benefit cost, regulatory asset, and/or AOCI (before tax)	$133,819	$123,529	$144,253

Estimated amortization amounts from regulatory asset and/or AOCI to net periodic benefit cost in the following year			
Transition obligation	$3,183	$3,728	$3,729
Prior service credit	($14,070)	($12,060)	($17,519)
Net loss	$21,192	$17,270	$19,018

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Total 2010, 2009, and 2008 other postretirement benefit costs of the Registrant Subsidiaries, including amounts capitalized and deferred, included the following components:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Other post retirement costs:							
Service cost - benefits earned during the period	$7,372	$5,481	$5,483	$2,200	$1,389	$2,789	$2,251
Interest cost on APBO	14,515	8,574	9,075	4,370	3,598	6,326	2,562
Expected return on assets	(9,780)	-	-	(3,551)	(2,899)	(6,872)	(1,870)
Amortization of transition obligation	821	238	382	351	1,661	265	8
Amortization of prior service cost/(credit)	(786)	(306)	467	(246)	361	76	(763)
Recognized net loss	6,758	2,653	2,440	1,903	1,095	3,008	1,301
Net other postretirement benefit cost	$18,900	$16,640	$17,847	$5,027	$5,205	$5,592	$3,489
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
	($5,023)	($3,109)	($3,204)	($1,529)	($1,587)	($2,871)	($519)

Prior service credit for period							
Net (gain)/loss	4,032	6,583	7,734	5,765	(478)	922	4,067
Amounts reclassified from regulatory asset and/or AOCI to net periodic pension cost in the current year:							
Amortization of transition obligation	(821)	(238)	(382)	(351)	(1,661)	(265)	(8)
Amortization of prior service cost/(credit)	786	306	(467)	246	(361)	(76)	763
Amortization of net loss	(6,758)	(2,653)	(2,440)	(1,903)	(1,095)	(3,008)	(1,301)
Total	($7,784)	$889	$1,241	$2,228	($5,182)	($5,298)	$3,002
Total recognized as net periodic other postretirement cost, regulatory asset, and/or AOCI (before tax)	$11,116	$17,529	$19,088	$7,255	$23	$294	$6,491
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Transition obligation	$821	$239	$383	$352	$1,190	$187	$9
Prior service cost/(credit)	($530)	($824)	($247)	($139)	$38	($428)	($589)
Net loss	$6,436	$2,896	$2,793	$2,160	$968	$2,803	$1,477

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Other post retirement costs:							
Service cost - benefits earned during the period	$7,058	$4,783	$4,589	$2,119	$1,242	$2,475	$2,051
Interest cost on APBO	15,036	8,020	9,188	4,690	3,869	5,959	2,421
Expected return on assets	(8,570)	-	-	(3,027)	(2,734)	(6,222)	(1,655)
Amortization of transition obligation	821	239	382	352	1,662	265	9
Amortization of prior service cost/(credit)	(788)	(306)	467	(246)	361	76	(980)
Recognized net loss	8,347	1,975	2,215	2,629	1,522	3,194	1,277
Net other postretirement benefit cost	$21,904	$14,711	$16,841	$6,517	$5,922	$5,747	$3,123
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
Prior service credit for period	$-	$-	$-	$-	$-	$-	$-
Net (gain)/loss	(9,364)	14,746	6,080	(5,919)	(3,474)	2,349	2,166
Amounts reclassified from							

regulatory asset and/or AOCI to net periodic pension cost in the current year:							
Amortization of transition obligation	(821)	(239)	(382)	(352)	(1,662)	(265)	(9)
Amortization of prior service cost/(credit)	788	306	(467)	246	(361)	(76)	980
Amortization of net loss	(8,347)	(1,975)	(2,215)	(2,629)	(1,522)	(3,194)	(1,277)
Total	($17,744)	$12,838	$3,016	($8,654)	($7,019)	($1,186)	$1,860
Total recognized as net periodic other postretirement cost, regulatory asset, and/or AOCI (before tax)	$4,160	$27,549	$19,857	($2,137)	($1,097)	$4,561	$4,983
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Transition (asset)/obligation	$821	$238	$382	$351	$1,661	$265	$8
Prior service cost/(credit)	($786)	($306)	$467	($246)	$361	$76	($763)
Net loss	$6,758	$2,653	$2,440	$1,903	$1,095	$3,008	$1,301

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2008	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Other post retirement costs:							
Service cost - benefits earned during the period	$6,824	$5,003	$4,394	$2,057	$1,179	$2,423	$2,053
Interest cost on APBO	13,772	7,668	8,746	4,563	3,810	5,759	2,124
Expected return on assets	(9,966)	-	-	(3,620)	(3,155)	(7,538)	(2,043)
Amortization of transition obligation	821	337	382	351	1,661	265	8
Amortization of prior service cost/(credit)	(788)	583	467	(246)	361	289	(1,130)
Recognized net loss	5,757	1,977	2,715	2,133	1,164	1,425	702
Net other postretirement benefit cost	$16,420	$15,568	$16,704	$5,238	$5,020	$2,623	$1,714
Other changes in plan assets and benefit obligations recognized as a regulatory asset and/or AOCI (before tax)							
Arising this period:							
Prior service credit for period	$-	($4,571)	$-	$-	$-	($851)	$-
Net (gain)/loss	38,149	(88)	(3,024)	8,786	7,982	23,158	8,291
Amounts reclassified from							

regulatory asset and/or AOCI to net periodic pension cost in the current year:							
Amortization of transition obligation	(821)	(337)	(382)	(351)	(1,661)	(265)	(8)
Amortization of prior service cost/(credit)	788	(583)	(467)	246	(361)	(289)	1,130
Amortization of net loss	(5,757)	(1,977)	(2,715)	(2,133)	(1,164)	(1,425)	(702)
Total	$32,359	($7,556)	($6,588)	$6,548	$4,796	$20,328	$8,711
Total recognized as net periodic other postretirement cost, regulatory asset, and/or AOCI (before tax)	$48,779	$8,012	$10,116	$11,786	$9,816	$22,951	$10,425
Estimated amortization amounts from regulatory asset and/or AOCI to net periodic cost in the following year							
Transition (asset)/obligation	$821	$239	$382	$351	$1,661	$265	$8
Prior service cost/(credit)	($788)	($306)	$467	($246)	$361	$76	($1,130)
Net loss	$7,502	$2,322	$2,444	$2,415	$1,297	$2,689	$1,335

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Other Postretirement Benefit Obligations, Plan Assets, Funded Status, and Amounts Not Yet Recognized and Recognized in the Balance Sheet of Entergy Corporation and its Subsidiaries as of December 31, 2010 and 2009

	December 31, 2010	2009
	(In Thousands)	
Change in APBO		
Balance at beginning of year	$1,280,076	$1,155,072
Service cost	52,313	46,765
Interest cost	76,078	75,265
Plan amendments	(50,548)	-
Plan participant contributions	14,275	17,394
Actuarial (gain)/loss	92,340	59,537
Benefits paid	(83,613)	(79,076)
Medicare Part D subsidy received	5,449	5,119
Balance at end of year	$1,386,370	$1,280,076
Change in Plan Assets		
Fair value of assets at beginning of year	$362,399	$295,908
Actual return on plan assets	36,364	58,038
Employer contributions	75,005	70,135
Plan participant contributions	14,275	17,394
Benefits paid	(83,613)	(79,076)
Fair value of assets at end of year	$404,430	$362,399
Funded status	($981,940)	($917,677)
Amounts recognized in the balance sheet		
Current liabilities	($30,225)	($31,189)
Non-current liabilities	(951,715)	(886,488)
Total funded status	($981,940)	($917,677)
Amounts recognized as a regulatory asset (before tax)		
Transition obligation	$5,118	$9,325
Prior service cost/(credit)	(8,442)	1,877
Net loss	253,415	239,400
	$250,091	$250,602
Amounts recognized as AOCI (before tax)		
Transition obligation	$1,242	$1,862
Prior service credit	(48,925)	(21,855)
Net loss	198,466	147,563
	$150,783	$127,570

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Other Postretirement Benefit Obligations, Plan Assets, Funded Status, and Amounts Not Yet Recognized and Recognized in the Balance Sheets of the Registrant Subsidiaries as of December 31, 2010 and 2009

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Change in APBO							
Balance at beginning of year	$245,466	$144,438	$153,319	$73,701	$61,311	$106,958	$42,999
Service cost	7,372	5,481	5,483	2,200	1,389	2,789	2,251
Interest cost	14,515	8,574	9,075	4,370	3,598	6,326	2,562
Plan amendment	(5,023)	(3,109)	(3,204)	(1,529)	(1,587)	(2,871)	(519)
Plan participant contributions	3,440	1,584	2,241	969	668	1,297	548
Actuarial (gain)/loss	8,071	6,583	7,734	7,046	655	3,449	4,749
Benefits paid	(18,217)	(9,800)	(11,742)	(5,713)	(5,737)	(7,467)	(3,229)
Medicare Part D subsidy received	1,235	715	814	420	438	625	140
Balance at end of year	$256,859	$154,466	$163,720	$81,464	$60,735	$111,106	$49,501
Change in Plan Assets							
Fair value of assets at beginning of year	$129,676	$ -	$ -	$46,756	$47,410	$93,279	$25,878
Actual return on plan assets	13,819	-	-	4,832	4,032	9,399	2,552
Employer contributions	19,904	8,216	9,501	5,220	5,632	6,706	3,598
Plan participant contributions	3,440	1,584	2,241	969	668	1,297	548
Benefits paid	(18,217)	(9,800)	(11,742)	(5,713)	(5,737)	(7,467)	(3,229)
Fair value of assets at end	$148,622	$ -	$ -	$52,064	$52,005	$103,214	$29,347

of year							
Funded status	($108,237)	($154,466)	($163,720)	($29,400)	($8,730)	($7,892)	($20,154)
Amounts recognized in the balance sheet							
Non-current asset	$-	$-	$-	$-	$-	$-	$-
Current liabilities	-	(7,159)	(8,614)	-	-	-	-
Non-current liabilities	(108,237)	(147,307)	(155,106)	(29,400)	(8,730)	(7,892)	(20,154)
Total funded status	($108,237)	($154,466)	($163,720)	($29,400)	($8,730)	($7,892)	($20,154)
Amounts recognized in regulatory asset (before tax)							
Transition obligation	$1,641	$-	$-	$703	$2,379	$374	$17
Prior service cost	(3,206)	-	-	(844)	190	(2,565)	(898)
Net loss	102,918	-	-	34,066	17,823	44,884	22,678
	$101,353	$-	$-	$33,925	$20,392	$42,693	$21,797
Amounts recognized in AOCI (before tax)							
Transition obligation	$-	$477	$765	$-	$-	$-	$-
Prior service cost	-	(4,335)	(1,589)	-	-	-	-
Net loss	-	50,207	49,895	-	-	-	-
	$-	$46,349	$49,071	$-	$-	$-	$-

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2009	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Change in APBO							
Balance at beginning of year	$231,877	$123,144	$141,579	$72,117	$60,095	$91,926	$36,974
Service cost	7,058	4,783	4,589	2,119	1,242	2,475	2,051
Interest cost	15,036	8,020	9,188	4,690	3,869	5,959	2,421
Plan participant contributions	4,374	1,947	2,236	1,148	545	1,631	637
Actuarial (gain)/loss	3,529	14,746	6,080	(1,321)	300	11,226	4,599
Benefits paid	(17,602)	(8,881)	(11,115)	(5,450)	(5,161)	(6,840)	(3,803)
Medicare Part D subsidy received	1,194	679	762	398	421	581	120
Balance at end of year	$245,466	$144,438	$153,319	$73,701	$61,311	$106,958	$42,999
Change in Plan Assets							
Fair value of assets at beginning of year	$102,893	$ -	$ -	$36,711	$40,424	$76,001	$21,657
Actual return on plan assets	21,463	-	-	7,625	6,508	15,099	4,088
Employer contributions	18,548	6,934	8,879	6,722	5,094	7,388	3,299
Plan participant contributions	4,374	1,947	2,236	1,148	545	1,631	637
Benefits paid	(17,602)	(8,881)	(11,115)	(5,450)	(5,161)	(6,840)	(3,803)
Fair value of assets at end of year	$129,676	$ -	$ -	$46,756	$47,410	$93,279	$25,878
Funded status	($115,790)	($144,438)	($153,319)	($26,945)	($13,901)	($13,679)	($17,121)

Amounts recognized in the balance sheet							
Non-current asset	$-	$-	$-	$-	$-	$-	$-
Current liabilities	-	(7,736)	(9,130)	-	-	-	-
Non-current liabilities	(115,790)	(136,702)	(144,189)	(26,945)	(13,901)	(13,679)	(17,121)
Total funded status	($115,790)	($144,438)	($153,319)	($26,945)	($13,901)	($13,679)	($17,121)
Amounts recognized in regulatory asset (before tax)							
Transition obligation	$2,462	$-	$-	$1,054	$4,983	$795	$25
Prior service cost	1,031	-	-	439	1,195	226	(1,142)
Net loss	105,644	-	-	30,204	19,396	46,970	19,912
	$109,137	$-	$-	$31,697	$25,574	$47,991	$18,795
Amounts recognized in AOCI (before tax)							
Transition obligation	$-	$715	$1,147	$-	$-	$-	$-
Prior service cost	-	(1,532)	2,082	-	-	-	-
Net loss	-	46,277	44,601	-	-	-	-
	$-	$45,460	$47,830	$-	$-	$-	$-

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Accounting for Pension and Other Postretirement Benefits

Accounting standards require an employer to recognize in its balance sheet the funded status of its benefit plans. This is measured as the difference between plan assets at fair value and the benefit obligation. Entergy uses a December 31 measurement date for its pension and other postretirement plans. Employers are to record previously unrecognized gains and losses, prior service costs, and any remaining transition asset or obligation (that resulted from adopting prior pension and other postretirement benefits accounting standards) as comprehensive income and/or as a regulatory asset reflective of the recovery mechanism for pension and other postretirement benefit costs in the Utility's jurisdictions. For the portion of Entergy Gulf States Louisiana that is not regulated, the unrecognized prior service cost, gains and losses, and transition asset/obligation for its pension and other postretirement benefit obligations are recorded as other comprehensive income. Entergy Gulf States Louisiana and Entergy Louisiana recover other postretirement benefit costs on a pay as you go basis and record the unrecognized prior service cost, gains and losses, and transition obligation for its other postretirement benefit obligation as other comprehensive income. Accounting standards also requires that changes in the funded status be recorded as other comprehensive income and/or a regulatory asset in the period in which the changes occur.

With regard to pension and other postretirement costs, Entergy calculates the expected return on pension and other postretirement benefit plan assets by multiplying the long term expected rate of return on assets by the market-related value (MRV) of plan assets. Entergy determines the MRV of pension plan assets by calculating a value that uses a 20-quarter phase-in of the difference between actual and expected returns. For other postretirement benefit plan assets Entergy uses fair value when determining MRV.

Qualified Pension and Other Postretirement Plans' Assets

Entergy's qualified pension and postretirement weighted-average asset allocations by asset category at December 31, 2010 and 2009 are as follows:

	Qualified Pension		Postretirement			
Actual Asset Allocation	2010	2009	2010		2009	
			Non-Taxable	Taxable	Non-Taxable	Taxable
Domestic Equity Securities	44%	46%	39%	39%	40%	36%
International Equity Securities	20%	21%	18%	0%	19%	0%
Fixed Income Securities	35%	32%	43%	60%	41%	63%
Other	1%	1%	0%	1%	0%	1%

The Plan Administrator's trust asset investment strategy is to invest the assets in a manner whereby long term earnings on the assets (plus cash contributions) provide adequate funding for retiree benefit payments. The mix of assets is based on an optimization study that identifies asset allocation targets in order to achieve the maximum return for an acceptable level of risk, while minimizing the expected contributions and pension and postretirement expense.

In the optimization study, the Plan Administrator formulates assumptions about characteristics, such as expected asset class investment returns, volatility (risk), and correlation coefficients among the various asset classes. The future market assumptions used in the optimization study are determined by examining historical market characteristics of the various asset classes, and making adjustments to reflect future conditions expected to prevail over the study period. The following targets and ranges were established in the study to produce an acceptable economically efficient plan to manage around the targets:

	Qualified Pension		Postretirement			
			Non- Taxable		Taxable	
Asset Class	Target	Range	Target	Range	Target	Range
Domestic Equity Securities	45%	35% to 55%	38%	33% to 43%	35%	30% to 40%
International Equity Securities	20%	15% to 25%	17%	12% to 22%	0%	0%
Total Equity	65%	60% to 70%	55%	50% to 60%	35%	30% to 40%
Fixed Income Securities	35%	30% to 40%	45%	40% to 50%	65%	60% to 70%
Other	0%	0% to 10%	0%	0% to 5%	0%	0% to 5%

The expected long term rate of return of 8.5% for 2010 (8.5% for 2009) for the qualified pension plans' assets is based on the geometric average of the historical annual performance of a representative portfolio weighted by the target asset allocation defined in the table above. The time period reflected is a long dated period spanning several decades.

The expected long term rate of return of 7.75% for 2010 (7.75% for 2009) for the non-taxable postretirement trust assets is determined using the same methodology described above for pension assets, but the asset allocation specific to the postretirement assets is used.

For the taxable postretirement trust assets, the investment allocation includes a high percentage of tax-exempt fixed income securities. This asset allocation in combination with the same methodology employed to determine the expected return for other trust assets (as described above), with a modification to reflect applicable taxes, produces an expected long term rate of return of 5.5% for 2010 (5.5% for 2009) for the taxable postretirement trust assets.

Concentrations of Credit Risk

Entergy's investment guidelines mandate the avoidance of risk concentrations. Types of concentrations specified to be avoided include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, geographic area and individual security issuance. As of December 31, 2010 all investment managers and assets were materially in compliance with the approved investment guidelines, therefore there were no significant concentrations (defined as greater than 10 percent of plan assets) of risk in Entergy's pension and other postretirement benefit plan assets.

Fair Value Measurements

For fiscal years ending after December 31, 2009, fair value measurements and disclosures for plan assets are required.

Fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest bearing cash, treasury notes and bonds, and common stocks are stated at fair value determined by quoted market prices. Fixed income securities (corporate, government, and securitized), are stated at fair value as determined by broker quotes. Common collective investment trust funds and registered investment company trust funds are stated at estimated fair value based on the fair market value of the underlying investments. The unallocated insurance contract investments are recorded at contract value, which approximates fair value. The contract value represents contributions made under the contract, plus interest, less funds used to pay benefits and contract expenses, and less distributions to the master trust. The other remaining assets are U.S. municipal and foreign government bonds stated at fair value as determined by broker quotes.

The classification levels for fair value are as follows:

- Level 1 - Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by an independent party that uses inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If an asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Level 3 refers to securities valued based on significant unobservable inputs.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth by level within the fair value hierarchy a summary of the investments held for the qualified pension and other postretirement plans measured at fair value on a recurring basis at December 31, 2010 and December 31, 2009.

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Qualified Pension Trust

2010	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Equity securities:				
Corporate stocks:				
Preferred	$-	$8,354	$-	$8,354
Common	1,375,531	-	-	1,375,531
Common collective trusts (a)	-	657,075	-	657,075
Fixed income securities:				
Interest-bearing cash	103,731	-	-	103,731
U.S. Government securities	75,124	187,957	-	263,081
Corporate debt instruments:				
Preferred	-	88,709	-	88,709
All others	-	210,051	-	210,051
Registered investment companies (c)	-	385,020	-	385,020
Other:				
International securities	-	101,257	-	101,257
State and local obligations	-	7,048	-	7,048
Other:				
Insurance company general account (unallocated contracts)	-	33,439	-	33,439
Total investments	$1,554,386	$1,678,910	$-	$3,233,296
Cash				321
Other pending transactions				(14,954)
Less: Other postretirement assets included in total investments				(2,395)

Total fair value of qualified pension assets	$3,216,268

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2009	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Equity securities:				
Corporate stocks:				
Preferred	$-	$5,318	$-	$5,318
Common	1,336,454	-	-	1,336,454
Common collective trusts (b)	-	431,703	-	431,703
Fixed income securities:				
U.S. Government securities	60,048	100,025	-	160,073
Corporate debt instruments:				
Preferred	-	164,448	-	164,448
All others	-	202,377	-	202,377
Registered investment companies (c)	-	264,643	-	264,643
Other	-	6,084		6,084
Other:				
Insurance company general account (unallocated contracts)	-	32,422	-	32,422
Total investments	$1,396,502	$1,207,020	$-	$2,603,522
Cash				1,382
Interest receivable				6,422
Other pending transactions				(1,716)
Less: Other postretirement assets included in total investments				(2,336)
Total fair value of qualified pension assets				$2,607,274

(a) In 2010, there were two common collective trusts holding investments in accordance with stated objectives. The investment strategy of the both trusts was to capture the growth potential of equity markets by replicating the performance of a specified index. Net asset value per share of the common collective trusts estimated fair value.

(b) In 2009, there were two common collective trusts holding investments in accordance with stated objectives. The investment strategy of the first trust was to capture the growth potential of equity markets by replicating the performance of a specified index. Fair value for this trust was estimated at net asset value per share. The other common collective trust was invested in short-term fixed income securities and other securities with debt-like characteristics and a high degree of liquidity. This common collective trust fund used the amortization cost method of valuation pursuant to Rule 2a7 of the Investment Company Act of 1940, which allowed it to maintain a stable net asset value of $1.00 per share.

(c) In 2009 and 2010, the registered investment companies held investments in domestic and international bond markets and estimated fair value using net asset value per share.

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Other Postretirement Trusts

2010	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Equity securities:				
Common collective trust (a)	$-	$211,835	$-	$211,835
Fixed income securities:				
Interest-bearing cash	4,014	-	-	4,014
U.S. Government securities	37,823	52,326	-	90,149
Corporate debt instruments	-	37,128	-	37,128
Other:				
International securities	-	1,756	-	1,756
State and local obligations	-	56,960	-	56,960
Total investments	$41,837	$360,005	$-	$401,842
Other pending transactions				193
Plus: Other postretirement assets included in the investments of the qualified pension trust				2,395
Total fair value of other postretirement assets				$404,430

2009	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Equity securities:				
Corporate common stocks	$50,698	$-	$-	$50,698
Common collective trust (b)	-	140,096	-	140,096
Fixed income securities:				

Interest-bearing cash	6,115	-	-	6,115
U.S. Government securities	25,487	50,714	-	76,201
Other:				
Corporate debt instruments	-	35,099	-	35,099
State and local obligations	-	53,443	-	53,443
Total investments	$82,300	$279,352	$-	$361,652
Interest receivable				1,567
Other pending transactions				(3,156)
Plus: Other postretirement assets included in the investments of the qualified pension trust				2,336
Total fair value of other postretirement assets				$362,399

(a) In 2010, there were two common collective trusts holding investments in accordance with stated objectives. The investment strategy of the both trusts was to capture the growth potential of equity markets by replicating the performance of a specified index. Net asset value per share of the common collective trusts estimated fair value.

(b) In 2009, there was one common collective trust holding investments in accordance with stated objectives. The investment strategy of this trust was to capture the growth potential of equity markets by replicating the performance of a specified index. Net asset value per share of the common collective trusts estimated fair value.

Accumulated Pension Benefit Obligation

The accumulated benefit obligation for Entergy's qualified pension plans was $3.8 billion and $3.4 billion at December 31, 2010 and 2009, respectively.

The qualified pension accumulated benefit obligation for each of the Registrant Subsidiaries as of December 31, 2010 and 2009 was as follows:

	December 31, 2010	December 31, 2009
	(In Thousands)	
Entergy Arkansas	$864,476	$753,029
Entergy Gulf States Louisiana	$388,292	$369,092
Entergy Louisiana	$537,329	$435,725
Entergy Mississippi	$261,248	$235,988
Entergy New Orleans	$115,223	$91,345
Entergy Texas	$268,350	$248,919
System Energy	$185,904	$132,072

Estimated Future Benefit Payments

Based upon the assumptions used to measure Entergy's qualified pension and other postretirement benefit obligation at December 31, 2010, and including pension and other postretirement benefits attributable to estimated future employee service, Entergy expects that benefits to be paid and the Medicare Part D subsidies to be received over the next ten years for Entergy Corporation and its subsidiaries will be as follows:

Estimated Future Benefits Payments

	Qualified Pension	Non-Qualified Pension	Other Postretirement (before Medicare Subsidy)	Estimated Future Medicare Subsidy Receipts
	(In Thousands)			
Year(s)				
2011	$163,212	$9,637	$68,816	$5,991
2012	$172,221	$8,716	$73,119	$6,829

2013	$183,364	$16,334	$77,715	$7,736
2014	$196,083	$13,451	$82,540	$8,694
2015	$210,586	$13,549	$87,629	$9,691
2016 - 2020	$1,342,629	$77,109	$523,912	$65,454

Based upon the same assumptions, Entergy expects that benefits to be paid and the Medicare Part D subsidies to be received over the next ten years for the Registrant Subsidiaries will be as follows:

Estimated Future Qualified Pension Benefits Payments	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
			(In Thousands)				
Year(s)							
2011	$45,301	$16,841	$27,893	$13,887	$5,173	$14,716	$6,286
2012	$46,159	$17,650	$28,328	$14,571	$5,405	$15,331	$6,550
2013	$47,438	$18,446	$29,303	$15,385	$5,714	$16,025	$7,072
2014	$49,095	$19,466	$30,379	$16,276	$5,990	$16,596	$7,612
2015	$51,205	$20,802	$31,572	$17,151	$6,408	$17,204	$8,198
2016 - 2020	$304,194	$130,699	$183,268	$99,288	$39,730	$98,798	$57,340

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Estimated Future Non-Qualified Pension Benefits Payments	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
Year(s)						
2011	$207	$256	$18	$107	$25	$1,354
2012	$210	$252	$17	$103	$24	$1,040
2013	$202	$245	$16	$109	$23	$1,023
2014	$290	$255	$14	$100	$23	$1,798
2015	$272	$237	$13	$95	$22	$812
2016 - 2020	$1,239	$1,101	$49	$511	$114	$3,865

Estimated Future Other Postretirement Benefits Payments (before Medicare Part D Subsidy)	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
			(In Thousands)				
Year(s)							
2011	$15,474	$7,833	$9,472	$4,561	$4,723	$6,729	$2,162
2012	$16,142	$8,306	$9,851	$4,838	$4,815	$7,035	$2,326
2013	$16,793	$8,817	$10,301	$5,181	$4,887	$7,284	$2,484
2014	$17,439	$9,336	$10,784	$5,524	$4,979	$7,533	$2,645
2015	$18,112	$9,897	$11,272	$5,909	$5,100	$7,842	$2,819
2016 - 2020	$101,558	$58,347	$64,154	$34,332	$26,728	$44,412	$17,200

Estimated Future Medicare Part D Subsidy	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
			(In Thousands)				
Year(s)							
2011	$1,460	$674	$858	$554	$526	$679	$110
2012	$1,639	$761	$965	$612	$563	$749	$138
2013	$1,833	$848	$1,070	$676	$599	$825	$172

2014	$2,036	$938	$1,178	$742	$624	$900	$211
2015	$2,241	$1,029	$1,286	$802	$645	$968	$252
2016 - 2020	$14,486	$6,722	$8,135	$5,022	$3,441	$5,675	$2,057

Contributions

Entergy currently expects to contribute approximately $368.8 million to its pension plans and approximately $78 million to other postretirement plans in 2011. The expected 2011 pension and other postretirement plan contributions of the Registrant Subsidiaries are shown below. The required pension contributions will not be known with more certainty until the January 1, 2011 valuations are completed by April 1, 2011.

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The Registrant Subsidiaries expect to contribute approximately the following to the pension and other postretirement plans in 2011:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
Pension Contributions	$107,114	$24,626	$52,959	$26,388	$10,631	$15,866	$24,988
Other Postretirement Contributions	$26,313	$7,833	$9,472	$5,027	$5,205	$5,153	$3,489

Actuarial Assumptions

The significant actuarial assumptions used in determining the pension PBO and the other postretirement benefit APBO as of December 31, 2010, and 2009 were as follows:

	2010	2009
Weighted-average discount rate:		
Qualified pension	5.60% - 5.70%	6.10% - 6.30%
Other postretirement	5.50%	6.10%
Non-qualified pension	4.90%	5.40%
Weighted-average rate of increase in future compensation levels	4.23%	4.23%

The significant actuarial assumptions used in determining the net periodic pension and other postretirement benefit costs for 2010, 2009, and 2008 were as follows:

	2010	2009	2008
Weighted-average discount rate:			
Qualified pension		6.75%	6.50%

	6.10% - 6.30%		
Other postretirement	6.10%	6.70%	6.50%
Non-qualified pension	5.40%	6.75%	6.50%
Weighted-average rate of increase in future compensation levels	4.23%	4.23%	4.23%
Expected long-term rate of return on plan assets:			
Pension assets	8.50%	8.50%	8.50%
Other postretirement non-taxable assets	7.75%	8.50%	8.50%
Other postretirement taxable assets	5.50%	6.00%	5.50%

Entergy's other postretirement benefit transition obligations are being amortized over 20 years ending in 2012.

The assumed health care cost trend rate used in measuring the December 31, 2010 APBO of Entergy was 8.5% for pre-65 retirees and 8% for post-65 retirees for 2011, gradually decreasing each successive year until it reaches 4.75% in 2019 and beyond for pre-65 retirees and 4.75% in 2018 and beyond for post-65 retirees. The assumed health care cost trend rate used in measuring the Net Other Postretirement Benefit Cost of Entergy was 7.5% for 2010, gradually decreasing each successive year until it reaches 4.75% in 2016 and beyond. A one percentage point change in the assumed health care cost trend rate for 2010 would have the following effects:

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2010	1 Percentage Point Increase Impact on the APBO	1 Percentage Point Increase Impact on the sum of service costs and interest cost	1 Percentage Point Decrease Impact on the APBO	1 Percentage Point Decrease Impact on the sum of service costs and interest cost
	Increase /(Decrease) (In Thousands)			
Entergy Corporation and its subsidiaries	$136,203	$13,833	($121,015)	($11,914)

A one percentage point change in the assumed health care cost trend rate for 2010 would have the following effects for the Registrant Subsidiaries:

2010	1 Percentage Point Increase Impact on the APBO	1 Percentage Point Increase Impact on the sum of service costs and interest cost	1 Percentage Point Decrease Impact on the APBO	1 Percentage Point Decrease Impact on the sum of service costs and interest cost
	Increase/(Decrease) (In Thousands)			
Entergy Arkansas	$23,736	$2,405	($21,274)	($2,088)
Entergy Gulf States Louisiana	$16,236	$1,671	($14,444)	($1,440)
Entergy Louisiana	$15,165	$1,647	($13,581)	($1,420)
Entergy Mississippi	$7,577	$682	($6,775)	($593)
Entergy New Orleans	$4,766	$528	($4,336)	($460)
Entergy Texas	$10,824	$1,035	($9,716)	($901)
System Energy	$5,666	$595	($4,981)	($509)

Medicare Prescription Drug, Improvement and Modernization Act of 2003

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 became law. The Act introduces a prescription drug benefit cost under Medicare (Part D), which started in 2006, as well as a federal subsidy to employers who provide a retiree prescription drug benefit that is at least actuarially equivalent to Medicare Part D.

The actuarially estimated effect of future Medicare subsidies reduced the December 31, 2010 and 2009 Accumulated Postretirement Benefit Obligation by $267 million and $215 million, respectively, and reduced the 2010, 2009, and 2008 other postretirement benefit cost by $26.6 million, $24.0 million and $24.7 million, respectively. In 2010, Entergy received $5.4 million in Medicare subsidies for prescription drug claims.

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The actuarially estimated effect of future Medicare subsidies and the actual subsidies received for the Registrant Subsidiaries was as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
			Increase/(Decrease) In Thousands				
Impact on 12/31/2010 APBO	($55,459)	($27,330)	($31,259)	($17,998)	($11,073)	($19,830)	($10,431)
Impact on 12/31/2009 APBO	($45,809)	($22,227)	($25,443)	($14,824)	($9,798)	($16,652)	($7,965)
Impact on 2010 other postretirement benefit cost	($5,254)	($3,401)	($3,143)	($1,649)	($1,070)	($1,109)	($1,068)
Impact on 2009 other postretirement benefit cost	($4,941)	($3,257)	($2,780)	($1,562)	($1,043)	($958)	($923)
Medicare subsidies received in 2010	$1,235	$715	$814	$420	$438	$625	$140

Non-Qualified Pension Plans

Entergy also sponsors non-qualified, non-contributory defined benefit pension plans that provide benefits to certain key employees. Entergy recognized net periodic pension cost related to these plans of $27.2 million in 2010, $23.6 million in 2009, and $17.2 million in 2008. In 2010 and 2009, Entergy recognized $9.3 million and $6.7 million, respectively in settlement charges related to the payment of lump sum benefits out of the plan that is included in the non-qualified pension plan cost above. The projected benefit obligation was $148.3 million and $147.9 million as of December 31, 2010 and 2009, respectively. The accumulated benefit obligation was $131.6 million and $134.1 million as of December 31, 2010 and 2009, respectively.

Entergy's non-qualified, non-current pension liability at December 31, 2010 and 2009 was $138.7 million and $124.1 million, respectively; and its current liability was $9.6 million and $23.8 million, respectively. The unamortized transition asset, prior service cost and net loss are recognized in regulatory assets ($53.5 million at December 31, 2010 and $51.6 million at December 31, 2009) and accumulated other comprehensive income before taxes ($24.3 million at

December 31, 2010 and $23 million at December 31, 2009.)

The Registrant Subsidiaries (except System Energy) participate in Entergy's non-qualified, non-contributory defined benefit pension plans that provide benefits to certain key employees. The net periodic pension cost for the non-qualified plans for 2010, 2009, and 2008, was as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
2010	$501	$162	$102	$206	$26	$683
2009	$395	$1,245	$30	$174	$84	$743
2008	$533	$313	$28	$218	$48	$908

Included in the 2010 net periodic pension cost above are settlement charges of $86 thousand for Entergy Arkansas, $80 thousand for Entergy Louisiana, and $5 thousand for Entergy Texas related to the lump sum benefits paid out of the plan. Included in Entergy Gulf States Louisiana's 2009 cost above is a $947 thousand settlement charge related to the payment of lump sum benefits out of the plan.

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The projected benefit obligation for the non-qualified plans as of December 31, 2010 and 2009 was as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
2010	$3,791	$2,717	$124	$1,561	$320	$11,136
2009	$3,443	$3,272	$198	$1,453	$608	$9,542

The accumulated benefit obligation for the non-qualified plans as of December 31, 2010 and 2009 was as follows:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
2010	$3,387	$2,691	$124	$1,335	$294	$11,030
2009	$3,180	$3,181	$189	$1,257	$478	$9,474

The following amounts were recorded on the balance sheet as of December 31, 2010 and 2009:

2010	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
Current liabilities	($207)	($256)	($18)	($107)	($25)	($1,354)
Non-current liabilities	($3,584)	($2,461)	($106)	($1,454)	($295)	($9,782)
Total Funded Status	($3,791)	($2,717)	($124)	($1,561)	($320)	($11,136)
Regulatory Asset	$2,207	$320	($37)	$654	$82	$618
Accumulated other comprehensive income (before taxes)	$-	$70	$-	$-	$-	$-

Entergy

2009	Entergy Arkansas	Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
Current liabilities	($341)	($285)	($23)	($107)	($16)	($935)
Non-current liabilities	($3,102)	($2,986)	($175)	($1,346)	($592)	($8,607)
Total Funded Status	($3,443)	($3,272)	($198)	($1,453)	($608)	($9,542)
Regulatory Asset	$1,844	$685	$118	$592	$389	($1,209)
Accumulated other comprehensive income (before taxes)	$-	$160	$-	$-	$-	$-

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Defined Contribution Plans

Entergy sponsors the Savings Plan of Entergy Corporation and Subsidiaries (System Savings Plan). The System Savings Plan is a defined contribution plan covering eligible employees of Entergy and its subsidiaries. The employing Entergy subsidiary makes matching contributions for all non-bargaining and certain bargaining employees to the System Savings Plan in an amount equal to 70% of the participants' basic contributions, up to 6% of their eligible earnings per pay period. The 70% match is allocated to investments as directed by the employee.

Entergy also sponsors the Savings Plan of Entergy Corporation and Subsidiaries II (established in 2001), the Savings Plan of Entergy Corporation and Subsidiaries IV (established in 2002), the Savings Plan of Entergy Corporation and Subsidiaries VI (established in April 2007), and the Savings Plan of Entergy Corporation and Subsidiaries VII (established in April 2007) to which matching contributions are also made. The plans are defined contribution plans that cover eligible employees, as defined by each plan, of Entergy and its subsidiaries.

Entergy's subsidiaries' contributions to defined contribution plans collectively were $41.8 million in 2010, $41.9 million in 2009, and $38.4 million in 2008. The majority of the contributions were to the System Savings Plan.

The Registrant Subsidiaries' 2010, 2009, and 2008 contributions to defined contribution plans were as follows:

Year	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
			(In Thousands)			
2010	$3,177	$1,792	$2,289	$1,886	$683	$1,626
2009	$3,197	$1,828	$2,356	$1,906	$732	$1,712
2008	$3,144	$1,741	$2,172	$1,884	$697	$1,622

NOTE 12. STOCK-BASED COMPENSATION (Entergy Corporation)

Entergy grants stock options and long-term incentive and restricted liability awards to key employees of the Entergy subsidiaries under its Equity Ownership Plans which are shareholder-approved stock-based compensation plans. The Equity Ownership Plan, as restated in February 2003 (2003 Plan), had 715,584 authorized shares remaining for long-term incentive and restricted liability awards as of December 31, 2010. Effective January 1, 2007, Entergy's shareholders approved the 2007 Equity Ownership and Long-Term Cash Incentive Plan (2007 Plan). The maximum aggregate number of common shares that can be issued from the 2007 Plan for stock-based awards is 7,000,000 with no more than 2,000,000 available for non-option grants. The 2007 Plan, which only applies to awards made on or after January 1, 2007, will expire after 10 years. As of December 31, 2010, there were 1,543,228 authorized shares remaining for stock-based awards, all of which are available for non-option grants.

Stock Options

Stock options are granted at exercise prices that equal the closing market price of Entergy Corporation common stock on the date of grant. Generally, stock options granted will become exercisable in equal amounts on each of the first three anniversaries of the date of grant. Unless they are forfeited previously under the terms of the grant, options expire ten years after the date of the grant if they are not exercised.

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

	2010	2009	2008
		(In Millions)	
Compensation expense included in Entergy's Consolidated Net Income	$15.0	$17.0	$17.0
Tax benefit recognized in Entergy's Consolidated Net Income	$6.0	$6.0	$7.0
Compensation cost capitalized as part of fixed assets and inventory	$3.0	$3.0	$3.0

Entergy determines the fair value of the stock option grants by considering factors such as lack of marketability, stock retention requirements, and regulatory restrictions on exercisability in accordance with accounting standards. The stock option weighted-average assumptions used in determining the fair values are as follows:

	2010	2009	2008
Stock price volatility	25.73%	24.39%	18.9%
Expected term in years	5.46	5.33	4.64
Risk-free interest rate	2.57%	2.22%	2.77%
Dividend yield	3.74%	3.50%	2.96%
Dividend payment per share	$3.24	$3.00	$3.00

Stock price volatility is calculated based upon the weekly public stock price volatility of Entergy Corporation common stock over the last four to five years. The expected term of the options is based upon historical option exercises and the weighted average life of options when exercised and the estimated weighted average life of all vested but unexercised options. In 2008, Entergy implemented stock ownership guidelines for its senior executive officers. These guidelines require an executive officer to own shares of Entergy common stock equal to a specified multiple of his or her salary. Until an executive officer achieves this ownership position the executive officer is required to retain 75% of the after-tax net profit upon exercise of the option to be held in Entergy Corporation common stock. The reduction in fair value of the stock options due to this restriction is based upon an estimate of the call option value of the reinvested gain discounted to present value over the applicable reinvestment period.

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A summary of stock option activity for the year ended December 31, 2010 and changes during the year are presented below:

	Number of Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Contractual Life
Options outstanding as of January 1, 2010	11,321,071	$69.64		
Options granted	1,407,900	$77.10		
Options exercised	(1,113,411)	$45.63		
Options forfeited/expired	(389,835)	$84.35		
Options outstanding as of December 31, 2010	11,225,725	$72.45	$-	4.1 years
Options exercisable as of December 31, 2010	8,955,247	$69.67	$10 million	4.2 years
Weighted-average grant-date fair value of options granted during 2010	$13.18			

The weighted-average grant-date fair value of options granted during the year was $12.47 for 2009 and $14.41 for 2008. The total intrinsic value of stock options exercised was $36.6 million during 2010, $35.6 million during 2009, and $63.7 million during 2008. The intrinsic value, which has no effect on net income, of the stock options exercised is calculated by the difference in Entergy Corporation's common stock price on the date of exercise and the exercise price of the stock options granted. Because Entergy's year-end stock price is less than the weighted average exercise price, the aggregate intrinsic value of outstanding stock options as of December 31, 2010 was zero. The intrinsic value of "in the money" stock options is $87 million as of December 31, 2010. Entergy recognizes compensation cost over the vesting period of the options based on their grant-date fair value. The total fair value of options that vested was approximately $21 million during 2010, $22 million during 2009, and $18 million during 2008.

The following table summarizes information about stock options outstanding as of December 31, 2010:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	As of 12/31/2010	Weighted-Avg. Remaining Contractual Life-Yrs.	Weighted-Avg. Exercise Price	Number Exercisable as of 12/31/2010	Weighted-Avg. Exercise Price
$37 - $50.99	2,472,520	1.3	$42.12	2,472,520	$42.12
	984,055	3.2	$58.58	984,055	$58.58

$51 - $64.99					
$65 - $78.99	4,616,768	4.1	$73.10	2,797,769	$70.40
$79 - $91.99	1,650,516	6.1	$91.81	1,650,516	$91.81
$92 - $108.20	1,501,866	7.1	$108.20	1,050,387	$108.20
$37 - $108.20	11,225,725	4.1	$72.45	8,955,247	$69.67

Stock-based compensation cost related to non-vested stock options outstanding as of December 31, 2010 not yet recognized is approximately $18 million and is expected to be recognized on a weighted-average period of 1.8 years.

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Long-Term Incentive Awards

Entergy grants long-term incentive awards earned under its stock benefit plans in the form of performance units, which are equal to the cash value of shares of Entergy Corporation common stock at the end of the performance period, which is the last trading day of the year. Performance units will pay out to the extent that the performance conditions are satisfied. In addition to the potential for equivalent share appreciation or depreciation, performance units will earn the cash equivalent of the dividends paid during the three-year performance period applicable to each plan. The costs of incentive awards are charged to income over the three-year period.

The following table includes financial information for the long-term incentive awards for each of the years presented:

	2010	2009	2008
		(In Millions)	
Fair value of long-term incentive awards as of December 31,	$10.1	$17.2	$40.9
Compensation expense included in Entergy's Consolidated Net Income for the year	($0.9)	$5.6	$19.7
Tax benefit (expense) recognized in Entergy's Consolidated Net Income for the year	($0.4)	$2.2	$7.6
Compensation cost capitalized as part of fixed assets and inventory	$0.1	$1.0	$4.7

Entergy paid $6.3 million in 2010 for awards earned under the Long-Term Incentive Plan. The distribution is applicable to the 2007 - 2009 performance period.

Restricted Awards

Entergy grants restricted awards earned under its stock benefit plans in the form of stock units that are subject to time-based restrictions. The restricted units are equal to the cash value of shares of Entergy Corporation common stock at the time of vesting. The costs of restricted awards are charged to income over the restricted period, which varies from grant to grant. The average vesting period for restricted awards granted is 37 months. As of December 31, 2010, there were 218,921 unvested restricted units that are expected to vest over an average period of 16 months.

The following table includes financial information for restricted awards for each of the years presented:

	2010	2009	2008
		(In Millions)	
Fair value of restricted awards as of December 31,	$8.3	$4.6	$7.5
Compensation expense included in Entergy's Consolidated Net Income for the year	$3.9	$2.0	$2.0
	$1.5	$0.8	$0.8

Tax benefit recognized in Entergy's Consolidated Net Income for the year			
Compensation cost capitalized as part of fixed assets and inventory	$0.9	$0.5	$0.4

Entergy paid $1.1 million in 2010 for awards under the Restricted Awards Plan.

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NOTE 13. BUSINESS SEGMENT INFORMATION (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy's reportable segments as of December 31, 2010 are Utility and Entergy Wholesale Commodities. Utility includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and natural gas utility service in portions of Louisiana. Entergy Wholesale Commodities includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. Entergy Wholesale Commodities also includes the ownership of interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers. "All Other" includes the parent company, Entergy Corporation, and other business activity, including the earnings on the proceeds of sales of previously-owned businesses.

In the fourth quarter 2010, Entergy finished integrating its former Non-Utility Nuclear segment and its non-nuclear wholesale asset business into the new Entergy Wholesale Commodities business in an internal reorganization. The 2009 and 2008 information in the tables below has been restated to reflect the change in reportable segments.

Entergy's segment financial information is as follows:

2010	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Consolidated
			(In Thousands)		
Operating revenues	$8,941,332	$2,566,156	$7,442	($27,353)	$11,487,577
Deprec., amort. & decomm.	$1,006,385	$270,658	$4,587	$-	$1,281,630
Interest and investment income	$182,493	$171,158	$44,757	($212,953)	$185,455
Interest expense	$493,241	$71,817	$129,505	($119,396)	$575,167
Income taxes (benefits)	$454,227	$268,649	($105,637)	$-	$617,239
Consolidated net income	$829,719	$489,422	$44,721	($93,557)	$1,270,305
Total assets	$31,080,240	$10,102,817	($714,968)	($1,782,813)	$38,685,276
Investment in affiliates - at equity	$199	$59,456	($18,958)	$-	$40,697
Cash paid for long-lived asset additions	$1,766,609	$687,313	$75	$-	$2,453,997

2009	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Consolidated
			(In Thousands)		
Operating revenues	$8,055,353	$2,711,078	$5,682	($26,463)	$10,745,650
Deprec., amort. & decomm.	$1,025,922	$251,147	$4,769	$-	$1,281,838
Interest and investment income (loss)	$180,505	$196,492	($10,470)	($129,899)	$236,628
Interest expense	$462,206	$78,278	$86,420	($56,460)	$570,444
Income taxes (benefits)	$388,682	$322,255	($78,197)	$-	$632,740
Consolidated net income (loss)	$708,905	$641,094	($25,511)	($73,438)	$1,251,050
Total assets	$29,892,088	$11,134,791	($646,756)	($2,818,170)	$37,561,953
Investment in affiliates - at equity	$200	$-	$39,380	$-	$39,580
Cash paid for long-lived asset additions	$1,872,997	$661,596	($5,874)	$-	$2,528,719

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2008	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Consolidated
			(In Thousands)		
Operating revenues	$10,318,630	$2,793,637	$6,456	($24,967)	$13,093,756
Deprec., amort. & decomm.	$984,651	$230,439	$5,179	$-	$1,220,269
Interest and investment income	$122,657	$163,200	$7,421	($95,406)	$197,872
Interest expense	$425,216	$100,757	$138,576	($55,628)	$608,921
Income taxes (benefits)	$371,281	$289,643	($57,926)	$-	$602,998
Consolidated net income (loss)	$605,144	$798,227	($123,057)	($39,779)	$1,240,535
Total assets	$28,810,147	$9,295,722	$334,600	($1,823,651)	$36,616,818
Investment in affiliates - at equity	$199	$-	$66,048	$-	$66,247
Cash paid for long-lived asset additions	$2,478,014	$490,348	$6,667	$-	$2,975,029

Businesses marked with * are sometimes referred to as the “competitive businesses.” Eliminations are primarily intersegment activity. Almost all of Entergy’s goodwill is related to the Utility segment.

On April 5, 2010, Entergy announced that, effective immediately, it planned to unwind the business infrastructure associated with its proposed plan to spin-off its non-utility nuclear business. As a result of the plan to unwind the business infrastructure, Entergy recorded expenses in the Entergy Wholesale Commodities segment. Other operating and maintenance expense includes the write-off of $64 million of capital costs, primarily for software that will not be utilized. Interest charges include the write-off of $39 million of debt financing costs, primarily incurred for the $1.2 billion credit facility related to the planned spin-off of Entergy’s non-utility nuclear business that will not be used. Approximately $16 million of other costs were incurred in 2010 in connection with unwinding the planned non-utility nuclear spin-off transaction.

Geographic Areas

For the years ended December 31, 2010 and 2009, the amount of revenue Entergy derived from outside of the United States was insignificant. As of December 31, 2010 and 2009, Entergy had no long-lived assets located outside of the United States.

Registrant Subsidiaries

Each of the Registrant Subsidiaries has one reportable segment, which is an integrated utility business, except for System Energy, which is an electricity generation business. Each of the Registrant Subsidiaries' operations is managed on an integrated basis by that company because of the substantial effect of cost-based rates and regulatory oversight on the business process, cost structures, and operating results.

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NOTE 14. EQUITY METHOD INVESTMENTS (Entergy Corporation)

As of December 31, 2010, Entergy owns investments in the following companies that it accounts for under the equity method of accounting:

Investment	Ownership	Description
Entergy-Koch	50% partnership interest	Entergy-Koch was in the energy commodity marketing and trading business and gas transportation and storage business until the fourth quarter 2004 when these businesses were sold. In December 2009, Entergy reorganized its investment in Entergy-Koch, received a $25.6 million cash distribution, and received a distribution of certain software owned by the joint venture.
RS Cogen LLC	50% member interest	Co-generation project that produces power and steam on an industrial and merchant basis in the Lake Charles, Louisiana area.
Top Deer	50% member interest	Wind-powered electric generation joint venture.

Following is a reconciliation of Entergy's investments in equity affiliates:

	2010	2009	2008
		(In Thousands)	
Beginning of year	$39,580	$66,247	$78,992
Loss from the investments	(2,469)	(7,793)	(11,684)
Dispositions and other adjustments	3,586	(18,874)	(1,061)
End of year	$40,697	$39,580	$66,247

Related-party transactions and guarantees

Entergy Gulf States Louisiana purchased approximately $50.8 million, $49.3 million, and $82.5 million of electricity generated from Entergy's share of RS Cogen in 2010, 2009, and 2008, respectively. Entergy's operating transactions with its other equity method investees were not significant in 2010, 2009, or 2008.

NOTE 15. ACQUISITIONS AND DISPOSITIONS (Entergy Corporation, Entergy Arkansas, and Entergy Gulf States Louisiana)

Calcasieu

In March 2008, Entergy Gulf States Louisiana purchased the Calcasieu Generating Facility, a 322 MW simple-cycle gas-fired power plant located near the city of Sulphur in southwestern Louisiana, for approximately $56 million from a subsidiary of Dynegy, Inc. Entergy Gulf States Louisiana received the plant, materials and supplies, SO2 emission allowances, and related real estate in the transaction. The FERC and the LPSC approved the acquisition.

Ouachita

In September 2008, Entergy Arkansas purchased the Ouachita Plant, a 789 MW three-train gas-fired combined cycle generating turbine (CCGT) electric power plant located 20 miles south of the Arkansas state line near Sterlington, Louisiana, for approximately $210 million from a subsidiary of Cogentrix Energy, Inc. Entergy Arkansas received the plant, materials and supplies, and related real estate in the transaction. The FERC and the APSC approved the acquisition. The APSC also approved the recovery of the acquisition and ownership costs through a rate rider and the planned sale of one-third of the capacity and energy to Entergy Gulf States Louisiana.

The LPSC also approved the purchase of one-third of the capacity and energy by Entergy Gulf States Louisiana, subject to certain conditions, including a study to determine the costs and benefits of Entergy Gulf States Louisiana exercising an option to purchase one-third of the plant (Unit 3) from Entergy Arkansas. In April 2009, Entergy Gulf States Louisiana made a filing with the LPSC seeking approval of Entergy Gulf States Louisiana exercising its option to convert its purchased power agreement into the ownership interest in Unit 3 and a one-third interest in the Ouachita common facilities. In September 2009 the LPSC, pursuant to an uncontested settlement, approved the acquisition and a cost recovery mechanism. Entergy Gulf States Louisiana purchased Unit 3 and a one-third interest in the Ouachita common facilities for $75 million in November 2009.

Palisades Purchased Power Agreement

Entergy's purchase of the Palisades plant in 2007 included 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. For the PPA, which was at below-market prices at the time of the acquisition, Entergy will amortize a 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. Amounts amortized to revenue were $46 million in 2010, $53 million in 2009, and $76 million in 2008. The amounts to be amortized to revenue for the next five years will be $43 million for 2011, $17 million in 2012, $18 million for 2013, $16 million for 2014, and $15 million for 2015.

NYPA Value Sharing Agreements

Entergy's purchase of the FitzPatrick and Indian Point 3 plants from NYPA included value sharing agreements with NYPA. In October 2007, Entergy subsidiaries 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, Entergy subsidiaries 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. Entergy subsidiaries 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's output is due by January 15 of the following year. Entergy will record the liability for payments to NYPA as power is generated and sold by Indian Point 3 and FitzPatrick. An amount equal to the liability will be recorded to the plant asset account as contingent purchase price consideration for the plants. In 2010, 2009, and 2008, Entergy Wholesale Commodities recorded $72 million as plant for generation during each of those years. This amount will be depreciated over the expected remaining useful life of the plants.

Asset Dispositions

Harrison County

In the fourth quarter 2010, Entergy sold its ownership interest in the Harrison County Power Project 550 MW combined-cycle plant to two Texas electric cooperatives that owned a minority share of the Marshall, Texas unit. Entergy sold its 61 percent share of the plant for $219 million and realized a gain of $44.2 million ($27.2 million net-of-tax) on the sale.

Entergy-Koch Businesses

In the fourth quarter 2004, Entergy-Koch sold its energy trading and pipeline businesses to third parties. The sales came after a review of strategic alternatives for enhancing the value of Entergy-Koch. Entergy received $862 million of cash distributions in 2004 from Entergy-Koch after the business sales. Due to the November 2006 expiration of contingencies on the sale of Entergy-Koch's trading business, and the corresponding release to Entergy-Koch of sales proceeds held in escrow, Entergy recorded a gain related to its Entergy-Koch investment of approximately $55 million, net-of-tax, in the fourth quarter 2006 and received additional cash distributions of approximately $163 million. In December 2009, Entergy reorganized its investment in Entergy-Koch, received a $25.6 million cash distribution, and received a distribution of certain software owned by the joint venture.

NOTE 16. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Market and Commodity Risks

In the normal course of business, Entergy is exposed to a number of market and commodity risks. Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular instrument or commodity. All financial and commodity-related instruments, including derivatives, are subject to market risk. Entergy is subject to a number of commodity and market risks, including:

Type of Risk	Affected Businesses
Power price risk	Utility, Entergy Wholesale Commodities
Fuel price risk	Utility, Entergy Wholesale Commodities
Foreign currency exchange rate risk	Utility, Entergy Wholesale Commodities
Equity price and interest rate risk - investments	Utility, Entergy Wholesale Commodities

Entergy manages a portion of these risks using derivative instruments, some of which are classified as cash flow hedges due to their financial settlement provisions while others are classified as normal purchase/normal sales transactions due to their physical settlement provisions. Normal purchase/normal sale risk management tools include power purchase and sales agreements, fuel purchase agreements, capacity contracts, and tolling agreements. Financially-settled cash flow hedges can include natural gas and electricity futures, forwards, swaps, and options; foreign currency forwards; and interest rate swaps. Entergy will occasionally enter into financially settled option contracts to manage market risk under certain hedging transactions which may or may not be designated as hedging instruments. Entergy enters into derivatives only to manage natural risks inherent in its physical or financial assets or liabilities.

Entergy manages fuel price volatility for its Louisiana jurisdictions (Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy New Orleans) and Entergy Mississippi primarily through the purchase of short-term natural gas swaps. These swaps are marked-to-market with offsetting regulatory assets or liabilities. The notional volumes of these swaps are based on a portion of projected annual exposure to gas for electric generation and projected winter purchases for gas distribution at Entergy Gulf States Louisiana and Entergy New Orleans.

Entergy's exposure to market risk is determined by a number of factors, including the size, term, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affects the level of market risk. A

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significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

Derivatives

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2010 are as follows:

Instrument	Balance Sheet Location	Fair Value (a)	Offset (a)	Business
Derivatives designated as hedging instruments				
Assets:				
Electricity futures, forwards, swaps, and options	Prepayments and other (current portion)	$160 million	($7) million	Entergy Wholesale Commodities
Electricity futures, forwards, swaps, and options	Other deferred debits and other assets (non-current portion)	$82 million	($29) million	Entergy Wholesale Commodities
Liabilities:				
Electricity futures, forwards, swaps, and options	Other current liabilities (current portion)	$5 million	($5) million	Entergy Wholesale Commodities
Electricity futures, forwards, swaps, and options	Other non-current liabilities (non-current portion)	$47 million	($30) million	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments				
Assets:				
Electricity futures, forwards, swaps, and options	Prepayments and other (current portion)	$2 million	($-)	Entergy Wholesale Commodities
Electricity futures, forwards, swaps, and options	Other deferred debits and other assets (non-current portion)	$14 million	($8) million	Entergy Wholesale Commodities
Liabilities:				

Electricity futures, forwards, swaps, and options	Other current liabilities (current portion)	$2 million	($2 million)	Entergy Wholesale Commodities
Electricity futures, forwards, swaps, and options	Other non-current liabilities (non-current portion)	$7 million	($7) million	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	$2 million	($-)	Utility

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2009 are as follows:

Instrument	Balance Sheet Location	Fair Value (a)	Offset (a)	Business
Derivatives designated as hedging instruments				
Assets:				
Electricity futures, forwards, swaps, and options	Prepayments and other (current portion)	$117 million	($8) million	Entergy Wholesale Commodities
Electricity futures, forwards, swaps, and options	Other deferred debits and other assets (non-current portion)	$95 million	($4) million	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments				
Assets:				
Natural gas swaps	Prepayments and other	$8 million	($-)	Utility

(a) The balances of derivative assets and liabilities in this table are presented gross. Certain investments, including those not designated as hedging instruments, are subject to master netting agreements and are presented on the Entergy Consolidated Balance Sheets on a net basis in accordance with accounting guidance for Derivatives and Hedging.

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the years ended December 31, 2010 and 2009 is as follows:

Instrument	Amount of gain (loss) recognized in OCI (effective portion)	Income Statement location	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion)
2010			
Electricity futures, forwards, swaps, and options	$206 million	Competitive businesses operating revenues	$220 million
2009			
Electricity futures, forwards, swaps, and	$315 million	Competitive businesses operating revenues	$322 million

options

Electricity over-the-counter swaps that financially settle against day-ahead power pool prices are used to manage price exposure for Entergy Wholesale Commodities generation. Based on market prices as of December 31, 2010, cash flow hedges relating to power sales totaled $190 million of net gains, of which approximately $155 million are expected to be reclassified from accumulated other comprehensive income (OCI) to operating revenues in the next twelve months. The actual amount reclassified from accumulated OCI, however, could vary due to future changes in market prices. Gains totaling approximately $220 million and $322 million were realized on the maturity of cash flow hedges, before taxes of $77 million and $113 million, for December 31, 2010 and 2009, respectively. Unrealized gains or losses recorded in OCI result from hedging power output at the Entergy Wholesale Commodities power plants. The related gains or losses from hedging power are included in operating revenues when realized. The maximum length of time over which Entergy is currently hedging the variability in future cash flows with derivatives

(Palisades is price hedged through April 2022) for forecasted power transactions at December 31, 2010 is approximately four years. Planned generation currently sold forward from Entergy Wholesale Commodities power plants as of December 31, 2010 is 96% for 2011 of which approximately 47% is sold under financial derivatives and the remainder under normal purchase/sale contracts. The ineffective portion of the change in the value of Entergy's cash flow hedges for 2010 and 2009 was insignificant. Certain of the agreements to sell the power produced by Entergy Wholesale Commodities power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations when the current market prices exceed the contracted power prices. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. As of December 31, 2010, hedge contracts with two counterparties were in a liability position (approximately $17 million total), but were significantly below the amount of the guarantee provided under the contract and no cash collateral was required. If the Entergy Corporation credit rating falls below investment grade, the impact of the corporate guarantee is ignored and Entergy would have to post collateral equal to the estimated outstanding liability under the contract at the applicable date. From time to time, Entergy may effectively liquidate a cash flow hedge instrument by entering into a contract offsetting the original hedge, and then de-designating the original hedge. Gains or losses accumulated in OCI prior to de-designation continue to be deferred in OCI until they are included in income as the original hedged transaction occurs. From the point of de-designation, the gains or losses on the original hedge and the offsetting contract are recorded as assets or liabilities on the balance sheet and offset as they flow through to earnings.

Natural gas over-the-counter swaps that financially settle against NYMEX futures are used to manage fuel price volatility for the Utility's Louisiana and Mississippi customers. All benefits or costs of the program are recorded in fuel costs. The total volume of natural gas swaps outstanding as of December 31, 2010 is 37,120,000 MMBtu for Entergy, 10,090,000 MMBtu for Entergy Gulf States Louisiana, 16,780,000 MMBtu for Entergy Louisiana, 9,340,000 MMBtu for Entergy Mississippi, and 910,000 MMBtu for Entergy New Orleans. Credit support for these natural gas swaps is covered by master agreements that do not require collateralization based on mark-to-market value, but do carry adequate assurance language that may lead to collateralization requests.

The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the years ended December 31, 2010 and 2009 is as follows:

Instrument	Amount of gain (loss) recognized in OCI (de-designated hedges)	Income Statement location	Amount of gain (loss) recorded in income
2010			
Natural gas swaps	$ -	Fuel, fuel-related expenses, and gas purchased for resale	($95) million
Electricity futures, forwards, swaps, and options de-designated as hedged items	$15 million	Competitive business operating revenues	$ -
2009			
Natural gas swaps	$ -		($160) million

Fuel, fuel-related expenses, and gas purchased for resale

Due to regulatory treatment, the natural gas swaps are marked to market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as offsetting regulatory assets or liabilities. The gains or losses recorded as fuel expenses when the swaps are settled are recovered through fuel cost recovery mechanisms.

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The fair values of the Registrant Subsidiaries' derivative instruments on their balance sheets as of December 31, 2010 and 2009 are as follows:

Instrument	Balance Sheet Location	Fair Value	Registrant
Derivatives not designated as hedging instruments			
2010			
Assets:			
Natural gas swaps	Prepayments and other	$0.3 million	Entergy Mississippi
Liabilities:			
Natural gas swaps	Other current liabilities	$1.0 million	Entergy Gulf States Louisiana
Natural gas swaps	Other current liabilities	$0.4 million	Entergy Louisiana
Natural gas swaps	Other current liabilities	$0.5 million	Entergy New Orleans
2009			
Assets:			
Natural gas swaps	Prepayments and other	$2.1 million	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	$3.4 million	Entergy Louisiana
Natural gas swaps	Prepayments and other	$2.9 million	Entergy Mississippi
Liabilities:			
Natural gas swaps	Other current liabilities	$0.3 million	Entergy Gulf States Louisiana

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their statements of income for the years ended December 31, 2010 and 2009 are as follows:

Instrument	Statement of Income Location	Amount of gain (loss) recorded in income	Registrant
2010			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($25.0) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($40.5) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($27.5) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($1.7) million	Entergy New Orleans

2009

Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($42.0) million	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($66.4) million	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($40.7) million	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($10.5) million	Entergy New Orleans

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using bid prices, market quotes, and financial modeling. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments other than forward energy contracts held by competitive businesses are reflected in future rates and therefore do not accrue to the benefit or detriment of shareholders. Entergy considers the carrying amounts of most financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments.

Accounting standards define fair value as an exit price, or the price that would be received to sell an asset or the amount that would be paid to transfer a liability in an orderly transaction between knowledgeable market participants at the date of measurement. Entergy and the Registrant Subsidiaries use assumptions or market input data that market participants would use in pricing assets or liabilities at fair value. The inputs can be readily observable, corroborated by market data, or generally unobservable. Entergy and the Registrant Subsidiaries endeavor to use the best available information to determine fair value.

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy establishes the highest priority for unadjusted market quotes in an active market for the identical asset or liability and the lowest priority for unobservable inputs. The three levels of the fair value hierarchy are:

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents, debt instruments, and gas hedge contracts.

- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by Entergy if it is believed such would be more reflective of fair value. Level 2 inputs include the following:

  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; or
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually owned debt instruments or shares in common trusts. Common trust funds are stated at estimated fair value based on the fair market value of the underlying investments.

- Level 3 - Level 3 inputs are pricing inputs that are generally less observable or unobservable from objective sources. These inputs are used with internally developed methodologies to produce management's best estimate of fair value for the asset or liability. Level 3 consists primarily of derivative power contracts used as cash flow hedges of power sales at merchant power plants.

The values for the cash flow hedges that are recorded as derivative contract assets or liabilities are based on both observable inputs including public market prices and unobservable inputs such as model-generated prices for longer-term markets and are classified as Level 3 assets and liabilities. The amounts reflected as the fair value of derivative assets or liabilities are based on the estimated amount that the contracts are in-the-money at the balance sheet date (treated as an asset) or out-of-the-money at the balance sheet date (treated as a liability) and would equal the estimated amount receivable or payable by Entergy if the contracts were settled at that date. These derivative contracts include cash flow hedges that swap fixed for floating cash flows for sales of the output from Entergy's Entergy Wholesale Commodities business. The fair values are based on the mark-to-market comparison between the fixed contract prices and the floating prices determined each period from a combination of quoted forward power market prices for the period for which such curves are available, and model-generated prices using quoted forward gas market curves and estimates regarding heat rates to convert gas to power and the costs associated with the transportation of the power from the plants' bus bar to the contract's point of delivery, generally a power market hub, for the period thereafter. The differences between the fixed price in the swap contract and these market-related prices multiplied by the volume specified in the contract and discounted at the counterparties' credit adjusted risk free rate are recorded as derivative contract assets or liabilities. As of December 31, 2010, Entergy had in-the-money derivative contracts with a fair value of $214 million with counterparties or their guarantor who are all currently investment grade. $17 million of the derivative contracts as of December 31, 2010 are out-of-the-money contracts supported by corporate guarantees, which would require additional cash or letters of credit in the event of a decrease in Entergy Corporation's credit rating to below investment grade.

The following table sets forth, by level within the fair value hierarchy, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of December 31, 2010 and December 31, 2009. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$1,218	$-	$-	$1,218
Decommissioning trust funds (a):				
Equity securities	387	1,689	-	2,076
Debt securities	497	1,023	-	1,520
Power contracts	-	-	214	214
Securitization recovery trust account	43	-	-	43
Storm reserve escrow account	329	-	-	329
	$2,474	$2,712	$214	$5,400
Liabilities:				
Power contracts	$-	$-	$17	$17
Gas hedge contracts	2	-	-	2
	$2	$-	$17	$19

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
	$1,624	$-	$-	$1,624

Temporary cash investments				
Decommissioning trust funds (a):				
Equity securities	528	1,260	-	1,788
Debt securities	443	980	-	1,423
Power contracts	-	-	200	200
Securitization recovery trust account	13	-	-	13
Gas hedge contracts	8	-	-	8
Other investments	42	-	-	42
	$2,658	$2,240	$200	$5,098

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The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the years ended December 31, 2010, 2009, and 2008:

	2010	2009	2008
		(In Millions)	
Balance as of January 1,	$200	$207	($12)
Price changes (unrealized gains/losses)	221	310	226
Originated	(4)	5	(70)
Settlements	(220)	(322)	63
Balance as of December 31,	$197	$200	$207

The following table sets forth, by level within the fair value hierarchy, the Registrant Subsidiaries' assets that are accounted for at fair value on a recurring basis as of December 31, 2010 and December 31, 2009. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels.

Entergy Arkansas

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$101.9	$-	$-	$101.9
Decommissioning trust funds (a):				
Equity securities	3.4	316.3	-	319.7
Debt securities	41.4	159.7	-	201.1
Securitization recovery trust account	2.4	-	-	2.4
	$149.1	$476.0	$-	$625.1

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$82.9	$-	$-	$82.9
Decommissioning trust funds (a):				
Equity securities	15.4	205.3	-	220.7

Debt securities	17.6	201.9	-	219.5
	$115.9	$407.2	$-	$523.1

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Entergy Gulf States Louisiana

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$154.9	$-	$-	$154.9
Decommissioning trust funds (a):				
Equity securities	3.8	231.1	-	234.9
Debt securities	32.2	126.5	-	158.7
Storm reserve escrow account	90.1	-	-	90.1
	$281.0	$357.6	$-	$638.6
Liabilities:				
Gas hedge contracts	$1.0	$-	$-	$1.0

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$144.3	$-	$-	$144.3
Decommissioning trust funds (a):				
Equity securities	6.7	175.5	-	182.2
Debt securities	25.3	142.0	-	167.3
Gas hedge contracts	2.1	-	-	2.1
	$178.4	$317.5	$-	$495.9
Liabilities:				
Gas hedge contracts	$0.3	$-	$-	$0.3

Entergy Louisiana

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$122.5	$-	$-	$122.5
Decommissioning trust funds (a):				
Equity securities	1.3	142.6	-	143.9

Debt securities	45.7	50.9	-	96.6
Storm reserve escrow account	201.0	-	-	201.0
	$370.5	$193.5	$-	$564.0
Liabilities:				
Gas hedge contracts	$0.4	$-	$-	$0.4

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$151.7	$-	$-	$151.7
Decommissioning trust funds (a):				
Equity securities	7.0	110.9	-	117.9
Debt securities	44.3	46.9	-	91.2
Gas hedge contracts	3.4	-	-	3.4
Storm reserve escrow account	0.8	-	-	0.8
	$207.2	$157.8	$-	$365.0

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Entergy Mississippi

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Gas hedge contracts	$0.3	$-	$-	$0.3
Storm reserve escrow account	31.9	-	-	31.9
	$32.2	$-	$-	$32.2

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$90.3	$-	$-	$90.3
Gas hedge contracts	2.9	-	-	2.9
Storm reserve escrow account	31.9	-	-	31.9
	$125.1	$-	$-	$125.1

Entergy New Orleans

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$53.6	$-	$-	$53.6
Storm reserve escrow account	6.0	-	-	6.0
	$59.6	$-	$-	$59.6
Liabilities:				
Gas hedge contracts	$0.5	$-	$-	$0.5

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$190.0	$-	$-	$190.0
Storm reserve escrow account	9.5	-	-	9.5

	$199.5	$-	$-	$199.5

Entergy Texas

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$33.6	$-	$-	$33.6
Securitization recovery trust account	40.6	-	-	40.6
	$74.2	$-	$-	$74.2

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$199.2	$-	$-	$199.2
Securitization recovery trust account	13.1	-	-	13.1
	$212.3	$-	$-	$212.3

System Energy

2010	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$262.9	$-	$-	$262.9
Decommissioning trust funds (a):				
Equity securities	3.1	220.9	-	224.0
Debt securities	95.7	68.2	-	163.9
	$361.7	$289.1	$-	$650.8

2009	Level 1	Level 2	Level 3	Total
		(In Millions)		
Assets:				
Temporary cash investments	$263.6	$-	$-	$263.6
Decommissioning trust funds (a):				
Equity securities	2.1	180.2	-	182.3
Debt securities	78.4	66.3	-	144.7
	$344.1	$246.5	$-	$590.6

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indexes. Fixed income securities are held in various governmental and corporate securities with an average coupon rate of 4.34%. See Note 17 for additional information on the investment portfolios.

NOTE 17. DECOMMISSIONING TRUST FUNDS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)

Entergy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The NRC requires Entergy subsidiaries to maintain trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, Grand Gulf, Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades (NYPA currently retains the decommissioning trusts and liabilities for Indian Point 3 and FitzPatrick). The funds are invested primarily in equity securities; fixed-rate, fixed-income securities; and cash and cash equivalents.

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits. Decommissioning trust funds for Pilgrim, Indian Point 2, Vermont Yankee, and Palisades do not meet the criteria for regulatory accounting treatment. Accordingly, unrealized gains recorded on the assets in these trust funds are recognized in the accumulated other comprehensive income component of shareholders' equity because these assets are classified as available for sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of shareholders' equity unless the unrealized loss is other than temporary and therefore recorded in earnings. Generally, Entergy records realized gains and losses on its debt and equity securities using the specific identification method to determine the cost basis of its securities.

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The securities held as of December 31, 2010 and 2009 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
		(In Millions)	
2010			
Equity Securities	$2,076	$436	$9
Debt Securities	1,520	67	12
Total	$3,596	$503	$21
2009			
Equity Securities	$1,788	$311	$30
Debt Securities	1,423	63	8
Total	$3,211	$374	$38

Deferred taxes on unrealized gains/(losses) are recorded in other comprehensive income for the decommissioning trusts which do not meet the criteria for regulatory accounting treatment as described above. Unrealized gains/(losses) above are reported before deferred taxes of $130 million and $66 million as of December 31, 2010 and 2009, respectively. The amortized cost of debt securities was $1,475 million as of December 31, 2010 and $1,368 million as of December 31, 2009. As of December 31, 2010, the debt securities have an average coupon rate of approximately 4.34%, an average duration of approximately 5.21 years, and an average maturity of approximately 8.82 years. The equity securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2010:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
		(In Millions)		
Less than 12 months	$15	$1	$474	$11
More than 12 months	105	8	4	1
Total	$120	$9	$478	$12

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2009:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$57	$1	$311	$6
More than 12 months	205	29	18	2
Total	$262	$30	$329	$8

The unrealized losses in excess of twelve months on equity securities above relate to Entergy's Utility operating companies and System Energy.

The fair value of debt securities, summarized by contractual maturities, as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Millions)	
less than 1 year	$37	$31
1 year - 5 years	557	676
5 years - 10 years	512	388
10 years - 15 years	163	131
15 years - 20 years	47	34
20 years+	204	163
Total	$1,520	$1,423

During the years ended December 31, 2010, 2009, and 2008, proceeds from the dispositions of securities amounted to $2,606 million, $2,571 million, and $1,652 million, respectively. During the years ended December 31, 2010, 2009, and 2008, gross gains of $69 million, $80 million, and $26 million, respectively, and gross losses of $9 million, $30 million, and $20 million, respectively, were reclassified out of other comprehensive income into earnings.

Entergy Arkansas

Entergy Arkansas holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of December 31, 2010 and 2009 are summarized as follows:

Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)	

2010			
Equity Securities	$319.7	$74.2	$0.3
Debt Securities	201.1	11.0	1.0
Total	$520.8	$85.2	$1.3
2009			
Equity Securities	$220.7	$60.1	$3.4
Debt Securities	219.5	10.7	1.7
Total	$440.2	$70.8	$5.1

The amortized cost of debt securities was $191.2 million as of December 31, 2010 and $210.5 million as of December 31, 2009. As of December 31, 2010, the debt securities have an average coupon rate of approximately 4.14%, an average duration of approximately 4.62 years, and an average maturity of approximately 5.48 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2010:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$44.3	$1.0
More than 12 months	6.6	0.3	-	-
Total	$6.6	$0.3	$44.3	$1.0

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2009:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$31.9	$1.2
More than 12 months	26.8	3.4	3.9	0.5
Total	$26.8	$3.4	$35.8	$1.7

The fair value of debt securities, summarized by contractual maturities, as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Millions)	
	$5.3	$6.7

less than 1 year		
1 year - 5 years	100.1	133.2
5 years - 10 years	85.2	68.2
10 years - 15 years	4.5	5.1
15 years - 20 years	-	-
20 years+	6.0	6.3
Total	$201.1	$219.5

During the years ended December 31, 2010, 2009, and 2008, proceeds from the dispositions of securities amounted to $367.3 million, $154.6 million, and $162.1 million, respectively. During the years ended December 31, 2010, 2009, and 2008, gross gains of $29.2 million, $2.6 million, and $3.8 million, respectively, and gross losses of $0.8 million, $1.4 million, and $0.5 million, respectively, were recorded in earnings.

Entergy Gulf States Louisiana

Entergy Gulf States Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of December 31, 2010 and 2009 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
		(In Millions)	
2010			
Equity Securities	$234.9	$41.7	$1.4
Debt Securities	158.7	8.8	0.8
Total	$393.6	$50.5	$2.2
2009			
Equity Securities	$182.2	$17.0	$5.3
Debt Securities	167.3	10.0	0.9
Total	$349.5	$27.0	$6.2

The amortized cost of debt securities was $150.0 million as of December 31, 2010 and $158.5 million as of December 31, 2009. As of December 31, 2010, the debt securities have an average coupon rate of approximately 4.53%, an average duration of approximately 6.08 years, and an average maturity of approximately 9.32 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2010:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
		(In Millions)		
Less than 12 months	$-	$-	$22.6	$0.6
More than 12 months	18.6	1.4	0.9	0.2
Total	$18.6	$1.4	$23.5	$0.8

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2009:

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	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$24.7	$0.6
More than 12 months	48.9	5.3	4.3	0.3
Total	$48.9	$5.3	$29.0	$0.9

The fair value of debt securities, summarized by contractual maturities, as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Millions)	
less than 1 year	$4.7	$3.3
1 year - 5 years	35.0	46.1
5 years - 10 years	54.2	53.9
10 years - 15 years	48.1	52.0
15 years - 20 years	3.7	3.5
20 years+	13.0	8.5
Total	$158.7	$167.3

During the years ended December 31, 2010, 2009, and 2008, proceeds from the dispositions of securities amounted to $100.8 million, $95.2 million, and $65.1 million, respectively. During the years ended December 31, 2010, 2009, and 2008, gross gains of $2.0 million, $2.4 million, and $1.0 million, respectively, and gross losses of $0.4 million, $0.6 million, and $0.6 million, respectively, were recorded in earnings.

Entergy Louisiana

Entergy Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of December 31, 2010 and 2009 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
		(In Millions)	

2010			
Equity Securities	$143.9	$31.0	$1.7
Debt Securities	96.6	5.3	0.1
Total	$240.5	$36.3	$1.8
2009			
Equity Securities	$117.9	$15.3	$5.3
Debt Securities	91.2	3.9	0.9
Total	$209.1	$19.2	$6.2

The amortized cost of debt securities was $91.0 million as of December 31, 2010 and $88.2 million as of December 31, 2009. As of December 31, 2010, the debt securities have an average coupon rate of approximately 4.10%, an average duration of approximately 4.49 years, and an average maturity of approximately 8.98 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2010:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$4.8	$0.1
More than 12 months	18.9	1.7	0.2	-
Total	$18.9	$1.7	$5.0	$0.1

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2009:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$29.7	$0.8
More than 12 months	37.5	5.3	0.9	0.1
Total	$37.5	$5.3	$30.6	$0.9

The fair value of debt securities, summarized by contractual maturities, as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Millions)	
less than 1 year	$5.3	$2.2
1 year - 5 years	28.1	31.9
5 years - 10 years	31.5	23.7
10 years - 15 years	14.1	12.1

15 years - 20 years	2.9	5.5
20 years+	14.7	15.8
Total	$96.6	$91.2

During the years ended December 31, 2010, 2009, and 2008, proceeds from the dispositions of securities amounted to $44.5 million, $47.5 million, and $23.5 million, respectively. During the years ended December 31, 2010, 2009, and 2008, gross gains of $0.7 million, $1.7 million, and $0.5 million, respectively, and gross losses of $0.3 million, $1.1 million, and $0.4, respectively, were recorded in earnings.

System Energy

System Energy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of December 31, 2010 and 2009 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
		(In Millions)	
2010			
Equity Securities	$224.0	$37.3	$5.2
Debt Securities	163.9	4.4	1.5
Total	$387.9	$41.7	$6.7
2009			
Equity Securities	$182.3	$17.8	$14.7
Debt Securities	144.7	2.8	0.8
Total	$327.0	$20.6	$15.5

The amortized cost of debt securities was $159.3 million as of December 31, 2010 and $142.8 million as of December 31, 2009. As of December 31, 2010, the debt securities have an average coupon rate of approximately 3.73%, an average duration of approximately 4.75 years, and an average maturity of approximately 7.98 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2010:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
		(In Millions)		
Less than 12 months	$-	$-	$63.0	$1.5
More than 12 months	61.1	5.2	-	-
Total	$61.1	$5.2	$63.0	$1.5

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2009:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$-	$-	$56.4	$0.6
More than 12 months	89.3	14.7	3.2	0.2
Total	$89.3	$14.7	$59.6	$0.8

The fair value of debt securities, summarized by contractual maturities, as of December 31, 2010 and 2009 are as follows:

	2010	2009
	(In Millions)	
less than 1 year	$1.8	$1.0
1 year - 5 years	79.8	84.0
5 years - 10 years	52.3	36.2
10 years - 15 years	2.5	4.2
15 years - 20 years	3.8	2.3
20 years+	23.7	17.0
Total	$163.9	$144.7

During the years ended December 31, 2010, 2009, and 2008, proceeds from the dispositions of securities amounted to $322.8 million, $393.0 million, and $483.4 million, respectively. During the years ended December 31, 2010, 2009, and 2008, gross gains of $4.4 million, $4.4 million, and $4.7 million, respectively, and gross losses of $0.6 million, $6.5 million, and $4.2 million, respectively, were recorded in earnings.

Other-than-temporary impairments and unrealized gains and losses

Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy evaluate unrealized losses at the end of each period to determine whether an other-than-temporary impairment has occurred. Effective January 1, 2009, Entergy adopted an accounting pronouncement providing guidance regarding recognition and presentation of other-than-temporary impairments related to investments in debt securities. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). For debt securities held as of January 1, 2009 for which an other-than-temporary impairment had previously been recognized but for which assessment under the new guidance indicates this impairment is temporary, Entergy recorded an adjustment to its opening balance of retained earnings of $11.3 million ($6.4 million net-of-tax). Entergy did not have any material other-than-temporary impairments relating to credit losses on debt securities for the years ended December 31, 2010 and 2009. The assessment of whether an investment in an equity security has suffered an other-than-temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. Entergy Wholesale Commodities recorded charges to other income of $1 million in 2010, $86 million in 2009, and $50 million in 2008, resulting from the recognition of the other-than-temporary impairment of certain equity securities held in its decommissioning trust funds.

NOTE 18. VARIABLE INTEREST ENTITIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Under applicable authoritative accounting guidance, a variable interest entity (VIE) is an entity that conducts a business or holds property that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or where equity holders do not receive expected losses or returns. An entity may have an interest in a VIE through ownership or other contractual rights or obligations, and is required to consolidate a VIE if it is the VIE's primary beneficiary.

The FASB issued authoritative accounting guidance that became effective in the first quarter 2010 that revised the manner in which entities evaluate whether consolidation is required for VIEs. Under the revised guidance, the primary beneficiary of a VIE is the entity that has the power to direct the activities of the VIE that most significantly affect the VIE's economic performance, and has the obligation to absorb losses or has the right to residual returns that would potentially be significant to the entity. In conjunction with the adoption of the new guidance, Entergy updated reviews of its contracts and arrangements to determine whether Entergy is the primary beneficiary of a VIE based on the revisions to the previous consolidation model and other provisions of this standard. Based on this review Entergy determined that Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy should consolidate the respective companies from which they lease nuclear fuel, usually in a sale and leaseback transaction. This determination is because Entergy directs the nuclear fuel companies with respect to nuclear fuel purchases, assists the nuclear fuel companies in obtaining financing, and, if financing cannot be arranged, the lessee (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, or System Energy) is responsible to repurchase nuclear fuel to allow the nuclear fuel company (the VIE) to meet its obligations. Under the previous guidance, the determination of the primary beneficiary of a VIE was based on ownership interests and the risks and rewards in the entity attributable to the variable interest holders. Therefore, the Entergy companies did not previously consolidate the nuclear fuel companies. Because Entergy has historically accounted for the leases with the nuclear fuel companies as capital lease obligations, the effect of consolidating the nuclear fuel companies did not materially affect Entergy's financial statements. During the term of the arrangements, none of the Entergy operating companies have been required to provide financial support apart from their scheduled lease payments. See Note 4 to the financial statements for details of the nuclear fuel companies' credit facility and commercial paper borrowings and long-term debt that are reported by Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy. These amounts also represent Entergy's and the respective Registrant Subsidiary's maximum exposure to losses associated with their respective interests in the nuclear fuel companies.

Entergy Texas determined that Entergy Gulf States Reconstruction Funding I, LLC, and Entergy Texas Restoration Funding, LLC, companies wholly-owned and consolidated by Entergy Texas, are variable interest entities and that Entergy Texas is the primary beneficiary. In June 2007, Entergy Gulf States Reconstruction Funding issued senior secured transition bonds (securitization bonds) to finance Entergy Texas's Hurricane Rita reconstruction costs. In November 2009, Entergy Texas Restoration Funding issued senior secured transition bonds (securitization bonds) to finance Entergy Texas's Hurricane Ike and Hurricane Gustav restoration costs. With the proceeds, the variable interest entities purchased from Entergy Texas the transition property, which is the right to recover from customers through a transition charge amounts sufficient to service the securitization bonds. The transition property is reflected as a regulatory asset on the consolidated Entergy Texas balance sheet. The creditors of Entergy Texas do not have recourse to the assets or revenues of the variable interest entities, including the transition property, and the creditors of the variable interest entities do not have recourse to the assets or revenues of Entergy Texas. Entergy Texas has no payment obligations to the variable interest entities except to remit transition charge collections. See Note 5 to the financial statements for additional details regarding the securitization bonds.

Entergy Arkansas Restoration Funding, LLC, a company wholly-owned and consolidated by Entergy Arkansas, is a variable interest entity and Entergy Arkansas is the primary beneficiary. In August 2010, Entergy Arkansas Restoration Funding issued storm cost recovery bonds to finance Entergy Arkansas's January 2009 ice storm damage restoration costs. With the proceeds, Entergy Arkansas Restoration Funding purchased from Entergy Arkansas the storm recovery property, which is the right to recover from customers through a storm recovery charge amounts sufficient to service the securitization bonds. The storm recovery property is reflected as a regulatory asset on the consolidated Entergy Arkansas balance sheet. The creditors of Entergy Arkansas do not have recourse to the assets or revenues of Entergy Arkansas Restoration Funding including the storm recovery property, and the creditors of Entergy Arkansas Restoration Funding do not have recourse to the assets or revenues of Entergy Arkansas. Entergy Arkansas has no payment obligations to Entergy Arkansas Restoration Funding except to remit storm recovery charge collections. See Note 5 to the financial statements for additional details regarding the storm cost recovery bonds.

Entergy Louisiana and System Energy are also considered to each hold a variable interest in the lessors from which they lease undivided interests representing approximately 9.3% of the Waterford 3 and 11.5% of the Grand Gulf nuclear plants, respectively. Entergy Louisiana and System Energy are the lessees under these arrangements, which are described in more detail in Note 10 to the financial statements. Entergy Louisiana made payments on its lease, including interest, of $35.1 million in 2010, $32.5 million in 2009, and $22.6 million in 2008. System Energy made payments on its lease, including interest, of $48.6 million in 2010, $47.8 million in 2009, and $47.1 million in 2008. The lessors are banks acting in the capacity of owner trustee for the benefit of equity investors in the transactions pursuant to trust agreements entered solely for the purpose of facilitating the lease transactions. It is possible that Entergy Louisiana and System Energy may be considered as the primary beneficiary of the lessors, but Entergy is unable to apply the revised authoritative accounting guidance with respect to these VIEs because the lessors are not required to, and could not, provide the necessary financial information to consolidate the lessors. Because Entergy accounts for these leasing arrangements as capital financings, however, Entergy believes that consolidating the lessors would not materially affect the financial statements. In the unlikely event of default under a lease, remedies available to the lessor include payment by the lessee of the fair value of the undivided interest in the plant, payment of the present value of the basic rent payments, or payment of a predetermined casualty value. Entergy believes, however, that the obligations recorded on the balance sheets materially represent each company's potential exposure to loss.

Entergy has also reviewed various lease arrangements, power purchase agreements, and other agreements in which it holds a variable interest. In these cases, Entergy has determined that it is not the primary beneficiary of the related VIE because it does not have the power to direct the activities of the VIE that most significantly affect the VIE's economic performance, or it does not have the obligation to absorb losses or the right to residual returns that would potentially be significant to the entity, or both.

NOTE 19. TRANSACTIONS WITH AFFILIATES (Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Each Registrant Subsidiary purchases electricity from or sells electricity to the other Registrant Subsidiaries, or both, under rate schedules filed with FERC. The Registrant Subsidiaries purchase fuel from System Fuels; receive management, technical, advisory, operating, and administrative services from Entergy Services; and receive management, technical, and operating services from Entergy Operations. These transactions are on an "at cost" basis. In addition, Entergy Power sells electricity to Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans. RS Cogen sells electricity to Entergy Gulf States Louisiana.

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As described in Note 1 to the financial statements, all of System Energy's operating revenues consist of billings to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

Additionally, as described in Note 4 to the financial statements, the Registrant Subsidiaries participate in Entergy's money pool and earn interest income from the money pool. Entergy Arkansas, Entergy Mississippi, and Entergy New Orleans also receive interest income from System Fuels, Inc.

The tables below contain the various affiliate transactions of the Utility operating companies, System Energy, and other Entergy affiliates.

Intercompany Revenues

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
2010	$307.1	$462.9	$228.0	$56.7	$55.8	$372.8	$558.6
2009	$354.5	$475.5	$260.2	$53.4	$87.6	$295.0	$554.0
2008	$419.1	$644.1	$257.8	$99.7	$161.0	$438.7	$529.0

Intercompany Operating Expenses

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
	(1)	(2)	(3)		(4)		
2010	$545.6	$602.7	$483.0	$372.9	$235.8	$519.0	$122.7
2009	$844.5	$547.6	$496.6	$353.1	$212.6	$417.6	$136.3
2008	$723.4	$908.8	$587.5	$385.1	$213.1	$553.7	$118.5

(1) Includes $0.1 million in 2010, $0.1 million in 2009, and $0.5 million in 2008 for power purchased from Entergy Power.
(2) Includes power purchased from RS Cogen of $51.4 million in 2010, $49.3 million in 2009, $82.5 million in 2008.
(3) Includes power purchased from Entergy Power of $12.0 million in 2010 and $11.6 million in 2009.
(4) Includes power purchased from Entergy Power of $11.8 million in 2010 and $11.3 million in 2009.

Intercompany Interest Income

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Millions)			
2010	$0.6	$26.5	$67.6	$0.3	$0.2	$0.1	$0.7
2009	$0.9	$19.5	$55.5	$0.8	$0.7	$0.4	$1.9
2008	$1.4	$12.3	$31.4	$0.9	$2.0	$2.6	$2.1

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NOTE 20. QUARTERLY FINANCIAL DATA (UNAUDITED) (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Operating results for the four quarters of 2010 and 2009 for Entergy Corporation and subsidiaries were:

	Operating Revenues	Operating Income	Consolidated Net Income	Net Income Attributable to Entergy Corporation
	(In Thousands)			
2010:				
First Quarter	$2,759,347	$476,714	$218,814	$213,799
Second Quarter	$2,862,950	$626,241	$320,283	$315,266
Third Quarter	$3,332,176	$770,642	$497,901	$492,886
Fourth Quarter	$2,533,104	$393,780	$233,307	$228,291
2009:				
First Quarter	$2,789,112	$506,527	$240,333	$235,335
Second Quarter	$2,520,789	$474,496	$231,811	$226,813
Third Quarter	$2,937,095	$800,304	$460,167	$455,169
Fourth Quarter	$2,498,654	$503,119	$318,739	$313,775

Earnings per Average Common Share

	2010		2009	
	Basic	Diluted	Basic	Diluted
First Quarter	$1.13	$1.12	$1.22	$1.20
Second Quarter	$1.67	$1.65	$1.16	$1.14
Third Quarter	$2.65	$2.62	$2.35	$2.32
Fourth Quarter	$1.27	$1.26	$1.66	$1.64

The business of the Utility operating companies is subject to seasonal fluctuations with the peak periods occurring during the third quarter. Operating results for the Registrant Subsidiaries for the four quarters of 2010 and 2009 were:

Operating Revenue

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
2010:							

First Quarter	$531,894	$498,675	$611,524	$243,557	$180,099	$336,206	$128,584
Second Quarter	$540,535	$509,225	$619,473	$308,492	$138,581	$471,153	$124,419
Third Quarter	$575,062	$632,772	$768,190	$407,906	$189,599	$514,786	$151,781
Fourth Quarter	$434,956	$456,349	$539,579	$270,230	$150,987	$368,286	$153,800
2009:							
First Quarter	$535,994	$488,905	$529,257	$261,705	$171,094	$413,474	$127,372
Second Quarter	$518,009	$441,263	$527,156	$290,615	$137,137	$377,319	$130,387
Third Quarter	$649,395	$486,772	$624,829	$356,545	$174,071	$399,496	$148,789
Fourth Quarter	$507,865	$427,446	$502,344	$268,439	$158,120	$373,534	$147,459

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Operating Income (Loss)

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
2010:							
First Quarter	$41,917	$75,702	$56,328	$26,923	$21,552	$42,083	$38,396
Second Quarter	$108,793	$82,594	$90,115	$63,804	$9,923	$53,615	$42,292
Third Quarter	$166,575	$127,825	$120,872	$61,702	$26,257	$72,496	$42,033
Fourth Quarter	$8,731	$38,486	$29,359	$26,110	$3,917	$22,380	$42,426
2009:							
First Quarter	$50,055	$56,825	$41,377	$18,649	$10,858	$20,452	$43,481
Second Quarter	$57,346	$58,437	$55,011	$51,309	$18,579	$16,434	$46,122
Third Quarter	$110,666	$84,018	$125,919	$67,333	$22,302	$74,327	$43,461
Fourth Quarter	($1,226)	$91,155	$42,113	$28,896	$8,999	$39,879	$40,945

Net Income (Loss)

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
				(In Thousands)			
2010:							
First Quarter	$15,253	$38,083	$36,833	$11,193	$11,561	$12,418	$20,613
Second Quarter	$55,401	$32,154	$61,259	$34,269	$5,467	$22,333	$20,442
Third Quarter	$93,290	$76,939	$94,320	$34,014	$15,481	$31,132	$22,299
Fourth Quarter	$8,674	$43,562	$39,023	$4,211	($1,504)	$317	$19,270
2009:							
First Quarter	$16,070	$27,121	$36,538	$6,238	$5,399	$6,303	$22,392

Second Quarter	$16,423	$28,802	$39,990	$23,927	$8,995	$5,172	$23,693
Third Quarter	$52,939	$46,212	$86,969	$34,558	$12,272	$38,181	$22,026
Fourth Quarter	($18,557)	$50,912	$69,348	$12,913	$4,359	$14,185	($19,203)

Earnings Applicable to Common Equity

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans
			(In Thousands)		
2010:					
First Quarter	$13,535	$37,877	$35,095	$10,486	$11,320
Second Quarter	$53,683	$31,946	$59,521	$33,562	$5,226
Third Quarter	$91,572	$76,733	$92,582	$33,307	$15,239
Fourth Quarter	$6,955	$43,355	$37,287	$3,504	($1,745)
2009:					
First Quarter	$14,352	$26,915	$34,800	$5,531	$5,158
Second Quarter	$14,705	$28,596	$38,252	$23,220	$8,754
Third Quarter	$51,221	$46,006	$85,231	$33,851	$12,031
Fourth Quarter	($20,276)	$50,705	$67,612	$12,206	$4,117

ENTERGY'S BUSINESS

Entergy is an integrated energy company engaged primarily in electric power production and retail electric distribution operations. Entergy own and operate power plants with approximately 30,000 MW of aggregate electric generating capacity, and Entergy is the second-largest nuclear power generator in the United States. Entergy deliver electricity to 2.7 million utility customers in Arkansas, Louisiana, Mississippi, and Texas. Entergy generated annual revenues of $11.5 billion in 2010 and had approximately 15,000 employees as of December 31, 2010.

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities.

- The Utility business segment includes the generation, transmission, distribution, and sale of electric power in service territories in four states that include portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business.
    - The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers while it focuses on improving operating and financial performance of these plants, consistent with Entergy's market-based point-of-view.

In the fourth quarter 2010, Entergy finished integrating its former Non-Utility Nuclear business segment and its non-nuclear wholesale asset business into the new Entergy Wholesale Commodities business in an internal reorganization. The prior period financial information in this Form 10-K has been restated to reflect the change in reportable segments.

See Note 13 to the financial statements for financial information regarding Entergy's business segments.

Strategy

Entergy aspires to achieve industry-leading total shareholder returns in an environmentally responsible fashion by leveraging the scale and expertise inherent in its core nuclear and utility operations. Entergy's scope includes electricity generation, transmission and distribution as well as natural gas transportation and distribution. Entergy focuses on operational excellence with an emphasis on safety, reliability, customer service, sustainability, cost efficiency, and risk management. Entergy also focuses on portfolio management to make periodic buy, build, hold, or sell decisions based upon its analytically-derived points of view, which are updated as market conditions evolve.

Utility

The Utility business segment includes six wholly-owned retail electric utility subsidiaries: Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas. These companies generate, transmit, distribute and sell electric power to retail and wholesale customers in Arkansas, Louisiana, Mississippi, and Texas. Entergy Gulf States Louisiana and Entergy New Orleans also provide natural gas utility services to customers in and around Baton Rouge, Louisiana, and New Orleans, Louisiana, respectively. Also included in the Utility is System Energy, a wholly-owned subsidiary of Entergy Corporation that owns or leases 90 percent of Grand Gulf. System Energy sells its power and capacity from Grand Gulf at wholesale to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

The six retail utility subsidiaries are each regulated primarily by state utility commissions, or, in the case of Entergy New Orleans, the City Council. System Energy is regulated by FERC because all of its transactions are at wholesale. The Utility continues to operate as a rate-regulated business as efforts toward deregulation have been abandoned or have not been initiated in its service territories. The overall generation portfolio of the Utility, which relies heavily on natural gas and nuclear generation, is consistent with Entergy's strong support for the environment.

The Utility is focused on providing highly reliable and cost-effective electricity and gas service while working in an environment that provides the highest level of safety for its employees. Since 1998, the Utility has significantly improved key customer service, reliability, and safety metrics and continues to actively pursue additional improvements.

Customers

As of December 31, 2010, the Utility operating companies provided retail electric and gas service to customers in Arkansas, Louisiana, Mississippi, and Texas, as follows:

	Area Served	Electric Customers (In Thousands)	Electric Customers (%)	Gas Customers (In Thousands)	Gas Customers (%)
Entergy Arkansas	Portions of Arkansas	693	25%		
Entergy Gulf States Louisiana	Portions of Louisiana	381	14%	92	48%
Entergy Louisiana	Portions of Louisiana	667	24%		
Entergy Mississippi	Portions of Mississippi	437	16%		
Entergy New Orleans	City of New Orleans*	157	6%	99	52%
Entergy Texas	Portions of Texas	408	15%		
Total customers		2,743	100%	191	100%

* Excludes the Algiers area of the city, where Entergy Louisiana provides electric service.

Electric Energy Sales

The electric energy sales of the Utility operating companies are subject to seasonal fluctuations, with the peak sales period normally occurring during the third quarter of each year. On August 2, 2010, Entergy reached a 2010 peak demand of 21,799 MWh, compared to the 2009 peak of 21,009 MWh recorded on June 24, 2009. Selected electric energy sales data is shown in the table below:

Selected 2010 Electric Energy Sales Data

Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy	Entergy (a)

				(In GWh)				
Sales to retail customers	22,004	19,823	30,649	13,743	5,069	16,142	-	107,510
Sales for resale:								
Affiliates	7,853	8,516	2,860	268	906	3,758	8,692	-
Others	850	1,705	101	402	13	1,300	-	4,372
Total	30,707	30,044	33,610	14,413	5,988	21,200	8,692	111,882
Average use per residential customer (kWh)	14,592	16,961	16,480	16,572	13,401	16,689	-	15,943

(a) Includes the effect of intercompany eliminations.

The following table illustrates the Utility operating companies' 2010 combined electric sales volume as a percentage of total electric sales volume, and 2010 combined electric revenues as a percentage of total 2010 electric revenue, each by customer class.

Customer Class	% of Sales Volume	% of Revenue
Residential	33.5	38.6
Commercial	25.8	26.5
Industrial (a)	34.6	25.3
Governmental	2.2	2.4
Wholesale/Other	3.9	7.2

(a) Major industrial customers are in the chemical, petroleum refining, and pulp and paper industries.

See "Selected Financial Data" for each of the Utility operating companies for the detail of their sales by customer class for 2006-2010.

Selected 2010 Natural Gas Sales Data

Entergy New Orleans and Entergy Gulf States Louisiana provide both electric power and natural gas to retail customers. Entergy New Orleans and Entergy Gulf States Louisiana sold 10,817,774 and 7,942,714 Mcf, respectively, of natural gas to retail customers in 2010. In 2010, 96% of Entergy Gulf States Louisiana's operating revenue was derived from the electric utility business, and only 4% from the natural gas distribution business. For Entergy New Orleans, 82% of operating revenue was derived from the electric utility business and 18% from the natural gas distribution business in 2010. Following is data concerning Entergy New Orleans's 2010 retail operating revenue sources.

Customer Class	Electric Operating Revenue	Natural Gas Revenue
Residential	41%	54%
Commercial	36%	23%
Industrial	8%	9%
Governmental/Municipal	15%	14%

Retail Rate Regulation

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

Each Utility operating company regularly participates in retail rate proceedings. The status of material retail rate proceedings is described in Note 2 to the financial statements. Certain aspects of the Utility operating companies' retail rate mechanisms are discussed below.

Entergy Arkansas

Fuel and Purchased Power Cost Recovery

Entergy Arkansas's rate schedules include an energy cost recovery rider to recover fuel and purchased energy costs in monthly bills. The rider utilizes prior calendar year energy costs and projected energy sales for the twelve-month period commencing on April 1 of each year to develop an energy cost rate, which is redetermined annually and includes a true-up adjustment reflecting the over-recovery or under-recovery, including carrying charges, of the energy cost for the prior calendar year. The energy cost recovery rider tariff also allows an interim rate request depending upon the level of over- or under-recovery of fuel and purchased energy costs. In December 2007, the APSC issued an order stating that Entergy Arkansas's energy cost recovery rider will remain in effect, and any future termination of the rider would be subject to eighteen months advance notice by the APSC, which would occur following notice and hearing.

Storm Cost Recovery

See Note 2 to the financial statements for a discussion of proceedings regarding recovery of Entergy Arkansas's storm restoration costs.

Entergy Gulf States Louisiana

Fuel Recovery

Entergy Gulf States Louisiana's electric rates include a fuel adjustment clause designed to recover the cost of fuel and purchased power costs. The fuel adjustment clause contains a surcharge or credit for deferred fuel expense and related carrying charges arising from the monthly reconciliation of actual fuel costs incurred with fuel cost revenues billed to customers, including carrying charges.

To help stabilize electricity costs, Entergy Gulf States Louisiana received approval from the LPSC to hedge its exposure to natural gas price volatility through the use of financial instruments. Entergy Gulf States Louisiana hedges approximately one-third of the projected exposure to natural gas price changes for the gas used to serve its native electric load for all months of the year. The hedge quantity is reviewed on an annual basis.

Entergy Gulf States Louisiana's gas rates include a purchased gas adjustment clause based on estimated gas costs for the billing month adjusted by a surcharge or credit that arises from an annual reconciliation of fuel costs incurred with fuel cost revenues billed to customers, including carrying charges.

To help stabilize retail gas costs, Entergy Gulf States Louisiana received approval from the LPSC to hedge its exposure to natural gas price volatility for its gas purchased for resale through the use of financial instruments. Entergy Gulf States Louisiana hedges approximately one-half of the projected natural gas volumes used to serve its natural gas customers for November through March. The hedge quantity is reviewed on an annual basis.

Storm Cost Recovery

See Note 2 to the financial statements for a discussion of Entergy Gulf States Louisiana's filings to recover storm-related costs.

Entergy Louisiana

Fuel Recovery

Entergy Louisiana's rate schedules include a fuel adjustment clause designed to recover the cost of fuel and purchased power costs. The fuel adjustment clause contains a surcharge or credit for deferred fuel expense and related carrying charges arising from the monthly reconciliation of actual fuel costs incurred with fuel cost revenues billed to customers, including carrying charges.

In the Delaney vs. Entergy Louisiana proceeding, the LPSC ordered Entergy Louisiana, beginning with the May 2000 fuel adjustment clause filing, to re-price costs flowed through its fuel adjustment clause related to the Evangeline gas contract so that the price included for fuel adjustment clause recovery shall thereafter be at the rate of the Henry Hub first of the month cash market price (as reported by the publication Inside FERC) plus $0.24 per mmBtu for the month for which the fuel adjustment clause is calculated, irrespective of the actual cost for the Evangeline contract quantity reflected in that month's fuel adjustment clause.

To help stabilize electricity costs, Entergy Louisiana received approval from the LPSC in 2001 to hedge its exposure to natural gas price volatility through the use of financial instruments. Entergy Louisiana hedges approximately one-third of the projected exposure to natural gas price changes for the gas used to serve its native electric load for all months of the year. The hedge quantity is reviewed on an annual basis.

In September 2002, Entergy Louisiana settled a proceeding that concerned a contract entered into by Entergy Louisiana to purchase, through 2031, energy generated by a hydroelectric facility known as the Vidalia project. In the settlement, the LPSC approved Entergy Louisiana's proposed treatment of the regulatory effect of the benefit from a tax accounting election related to that project. In general, the settlement permits Entergy Louisiana to keep a portion of the tax benefit in exchange for bearing the risk associated with sustaining the tax treatment. The LPSC settlement divided the term of the Vidalia contract into two segments: 2002-2012 and 2013-2031. During the first eight years of the 2002-2012 segment, Entergy Louisiana agreed to credit rates by flowing through its fuel adjustment calculation $11 million each year, beginning monthly in October 2002. Entergy Louisiana must credit rates in this way and by this amount even if Entergy Louisiana is unable to sustain the tax deduction. Entergy Louisiana also must credit rates by $11 million each year for an additional two years unless either the tax accounting method elected is retroactively repealed or the IRS denies the entire deduction related to the tax accounting method. In addition, in accordance with an LPSC settlement, Entergy Louisiana credited rates in August 2007 by $11.8 million (including interest) as a result of a settlement with the IRS of the 2001 tax treatment of the Vidalia contract. Entergy Louisiana agreed to credit ratepayers additional amounts unless the tax accounting election was not sustained. During the years 2013-2031, Entergy Louisiana and its ratepayers would share the remaining benefits of this tax accounting election. Note 8 to the financial statements contains further discussion of the obligations related to the Vidalia project.

Storm Cost Recovery

See Note 2 to the financial statements for a discussion of Entergy Louisiana's filings to recover storm-related costs.

Entergy Mississippi

Fuel Recovery

Entergy Mississippi's rate schedules include energy cost recovery riders to recover fuel and purchased energy costs. The rider utilizes projected energy costs filed quarterly by Entergy Mississippi to develop an energy cost rate. The energy cost rate is redetermined each calendar quarter and includes a true-up adjustment reflecting the over-recovery or under-recovery of the energy cost as of the second quarter preceding the redetermination. Entergy Mississippi's fuel cost recoveries are subject to annual audits conducted pursuant to the authority of the MPSC.

In August 2009 the MPSC retained an independent audit firm to audit Entergy Mississippi's fuel adjustment clause submittals for the period October 2007 through September 2009. The independent audit firm submitted its report to the MPSC in December 2009. The report does not recommend that any costs be disallowed for recovery. The report did suggest that some costs, less than one percent of the fuel and purchased power costs recovered during the period, may have been more reasonably charged to customers through base rates rather than through fuel charges, but the report did not suggest that customers should not have paid for those costs. In November 2009 the MPSC also retained another firm to review processes and practices related to fuel and purchased energy. The results of that review were filed with the MPSC in March 2010. In that report, the independent consulting firm found that the practices and procedures in activities that directly affect the costs recovered through Entergy Mississippi's fuel adjustment clause appear reasonable. Both audit reports were certified by the MPSC to the Mississippi Legislature, as required by Mississippi law.

Power Management Rider

The MPSC approved the purchase of the Attala power plant in November 2005. In December 2005, the MPSC issued an order approving the investment cost recovery through its power management rider and limited the recovery to a period that begins with the closing date of the purchase and ends the earlier of the date costs are incorporated into base rates or December 31, 2006. As a consequence of the events surrounding Entergy Mississippi's ongoing efforts to recover storm restoration costs associated with Hurricane Katrina, in October 2006, the MPSC approved a revision to Entergy Mississippi’s power management rider. The revision has the effect of allowing Entergy Mississippi to recover the annual ownership costs of the Attala plant until such time as a general rate case is filed.

To help stabilize electricity costs, Entergy Mississippi received approval from the MPSC to hedge its exposure to natural gas price volatility through the use of financial instruments. Entergy Mississippi hedges approximately one-half of the projected exposure to natural gas price changes for the gas used to serve its native electric load for all months of the year. The hedge quantity is reviewed on an annual basis.

Storm Cost Recovery

Entergy Mississippi maintains a storm damage reserve pursuant to orders of the MPSC and consistent with the regulatory accounting requirements. Entergy Mississippi's storm damage reserve is funded through its storm damage rider schedule. In December 2010, Entergy Mississippi filed with the MPSC a notice of its intent to revise the storm damage rider schedule to increase the level of monthly accruals to the storm damage reserve from the current level of $750,000 per month to $1.75 million per month, and to increase the current level of the storm reserve cap during which funds will accrue from $15 million to $25 million. The cap is the level of the storm reserve balance at which monthly accruals would temporarily cease, and under Entergy Mississippi’s current filing, when the reserve balance falls below $15 million, monthly accruals would begin to be collected until the cap again is reached. The amounts of the monthly accruals and the cap have not been revised since 2001 and the current amounts do not reflect the costs of current storm restoration activities. Consideration of Entergy Mississippi’s notice is pending.

Entergy New Orleans

Fuel Recovery

Entergy New Orleans’s electric rate schedules include a fuel adjustment tariff designed to reflect no more than targeted fuel and purchased power costs, adjusted by a surcharge or credit for deferred fuel expense arising from the monthly reconciliation of actual fuel and purchased power costs incurred with fuel cost revenues billed to customers, including carrying charges. In June 2006, the City Council authorized the recovery of all Grand Gulf costs through Entergy New Orleans’s fuel adjustment clause (a significant portion of Grand Gulf costs was previously recovered through base rates), and continued that authorization in approving the October 2006 formula rate plan filing settlement. Effective June 2009, the majority of Grand Gulf costs were realigned to base rates and are no longer flowed through the fuel adjustment clause.

Entergy New Orleans’s gas rate schedules include a purchased gas adjustment to reflect estimated gas costs for the billing month, adjusted by a surcharge or credit similar to that included in the electric fuel adjustment clause, including carrying charges. In October 2005, the City Council approved modification of the current gas cost collection mechanism effective November 2005 in order to address concerns regarding its fluctuations, particularly during the winter heating season. The modifications are intended to minimize fluctuations in gas rates during the winter months.

To help stabilize retail gas costs, Entergy New Orleans received approval from the City Council to hedge its exposure to natural gas price volatility for its gas purchased for resale through the use of financial instruments. Entergy New Orleans hedges approximately one-half of the projected natural gas volumes used to serve its natural gas customers for November through March. The hedge quantity is reviewed on an annual basis.

Storm Cost Recovery

See Note 2 to the financial statements for a discussion of Entergy New Orleans's efforts to recover storm-related costs.

Entergy Texas

Fuel Recovery

Entergy Texas's rate schedules include a fixed fuel factor to recover fuel and purchased power costs, including carrying charges, that are not included in base rates. Semi-annual revisions of the fixed fuel factor are made in March and September based on the market price of natural gas and changes in fuel mix. The amounts collected under Entergy Texas's fixed fuel factor and any interim surcharge or refund are subject to fuel reconciliation proceedings before the PUCT. The PUCT fuel cost reviews are discussed in Note 2 to the financial statements.

Storm Cost Recovery

See Note 2 to the financial statements for a discussion of proceedings regarding recovery of Entergy Texas's storm restoration costs.

Franchises

Entergy Arkansas holds exclusive franchises to provide electric service in approximately 307 incorporated cities and towns in Arkansas. These franchises are unlimited in duration and continue unless the municipalities purchase the utility property. In Arkansas, franchises are considered to be contracts and, therefore, are terminable pursuant to the terms of the franchise agreement and applicable statutes.

Entergy Gulf States Louisiana holds non-exclusive franchises, permits, or certificates of convenience and necessity to provide electric service in approximately 56 incorporated municipalities and the unincorporated areas of approximately 18 parishes, and to provide gas service in the City of Baton Rouge and the unincorporated areas of two parishes. Most of Entergy Gulf States Louisiana's franchises have a term of 60 years. Entergy Gulf States Louisiana's current electric franchises expire during 2015-2046.

Entergy Louisiana holds non-exclusive franchises to provide electric service in approximately 116 incorporated Louisiana municipalities. Most of these franchises have 25-year terms. Entergy Louisiana also supplies electric service in approximately 45 Louisiana parishes in which it holds non-exclusive franchises. Entergy Louisiana's electric franchises expire during 2011-2036.

Entergy Mississippi has received from the MPSC certificates of public convenience and necessity to provide electric service to areas within 45 counties, including a number of municipalities, in western Mississippi. Under Mississippi statutory law, such certificates are exclusive. Entergy Mississippi may continue to serve in such municipalities upon payment of a statutory franchise fee, regardless of whether an original municipal franchise is still in existence.

Entergy New Orleans provides electric and gas service in the City of New Orleans pursuant to indeterminate permits set forth in city ordinances (except electric service in Algiers, which is provided by Entergy Louisiana). These ordinances contain a continuing option for the City of New Orleans to purchase Entergy New Orleans's electric and gas utility properties.

Entergy Texas holds a certificate of convenience and necessity from the PUCT to provide electric service to areas within approximately 27 counties in eastern Texas, and holds non-exclusive franchises to provide electric service in approximately 68 incorporated municipalities. Entergy Texas was typically granted 50-year franchises, but recently has been receiving 25-year franchises. Entergy Texas's electric franchises expire during 2011-2045.

The business of System Energy is limited to wholesale power sales. It has no distribution franchises.

Property and Other Generation Resources

Generating Stations

The total capability of the generating stations owned and leased by the Utility operating companies and System Energy as of December 31, 2010, is indicated below:

	Owned and Leased Capability MW(1)				
Company	Total	Gas/Oil	Nuclear	Coal	Hydro
Entergy Arkansas	4,787	1,669	1,835	1,209	74
Entergy Gulf States Louisiana	3,325	1,988	974	363	-
Entergy Louisiana	5,667	4,499	1,168	-	-
Entergy Mississippi	3,229	2,809	-	420	-
Entergy New Orleans	748	748	-	-	-
Entergy Texas	2,543	2,274	-	269	-
System Energy	1,126	-	1,126	-	-
Total	21,425	13,987	5,103	2,261	74

(1) "Owned and Leased Capability" is the dependable load carrying capability as demonstrated under actual operating conditions based on the primary fuel (assuming no curtailments) that each station was designed to utilize.

The Entergy System's load and capacity projections are reviewed periodically to assess the need and timing for additional generating capacity and interconnections. These reviews consider existing and projected demand, the availability and price of power, the location of new load, and the economy. Summer peak load in the Entergy System service territory has averaged 21,119 MW from 2002-2010. In the 2002 time period, the Entergy System's long-term capacity resources, allowing for an adequate reserve margin, were approximately 3,000 MW less than the total capacity required for peak period demands. In this time period the Entergy System met its capacity shortages almost entirely through short-term power purchases in the wholesale spot market. In the fall of 2002, the Entergy System began a program to add new resources to its existing generation portfolio and began a process of issuing requests for proposals (RFP) to procure supply-side resources from sources other than the spot market to meet the unique regional needs of the Utility operating companies. The Entergy System has adopted a long-term resource strategy that calls for the bulk of capacity needs to be met through long-term resources, whether owned or contracted. Entergy refers to this strategy as the "Portfolio Transformation Strategy". Over the past nine years, Portfolio Transformation has resulted in the addition of about 4,000 MW of new long-term resources, including the 580 MW Acadia resource that is expected to close by the end of the first quarter 2011. These figures do not include transactions currently in negotiations as a result of the Summer 2009 RFP. When the Summer 2009 RFP transactions are included in the Entergy System portfolio of long-term resources and adjusting for unit deactivations of older generation, the Entergy System is approximately 600 MW short of its projected 2012 peak load plus reserve margin. The remaining need is expected to be met through a nuclear uprate at Grand Gulf and limited-term resource procurements. The Entergy System will continue to access the spot power market to economically purchase energy in order to minimize customer cost. In addition, Entergy considers in its planning processes the notices from Entergy Arkansas and Entergy Mississippi regarding their future withdrawal from the System Agreement. Furthermore, as with other transmission systems, there are certain times during which congestion occurs on the Utility operating companies' transmission system that limits the ability of the Utility operating companies as well as other parties to fully utilize the generating resources that have been granted transmission service.

RFP Procurements

The RFPs issued by the Entergy System since the fall of 2002 have sought resources needed to meet near-term summer reliability requirements as well as longer-term resources through a broad range of wholesale power products, including limited-term (1 to 3 years) and long-term contractual products and asset acquisitions. Detailed evaluation processes have been developed to analyze submitted proposals, and, with the exception of the January

2008 RFP and the 2008 Western Region RFP, each RFP has been overseen by an independent monitor. The following table illustrates the results of the RFP process for resources acquired since the Fall 2002 RFP. The contracts below were primarily with non-affiliated suppliers, with the exception of contracts with EWO Marketing for the sale of 185 MW to 206 MW from the RS Cogen plant and contracts with Entergy Power for the sale of approximately 100 MW from the Independence plant. In 2009, Entergy Louisiana requested permission from the LPSC to cancel the Little Gypsy Unit 3 re-powering project selected from the 2006 Long-Term RFP.

RFP	Short-term 3rd party	Limited-term affiliate	Limited-term 3rd party	Long-term affiliate	Long-term 3rd party	Total
Fall 2002	-	185-206 MW (a)	231 MW	101-121 MW (b)	718 MW (d)	1,235-1,276 MW
January 2003 supplemental	222 MW		-	-	-	222 MW
Spring 2003	-	-	381 MW	(c)	-	381 MW
Fall 2003	-	-	390 MW	-	-	390 MW
Fall 2004	-	-	1,250 MW	-	-	1,250 MW
2006 Long-Term	-	-	-	538 MW (e)	789 MW (f)	1,327 MW
Fall 2006	-	-	780 MW	-	-	780 MW
January 2008 (g)	-	-	-	-	-	-
2008 Western Region	-	-	300 MW	-	-	300 MW
Summer 2008 (h)	-	-	200 MW	-	-	200 MW
January 2009 Western Region	-	-	-	-	150-300 MW	150-300 MW
July 2009 Baseload	-	336 MW (i)	-	-	-	336 MW
Total	222 MW	521-542 MW	3,532 MW	639-659 MW	1,657-1,807 MW	6,571-6,762 MW

(a) Includes a conditional option to increase the capacity up to the upper bound of the range.

(b) The contracted capacity increased from 101 MW to 121 MW in 2010.

(c) This table does not reflect (i) the River Bend 30% life-of-unit purchased power agreements totaling approximately 300 MW between Entergy Gulf States Louisiana and Entergy Louisiana (200 MW), and between Entergy Gulf States Louisiana and Entergy New Orleans (100 MW) related to Entergy Gulf States Louisiana's unregulated portion of the River Bend nuclear station, which portion was formerly owned by Cajun Electric Power Cooperative, Inc. or (ii) the Entergy Arkansas wholesale base load capacity life-of-unit purchased power agreements executed in 2003 totaling approximately 220 MW between Entergy Arkansas and Entergy Louisiana (110 MW) and between Entergy Arkansas and Entergy New Orleans (110 MW) related to the sale of a portion of Entergy Arkansas’s coal and nuclear base load resources (which were not included in retail rates); or (iii) 12-month agreements originally executed in 2005 and which are renewed annually between Entergy Arkansas and Entergy Gulf States Louisiana and Entergy Texas, and between Entergy Arkansas and Entergy Mississippi, relating to the sale of a portion of Entergy Arkansas’s coal and nuclear base load resources (which were not included in retail rates) to those companies. These resources were identified outside of the formal RFP process but were submitted as formal proposals in response to the Spring 2003 RFP, which confirmed the economic merits of these resources.

(d) Entergy Louisiana's June 2005 purchase of the 718 MW, gas-fired Perryville plant, of which a total of 75% of the output is sold to Entergy Gulf States Louisiana and Entergy Texas.

(e) In 2009, Entergy Louisiana requested permission from the LPSC to cancel the Little Gypsy Unit 3 re-powering project.

(f) Entergy Arkansas’s September 2008 purchase of the 789 MW, combined-cycle, gas-fired Ouachita Generating Facility, of which one-third of the output was sold to Entergy Gulf States Louisiana prior to the purchase of one-third of the facility by Entergy Gulf States Louisiana in November 2009.

(g) At the direction of the LPSC, but with full reservation of all legal rights, Entergy Services issued the January 2008 RFP for Supply-Side Resources seeking fixed price unit contingent products. Although the LPSC request was directed to Entergy Gulf States Louisiana and Entergy Louisiana, Entergy Services issued the RFP on behalf of all of the Utility operating companies. No proposals were selected from this RFP.
(h) In October 2008, in response to the U.S. financial crisis, Entergy Services on behalf of the Utility operating companies terminated all long-term procurement efforts, including the long-term portion of the Summer 2008 RFP.
(i) Represents the self-supply alternative considered in the RFP, consisting of a cost-based purchase by Entergy Texas, Entergy Louisiana, and Entergy Mississippi of wholesale baseload capacity from Entergy Arkansas.

Entergy Louisiana and Entergy New Orleans currently purchase, pursuant to ten-year purchased power agreements that expire in 2013, 121 MW of capacity and energy from Entergy Power sourced from Independence Steam Electric Station Unit 2. The transaction, which originated from the Fall 2002 RFP, included an option for Entergy Louisiana and Entergy New Orleans to acquire an ownership interest in the unit for a total price of $80 million, subject to various adjustments. In March 2008, Entergy Louisiana and Entergy New Orleans provided notice of their intent to exercise the option. Entergy Louisiana and Entergy New Orleans are evaluating the economics of proceeding with this option and have been in discussions with Entergy Power regarding the terms and conditions of the ownership acquisition.

In September 2009, on behalf of the Utility operating companies, Entergy Services issued the Summer 2009 RFP seeking proposals for long-term capacity and energy through products offered in the RFP. The RFP included a self-build option at Entergy Louisiana’s Ninemile site. Entergy Services concluded its review and evaluation of the proposals submitted in response to the RFP in July 2010 and awarded five proposals. The awarded proposals included four acquisition proposals totaling approximately 2,800 MW (including the Ninemile self-build option identified in the RFP) and one PPA proposal totaling approximately 500 MW. Subsequent to the RFP selections, one of the acquisition proposals that had been selected for award was withdrawn by the bidder. Entergy Services, on behalf of the Utility operating companies, is negotiating definitive agreements associated with the selected proposals.

In December 2010, on behalf of Entergy Gulf States Louisiana and Entergy Louisiana, Entergy Services issued the 2010 RFP for Long-Term Renewable Energy Resources seeking up to 233 MW of renewable generation resources to meet the requirements of an LPSC general order issued in December 2010.

Other Procurements From Third Parties

The above table does not include resource acquisitions made outside of the RFP process, including Entergy Mississippi's January 2006 acquisition of the 480 MW, combined-cycle, gas-fired Attala power plant, and Entergy Gulf States Louisiana's March 2008 acquisition of the 322 MW, simple-cycle, gas-fired Calcasieu Generating Facility. In addition, in October 2009, Entergy Louisiana entered into an agreement to acquire Unit 2 of the Acadia Energy Center, a 580 MW generating unit located near Eunice, Louisiana, from Acadia Power Partners, LLC, an independent power producer. The Acadia purchase is expected to close by the end of the first quarter 2011. The above table also does not reflect various limited- and long-term contracts that have been entered into in recent years by the Utility operating companies as a result of bilateral negotiations.

Interconnections

The Entergy System's generating units are interconnected by a transmission system operating at various voltages up to 500 kV. These generating units consist primarily of steam-electric production facilities and are centrally dispatched and operated. Entergy's Utility operating companies are interconnected with many neighboring utilities. In addition, the Utility operating companies are members of the SERC Reliability Corporation. The primary purpose of SERC is to ensure the reliability and adequacy of the electric bulk power supply in the southeast region of the United States. SERC is a member of the North American Electric Reliability Corporation.

Gas Property

As of December 31, 2010, Entergy New Orleans distributed and transported natural gas for distribution within Algiers and New Orleans, Louisiana, through a total of 34 miles of gas transmission pipeline, 1,678 miles of gas distribution pipeline, and 824 miles of gas service pipeline from the distribution mains to the customers. As of December 31, 2010, the gas properties of Entergy Gulf States Louisiana, which are located in and around Baton Rouge, Louisiana, were not material to Entergy Gulf States Louisiana's financial position.

Titles

The Entergy System's generating stations are generally located on properties owned in fee simple. Most of the substations and transmission and distribution lines are constructed on private property or public rights-of-way pursuant to easements, servitudes, or appropriate franchises. Some substation properties are owned in fee simple. The Utility operating companies generally have the right of eminent domain, whereby they may perfect title to, or secure easements or servitudes on, private property for their utility operations.

Substantially all of the physical properties and assets owned by Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy are subject to the liens of mortgages securing bonds issued by those companies. The Lewis Creek generating station is owned by GSG&T, Inc., a subsidiary of Entergy Texas, and is not subject to its mortgage lien. Lewis Creek is leased to and operated by Entergy Texas.

Fuel Supply

The sources of generation and average fuel cost per kWh for the Utility operating companies and System Energy for the years 2008-2010 were:

	Natural Gas		Nuclear		Coal		Purchased Power	
Year	% of Gen	Cents Per kWh	% of Gen	Cents Per kWh	% of Gen	Cents Per kWh	% of Gen	Cents Per kWh
2010	22	5.39	36	.78	13	2.00	29	5.28
2009	19	5.64	34	.66	12	2.04	35	5.29
2008	19	10.28	30	.60	12	2.06	39	7.92

Actual 2010 and projected 2011 sources of generation for the Utility operating companies and System Energy, including certain power purchases from affiliates under life of unit power purchase agreements, are:

	Natural Gas		Nuclear		Coal		Purchased Power	
	2010	2011	2010	2011	2010	2011	2010	2011
Entergy Arkansas (a)	3%	11%	46%	46%	25%	25%	26%	17%
	25%	31%	29%	15%	9%	9%	37%	45%

Entergy Gulf States Louisiana								
Entergy Louisiana	27%	28%	37%	38%	2%	3%	34%	31%
Entergy Mississippi	35%	41%	3%	3%	20%	27%	42%	29%
Entergy New Orleans	30%	47%	24%	27%	9%	13%	37%	13%
Entergy Texas	35%	22%	14%	17%	10%	13%	41%	48%
System Energy (b)	-	-	100%	100%	-	-	-	-
Utility (a)	22%	23%	33%	34%	12%	13%	33%	30%

(a) Hydroelectric power provided less than 1% of Entergy Arkansas's generation in 2010 and is expected to provide approximately 1% of its generation in 2011.
(b) Capacity and energy from System Energy's interest in Grand Gulf is allocated as follows under the Unit Power Sales Agreement: Entergy Arkansas - 36%; Entergy Louisiana - 14%; Entergy Mississippi - 33%; and Entergy New Orleans - 17%. Pursuant to purchased power agreements, Entergy Arkansas is selling a portion of its owned capacity and energy from Grand Gulf to Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans.

Some of the Utility's gas-fired plants are capable of also using fuel oil, if necessary. Although based on current economics the Utility does not expect fuel oil use in 2011, it is possible that various operational events including weather or pipeline maintenance may require the use of fuel oil.

Natural Gas

The Utility operating companies have long-term firm and short-term interruptible gas contracts for both supply and transportation. Long-term firm contracts for power plants comprise less than 25% of the Utility operating companies' total requirements. Short-term contracts and spot-market purchases satisfy additional gas requirements. Entergy Texas owns a gas storage facility that provides reliable and flexible natural gas service to certain generating stations.

Entergy Louisiana has a long-term natural gas supply contract, which expires in 2012, in which Entergy Louisiana agreed to purchase natural gas in annual amounts equal to approximately one-third of its projected annual fuel requirements for certain generating units. Annual demand charges associated with this contract are estimated to be $6.6 million.

Many factors, including wellhead deliverability, storage and pipeline capacity, and demand requirements of end users, influence the availability and price of natural gas supplies for power plants. Demand is tied to weather conditions as well as to the prices and availability of other energy sources. Pursuant to federal and state regulations, gas supplies to power plants may be interrupted during periods of shortage. To the extent natural gas supplies are disrupted or natural gas prices significantly increase, the Utility operating companies will use alternate fuels, such as oil, or rely to a larger extent on coal, nuclear generation, and purchased power.

Coal

Entergy Arkansas has a long-term contract for low-sulfur Powder River Basin (PRB) coal which expires in 2011 and is expected to provide for approximately 30% of the total expected coal requirements for 2011. Entergy Arkansas has committed to four medium-term (one- to three-year) contracts that will supply approximately 62% of the total coal supply needs in 2011. These contracts are staggered in term so that not all contracts have to be renewed the same year. The remaining 8% of total coal requirements will be satisfied by spot market or over-the-counter purchases. Based on greater PRB coal deliveries and the high cost of foreign coal, no alternative coal consumption is expected at Entergy Arkansas during 2011. Entergy Arkansas has an existing long-term railroad transportation contract that will provide all of Entergy Arkansas's coal transportation requirements for 2011 and will provide most of the transportation requirements for several years beyond 2011.

Entergy Gulf States Louisiana has executed three medium-term contracts for the supply of low-sulfur PRB coal for Nelson Unit 6 that will supply approximately 90% of Nelson Unit 6 coal needs in 2011. Additional PRB coal will be purchased through spot market or over-the-counter purchases provided that adequate transportation is available from BNSF Railway Company. For the same reasons as for Entergy Arkansas's plants, no alternative coal consumption is expected at Nelson Unit 6 during 2011. Coal will be transported to Nelson via an existing rail transportation agreement with BNSF Railway Company during 2011.

For the year 2010, coal transportation delivery to all Utility operating company coal-fired units met coal demand at the plants. It is expected that improved delivery times experienced in 2009 and 2010 will continue through 2011. Both Entergy Arkansas and Entergy Gulf States Louisiana control a sufficient number of railcars to satisfy the rail transportation requirement.

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The operator of Big Cajun 2 - Unit 3, Louisiana Generating, LLC, has advised Entergy Gulf States Louisiana and Entergy Texas that it has adequate rail car and barge capacity to meet the volumes of low-sulfur PRB coal requested for 2011. Entergy Gulf States Louisiana's and Entergy Texas's coal nomination requests to Big Cajun 2 - Unit 3 are made on an annual basis.

Nuclear Fuel

The nuclear fuel cycle consists of the following:

- mining and milling of uranium ore to produce a concentrate;
- conversion of the concentrate to uranium hexafluoride gas;
- enrichment of the uranium hexafluoride gas;
- fabrication of nuclear fuel assemblies for use in fueling nuclear reactors; and
- disposal of spent fuel.

System Fuels, a company owned by Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans, is responsible for contracts to acquire nuclear material to be used in fueling Entergy's Utility nuclear units, except for River Bend. System Fuels also maintains inventories of such materials during the various stages of processing. The Utility operating companies, except Entergy Gulf States Louisiana, purchase enriched uranium hexafluoride from System Fuels, but contract separately for the fabrication of their own nuclear fuel. The requirements for River Bend are met pursuant to contracts made by Entergy Gulf States Louisiana. All contracts for the disposal of spent nuclear fuel are between the Department of Energy (DOE) and each of the nuclear power plants.

Based upon currently planned fuel cycles, the nuclear units in both the Utility and Entergy Wholesale Commodities segments have a diversified portfolio of contracts and inventory that provides substantially adequate nuclear fuel materials and conversion and enrichment services at what Entergy believes are reasonably predictable or fixed prices through most of 2011, and with substantial additional amounts after that time. Entergy's ability to purchase nuclear fuel at reasonably predictable prices, however, depends upon the creditworthiness and performance reliability of uranium miners, as well as upon the structure of Entergy's contracts for the purchase of nuclear fuel. There are a number of possible alternate suppliers that may be accessed to mitigate unexpected supply disruption events, including potentially drawing upon Entergy's inventory intended for later generation periods depending upon its risk management strategy at that time, although the pricing of any such alternate uranium supply from the market will be dependent upon the market for uranium supply at that time. In addition, some nuclear fuel contracts are on a non-fixed price basis subject to prevailing prices at the time of delivery.

Entergy buys uranium from a diversified mix of sellers located in a diversified mix of countries, and from time to time purchases from nearly all qualified reliable major market participants worldwide that sell into the United States.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy each have made arrangements to lease nuclear fuel and related equipment and services. The lessors, which are consolidated in the financial statements of Entergy and the applicable Registrant Subsidiary, finance the acquisition and ownership of nuclear fuel through credit agreements and the issuance of notes. These arrangements are subject to periodic renewal.

Natural Gas Purchased for Resale

Entergy New Orleans has several suppliers of natural gas. Its system is interconnected with three interstate and three intrastate pipelines. Entergy New Orleans has a "no-notice" service gas purchase contract with Atmos Energy which guarantees Entergy New Orleans gas delivery at specific delivery points and at any volume within the minimum and maximum set forth in the contract amounts. The Atmos Energy gas supply is transported to Entergy New Orleans pursuant to a transportation service agreement with Gulf South Pipeline Co. This service is subject to FERC-approved rates. Entergy New Orleans also makes interruptible spot market purchases. In recent years, natural gas deliveries to Entergy New Orleans have been subject primarily to weather-related curtailments.

As a result of the implementation of FERC-mandated interstate pipeline restructuring in 1993, curtailments of interstate gas supply could occur if Entergy New Orleans's suppliers failed to perform their obligations to deliver gas under their supply agreements. Gulf South Pipeline Co. could curtail transportation capacity only in the event of pipeline system constraints.

Entergy Gulf States Louisiana purchases natural gas for resale under a firm contract from Enbridge Marketing (U.S.) Inc. The gas is delivered through a combination of intrastate and interstate pipelines.

Federal Regulation of the Utility

State or local regulatory authorities, as described above, regulate the retail rates of the Utility operating companies. FERC regulates wholesale rates (including intrasystem sales pursuant to the System Agreement) and interstate transmission of electricity, as well as rates for System Energy's sales of capacity and energy from Grand Gulf to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans pursuant to the Unit Power Sales Agreement.

System Agreement (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas)

The Utility operating companies historically have engaged in the coordinated planning, construction, and operation of generating and bulk transmission facilities under the terms of the System Agreement, which is a rate schedule that has been approved by the FERC. Under the terms of the System Agreement, generating capacity and other power resources are jointly operated by the Utility operating companies. The System Agreement provides, among other things, that parties having generating reserves greater than their allocated share of reserves (long companies) shall receive payments from those parties having generating reserves that are less than their allocated share of reserves (short companies). Such payments are at amounts sufficient to cover certain of the long companies' costs for intermediate and peaking oil/gas-fired generation, including operating expenses, fixed charges on debt, dividend requirements on preferred equity, and a fair rate of return on common equity investment. Under the System Agreement, the rates used to compensate long companies are based on costs associated with the long companies' steam electric generating units fueled by oil or gas and having an annual average heat rate above 10,000 Btu/kWh. In addition, for all energy exchanged among the Utility operating companies under the System Agreement, the companies purchasing exchange energy are required to pay the cost of fuel consumed in generating such energy plus a charge to cover other associated costs.

Citing its concerns that the benefits of its continued participation in the current form of the System Agreement have been seriously eroded, in December 2005, Entergy Arkansas submitted its notice that it will terminate its participation in the current System Agreement effective ninety-six (96) months from the date of the notice or such earlier date as authorized by the FERC. Entergy Arkansas indicated, however, that a properly structured replacement agreement could be a viable alternative. 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 light of the notices of Entergy Arkansas and Entergy Mississippi to terminate participation in the current System Agreement, in January 2008 the LPSC unanimously voted to direct the LPSC Staff to begin evaluating the potential for a new agreement. Likewise, the New Orleans City Council opened a docket to gather information on progress towards a successor agreement.

In November 2009 the FERC accepted the notices of cancellation and determined that Entergy Arkansas and Entergy Mississippi are permitted to withdraw from the System Agreement following the 96 month notice period without payment of a fee or being required to otherwise compensate the remaining Utility operating companies as a result of withdrawal. The FERC stated it expected Entergy and all interested parties to move forward and develop details of all needed successor arrangements and encouraged Entergy to file its Section 205 filing for post 2013 arrangements as soon as possible. In February 2011 the FERC denied the LPSC's and the City Council's rehearing requests. The LPSC has appealed the FERC's decision to the U.S. Court of Appeals for the District of Columbia.

See "System Agreement" in Entergy Corporation and Subsidiaries Management's Discussion and Analysis for discussion of the proceedings at the FERC involving the System Agreement and other related proceedings.

Transmission

See "Independent Coordinator of Transmission" in the "Rate, Cost-recovery, and Other Regulation" section of Entergy Corporation and Subsidiaries Management's Discussion and Analysis.

System Energy and Related Agreements

System Energy recovers costs related to its interest in Grand Gulf through rates charged to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans for capacity and energy under the Unit Power Sales Agreement (described below). In December 1995, System Energy commenced a rate proceeding at the FERC. In July 2001, the rate proceeding became final, with the FERC approving a prospective 10.94% return on equity. The FERC's decision also affected other aspects of System Energy's charges to the Utility operating companies that it supplies with power. In 1998, the FERC approved requests by Entergy Arkansas and Entergy Mississippi to accelerate a portion of their Grand Gulf purchased power obligations. Entergy Arkansas's and Entergy Mississippi's acceleration of Grand Gulf purchased power obligations ceased effective July 2001 and July 2003, respectively, as approved by FERC.

Unit Power Sales Agreement

The Unit Power Sales Agreement allocates capacity, energy, and the related costs from System Energy's ownership and leasehold interests in Grand Gulf to Entergy Arkansas (36%), Entergy Louisiana (14%), Entergy Mississippi (33%), and Entergy New Orleans (17%). Each of these companies is obligated to make payments to System Energy for its entitlement of capacity and energy on a full cost-of-service basis regardless of the quantity of energy delivered, so long as Grand Gulf remains in commercial operation. Payments under the Unit Power Sales Agreement are System Energy's only source of operating revenue. The financial condition of System Energy depends upon the continued commercial operation of Grand Gulf and the receipt of such payments. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans generally recover payments made under the Unit Power Sales Agreement through rates charged to their customers.

In the case of Entergy Arkansas and Entergy Louisiana, payments are also recovered through sales of electricity from their respective retained shares of Grand Gulf. Under a settlement agreement entered into with the APSC in 1985 and amended in 1988, Entergy Arkansas retains 22% of its 36% share of Grand Gulf-related costs and recovers the remaining 78% of its share in rates. In the event that Entergy Arkansas is not able to sell its retained share to third parties, it may sell such energy to its retail customers at a price equal to its avoided cost, which is currently less than Entergy Arkansas's cost from its retained share. Entergy Arkansas has life-of-resources purchased power agreements with Entergy Louisiana and Entergy New Orleans that sell a portion of the output of Entergy Arkansas's retained share of Grand Gulf to those companies. In a series of LPSC orders, court decisions, and agreements from late 1985 to mid-1988, Entergy Louisiana was granted rate relief with respect to costs associated with Entergy Louisiana's share of capacity and energy from Grand Gulf, subject to certain terms and conditions. Entergy Louisiana retains and does not recover from retail ratepayers 18% of its 14% share of the costs of Grand Gulf capacity and energy and recovers the remaining 82% of its share in rates. Entergy Louisiana is allowed to recover through the fuel adjustment clause 4.6 cents per kWh for the energy related to its retained portion of these costs. Alternatively, Entergy Louisiana may sell such energy to non-affiliated parties at prices above the fuel adjustment clause recovery amount, subject to the LPSC's approval.

Availability Agreement

The Availability Agreement among System Energy and Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans was entered into in 1974 in connection with the financing by System Energy of Grand Gulf. The Availability Agreement provides that System Energy make available to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans all capacity and energy available from System Energy's share of Grand Gulf.

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Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans also agreed severally to pay System Energy monthly for the right to receive capacity and energy from Grand Gulf in amounts that (when added to any amounts received by System Energy under the Unit Power Sales Agreement) would at least equal System Energy's total operating expenses for Grand Gulf (including depreciation at a specified rate) and interest charges. The September 1989 write-off of System Energy's investment in Grand Gulf 2, amounting to approximately $900 million, is being amortized for Availability Agreement purposes over 27 years.

The allocation percentages under the Availability Agreement are fixed as follows: Entergy Arkansas - 17.1%; Entergy Louisiana - 26.9%; Entergy Mississippi - 31.3%; and Entergy New Orleans - 24.7%. The allocation percentages under the Availability Agreement would remain in effect and would govern payments made under such agreement in the event of a shortfall of funds available to System Energy from other sources, including payments under the Unit Power Sales Agreement.

System Energy has assigned its rights to payments and advances from Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans under the Availability Agreement as security for its first mortgage bonds and reimbursement obligations to certain banks providing letters of credit in connection with the equity funding of the sale and leaseback transactions described in Note 10 to the financial statements under "Sale and Leaseback Transactions - Grand Gulf Lease Obligations." In these assignments, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans further agreed that, in the event they were prohibited by governmental action from making payments under the Availability Agreement (for example, if FERC reduced or disallowed such payments as constituting excessive rates), they would then make subordinated advances to System Energy in the same amounts and at the same times as the prohibited payments. System Energy would not be allowed to repay these subordinated advances so long as it remained in default under the related indebtedness or in other similar circumstances.

Each of the assignment agreements relating to the Availability Agreement provides that Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans will make payments directly to System Energy. However, if there is an event of default, those payments must be made directly to the holders of indebtedness that are the beneficiaries of such assignment agreements. The payments must be made pro rata according to the amount of the respective obligations secured.

The obligations of Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans to make payments under the Availability Agreement are subject to the receipt and continued effectiveness of all necessary regulatory approvals. Sales of capacity and energy under the Availability Agreement would require that the Availability Agreement be submitted to FERC for approval with respect to the terms of such sale. No such filing with FERC has been made because sales of capacity and energy from Grand Gulf are being made pursuant to the Unit Power Sales Agreement. If, for any reason, sales of capacity and energy are made in the future pursuant to the Availability Agreement, the jurisdictional portions of the Availability Agreement would be submitted to FERC for approval.

Since commercial operation of Grand Gulf began, payments under the Unit Power Sales Agreement to System Energy have exceeded the amounts payable under the Availability Agreement. Therefore, no payments under the Availability Agreement have ever been required. If Entergy Arkansas or Entergy Mississippi fails to make its Unit Power Sales Agreement payments, and System Energy is unable to obtain funds from other sources, Entergy Louisiana and Entergy New Orleans could become subject to claims or demands by System Energy or its creditors for payments or advances under the Availability Agreement (or the assignments thereof) equal to the difference between their required Unit Power Sales Agreement payments and their required Availability Agreement payments because their Availability

Agreement obligations exceed their Unit Power Sales Agreement obligations.

The Availability Agreement may be terminated, amended, or modified by mutual agreement of the parties thereto, without further consent of any assignees or other creditors.

Capital Funds Agreement

System Energy and Entergy Corporation have entered into the Capital Funds Agreement, whereby Entergy Corporation has agreed to supply System Energy with sufficient capital to (i) maintain System Energy's equity capital at an amount equal to a minimum of 35% of its total capitalization (excluding short-term debt) and (ii) permit the continued commercial operation of Grand Gulf and pay in full all indebtedness for borrowed money of System Energy when due.

Entergy Corporation has entered into various supplements to the Capital Funds Agreement. System Energy has assigned its rights under such supplements as security for its first mortgage bonds and for reimbursement obligations to certain banks providing letters of credit in connection with the equity funding of the sale and leaseback transactions described in Note 10 to the financial statements under "Sale and Leaseback Transactions - Grand Gulf Lease Obligations." Each such supplement provides that permitted indebtedness for borrowed money incurred by System Energy in connection with the financing of Grand Gulf may be secured by System Energy's rights under the Capital Funds Agreement on a pro rata basis (except for the Specific Payments, as defined below). In addition, in the supplements to the Capital Funds Agreement relating to the specific indebtedness being secured, Entergy Corporation has agreed to make cash capital contributions directly to System Energy sufficient to enable System Energy to make payments when due on such indebtedness (Specific Payments). However, if there is an event of default, Entergy Corporation must make those payments directly to the holders of indebtedness benefiting from the supplemental agreements. The payments (other than the Specific Payments) must be made pro rata according to the amount of the respective obligations benefiting from the supplemental agreements.

The Capital Funds Agreement may be terminated, amended, or modified by mutual agreement of the parties thereto, upon obtaining the consent, if required, of those holders of System Energy's indebtedness then outstanding who have received the assignments of the Capital Funds Agreement.

Service Companies

Entergy Services, a corporation wholly-owned by Entergy Corporation, provides management, administrative, accounting, legal, engineering, and other services primarily to the Utility operating companies. Entergy Operations is also wholly-owned by Entergy Corporation and provides nuclear management, operations and maintenance services under contract for ANO, River Bend, Waterford 3, and Grand Gulf, subject to the owner oversight of Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy, respectively. Entergy Services and Entergy Operations provide their services to the Utility operating companies and System Energy on an "at cost" basis, pursuant to cost allocation methodologies for these service agreements that were approved by the FERC.

Jurisdictional Separation of Entergy Gulf States, Inc. into Entergy Gulf States Louisiana and Entergy Texas

Effective December 31, 2007, Entergy Gulf States, Inc. completed a jurisdictional separation into two vertically integrated utility companies, one operating under the sole retail jurisdiction of the PUCT, Entergy Texas, and the other operating under the sole retail jurisdiction of the LPSC, Entergy Gulf States Louisiana. Management believes that the jurisdictional separation will better align Entergy Gulf States, Inc.'s Louisiana and Texas operations to serve customers in those states and to operate consistent with state-specific regulatory requirements as the utility regulatory environments in those jurisdictions evolve. The jurisdictional separation provides for regulation of each separated company by a single retail regulator, which should reduce regulatory complexity.

Entergy Texas now owns all Entergy Gulf States, Inc. distribution and transmission assets located in Texas, the gas-fired generating plants located in Texas, undivided 42.5% ownership shares of Entergy Gulf States, Inc.'s 70% ownership interest in Nelson 6 and 42% ownership interest in Big Cajun 2, Unit 3, which are coal-fired generating plants located in Louisiana, and other assets and contract rights to the extent related to utility operations in Texas. Entergy Gulf States Louisiana now owns all of the remaining assets that were owned by Entergy Gulf States, Inc. On a book value basis, approximately 58.1% of the Entergy Gulf States, Inc. assets were allocated to Entergy Gulf States Louisiana and approximately 41.9% were allocated to Entergy Texas.

Entergy Gulf States Louisiana remained primarily liable for all of the long-term debt issued by Entergy Gulf States, Inc. that was outstanding on December 31, 2007. Under a debt assumption agreement with Entergy Gulf States Louisiana, Entergy Texas assumed its pro rata share of this long-term debt, which was $1.079 billion, or approximately 46%, which has been entirely paid-off as of December 31, 2010. The pro rata share of the long-term debt assumed by Entergy Texas was determined by first determining the net assets for each company on a book value basis, and then calculating a debt assumption ratio that resulted in the common equity ratios for each company being approximately the same as the Entergy Gulf States, Inc. common equity ratio immediately prior to the jurisdictional separation.

Entergy Texas purchases from Entergy Gulf States Louisiana pursuant to a life-of-unit purchased power agreement (PPA) a 42.5% share of capacity and energy from the 70% of River Bend subject to retail regulation. Entergy Texas was allocated a share of River Bend's nuclear and environmental liabilities that is identical to the share of the plant's output purchased by Entergy Texas under the PPA. Entergy Gulf States Louisiana purchases a 57.5% share of capacity and energy from the gas-fired generating plants owned by Entergy Texas, and Entergy Texas purchases a 42.5% share of capacity and energy from the gas-fired generating plants owned by Entergy Gulf States Louisiana. The PPAs associated with the gas-fired generating plants will terminate when the unit(s) is/are no longer dispatched by the Entergy System. The dispatch and operation of the generating plants will not change as a result of the jurisdictional separation.

The jurisdictional separation occurred through completion of the following steps:

- Through a Texas statutory merger-by-division, Entergy Gulf States, Inc. was renamed as Entergy Gulf States Louisiana, Inc., a Texas corporation, and the new Texas business corporation Entergy Texas, Inc. was formed.
- Entergy Gulf States, Inc. allocated the assets described above to Entergy Texas, and all of the capital stock of Entergy Texas was issued directly to Entergy Gulf States, Inc.'s parent company, Entergy Corporation.
- Entergy Corporation formed EGS Holdings, Inc., a Texas corporation, and contributed all of the common stock of Entergy Gulf States Louisiana, Inc. to EGS Holdings, Inc.
- EGS Holdings, Inc. formed the Louisiana limited liability company Entergy Gulf States Louisiana, L.L.C. and then owned all of the issued and outstanding membership interests of Entergy Gulf States Louisiana, L.L.C.
- Entergy Gulf States Louisiana, Inc. then merged into Entergy Gulf States Louisiana, L.L.C., with Entergy Gulf States Louisiana, L.L.C. being the surviving entity.
- Entergy Corporation now owns EGS Holdings, Inc. and Entergy Texas in their entirety, and EGS Holdings, Inc. now owns Entergy Gulf States Louisiana's common membership interests in their entirety.

Earnings Ratios of Registrant Subsidiaries

The Registrant Subsidiaries' ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preferred dividends or distributions pursuant to Item 503 of SEC Regulation S-K are as follows:

	Ratios of Earnings to Fixed Charges				
	Years Ended December 31,				
	2010	2009	2008	2007	2006
Entergy Arkansas	3.91	2.39	2.33	3.19	3.37
	3.58	2.99	2.44	2.84	3.01

Entergy Gulf States Louisiana					
Entergy Louisiana	3.41	3.52	3.14	3.44	3.23
Entergy Mississippi	3.30	3.25	2.92	3.22	2.54
Entergy New Orleans	4.41	3.66	3.71	2.74	1.52
Entergy Texas	2.10	1.92	2.04	2.07	2.12
System Energy	3.64	3.73	3.29	3.95	4.05

	Ratios of Earnings to Combined Fixed Charges and Preferred Dividends or Distributions Years Ended December 31,				
	2010	2009	2008	2007	2006
Entergy Arkansas	3.50	2.09	1.95	2.88	3.06
Entergy Gulf States Louisiana	3.53	2.95	2.42	2.73	2.90
Entergy Louisiana	3.13	3.27	2.87	3.08	2.90
Entergy Mississippi	3.06	3.01	2.67	2.97	2.34
Entergy New Orleans	3.97	3.38	3.45	2.54	1.35

The Registrant Subsidiaries accrue interest expense related to unrecognized tax benefits in income tax expense and do not include it in fixed charges.

Entergy Wholesale Commodities

During 2010 Entergy integrated its former Non-Utility Nuclear and non-nuclear wholesale assets businesses into a new organization called Entergy Wholesale Commodities.

Entergy Wholesale Commodities includes the ownership and operation of six nuclear power plants, five of which are located in the Northeast United States, with the sixth located in Michigan, and is primarily focused on selling electric power produced by those plants to wholesale customers. Entergy Wholesale Commodities' revenues are primarily derived from sales of energy and generation capacity from these plants. Entergy Wholesale Commodities also provides operations and management services, including decommissioning services, to nuclear power plants owned by other utilities in the United States.

Entergy Wholesale Commodities also includes the ownership, or participation in joint ventures that own, non-nuclear power plants and the sale to wholesale customers of the electric power produced by these plants while it focuses on improving their operating and financial performance, consistent with Entergy's market-based point-of-view.

Property

Nuclear Generating Stations

Entergy Wholesale Commodities includes the ownership of the following nuclear power plants:

Market	In Service Year	Acquired	Location	Capacity-Reactor Type	License Expiration Date

Power Plant						
Pilgrim	IS0-NE	1972	July 1999	Plymouth, MA	688 MW - Boiling Water	2012
FitzPatrick	NYISO	1975	Nov. 2000	Oswego, NY	838 MW - Boiling Water	2034
Indian Point 3	NYISO	1976	Nov. 2000	Buchanan, NY	1,041 MW - Pressurized Water	2015
Indian Point 2	NYISO	1974	Sept. 2001	Buchanan, NY	1,028 MW - Pressurized Water	2013
Vermont Yankee	IS0-NE	1972	July 2002	Vernon, VT	605 MW - Boiling Water	2012
Palisades	MISO	1971	Apr. 2007	South Haven, MI	798 MW - Pressurized Water	2031

Entergy Wholesale Commodities also includes the ownership of two non-operating nuclear facilities, Big Rock Point in Michigan and Indian Point 1 in New York, that were acquired when Entergy purchased the Palisades and Indian Point 2 nuclear plants, respectively. These facilities are in various stages of the decommissioning process.

The operating licenses for Vermont Yankee, Pilgrim, Indian Point 2, and Indian Point 3 expire between 2012 and 2015. Under federal law, nuclear power plants may continue to operate beyond their license expiration dates while their renewal applications are pending NRC approval. Various parties have expressed opposition to renewal of the licenses. Renewal of the Indian Point licenses is the subject of ongoing proceedings, which are discussed further below, before the Atomic Safety and Licensing Board (ASLB) of the NRC. Certain contentions have been admitted for litigation, and new and amended contentions filed by parties in January and February 2011 have not been acted upon by the ASLB. Hearings on the contentions admitted by the ASLB currently are expected to begin in early 2012. The ASLB completed its proceedings regarding Vermont Yankee, but the New England Coalition filed a new contention that the ASLB denied in October 2010. The New England Coalition requested NRC review of the denial in November 2010. Finally, with respect to the Pilgrim license renewal, the NRC has issued decisions resolving all but one of the issues that were previously appealed by Pilgrim Watch. The NRC remanded one issue, to the ASLB, which ordered that testimony be filed in January 2011 and scheduled a hearing for March 2011. Meanwhile, Pilgrim Watch filed two new contentions, one of which it subsequently amended, in December 2010 and January 2011. The ASLB has not decided whether to admit or deny the new Pilgrim Watch contentions.

In addition to its federal NRC license, there is a two-step state law licensing process for obtaining a Certificate of Public Good (CPG) to operate Vermont Yankee and store spent nuclear fuel beyond March 21, 2012, when the current CPG expires. First, the Vermont legislature must vote affirmatively to permit the Vermont Public Service Board to consider Vermont Yankee's application for a renewed CPG for the continued operation of Vermont Yankee and for storage of spent fuel. Second, the Vermont Public Service Board must vote to renew the CPG. The Entergy affiliates that own and operate Vermont Yankee filed an application with the Vermont Public Service Board in March 2008 for a certificate of public good to operate for 20 years beginning March 22, 2012 and to store spent nuclear fuel generated after that date. Ten days of hearings were held in May and June 2009. The Department of Public Service and other parties contended during the hearing that a favorable power purchase agreement for the sale of power from Vermont Yankee to Vermont utilities would be important to demonstrating that renewal of the certificate of public good promoted the public interest. Proceedings in that docket currently are in abeyance.

During its 2009 session, which concluded in May, several committees of the Vermont General Assembly held hearings on Vermont Yankee, but no bill or resolution was introduced for approval of continued operation and storage of spent nuclear fuel generated after March 21, 2012. In January 2010, the Governor of the State of Vermont issued a statement indicating he would not ask the Vermont General Assembly to consider the renewal of a certificate of public good during its 2010 session, based on the discovery of tritium leakage from Vermont Yankee, concerns about miscommunication by Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations related to underground piping at Vermont Yankee carrying radionuclides, and other issues including decommissioning. Nevertheless, on February 24, 2010, a bill to authorize the Vermont Public Service Board to approve the continued operation of Vermont Yankee was defeated in the Vermont Senate by a vote of 26 to 4. Neither house of the Vermont General Assembly has voted on a similar bill since that time.

In April 2007, Entergy submitted an application to the NRC to renew the operating licenses for Indian Point 2 and 3 for an additional 20 years. The NRC Staff currently is performing its technical and environmental reviews of the application. It issued a draft supplemental environmental impact statement in December 2008, a final supplemental environmental impact statement in December 2010, a safety evaluation with open items in January 2009, and a final safety evaluation report in August 2009. The New York Department of Environmental Conservation has taken the position that Indian Point must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. Indian Point also must obtain a Coastal Zone Management Act consistency determination from the New York Department of State prior to getting its renewed license. For a discussion concerning the status of Entergy Wholesale Commodities' efforts to obtain these certifications and determinations, see "Environmental Regulation, Clean Water Act" below.

In July 2008, the ASLB admitted 17 contentions raised by the State of New York, Riverkeeper, and Clearwater that were then combined into 13 issues. In June 2010, the ASLB admitted two additional contentions raised by the State of New York, which were combined into one issue. In total, there are 19 admitted contentions that have been consolidated into 14 discrete issues. The ASLB issued its initial case management and schedule order during the first quarter 2009, although the parties began the discovery process pursuant to an ASLB order issued in December 2008 and an agreement reached by the parties in January 2009 regarding disclosure issues. In January and February 2011, the State of New York, Riverkeeper, and Clearwater submitted new and amended contentions to the ASLB based on the NRC's updated Waste Confidence Rule and the NRC's Final Supplemental Environmental Impact Statement issued for Indian Point license renewal. The ASLB has not yet acted on the proposed new and amended contentions. Evidentiary hearings on the admitted contentions are currently expected to begin in early 2012.

The hearing process is an integral component of the NRC's regulatory framework, and evidentiary hearings on license renewal applications are not uncommon. Entergy intends to participate fully in the hearing process as permitted by the NRC's hearing rules. As noted in Entergy's responses to the various petitions to intervene, Entergy believes that many of the issues raised by the petitioners are unsupported and without merit. Furthermore, Entergy believes that it will carry its burden of proof with respect to any issues that were admitted for evidentiary hearings. Entergy will continue to work with the NRC Staff as it completes its technical and environmental reviews of the license renewal application.

Non-nuclear Generating Stations

Entergy Wholesale Commodities includes the ownership, or interests in joint ventures that own, the following non-nuclear power plants:

Plant	Location	Ownership	Net Owned Capacity(1)	Type
Ritchie Unit 2, 544 MW	Helena, AR	100%	544 MW	Gas/Oil
Independence Unit 2, 842 MW (2)	Newark, AR	14%	121 MW(3)	Coal
Top of Iowa, 80 MW (4)	Worth County, IA	50%	40 MW	Wind
White Deer, 80 MW (4)	Amarillo, TX	50%	40 MW	Wind
RS Cogen, 425 MW (4)	Lake Charles, LA	50%	213 MW	Gas/Steam

(1) "Net Owned Capacity" refers to the nameplate rating on the generating unit.

(2) Entergy Louisiana and Entergy New Orleans currently purchase 101 MW of capacity and energy from Independence Unit 2. The transaction included an option for Entergy Louisiana and Entergy New Orleans to acquire an ownership interest in the unit for a total price of $80 million, subject to various adjustments. On March 5, 2008, Entergy Louisiana and Entergy New Orleans provided notice of their intent to exercise the option. The parties are negotiating the terms and conditions of the ownership acquisition.

(3)

The owned MW capacity is the portion of the plant capacity owned by Entergy Wholesale Commodities. For a complete listing of Entergy's jointly-owned generating stations, refer to "Jointly-Owned Generating Stations" in Note 1 to the financial statements.

(4) Indirectly owned through interests in unconsolidated joint ventures.

In addition to these generating stations, Entergy Wholesale Commodities has a contract to take 60 MW of the power from a portion of the Nelson 6 coal plant owned by a third party.

In the fourth quarter 2010, Entergy sold its 61 percent share of the Harrison County 550 MW combined cycle gas-fired power plant.

Interconnections

The Pilgrim and Vermont Yankee plants fall under the authority of the Independent System Operator (ISO) New England and the FitzPatrick and Indian Point plants fall under the authority of the New York Independent System Operator (NYISO). The Palisades plant falls under the authority of the Midwest Independent System Operator (MidwestISO). The primary purpose of ISO New England, NYISO and MidwestISO is to direct the operations of the major generation and transmission facilities in their respective regions and in doing so also takes responsibility for ensuring grid reliability, administering and monitoring wholesale electricity markets and planning for their respective region's energy needs.

Energy and Capacity Sales

As a wholesale generator, Entergy Wholesale Commodities core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities sells unforced capacity to load-serving entities, which allows those companies to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward fixed price power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy to its counterparties, make capacity available to them, or both. See "Commodity Price Risk - Power Generation" in Entergy Corporation and Subsidiaries Management's Discussion and Analysis for additional information regarding these contracts.

In addition to the contracts discussed in "Commodity Price Risk - Power Generation," Entergy's purchase of the Vermont Yankee plant included a value sharing agreement providing for payments to the seller in the event that the plant's operating license term is renewed beyond its original expiration in 2012. Under the value sharing agreement, to the extent that the average annual price of the energy sales from the plant exceeds the specified strike price, initially $61/MWh and then adjusted annually based on three indices, Vermont Yankee will pay 50% of the amount exceeding the strike prices to the seller. These payments, if required, will be recorded as adjustments to the purchase price of the plants. The value sharing would begin in 2012 and extend into 2022.

As part of the purchase of the Palisades plant, Entergy executed a 15-year PPA with the seller, Consumers Energy, for 100% of the plant's output, excluding any future uprates. Under the purchased power agreement, Consumers Energy will receive the value of any new environmental credits for the first ten years of the agreement. Palisades and Consumers Energy will share on a 50/50 basis the value of any new environmental credits for years 11 through 15 of the agreement. The environmental credits are defined as benefits from a change in law that causes capability of the plant as of the purchase date to become a tradable attribute (e.g., emission credit, renewable energy credit, environmental credit, "green" credit, etc.) or otherwise to have a market value.

Customers

Entergy Wholesale Commodities' customers for the sale of both energy and capacity from its nuclear plants include retail power providers, utilities, electric power co-operatives, power trading organizations and other power generation companies. These customers include Consolidated Edison, NYPA, and Consumers Energy, companies from which Entergy purchased plants, and ISO New England and NYISO. As of December 31, 2010, the counterparties or their guarantors for 99.7% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2015 have public investment grade credit ratings and 0.3% is with load-serving entities without public credit ratings.

Competition

The ISO New England and NYISO markets are highly competitive. Entergy Wholesale Commodities has approximately 85 competitors in New England and 70 competitors in New York, including generation companies affiliated with regulated utilities, other independent power producers, municipal and co-operative generators, owners of co-generation plants and wholesale power marketers. Entergy Wholesale Commodities is an independent power producer, which means it generates power for sale to third parties at market prices to the extent that the power is not sold under a fixed price contract. Municipal and co-operative generators also generate power but use most of it to deliver power to their municipal or co-operative power customers. Owners of co-generation plants produce power primarily for their own consumption. Wholesale power marketers do not own generation; rather they buy power from generators or other market participants and resell it to retail providers or other market participants. Competition in the New England and New York power markets is affected by, among other factors, the amount of generation and transmission capacity in these markets. Based on the latest available information, Entergy Wholesale Commodities plants provided approximately 7% of the aggregate net generation capacity serving the New England power market and 16% of the aggregate net generation capacity serving the New York power market. The MidwestISO market includes approximately 280 participants. The MidwestISO does not have a formal, centralized forward capacity market, but load serving entities do transact capacity through bilateral contracts. Palisades's current output is fully contracted to Consumers Energy through 2022 and, therefore, Entergy Wholesale Commodities does not expect to be materially affected by competition in the MidwestISO market in the near term.

Seasonality

Entergy Wholesale Commodities' revenues and operating income are subject to mild fluctuations during the year due to seasonal factors and weather conditions. When outdoor and cooling water temperatures are lower, generally during colder months, Entergy Wholesale Commodities' nuclear power plants operate more efficiently, and consequently, generate more electricity. Although some of its annual contracts provide for monthly pricing, Entergy Wholesale Commodities derives the majority of its revenues from fixed price forward power sales that are generally sold at a single price for a calendar year, which can offset the effects of seasonality and weather conditions on monthly power prices.

Fuel Supply

Nuclear Fuel

See "Fuel Supply, Nuclear Fuel" in the Utility portion of Part I, Item 1 for a discussion of the nuclear fuel cycle and markets. Entergy Nuclear Fuels Company, a wholly-owned subsidiary, is responsible for contracts to acquire nuclear materials, except for fuel fabrication, for Entergy Wholesale Commodities' nuclear power plants, while Entergy Nuclear Operations, Inc. acts as the agent for the purchase of nuclear fuel assembly fabrication services. All contracts for the disposal of spent nuclear fuel are between the DOE and each of the nuclear power plants.

Other Business Activities

Entergy Nuclear Power Marketing, LLC (ENPM) was formed in 2005 to centralize the power marketing function for Entergy Wholesale Commodities nuclear plants. Upon its formation, ENPM entered into long-term power purchase agreements with the Entergy Wholesale Commodities subsidiaries that own nuclear power plants (generating subsidiaries). As part of a series of agreements, ENPM agreed to assume and/or otherwise service the existing power purchase agreements that were in effect between the generating subsidiaries and their customers. ENPM functions include origination of new energy and capacity transactions, generation scheduling, contract management (including billing and settlements), and market and credit risk mitigation.

Entergy Nuclear, Inc. pursues service agreements with other nuclear power plant owners who seek the advantages of Entergy's scale and expertise but do not necessarily want to sell their assets. Services provided by either Entergy Nuclear, Inc. or other Entergy Wholesale Commodities subsidiaries include engineering, operations and maintenance, fuel procurement, management and supervision, technical support and training, administrative support, and other managerial or technical services required to operate, maintain, and decommission nuclear electric power facilities. Entergy Nuclear, Inc. provided decommissioning services for the Maine Yankee nuclear power plant and continues to pursue opportunities for Entergy Wholesale Commodities with other nuclear plant owners through operating agreements or innovative arrangements such as structured leases.

Entergy Nuclear, Inc. also offers operating license renewal and life extension services to nuclear power plant owners. TLG Services, a subsidiary of Entergy Nuclear Inc., offers decommissioning, engineering, and related services to nuclear power plant owners. In April 2009, Entergy announced that it will team with energy firm ENERCON to offer nuclear development services ranging from plant relicensing to full-service, new plant deployment. ENERCON has experience in engineering, environmental, technical and management services.

In September 2003, Entergy agreed to provide plant operation support services for the 800 MW Cooper Nuclear Station located near Brownville, Nebraska. The original contract was to expire in 2014 corresponding to the original operating license life of the plant. In 2006, an Entergy subsidiary signed an agreement to provide license renewal services for the Cooper Nuclear Station. The Cooper Nuclear Station received its license renewal from the NRC on November 29, 2010. Entergy continues to provide implementation services for the renewed license. In 2010, an Entergy subsidiary signed an agreement to extend the management support services to Cooper Nuclear Station by 15 years, through January 2029. The contract extension allows for Entergy to initially receive $16 million per year with an opportunity to receive an additional $4 million if safety and regulatory goals are met.

Entergy-Koch

Entergy-Koch is a joint venture owned 50% each by Entergy and Koch Industries, Inc, through subsidiaries. Entergy-Koch began operations on February 1, 2001. Entergy contributed most of the assets and trading contracts of its power marketing and trading business and $414 million cash to the venture and Koch contributed its approximately 8,000-mile Koch Gateway Pipeline (renamed Gulf South Pipeline), gas storage facilities, and Koch Energy Trading, which marketed and traded electricity, gas, weather derivatives, and other energy-related commodities and services. As specified in the partnership agreement, Entergy contributed an additional $72.7 million to the partnership in January 2004.

In the fourth quarter of 2004, Entergy-Koch sold its energy trading and pipeline businesses to third parties. The sales came after a review of strategic alternatives for enhancing the value of Entergy-Koch, LP. Entergy received $862 million of cash distributions in 2004 from Entergy-Koch after the business sales. Due to the November 2006 expiration of contingencies on the sale of Entergy-Koch's trading business, and the corresponding release to Entergy-Koch of sales proceeds held in escrow, Entergy received additional cash distributions of approximately $163 million during the fourth quarter of 2006 and recorded a gain of approximately $55 million (net-of-tax). In December 2009, Entergy reorganized its investment in Entergy-Koch, received a $25.6 million cash distribution, and received a distribution of certain software owned by the joint venture. Entergy-Koch is no longer an operating entity.

Regulation of Entergy's Business

Energy Policy Act of 2005

The Energy Policy Act of 2005 became law in August 2005. The legislation contains electricity provisions that, among other things:

- Repealed PUHCA 1935, through enactment of PUHCA 2005, effective February 8, 2006; PUHCA 2005 and/or related amendments to Section 203(a) of the Federal Power Act (a) remove various limitations on Entergy Corporation as a registered holding company under PUHCA 1935; (b) require the maintenance and retention of books and records by certain holding company system companies for inspection by the FERC and state commissions, as appropriate; and (c) effectively leave to the jurisdiction of the FERC (or state or local regulatory bodies, as appropriate) (i) the issuance by an electric utility of securities; (ii) (A) the disposition of jurisdictional FERC electric facilities by an electric utility; (B) the acquisition by an electric utility of securities of an electric utility; (C) the acquisition by an electric utility of electric generating facilities (in each of the cases in (A), (B) and (C) only in transactions in excess of $10 million); (iv) electric public utility mergers; and (v) the acquisition by an electric public utility holding company of securities of an electric public utility company or its holding company in excess of $10 million or the merger of electric public utility holding company systems. PUHCA 2005 and the related FERC rule-making also provide a savings provision which permits continued reliance on certain PUHCA 1935 rules and orders after the repeal of PUHCA 1935.
- Codifies the concept of participant funding or cost causation, a form of cost allocation for transmission interconnections and upgrades, and allows the FERC to apply participant funding in all regions of the country. Participant funding helps ensure that a utility's native load customers only bear the costs that are necessary to provide reliable transmission service to them and do not bear costs for transmission projects that are not required for reliability and that are not anticipated to provide the customers net benefits.
- Provides financing benefits, including loan guarantees and production tax credits, for new nuclear plant construction, and reauthorizes the Price-Anderson Act, the law that provides an umbrella of insurance protection for

the payment of public liability claims in the event of a major nuclear power plant incident.

- Revises current tax law treatment of nuclear decommissioning trust funds by allowing regulated and non-regulated taxpayers to make deductible contributions to fund the entire amount of estimated future decommissioning costs.
- Provides a more rapid tax depreciation schedule for transmission assets to encourage investment.
- Creates mandatory electricity reliability guidelines with enforceable penalties to help ensure that the nation's power transmission grid is kept in good repair and that disruptions in the electricity system are minimized. Entergy already voluntarily complies with National Electricity Reliability Council standards, which are similar to the guidelines mandated by the Energy Policy Act of 2005.
- Establishes conditions for the elimination of the Public Utility Regulatory Policy Act's (PURPA) mandatory purchase obligation from qualifying facilities.
- Significantly increased the FERC's authorization to impose criminal and civil penalties for violations of the provisions of the Federal Power Act.

Federal Power Act

The Federal Power Act provides the FERC the authority to regulate:

- the transmission and wholesale sale of electric energy in interstate commerce;
- sales or acquisition of certain assets;
- securities issuances;
- the licensing of certain hydroelectric projects;
- certain other activities, including accounting policies and practices of electric and gas utilities; and
- changes in control of FERC jurisdictional entities or rate schedules.

The Federal Power Act gives FERC jurisdiction over the rates charged by System Energy for Grand Gulf capacity and energy provided to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans and over some of the rates charged by Entergy Arkansas and Entergy Gulf States Louisiana. FERC also regulates the rates charged for intrasystem sales pursuant to the System Agreement and the provision of transmission service to wholesale market participants.

Entergy Arkansas holds a FERC license that expires in 2053 for two hydroelectric projects totaling 70 MW of capacity.

State Regulation

Utility

Entergy Arkansas is subject to regulation by the APSC, which includes the authority to:

- oversee utility service;
- set retail rates;
- determine reasonable and adequate service;
- control leasing;
- control the acquisition or sale of any public utility plant or property constituting an operating unit or system;
- set rates of depreciation;
- issue certificates of convenience and necessity and certificates of environmental compatibility and public need; and
- regulate the issuance and sale of certain securities.

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Entergy Corporation, Utility operating companies, and System Energy

Entergy Gulf States Louisiana's electric and gas business and Entergy Louisiana are subject to regulation by the LPSC as to:

- utility service;
- retail rates and charges;
- certification of generating facilities;
- power or capacity purchase contracts; and
- depreciation and other matters.

Entergy Louisiana is also subject to the jurisdiction of the City Council with respect to such matters within Algiers in Orleans Parish, although the precise scope of that jurisdiction differs from that of the LPSC.

Entergy Mississippi is subject to regulation by the MPSC as to the following:

- utility service;
- service areas;
- facilities; and
- retail rates.

Entergy Mississippi is also subject to regulation by the APSC as to the certificate of environmental compatibility and public need for the Independence Station, which is located in Arkansas.

Entergy New Orleans is subject to regulation by the City Council as to the following:

- utility service;
- retail rates and charges;
- standards of service;
- depreciation,
- issuance and sale of certain securities; and
- other matters.

To the extent authorized by governing legislation, Entergy Texas is subject to the original jurisdiction of the municipal authorities of a number of incorporated cities in Texas with appellate jurisdiction over such matters residing in the PUCT. Entergy Texas is also subject to regulation by the PUCT as to:

- retail rates and service in unincorporated areas of its service territory, and in municipalities that have ceded jurisdiction to the PUCT;
- customer service standards;
- certification of new transmission lines; and
- extensions of service into new areas.

Entergy Wholesale Commodities

In November 2007, the Board approved a plan to pursue a separation of Entergy's non-utility nuclear business from Entergy through a spin-off of the business to Entergy shareholders. In July 2010, Entergy withdrew its spin-off transaction petition that was filed with the NYPSC. In August 2010 the NYPSC issued an order closing the proceeding. In the order, the NYPSC also instituted a new proceeding directing Entergy and its subsidiaries with New York nuclear operations (Entergy Corporation, Entergy Nuclear FitzPatrick, LLC, Entergy Nuclear Indian Point 2, LLC, Entergy Nuclear Indian Point 3, LLC, and Entergy Nuclear Operations, Inc., together, the "Entergy Owners") to show cause why they should not be required to give notice to the NYPSC at least 60 days prior to "any contemplated transactions which could jeopardize the financial strength of any or all of the Entergy New York nuclear subsidiaries." The facilities to which the order relates are the James A. FitzPatrick Nuclear Station and the Indian Point Energy Center (New York facilities).

The order states that the intent of the NYPSC is not to impose "an overly broad application" of this notice requirement, and that the NYPSC is "not concerned about transactions that would not jeopardize the financial integrity of New York entities." By way of example, the order states that the NYPSC is not suggesting that notice be provided "whenever Entergy or an intermediate parent of the New York facilities issues debt, as is often the case, without restrictions being placed on the financial capacity of its New York subsidiaries to borrow or to support debt needed to finance capital projects at the New York facilities." The order states, however, that the NYPSC may consider an advance notice requirement for any transaction "that would reduce the credit quality of the Entergy Owners below a credit rating of 'BBB-' or the equivalent or, in connection with the transaction and in order to provide credit support to a corporate parent, that would restrict a New York facility from issuing its own debt or otherwise require the facility to provide dividend income to its parent, when, in light of the facility's capital needs, the issuance of such dividends would be inappropriate."

In September 2010, Entergy filed a response to the NYPSC's order, which raised a number of concerns with regard to the NYPSC's jurisdiction to impose the proposed notice requirement and the practical difficulties with implementing such a requirement. In October 2010 the New York Attorney General's Office filed a response to Entergy's filing addressing the NYPSC's jurisdiction to impose the proposed notice requirement, to which Entergy filed a reply. A technical conference was held on February 10, 2011.

Regulation of the Nuclear Power Industry

Atomic Energy Act of 1954 and Energy Reorganization Act of 1974

Under the Atomic Energy Act of 1954 and the Energy Reorganization Act of 1974, the operation of nuclear plants is heavily regulated by the NRC, which has broad power to impose licensing and safety-related requirements. The NRC has broad authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy, as owners of all or portions of ANO, River Bend, Waterford 3, and Grand Gulf, respectively, and Entergy Operations, as the licensee and operator of these units, are subject to the jurisdiction of the NRC. Entergy subsidiaries in the Entergy Wholesale Commodities segment are subject to the NRC's jurisdiction as the owners and operator of Pilgrim, Indian Point Energy Center, FitzPatrick, Vermont Yankee, and Palisades. Substantial capital expenditures at Entergy's nuclear plants because of revised safety requirements of the NRC could be required in the future.

Nuclear Waste Policy Act of 1982

Spent Nuclear Fuel

Under the Nuclear Waste Policy Act of 1982, the DOE is required, for a specified fee, to construct storage facilities for, and to dispose of, all spent nuclear fuel and other high-level radioactive waste generated by domestic nuclear power reactors. Entergy's nuclear owner/licensee subsidiaries provide for the estimated future disposal costs of spent nuclear fuel in accordance with the Nuclear Waste Policy Act of 1982. The affected Entergy companies entered into contracts with the DOE, whereby the DOE is to furnish disposal services at a cost of one mill per net kWh generated and sold after April 7, 1983, plus a one-time fee for generation prior to that date. Entergy Arkansas is the only one of the Utility operating companies that generated electric power with nuclear fuel prior to that date and has a recorded liability as of December 31, 2010 of $180.9 million for the one-time fee. Entergy accepted assignment of the Pilgrim, FitzPatrick and Indian Point 3, Indian Point 1 and 2, Vermont Yankee, Palisades, and Big Rock Point spent fuel disposal contracts with the DOE held by their previous owners. The previous owners have paid or retained liability for the fees for all generation prior to the purchase dates of those plants. The fees payable to the DOE may be adjusted in the future to assure full recovery. Entergy considers all costs incurred for the disposal of spent nuclear fuel, except accrued interest, to be proper components of nuclear fuel expense. Provisions to recover such costs have been or will be made in applications to regulatory authorities for the Utility plants. Entergy's total spent fuel fees to date, including the one-time fee liability of Entergy Arkansas, have surpassed $1.3 billion.

The permanent spent fuel repository in the U.S. has been legislated to be Yucca Mountain, Nevada. The DOE is required by law to proceed with the licensing (the DOE filed the license application in June 2008) and, after the license is granted by the NRC, proceed with the repository construction and commencement of receipt of spent fuel. Because the DOE has not begun accepting spent fuel, it is in non-compliance with the Nuclear Waste Policy Act of 1982 and has breached its spent fuel disposal contracts. The DOE continues to delay meeting its obligation. Moreover, the Obama administration has expressed its intention and taken specific steps to discontinue the Yucca Mountain project and study a new spent fuel strategy. Such actions include a motion to the NRC to withdraw the license application with prejudice and the establishment of a commission to develop recommendations for alternative spent fuel storage solutions. However, on June 29, 2010, a panel of the NRC's Atomic Safety and Licensing Board denied the administration's motion to withdraw the application. Nevertheless, large uncertainty remains regarding the time frame under which the DOE will begin to accept spent fuel from Entergy's facilities for storage or disposal. As a result, continuing future expenditures will be required to increase spent fuel storage capacity at Entergy's nuclear sites.

As a result of the DOE's failure to begin disposal of spent nuclear fuel in 1998 pursuant to the Nuclear Waste Policy Act of 1982 and the spent fuel disposal contracts, Entergy's nuclear owner/licensee subsidiaries have incurred and will continue to incur damages. In November 2003 these subsidiaries, except for the owner of Palisades, began litigation to recover the damages caused by the DOE's delay in performance. In October 2007, the U.S. Court of Federal Claims awarded $48.7 million jointly to System Fuels and Entergy Arkansas, in damages related to the DOE's breach of its obligations. In a revised decision issued in March 2010, the court awarded $9.7 million jointly to System Fuels, System Energy, and SMEPA. Also in March 2010, in two separate decisions, the court awarded $106.1 million to Entergy Nuclear Indian Point 2, and $4.2 million to Entergy Nuclear Generation Company (the owner of Pilgrim). In September 2010, the court awarded $46.6 million to Entergy Nuclear Vermont Yankee. All of these decisions have been appealed by the DOE to the U.S. Court of Appeals for the Federal Circuit. Management cannot predict the timing or amount of any potential recoveries on other claims filed by Entergy subsidiaries, and cannot predict the timing of any eventual receipt from the DOE of the U.S. Court of Federal Claims damage awards.

Pending DOE acceptance and disposal of spent nuclear fuel, the owners of nuclear plants are providing their own spent fuel storage. Storage capability additions using dry casks began operations at Palisades in 1993, at ANO in 1996, at FitzPatrick in 2002, at River Bend in 2005, at Grand Gulf in 2006, and at Indian Point and Vermont Yankee in 2008. These facilities will be expanded as needed. Current on-site spent fuel storage capacity at Waterford 3 and Pilgrim is estimated to be sufficient until approximately 2012 and 2014, respectively; by which time dry cask storage facilities are planned to be placed into service at these units.

Nuclear Plant Decommissioning

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Texas, and System Energy are entitled to recover from customers through electric rates the estimated decommissioning costs for ANO, the portion of River Bend subject to retail rate regulation, Waterford 3, and Grand Gulf, respectively. These amounts are deposited in trust funds that can only be used for future decommissioning costs. Entergy periodically reviews and updates the estimated decommissioning costs to reflect inflation and changes in regulatory requirements and technology, and then makes applications to the regulatory authorities to reflect, in rates, the changes in projected decommissioning costs.

In 2008, Entergy experienced declines in the market value of assets held in the trust funds for meeting the decommissioning funding assurance obligations for the nuclear plants. This decline adversely affected the affected Entergy subsidiaries' ability to demonstrate compliance with the NRC's requirements for providing financial assurance for decommissioning funding for some of its plants. In June 2009, the NRC issued letters indicating that the NRC staff had concluded that there were shortfalls in the amount of decommissioning funding assurance provided for Indian Point 2, Vermont Yankee, Palisades, Waterford 3, and River Bend. The NRC staff subsequently conducted a telephone conference with Entergy on this issue and, in August 2009, Entergy submitted a plan for addressing the identified shortfalls. In its submittal, Entergy provided updated analysis to the NRC indicating that there was no current shortfall in the amounts of the required decommissioning funding assurance for Palisades based upon the trust fund balances as of July 31, 2009 and for Indian Point 2 based upon the trust fund balances as of July 31, 2009 and an analysis of the costs that would be incurred if Entergy elected to use a sixty-year period of safe storage for decommissioning, as permitted by the NRC's rules. In December 2009 the NRC accepted the analyses regarding Palisades and Indian Point and, with respect to each plant, the NRC concluded that no further action was required. For Vermont Yankee, Entergy concluded that, when using the September 30, 2009 trust fund balance, there was a shortfall of approximately $40 million. This $40 million shortfall was satisfied with a $40 million guarantee from Entergy Corporation that was effective as of December 31, 2009. For Waterford 3 and River Bend, Entergy subsidiaries made appropriate filings by December 31, 2009 with their retail regulators that request decommissioning funding from customers to address the shortfalls identified by the NRC. On July 28, 2010, the LPSC approved increased decommissioning collections for Waterford 3 and the Louisiana regulated share of River Bend. On December 13, 2010, the PUCT approved increased decommissioning collections for the Texas share of River Bend. Entergy currently believes these approved increases in decommissioning funding will be sufficient to address the shortfalls, although decommissioning cost inflation and trust fund performance will ultimately determine the adequacy of the funding amounts.

For the Indian Point 3 and FitzPatrick plants purchased in 2000, NYPA retained the decommissioning trusts and the decommissioning liability. NYPA and Entergy subsidiaries executed decommissioning agreements, which specify their decommissioning obligations. NYPA has the right to require the Entergy subsidiaries to assume the decommissioning liability provided that it assigns the corresponding decommissioning trust, up to a specified level, to the Entergy subsidiaries. If the decommissioning liability is retained by NYPA, the responsible Entergy subsidiary will perform the decommissioning of the plants at a price equal to the lesser of a pre-specified level or the amount in the decommissioning trusts.

Additional information with respect to Entergy's decommissioning costs and decommissioning trust funds is found in Note 9 and Note 17 to the financial statements.

Price-Anderson Act

The Price-Anderson Act requires that reactor licensees purchase insurance and participate in a secondary insurance pool that provides insurance coverage for the public in the event of a nuclear power plant accident. The costs of this insurance are borne by the nuclear power industry. Congress amended and renewed the Price-Anderson Act in 2005 for a term through 2025. The Price-Anderson Act limits contingent liability for a single nuclear incident to approximately $117.5 million per reactor (with 104 nuclear industry reactors currently participating). Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, System Energy, and Entergy Wholesale Commodities have protection with respect to this liability through a combination of private insurance and an industry assessment program, as well as insurance for property damage, costs of replacement power, and other risks relating to nuclear generating units. The Price-Anderson Act and insurance applicable to the nuclear programs of Entergy are discussed in more detail in Note 8 to the financial statements.

Environmental Regulation

Entergy's facilities and operations are subject to regulation by various governmental authorities having jurisdiction over air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. Management believes that Entergy's businesses are in substantial compliance with environmental regulations currently applicable to its facilities and operations. Because environmental regulations are subject to change, future compliance requirements and costs cannot be precisely estimated. Except to the extent discussed below, at this time compliance with federal, state, and local provisions regulating the discharge of materials into the environment, or otherwise protecting the environment, is incorporated into the routine cost structure of Entergy's businesses and is not expected to have a material adverse effect on their competitive position, results of operations, cash flows or financial position.

Clean Air Act and Subsequent Amendments

The Clean Air Act and its subsequent amendments established several programs that currently or in the future may affect Entergy's fossil-fueled generation facilities. Individual states also operate similar independent state programs or delegated federal programs that may include requirements more stringent than federal regulatory requirements. These programs include:

- New source review and preconstruction permits for new sources of criteria air pollutants and significant modifications to existing facilities;
- Acid rain program for control of sulfur dioxide (SO2) and nitrogen oxides (NOx);
- Nonattainment area programs for control of criteria air pollutants;
- Hazardous air pollutant emissions reduction program;
- Interstate Air Transport;
- Operating permits program for administration and enforcement of these and other Clean Air Act programs; and
- Regional Haze and Best Available Retrofit Technology programs.

New Source Review (NSR)

Preconstruction permits are required for new facilities and for existing facilities that undergo a modification that results in a significant net emissions increase and is not classified as routine repair, maintenance, or replacement. Units that undergo a non-routine modification must obtain a permit modification and may be required to install additional air pollution control technologies. Entergy has an established process for identifying modifications requiring additional permitting approval and has followed the regulations and associated guidance provided by the states and the federal government with regard to the determination of routine repair, maintenance, and replacement. In recent years, however, the EPA has begun an enforcement initiative, aimed primarily at coal plants, to identify modifications that it does not consider routine for which the unit did not obtain a modified permit. Various courts and the EPA have been inconsistent in their judgments regarding modifications that are considered routine.

In September 2010 the owner of a minority interest in Entergy's White Bluff and Independence facilities, both located in Arkansas, received a request from the EPA for several categories of information concerning capital and maintenance projects at the facilities in order to determine compliance with the Clean Air Act. It is possible that this request eventually will be referred to Entergy for response as the majority owner and operator. The EPA request for information does not allege that either facility violated the law. In February 2011 Entergy received a similar request from the EPA. Entergy will respond to the information requests as appropriate.

Acid Rain Program

The Clean Air Act provides SO2 allowances to most of the affected Entergy generating units for emissions based upon past emission levels and operating characteristics. Each allowance is an entitlement to emit one ton of SO2 per year. Plant owners are required to possess allowances for SO2 emissions from affected generating units. Virtually all Entergy fossil-fueled generating units are subject to SO2 allowance requirements. Entergy could be required to purchase additional allowances when it generates power using fuel oil. Fuel oil usage is determined by economic dispatch and influenced by the price of natural gas, incremental emission allowance costs, and the availability and cost of purchased power.

Ozone Nonattainment

Entergy Gulf States Louisiana and Entergy Texas each operate fossil-fueled generating units in geographic areas that are not in attainment of the currently-enforced national ambient air quality standards for ozone. The Louisiana nonattainment area that affects Entergy Gulf States Louisiana is the Baton Rouge area. The Texas nonattainment area that affects Entergy Texas is the Houston-Galveston-Brazoria area. Areas in nonattainment are classified as "marginal," "moderate," "serious," or "severe." When an area fails to meet the ambient air standard, the EPA requires state regulatory authorities to prepare state implementation plans meant to cause progress toward bringing the area into attainment with applicable standards.

The Baton Rouge area is classified as a "moderate" nonattainment area for the 8-hour ozone standard, with an attainment date of June 15, 2010. On June 25, 2010, the EPA published a notice in the Federal Register of a proposed determination that the Baton Rouge area has attained the 1997 8-hour ozone standard, but formal redesignation to “attainment” has not been finalized.

The Houston-Galveston-Brazoria area was originally classified as "moderate" nonattainment under the 8-hour standard with an attainment date of June 15, 2010. On June 15, 2007, the Texas governor petitioned the EPA to reclassify Houston-Galveston-Brazoria from "moderate" to "severe." On October 1, 2008, the EPA granted the request by the Texas governor to voluntarily reclassify the Houston-Galveston-Brazoria area from a "moderate" 8-hour ozone nonattainment area to a "severe" 8-hour ozone nonattainment area. The EPA also set April 15, 2010, as the date for the State of Texas to submit a revised state implementation plan (SIP) addressing the "severe" ozone nonattainment area requirements of the Clean Air Act. In March 2010 the Texas commission adopted the Houston-Galveston-Brazoria Attainment Demonstration SIP Revision and the Houston-Galveston-Brazoria Reasonable Further Progress SIP Revision for the 1997 eight-hour ozone standard and associated rules. EPA approval is pending. The area's new attainment date for the 8-hour ozone standard is as expeditiously as practicable, but no later than June 15, 2019.

In December 2006, the EPA's revocation of the 1-hour ozone standard was rejected in a judicial proceeding. As a result, numerous requirements can return for areas that fail to meet 1-hour ozone levels by dates set by the law. These requirements include the potential to increase fees significantly for plants operating in these areas. In addition, it is possible that new emission controls may be required. Specific costs of compliance cannot be estimated at this time, but Entergy is monitoring development of the respective state implementation plans and will develop specific compliance strategies as the plans move through the adoption process. The Houston-Galveston-Brazoria area is classified as “severe” nonattainment for 1-hour ozone. However, in February 2010 the EPA published a determination that the Baton Rouge area has reached attainment status for the former 1-hour ozone level. This determination may reduce or eliminate any fees required in the area.

In March 2008, the EPA revised the National Ambient Air Quality Standard for ozone, creating the potential for additional counties and parishes in which Entergy operates to be placed in nonattainment status. The LDEQ recommended that eleven parishes be designated as nonattainment for the 75 parts per billion ozone standard. Entergy Gulf States Louisiana has two fossil plants and Entergy Louisiana has one fossil plant affected by this recommendation. In Arkansas, the governor recommended that Pulaski County be designated in nonattainment with the new ozone standard, where two of Entergy Arkansas’s smaller facilities are located. These recommendations have not been approved yet by the EPA, and in September 2009 the EPA announced that it is reconsidering the 75 parts per billion standard and may lower it further. Lowering the standard would require additional analysis of county and parish attainment status. On January 7, 2010, the EPA proposed to set the primary 8-hour ozone standard at a level between 60 to 70 parts per billion. The proposal is expected to result in 11 additional Entergy facilities operating in areas designated as non-attainment for ozone. Following nonattainment designation, states will be required to develop state implementation plans that outline control requirements that will enable the affected counties and parishes to reach attainment status. Entergy facilities in these areas may be subject to installation of NOx controls, but the degree of control will remain unknown until the state implementation plans are developed. Entergy will continue to monitor and engage in the state implementation plan development process in Entergy states.

Hazardous Air Pollutants

The EPA is developing a Maximum Achievable Control Technology (MACT) retrofit standard for new and existing coal and oil-fired units. In 2009 the EPA issued an Information Collection Request to gather data needed for promulgation of Hazardous Air Pollutant regulations. It is currently expected that the EPA will propose a MACT rule for mercury and other hazardous air pollutants in mid-2011 with a final rule by late-2011. Entergy remains involved in the current rulemaking process.

Interstate Air Transport

In March 2005, the EPA finalized the Clean Air Interstate Rule (CAIR), which is intended to reduce SO2 and NOx emissions from electric generation plants in order to improve air quality in twenty-nine eastern states. The rule requires a combination of investment of capital to install pollution control equipment and increased operating costs through the purchase of emission allowances. Entergy began implementation in 2007, including installation of controls at several facilities and the development of an emission allowance procurement strategy.

Based on several court challenges, the CAIR was vacated and remanded to EPA by the D.C. Circuit in 2008. The court allowed the CAIR to become effective on January 1, 2009, while the EPA revised the rule. The EPA released the proposed Transport Rule to replace the CAIR on July 9, 2010. The EPA expects to issue the final Transport Rule in late spring 2011. As proposed, the rule will become effective January 2012. Entergy's capital investment and annual allowance purchase costs under the Transport Rule will depend on the economic assessment of NOx and SO2 allowance markets, the cost of control technologies, generation unit utilization, and the availability and cost of purchased power.

Regional Haze

In June 2005, the EPA issued final Best Available Retrofit Control Technology (BART) regulations that could potentially result in a requirement to install SO2 and NOx pollution control technology on certain of Entergy's coal and oil generation units. The rule leaves certain BART determinations to the states. The Arkansas Department of Environmental Quality (ADEQ) prepared a State Implementation Plan (SIP) for Arkansas facilities to implement its obligations under the Clean Air Visibility Rule. The ADEQ determined that Entergy Arkansas's White Bluff power plant affects a Class I Area's visibility and will be subject to the EPA's presumptive BART requirements to install scrubbers and low NOx burners. Under then current regulations, the scrubbers would have had to be operational by October 2013. Entergy filed a petition in December 2009 with the Arkansas Pollution Control and Ecology Commission requesting a variance from this deadline, however, because the EPA has not approved Arkansas's Regional Haze SIP and the EPA has expressed concerns about Arkansas's Regional Haze SIP and questioned the appropriateness of issuing an air permit prior to that approval. Entergy Arkansas's petition requested that, consistent with federal law, the compliance deadline be changed to as expeditiously as practicable, but in no event later than five years after EPA approval of the Arkansas Regional Haze SIP. The Arkansas Pollution Control and Ecology Commission approved the variance in March 2010. The timeline for EPA action on the Arkansas Regional Haze SIP is uncertain at this time.

Currently, the White Bluff project is suspended, but Entergy Arkansas estimates that its share of the project could cost approximately $500 million. Entergy Arkansas expects the plant to continue to operate during construction, although an outage would be necessary to complete the tie-in of the scrubbers.

Potential Legislative, Regulatory, and Judicial Developments (Air)

In addition to the specific instances described above, there are a number of legislative and regulatory initiatives relating to the reduction of emissions that are under consideration at the federal, state, and local level. Because of the nature of Entergy's business, the imposition of any of these initiatives could affect Entergy's operations. Entergy continues to monitor these initiatives and activities in order to analyze their potential operational and cost implications. These initiatives include:

- designation by the EPA and state environmental agencies of areas that are not in attainment with national ambient air quality standards;
- introduction of bills in Congress and development of regulations by the EPA proposing further limits on NOx, SO2, mercury, and carbon dioxide and other gas emissions. New legislation or regulations applicable to stationary sources could take the form of market-based cap-and-trade programs, direct requirements for the installation of air emission controls onto air emission sources, or other or combined regulatory programs. Entergy cannot estimate the effect of any future legislation at this time due to the uncertainty of the regulatory format;

- efforts to implement a voluntary program intended to reduce carbon dioxide emissions and efforts in Congress to establish a mandatory federal carbon dioxide emission control structure;
- passage and implementation of the Regional Greenhouse Gas Initiative by several states in the northeast United States and similar actions on the west coast of the United States;
- efforts on the state and federal level to codify renewable portfolio standards requiring utilities to produce or purchase a certain percentage of their power from defined renewable energy sources;
- efforts to develop more stringent state water quality standards, effluent limitations for Entergy's industry sector, and stormwater runoff control regulations; and
- efforts by certain external groups to encourage reporting and disclosure of carbon dioxide emissions and risk. Entergy has prepared responses for the Carbon Disclosure Project's (CDP) annual questionnaire for the past several years and has given permission for those responses to be posted to CDP's website.

In addition to these initiatives, certain states and environmental advocacy groups sought judicial action to require the EPA to promulgate regulations under existing provisions of the Clean Air Act to control carbon dioxide emissions from power plants. In April 2007 the U.S. Supreme Court held that the EPA is authorized by the current provisions of the Clean Air Act to regulate emissions of carbon dioxide and other "greenhouse gases" as "pollutants" (Massachusetts v. EPA) and that the EPA is required to regulate these emissions from motor vehicles if the emissions are anticipated to endanger public health or welfare. The Supreme Court directed the EPA to make further findings in this regard. Entergy participated as a friend of the court in Massachusetts v. EPA. Entergy will continue to advocate in support of reasonable market-based regulation of carbon dioxide. Entergy has also supported the comments of various industry groups advocating national legislation to address carbon dioxide emissions instead of attempting to regulate under the provisions of the Clean Air Act. Entergy continues to monitor these and similar actions in order to analyze their potential operational and cost implications and benefits.

In 2009 the EPA published an "endangerment finding" stating that the emission of "greenhouse" gases "may reasonably be anticipated to endanger public health or welfare" and that the emission of these pollutants from mobile sources (such as cars and trucks) contributes to this endangerment. The EPA issued final mobile source emission regulations on April 1, 2010. On April 2, 2010, the EPA issued a policy stating that the regulation of greenhouse gas emissions from mobile sources would, as of January 2, 2011 (the date that the mobile source rule "takes effect"), trigger the regulation of greenhouse gases from stationary sources under the Prevention of Significant Deterioration (PSD) and Title V programs of the Clean Air Act.

In June 2010 the EPA published the final Tailoring Rule outlining the applicability criteria that determine which stationary sources and modification projects become subject to permitting requirements for greenhouse gas emissions under the Clean Air Act. The Tailoring Rule establishes a two-step process for implementing regulation of greenhouse gas emissions under the PSD and Title V programs. The first step, which began on January 2, 2011, limits the applicability of the PSD and Title V requirements for greenhouse gas emissions to sources that are already subject to PSD and Title V based on the emission of non-greenhouse gas pollutants. Specifically, projects undertaken at stationary sources will trigger PSD permitting requirements if the project increases net greenhouse gas emissions by at least 75,000 tons per year carbon dioxide equivalent and significantly increases emissions of at least one non-greenhouse gas pollutant. During step one, only sources subject to Title V based on their emission of non-greenhouse gas pollutants will be required to address greenhouse gas emissions in their Title V permit.

The second step of the Tailoring Rule, which will begin on July 1, 2011, subjects to Title V requirements any new or existing source not already subject to Title V that emits, or has the potential to emit, at least 100,000 tons per year carbon dioxide equivalent. In addition, new sources that have the potential to emit at least 100,000 tons per year carbon dioxide equivalent and significantly modified existing sources that emit or have the potential to emit at least 75,000 tons per year carbon dioxide equivalent will also be subject to PSD requirements.

Both the Endangerment Finding and the Tailoring Rule are subject to pending judicial review. The rules have not been stayed by the court and are in effect pending review.

In anticipation of the potential imposition of carbon dioxide emission limits on the electric industry in the future, Entergy initiated actions designed to reduce its exposure to potential new governmental requirements related to carbon dioxide emissions. These voluntary actions included establishment of a formal program to stabilize power plant carbon dioxide emissions at 2000 levels through 2005, and Entergy succeeded in actually reducing emissions below 2000 levels. Total carbon dioxide emissions representing Entergy's ownership share of power plants in the United States were approximately 53.2 million tons in 2000 and 35.6 million tons in 2005. Entergy established a second formal voluntary program to stabilize power plant carbon dioxide emissions and emissions from controllable power purchases at 20% below 2000 levels through 2010 and continues to support national legislation that would increase planning certainty for electric utilities while addressing emissions in a responsible and flexible manner. By virtue of its proportionally large investment in low- or non-emitting gas-fired and nuclear generation technologies, Entergy's overall carbon dioxide emission "intensity," or rate of carbon dioxide emitted per kilowatt-hour of electricity generated, is already among the lowest in the industry. In 2006, Entergy changed its method of calculating emissions and now includes emissions from controllable power purchases as well as its ownership share of generation. Total carbon dioxide emissions were approximately 45.0 million tons in 2010.

Greenhouse Gas Reporting

In September 2009, the EPA finalized a rule to require reporting of several greenhouse gases. This rule will require Entergy to report annually greenhouse gas emissions from operating power plants and natural gas distribution operations. Entergy has developed compliance plans, is collecting the necessary data, and will report as required in 2011.

New Source Performance Standards for Greenhouse Gas Emissions

The EPA announced a schedule for establishing new source performance standards (NSPS) for greenhouse gas (GHG) emissions from power plants and refineries. Under the schedule, EPA will issue proposed regulations for power plants by July 26, 2011 and final regulations no later than May 26, 2012. These regulations would establish GHG NSPS for new and modified sources, and emission guidelines for existing sources. Entergy will continue to monitor and be engaged in the rulemaking process.

Clean Water Act

The 1972 amendments to the Federal Water Pollution Control Act (known as the Clean Water Act) provide the statutory basis for the National Pollutant Discharge Elimination System (NPDES) permit program and the basic structure for regulating the discharge of pollutants from point sources to waters of the United States. The Clean Water Act requires virtually all discharges of pollutants to waters of the United States to be permitted. Section 316(b) of the Clean Water Act regulates cooling water intake structures, section 401 of the Clean Water Act requires a water quality certification from the state in support of certain federal actions and approvals, and section 404 regulates the dredge and fill of waters of the United States, including jurisdictional wetlands.

NPDES Permits and Section 401 Water Quality Certifications

NPDES permits are subject to renewal every five years. Consequently, Entergy is currently in various stages of the data evaluation and discharge permitting process for its power plants. Additionally, the State of New York has taken the position that a new state-issued water quality certification is required as part of the NRC license renewal process. Therefore, Entergy Wholesale Commodities' Indian Point nuclear facilities in New York also are seeking a section 401 certification prior to license renewal. The FitzPatrick nuclear facility has obtained a section 401 certification.

Indian Point

Entergy is involved in an administrative permitting process with the New York State Department of Environmental Conservation (NYSDEC) for renewal of the Indian Point 2 and Indian Point 3 discharge permits. In November 2003, the NYSDEC issued a draft permit indicating that closed cycle cooling would be considered the "best technology available" for minimizing alleged adverse environmental effects attributable to the intake of cooling water at Indian Point, subject to a feasibility determination and alternatives analysis for that technology, if Entergy applied for and received NRC license renewal for Indian Point 2 and Indian Point 3. Upon becoming effective, the draft permit also would have required payment of approximately $24 million annually, and an annual 42 unit-day outage period, until closed cycle cooling is implemented. Entergy is participating in the administrative process to request that the draft permit be modified prior to final issuance, and opposes any requirement to install cooling towers at Indian Point.

An August 2008 ruling by the NYSDEC's Assistant Commissioner has restructured the permitting and administrative process, including the application of a new economic test designed to implement the U.S. Second Circuit Court of Appeals standard in that court's review of EPA's cooling water intake structure rules, which is discussed in the 316(b) Cooling Water Intake Structures section below. The NYSDEC has directed Entergy to develop detailed feasibility information regarding the construction and operation of cooling towers, and alternatives to closed cycle cooling, prior to the issuance of a new draft permit by the NYSDEC staff and commencement of the adjudicatory proceeding. The reports include a visual impact and aesthetics report filed in June 2009, a plume and emissions report filed in September 2009, a technical feasibility report filed in February 2010, and an economic report to establish whether the technology, if feasible, satisfies the economic test that is part of the New York standard. Entergy has also requested that the Assistant Commissioner reconsider the New York standard in light of the U.S. Supreme Court decision reversing the Second Circuit's alternative economic test adopted in the August 2008 ruling. The current procedural schedule calls for hearings on certain issues to commence in 2011 in consolidation with certain issues in the water quality certification matter discussed below. The NYSDEC is expected to consider the information submitted and issue another draft permit with a new best technology available determination, which could still be cooling towers. A new comment period and further contested proceedings likely would follow.

In April 2009, with a reservation of rights regarding the applicability of the section, Entergy's Indian Point facility submitted a Section 401 water quality certification to the NYSDEC. The certification, or a waiver or exemption of the same, is potentially required pursuant to Section 401 of the Clean Water Act as a supporting document to the NRC's license renewal decision. In April 2010 the NYSDEC denied Indian Point's water quality certification concluding that Indian Point's continued operation during a renewed NRC license period would not comply with existing New York state water quality standards. The denial was a NYSDEC staff decision and Entergy filed comments on this decision and has requested a hearing before a NYSDEC ALJ. The ALJs held a Legislative Hearing (agency public comment session) and an Issues Conference (pre-trial conference) in July 2010 and set certain issues for trial in 2011. After the full hearing on the merits a party to the proceeding can appeal the decision to the Commissioner of the NYSDEC and then to state court. The NYSDEC staff decision does not restrict Indian Point operations, but the issuance of a certification is potentially required prior to NRC issuance of renewed unit licenses.

In the February 2010 feasibility report Entergy provided an updated estimate of the cost to retrofit Indian Point 2 and Indian Point 3 with cooling towers. Construction costs for retrofitting with cooling towers are estimated to be at least $1.19 billion, in addition to lost generation of approximately 14.5 terawatt-hours (TWh) during the estimated 42-week forced outage of both units. Entergy also proposed an alternative to the cooling towers, the use of wedgewire screens, which are currently expected to cost approximately $200 million to $250 million to install. Due to fluctuations in power pricing and because a retrofitting of this size and complexity has never been undertaken at an operating nuclear facility, significant uncertainties exist in these estimates and, therefore, they could be materially higher than estimated.

316(b) Cooling Water Intake Structures

The EPA finalized new regulations in July 2004 governing the intake of water at large existing power plants employing cooling water intake structures. The rule sought to reduce perceived impacts on aquatic resources by requiring covered facilities to implement technology or other measures to meet EPA-targeted reductions in water use and corresponding perceived aquatic impacts. Entergy, other industry members and industry groups, environmental groups, and a coalition of northeastern and mid-Atlantic states challenged various aspects of the rule. In January 2007, the U.S. Second Circuit Court of Appeals remanded the rule to the EPA for reconsideration. The court instructed the EPA to reconsider several aspects of the rule that were beneficial to businesses affected by the rule after finding that these provisions of the rule were contrary to the language of the Clean Water Act or were not

sufficiently explained in the rule. In April 2008, the U.S. Supreme Court agreed to review the Second Circuit decision on the question of whether the EPA may take into consideration a cost-benefit analysis in developing these regulations, a consideration of potential benefit to businesses affected by the rule that the Second Circuit disallowed. In March 2009, the Supreme Court ruled in favor of the petitioners that cost-benefit analysis may be taken into consideration. The EPA is scheduled to reissue this proposed rule in 2011, with finalization in 2012. The revised rule may be similar in structure to the rule remanded by the Second Circuit, or the EPA may issue a rule with a substantially different structure and effect. Until the EPA issues guidance on what actions should be taken to comply with the Clean Water Act, and until the form and substance of the new rule itself is determined, it is impossible to estimate the effect of the rule on Entergy's business. See the discussion above regarding the Indian Point permitting process under similar New York state provisions of law.

In March 2010 the NYSDEC released a new proposed policy establishing closed cycle cooling as the presumptive performance goal for best technology available (BTA) determinations for cooling water intake structures. The proposed policy applies primarily to electric generating facilities with thermal discharges and capacity factors of greater than fifteen percent that also are designed to withdraw at least 20 million gallons of water per day. If closed cycle cooling is not available for a particular facility because of construction, operational, or other relevant reasons, then the facility must implement an alternative technology that achieves a level of protection for aquatic life that is within ten percent of the expected or projected reductions associated with closed cycle cooling. The NYSDEC would make BTA determinations through the State Pollution Discharge Elimination System (SPDES) permitting program, but BTA decisions would be subject to further review and modification under the State Environmental Quality Review Act. Public comments on the draft policy were due July 9, 2010. Entergy filed comments and will continue to monitor these developments.

At the request of the EPA Region 1 (Boston), Entergy submitted extensive data to the agency in July 2008 concerning cooling water intake impacts at the Pilgrim nuclear power plant. The Engineering Study, included as part of the July 2008 submittal, concluded that cooling towers are not feasible due to restrictions in the plant's condenser design and capacity. Other technologies, such as variable speed pumps and the relocation of the cooling water intake, were also analyzed as part of that submittal. EPA has not yet responded to the July 2008 submittal.

Entergy will continue to monitor the activities of the EPA and the states toward the implementation of section 316(b) of the Clean Water Act. Deadlines for determining compliance with Section 316(b) and for any required capital or operational expenditures are unknown at this time due to the remand of the rule to the EPA. As a result, management cannot predict the amounts Entergy will ultimately be required to spend to comply with Section 316(b) and any related state regulations, although such amounts could be significant.

Coastal Zone Management Act

The Coastal Zone Management Act requires federal activities within a coastal zone to be consistent with the state’s federally-approved coastal zone management program. Therefore, a nuclear facility located within a coastal zone must obtain a consistency certification from the state as part of the NRC’s license renewal process (and other facilities may need determinations from time to time to support other federal permits and licenses, such as wetland dredge or fill permits). Entergy subsidiaries own and operate plants that are within coastal zones.

Pilgrim has received its consistency determination from the Commonwealth of Massachusetts. In New York, the Coastal Management Program promotes waterfront revitalization, protects fish and wildlife habitats, protects and enhances scenic and historic areas, and promotes water access and public recreation. FitzPatrick has obtained its consistency certification. Indian Point expects to file its consistency determination application with the New York Department of State in 2011 or 2012, pending the accumulation of information being developed in other areas, such as the NRC final environmental impact statement associated with its NRC License Renewal Application and the State Environmental Quality Review Act (SEQRA) reports being prepared in the SPDES permit proceedings. When the application is deemed complete, the New York Department of State has six months from the date of the application to issue or deny the consistency certification.

Generation Facility Effluent Limitations

The EPA selected the steam electric generating sector for the development of effluent guidelines revisions in December 2009. As part of this revision effort, the EPA distributed an information request to certain of the different types of power plants nationwide. Entergy received this questionnaire for several facilities, both fossil and nuclear, and has completed the questionnaires as requested. Entergy will continue to monitor the progress of the effluent guidelines revision efforts by the EPA.

Groundwater at Certain Nuclear Sites

The NRC requires nuclear power plants to regularly monitor and report the presence of radioactive material in the environment. Entergy joined other nuclear utilities and the Nuclear Energy Institute in 2006 to develop a voluntary groundwater monitoring and protection program. This initiative began after detection of very low levels of radioactive material, primarily tritium, in groundwater at several plants in the United States. Tritium is a radioactive form of hydrogen that occurs naturally and is also a byproduct of nuclear plant operations. In addition to tritium, other radionuclides have been found in on site ground water at nuclear plants.

As part of the groundwater monitoring and protection program, Entergy has: (1) performed reviews of plant groundwater characteristics (hydrology) and historical records of past events on site that may have potentially impacted groundwater; (2) implemented fleet procedures on how to handle events that could impact groundwater; and (3) installed groundwater monitoring wells and began periodic sampling. The program also includes protocols for notifying local officials if contamination is found. To date, radionuclides such as tritium have been detected at Entergy’s FitzPatrick, Indian Point, Palisades, Pilgrim, Grand Gulf and Vermont Yankee plants. Based on current information, the concentrations and locations of tritium detected at these plants pose no threat to public health or safety.

At FitzPatrick, a sample collected from a reactor building perimeter sump in November 2009 showed elevated levels of tritium. Twenty-one monitoring wells are being sampled and analyzed on a periodic basis. Investigations are ongoing to determine the source of the tritium. No elevated levels of tritium have been found in any of the groundwater monitoring wells. The reactor building perimeter sump continues to show low concentrations of tritium.

Entergy identified and addressed two sources of the contamination at Indian Point: the Unit 1 and 2 spent fuel pools. In October 2007, the EPA announced that it was consulting with the NRC and the NYSDEC regarding Indian Point. The EPA stated that after reviewing data it confirmed with New York State that there have been no violations of federal drinking water standards for radionuclides in drinking water supplies. Indian Point has implemented an extensive groundwater monitoring and protection program, including installing approximately 35 monitoring wells. Entergy has been working cooperatively with the NRC and the NYSDEC in a split sample program to independently analyze test samples.

At Palisades, Entergy identified tritium in two groundwater monitoring wells in December 2007 caused by leakage from the buried piping for a recirculation line. Following investigation and repair work on this line, the decision was made to abandon the line and install new, replacement buried pipe for this system. This effort was completed in December 2009. Groundwater from three site monitoring wells has continued to show positive detections of tritium and are being sampled and analyzed on a bi-weekly basis and remaining site monitoring wells are being sampled and analyzed quarterly.

At Pilgrim, 18 monitoring wells are being sampled and analyzed on a routine basis. Results continue to show low levels of tritium. A hydrogeological analysis was performed in 2009 to pinpoint locations for additional evaluation wells, and these wells were installed in 2010. Tritium was discovered in two onsite wells, and stakeholder notifications were made. Investigations are underway to determine the source of the tritium, and split sampling is done routinely with the State of Massachusetts.

At Grand Gulf, groundwater samples collected in June 2010 revealed the presence of low-level tritium. The detections are believed to be from tritium recapture from atmospheric deposition; however, further analysis and investigation are taking place to determine the cause.

In January 2010, Vermont Yankee was notified by its off-site analytical laboratory that a sample collected from a groundwater monitoring well in mid-November 2009 showed elevated levels of tritium. In March 2010, Vermont Yankee announced that it had identified the source of the tritium leakage at the plant, and that it had stopped the leakage. Remediation of the soil is complete and groundwater remediation is ongoing. In October 2010, Vermont Yankee received lab results confirming the presence of low levels of tritium at concentrations well below the EPA drinking water limit in a former on-site drinking water well. Vermont Yankee had discontinued use of this well as a drinking water source since February 2010. To date no tritium has been detected in the Connecticut River. Both the NRC and the Vermont Department of Health have stated that tritium at the Vermont Yankee facility has not been a threat to public health and safety. In January 2011 periodic sample results from two wells detected the presence of tritium at concentrations below regulatory reporting requirements. Additional investigation is ongoing.

In February 2010 the Vermont Public Service Board (VPSB) began a proceeding to conduct an investigation into whether Vermont Yankee should be required to cease operations, or take other ameliorative actions, pending completion of repairs to stop releases of tritium or other radionuclides into the environment. This investigation will also consider whether good cause exists to modify or revoke the Vermont Yankee certificate of public good that the VPSB issued in 2002 and whether any penalties should be imposed on Vermont Yankee for any identified violations of Vermont statutes or VPSB orders related to those releases. The proceeding and VPSB investigation were opened prior to Vermont Yankee locating the source and beginning the remediation of the tritium leaking into groundwater at the site. The VPSB conceded in its order that its jurisdiction to impose some or all of the relief requested may be preempted by federal law or regulation, and the parties were asked to brief preemption issues during the initial phase of the proceeding. Initial and reply briefs on the issue of the VPSB's jurisdiction were filed by the parties, including Vermont Yankee, in August and September 2010. The VPSB held evidentiary hearings in January 2011 on the facts of the tritium leakage and remediation and on various parties' requests for relief. Initial and reply post-hearing briefs are due in February 2011. There is no schedule for decision by the VPSB on jurisdiction or other issues.

Indian Point Units 1 and 2 Hazardous Waste Remediation

As part of the effort to terminate the current Indian Point 2 mixed waste (waste that is regulated as both low-level nuclear waste and hazardous waste) storage permit, Entergy was required to perform groundwater and soil sampling for metals, PCBs and other non-radiological contaminants on plant property, regardless of whether these contaminants stem from onsite activities or were related to the waste stored on-site pursuant to the permit. Entergy believes this permit is no longer necessary for the facility due to an exemption for mixed wastes promulgated as part of the EPA's hazardous waste regulations. This exemption allows mixed waste to be regulated through the NRC license instead of through a separate EPA or state hazardous waste permit. In February 2008, Entergy submitted its report on this sampling effort to the NYSDEC. The report indicated the presence of various metals in soils at levels above the NYSDEC cleanup objectives. It does not appear that these metals are connected to operation of the nuclear facility. At the request of the NYSDEC, Entergy submitted a plan in August 2008 for a study that will identify the sources of the metals. The NYSDEC approved this work plan with some conditions related to the need to study whether the soil impact observed may have originated from plant construction materials. This issue is being studied by Entergy to determine if any changes to the work plan are necessary. The NYSDEC may require additional work to define the vertical and lateral extent of the contamination on-site, and evaluate any potential for migration off-site. The NYSDEC plans to use the results of this investigation to determine whether the permit can be terminated and the metals left in place until plant decommissioning or if further investigation or remediation is required. Entergy is unable to determine what the extent or cost of required remediation, if any, will be at this time.

Prior to Entergy's purchase of Indian Point Unit 1, the previous owner completed the cleanup and desludging of the Unit 1 water storage pool, generating mixed waste. The waste currently is stored in the Unit 1 containment building in accordance with NRC regulations controlling low level radioactive waste. The waste is also regulated by the NYSDEC. The NYSDEC requires a quarterly survey of the availability of any commercial facility capable of treating, processing, and disposing of this waste in a commercially reasonable manner. Entergy continues to review this matter and to conduct its quarterly searches for a commercially reasonable vendor that is acceptable both to the NRC and the NYSDEC. The cost of this disposal cannot be estimated at this time due to the many variables existing in the type and manner of disposal.

Comprehensive Environmental Response, Compensation, and Liability Act of 1980

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), authorizes the EPA to mandate clean-up by, or to collect reimbursement of clean-up costs from, owners or operators of sites at which hazardous substances may be or have been released. Certain private parties also may use CERCLA to recover response costs. Parties that transported hazardous substances to these sites or arranged for the disposal of the substances are also deemed liable by CERCLA. CERCLA has been interpreted to impose strict, joint and several liability on responsible parties. Entergy subsidiaries in the Utility and Entergy Wholesale Commodities businesses have sent waste materials to various disposal sites over the years, and releases have occurred at Entergy facilities. In addition, environmental laws now regulate certain of Entergy's operating procedures and maintenance practices that historically were not subject to regulation. Some disposal sites used by Entergy subsidiaries have been the subject of governmental action under CERCLA, resulting in site clean-up activities. Entergy subsidiaries have participated to various degrees in accordance with their respective potential liabilities in such site clean-ups and have developed experience with clean-up costs. The affected Entergy subsidiaries have established provisions for the liabilities for such environmental clean-up and restoration activities. Details of CERCLA liabilities that are not de minimis are discussed in the "Other Environmental Matters" section below.

Coal Combustion Residuals

In June 2010 the EPA issued a proposed rule on coal combustion residuals (CCRs) that contains two primary regulatory options: (1) regulating CCRs destined for disposal in landfills or received (including stored) in surface impoundments as so-called "special wastes" under the hazardous waste program of RCRA Subtitle C; or (2) regulating CCRs destined for disposal in landfills or surface impoundments as non-hazardous wastes under Subtitle D of RCRA. Under both options, CCRs that are beneficially used would remain excluded from hazardous waste regulation.

The proposed regulations would create new compliance requirements including modified storage, new notification and reporting practices, new financial assurance requirements, and product disposal considerations. According to EPA estimates, the annualized cost of on-site disposal under the two proposals would be $3.6 million to $9 million for the White Bluff and Independence facilities and $1.7 million to $3.3 million for the Nelson Unit 6 facility. If Entergy utilized off-site disposal, which it would not plan to do, the EPA's total cost estimates for disposal of CCRs under Subtitle C regulation ranges from $250 to $350 million per year.

Other Environmental Matters

Entergy Gulf States Louisiana and Entergy Texas

Several class action and other suits have been filed in state and federal courts seeking relief from Entergy Gulf States, Inc. and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulting from exposure on Entergy Gulf States, Inc.'s premises (see "Litigation" below).

Entergy Gulf States Louisiana is currently involved in the second phase of the remedial investigation of the Lake Charles Service Center site, located in Lake Charles, Louisiana. A manufactured gas plant (MGP) is believed to have operated at this site from approximately 1916 to 1931. Coal tar, a by-product of the distillation process employed at MGPs, was apparently routed to a portion of the property for disposal. The same area has also been used as a landfill. In 1999, Entergy Gulf States, Inc. signed a second administrative consent order with the EPA to perform removal action at the site. In 2002, approximately 7,400 tons of contaminated soil and debris were excavated and disposed of from an area within the service center. In 2003, a cap was constructed over the remedial area to prevent the migration of contamination to the surface. In August 2005, an administrative order was issued by the EPA requiring that a 10-year groundwater study be conducted at this site. The groundwater monitoring study commenced in January 2006 and is continuing on a quarterly basis. Entergy Gulf States Louisiana and Entergy Texas each believe that its remaining responsibility for this site will not materially exceed the existing clean-up provisions of $0.3 million for Entergy Gulf States Louisiana and $0.2 million for Entergy Texas.

In 1994, Entergy Gulf States, Inc. performed a site assessment in conjunction with a construction project at the Louisiana Station Generating Plant (Louisiana Station). In 1995, a further assessment confirmed subsurface soil and groundwater impact to three areas on the plant site. After validation, a notification was made to the LDEQ and a phased process was executed to remediate each area of concern. The final phase of groundwater clean-up and monitoring at Louisiana Station is expected to continue for several more years. Future costs are not expected to exceed Entergy Gulf States Louisiana's existing provision of $0.7 million.

Entergy Louisiana and Entergy New Orleans

Several class action and other suits have been filed in state and federal courts seeking relief from Entergy Louisiana and Entergy New Orleans and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulting from exposure on Entergy Louisiana's and Entergy New Orleans's premises (see "Litigation" below).

During 1993, the LDEQ issued new rules for solid waste regulation, including regulation of wastewater impoundments. Entergy Louisiana has determined that some of its power plant wastewater impoundments were affected by these regulations and may require remediation, repair, or closure. Completion of this work is dependent on pending LDEQ approval of submitted solid waste permit applications. As a result, a recorded liability in the amount of $1.9 million for Entergy Louisiana existed at December 31, 2010 for ongoing wastewater remediation and repairs and closures. Management believes this reserve to be adequate based on current estimates.

Transmission and distribution storm teams entered wetland areas of Lafourche Parish to restore Entergy Louisiana's Barataria-Golden Meadow line shortly after Hurricane Katrina. A portion of this line crosses property owned by a third party. The landowner requested that Entergy Louisiana conduct extensive wetland mitigation over a ten-acre area and has filed suit against Entergy Louisiana and certain other Entergy subsidiaries concerning the extent of the mitigation. Entergy Louisiana believed that the marsh area affected by its activities is less than 2 acres and that restoration could be conducted to the satisfaction of the U. S. Corps of Engineers and the State of Louisiana for substantially less than the over $4 million claimed by the plaintiff. Entergy Louisiana resolved all outstanding claims with the landowner for less than $2 million, including any claims arising from previous work on the property.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy New Orleans, and Entergy Texas

The TCEQ notified Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy New Orleans, and Entergy Texas that the TCEQ believes those entities are PRPs concerning contamination existing at the San Angelo Electric Service Company (SESCO) facility in San Angelo, Texas. The facility operated as a transformer repair and scrapping facility from the 1930s until 2003. Both soil and groundwater contamination exists at the site. Entergy Gulf States, Inc. and Entergy Louisiana sent transformers to this facility during the 1980s. Entergy Gulf States Louisiana, Entergy Texas, Entergy Louisiana, and Entergy Arkansas responded to an information request from the TCEQ and continue to cooperate in this investigation. Entergy Gulf States Louisiana, Entergy Texas, and Entergy Louisiana joined a group of PRPs responding to site conditions in cooperation with the State of Texas, creating cost allocation models based on review of SESCO documents and employee interviews, and investigating contribution actions against other PRPs. Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy Texas have agreed to contribute to the remediation of contaminated soil and groundwater at the site in a measure proportionate to those companies' involvement at the site, while Entergy Arkansas and Entergy New Orleans likely will pay de minimus amounts. Current estimates, although preliminary and variable depending on the level of third-party cost contributions, indicate that Entergy's total share of remediation costs likely will be less than $1 million. The TCEQ

approved an agreed administrative order in September 2006 that allows the implementation of a Remedial Investigation/Feasibility Study at the SESCO site; with the ultimate disposition being a remedial action to remove contaminants of concern. The TCEQ approved the Remedial Investigation Work Plan in May 2007 and field sampling began in July 2007. Off-site removal activities of PCB-impacted soil and debris initiated at the site in August 2010.

Entergy Mississippi, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy New Orleans, and Entergy Texas

The EPA has notified Entergy Mississippi, Entergy Gulf States Louisiana, Entergy Texas, and Entergy New Orleans that the EPA believes those entities are PRPs concerning contamination of an area known as “Devil’s Swamp Lake” near the Port of Baton Rouge, Louisiana. The area allegedly was contaminated by the operations of Rollins Environmental (LA), Inc, which operated a disposal facility to which many companies contributed waste. Documents provided by the EPA indicate that Entergy Louisiana may also be a PRP. Entergy continues to monitor this developing situation.

Entergy

In November 2010 a transformer at the Indian Point facility failed, resulting in a fire and the release of non-PCB oil to the ground surface. The fire was extinguished by the facility’s fire deluge system. No injuries occurred due to the transformer failure or company response. An undetermined amount of oil and water were released into the facility’s discharge canal and the environment surrounding the transformer and discharge canal, including the Hudson River, as a result of the failure, fire, and fire suppression. Once the fire was extinguished, Indian Point personnel and contractors began recovering free product from the damaged transformer, the transformer containment moat, and the area surrounding the transformer. Additional remedial work continues, and the State of New York may assess a penalty due to the release of oil to waters of the state and the failure of the transformer containment moat to prevent this release of oil. Discussions with the state continue.

Litigation

Entergy uses legal and appropriate means to contest litigation threatened or filed against it, but certain states in which Entergy operates have proven to be unusually litigious environments. Judges and juries in Louisiana, Mississippi, and Texas have demonstrated a willingness to grant large verdicts, including punitive damages, to plaintiffs in personal injury, property damage, and business tort cases. The litigation environment in these states poses a significant business risk to Entergy.

Ratepayer and Fuel Cost Recovery Lawsuits (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas)

Entergy New Orleans Fuel Adjustment Clause Litigation

In April 1999 a group of ratepayers filed a complaint against Entergy New Orleans, Entergy Corporation, Entergy Services, and Entergy Power in state court in Orleans Parish purportedly on behalf of all Entergy New Orleans ratepayers. The plaintiffs sought treble damages for alleged injuries arising from the defendants’ alleged violations of Louisiana’s antitrust laws in connection with certain costs passed on to ratepayers in Entergy New Orleans’s fuel adjustment filings with the City Council. In the fourth quarter 2010, Entergy reached a settlement agreement with the plaintiffs that ended the proceeding. The settlement did not materially affect Entergy’s results of operations, financial position, or cash flows.

Entergy New Orleans Rate of Return Lawsuit

In April 1998 a group of residential and business ratepayers filed a complaint against Entergy New Orleans in state court in Orleans Parish purportedly on behalf of all ratepayers in New Orleans. The plaintiffs alleged that Entergy New Orleans overcharged ratepayers in violation of limits on Entergy New Orleans's rate of return that the plaintiffs allege were established by ordinances passed by the City Council in 1922. In the fourth quarter 2010, Entergy reached a settlement agreement with the plaintiffs that ended the proceeding. The settlement did not materially affect Entergy's results of operations, financial position, or cash flows.

Texas Power Price Lawsuit

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

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

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

The case is pending in state district court, and the court has not set a date for a class certification hearing.

Mississippi Attorney General Complaint

The Mississippi attorney general filed a complaint in state court in December 2008 against Entergy Corporation, Entergy Mississippi, Entergy Services, and Entergy Power alleging, among other things, violations of Mississippi statutes, fraud, and breach of good faith and fair dealing, and requesting an accounting and restitution. The litigation is wide ranging and relates to tariffs and procedures under which Entergy Mississippi purchases power not generated in Mississippi to meet electricity demand. Entergy believes the complaint is unfounded. On December 29, 2008, the defendant Entergy companies filed to remove the attorney general's suit to U.S. District Court (the forum that Entergy believes is appropriate to resolve the types of federal issues raised in the suit), where it is currently pending, and additionally answered the complaint and filed a counter-claim for relief based upon the Mississippi Public Utilities Act and the Federal Power Act. The Mississippi attorney general has filed a pleading seeking to remand the matter to state court. In May 2009, the defendant Entergy companies filed a motion for judgment on the pleadings asserting grounds of federal preemption, the exclusive jurisdiction of the MPSC, and factual errors in the attorney general's complaint.

Fiber Optic Cable Litigation (Entergy Corporation and Entergy Louisiana)

Several property owners have filed a class action suit against Entergy Louisiana, Entergy Services, ETHC, and Entergy Technology Company in state court in St. James Parish, Louisiana purportedly on behalf of all property owners in Louisiana who have conveyed easements to the defendants. The lawsuit alleges that Entergy installed fiber optic cable across the plaintiffs' property without obtaining appropriate easements. The plaintiffs seek damages equal to the fair market value of the surplus fiber optic cable capacity, including a share of the profits made through use of the fiber optic cables, and punitive damages. Entergy removed the case to federal court in New Orleans; however, the district court remanded the case back to state court. In February 2004, the state court entered an order certifying this matter as a class action. Entergy's appeals of this ruling were denied. The parties have entered into a term sheet establishing basic terms for a settlement that must be approved by the court.

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

Numerous lawsuits have been filed in federal and state courts primarily in Texas and Louisiana, primarily by contractor employees who worked in the 1940-1980s timeframe, against Entergy Gulf States Louisiana and Entergy Texas, and to a lesser extent the other Utility operating companies, as premises owners of power plants, for damages caused by alleged exposure to asbestos. Many other defendants are named in these lawsuits as well. Currently, there are approximately 500 lawsuits involving approximately 5,000 claimants. Management believes that adequate provisions have been established to cover any exposure. Additionally, negotiations continue with insurers to recover reimbursements. Management believes that loss exposure has been and will continue to be handled so that the ultimate resolution of these matters will not be material, in the aggregate, to the financial position or results of operation of the Utility operating companies.

Employment and Labor-related Proceedings (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

The Registrant Subsidiaries and other Entergy subsidiaries are responding to various lawsuits in both state and federal courts and to other labor-related proceedings filed by current and former employees. Generally, the amount of damages being sought is not specified in these proceedings. 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.

Employees

Employees are an integral part of Entergy's commitment to serving customers. As of December 31, 2010, Entergy subsidiaries employed 14,958 people.

Utility:	
Entergy Arkansas	1,411
Entergy Gulf States Louisiana	816
Entergy Louisiana	964
Entergy Mississippi	773
Entergy New Orleans	345
Entergy Texas	694

System Energy	-
Entergy Operations	2,901
Entergy Services	3,148
Entergy Nuclear Operations	3,791
Other subsidiaries	115
Total Entergy	14,958

Approximately 5,500 employees are represented by the International Brotherhood of Electrical Workers, the Utility Workers Union of America, the International Brotherhood of Teamsters, the United Government Security Officers of America, and the International Union, Security, Police, Fire Professionals of America.

Availability of SEC filings and other information on Entergy's website

Entergy electronically files reports with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxies, and amendments to such reports. The public may read and copy any materials that Entergy files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at http://www.sec.gov.

Entergy uses its website, http://www.entergy.com, as a routine channel for distribution of important information, including news releases, analyst presentations and financial information. Filings made with the SEC are posted and available without charge on Entergy's website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. These filings include our annual and quarterly reports on Forms 10-K and 10-Q (including related filings in XBRL format) and current reports on Form 8-K; our proxy statements; and any amendments to those reports or statements. All such postings and filings are available on Entergy's Investor Relations website free of charge. Entergy is providing the address to its Internet site solely for the information of investors and does not intend the address to be an active link or to otherwise incorporate the contents of the website into this report.

RISK FACTORS

Investors should review carefully the following risk factors and the other information in this Form 10-K. The risks that Entergy faces are not limited to those in this section. There may be additional risks and uncertainties (either currently unknown or not currently believed to be material) that could adversely affect Entergy's financial condition, results of operations and liquidity. See "FORWARD-LOOKING INFORMATION."

Utility Regulatory Risks

(Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas and System Energy)

The terms and conditions of service, including electric and gas rates, of the Utility operating companies and System Energy are determined through regulatory approval proceedings that are lengthy and subject to appeal that could result in delays in effecting rate changes and uncertainty as to ultimate results.

The rates that the Utility operating companies and System Energy charge reflect their capital expenditures, operations and maintenance charges, allowed rates of return, financing costs, and related costs of service. These rates significantly influence the financial condition, results of operations, and liquidity of Entergy and each of the Utility operating companies and System Energy. These rates are determined in regulatory proceedings and are subject to periodic regulatory review and adjustment.

In addition, regulators can initiate proceedings to investigate the prudence of costs in the Utility operating companies' base rates and examine, among other things, the prudence of the companies' operation and maintenance practices, level of expenditures (including storm costs), allowed rates of return and appropriate rate base, proposed resource acquisitions and previously incurred capital expenditures. The regulators can disallow costs found not to have been prudently incurred or found not to have been incurred in compliance with applicable tariffs, creating some risk to the ultimate recovery of those costs. Regulatory proceedings relating to rates and other matters typically involve multiple parties seeking to limit or reduce rates. The proceedings generally have long timelines, are primarily based on historical costs, and may or may not be limited by statute, which could cause the Utility operating companies and System Energy to experience regulatory lag in recovering such costs through rates. Decisions are typically subject to appeal, potentially leading to additional uncertainty associated with rate case proceedings. Although four of the Utility operating companies currently obtain recovery under formula rate plans, at some point in the future these formula rate plans may no longer be extended, at which time these Utility operating companies would operate again in a more traditional rate case environment.

The Utility operating companies and System Energy, and the energy industry as a whole, have experienced a period of rising costs and investments, which could result in more frequent rate cases and requests for, and the continuation of, cost recovery mechanisms. For information regarding rate case proceedings and formula rate plans applicable to certain of the Utility operating companies, see Note 2 to the financial statements.

The Utility operating companies recover fuel and purchased power costs through rate mechanisms that are subject to risks of delay or disallowance in regulatory proceedings.

The Utility operating companies recover their fuel and purchased power costs from their customers through rate mechanisms subject to periodic regulatory review and adjustment. Because regulatory review can result in the disallowance of incurred costs found not to have been prudently incurred with the possibility of refunds to ratepayers, there exists some risk to the ultimate recovery of those costs. Regulators can initiate proceedings to investigate the continued usage or the adequacy and operation of the fuel and purchased power recovery clauses of the Utility operating companies.

The Utility operating companies' cash flows can be negatively affected by the time delays between when gas, power or other commodities are purchased and the ultimate recovery from customers of the purchased costs in rates. On occasion, when the level of incurred costs for fuel and purchased power rises very dramatically, some of the Utility operating companies may agree to defer recovery of a portion of that period's fuel and purchased power costs for recovery at a later date, which could increase the near-term working capital and borrowing requirements of those companies. For a description of fuel and purchased power recovery mechanisms and information regarding the regulatory proceedings for fuel and purchased power recovery, see Note 2 to the financial statements.

As a result of a challenge by the LPSC, the manner in which the Utility operating companies have traditionally shared the costs associated with coordinated planning, construction and operation of generating resources has been changed by the FERC, which will require adjustment of retail and wholesale rates in the jurisdictions where the Utility operating companies provide service and has introduced additional uncertainty in the ratemaking process.

The Utility operating companies historically have engaged in the coordinated planning, construction, and operation of generating resources and bulk transmission facilities under the terms of the System Agreement, which is a rate schedule that has been approved by the FERC. In 2005, the FERC issued a decision requiring changes to the cost allocation methodology used in that rate schedule.

The LPSC, APSC, MPSC and the AEEC have appealed the 2005 FERC decision to the Court of Appeals for the D.C. Circuit. Entergy and the City of New Orleans intervened in the various appeals. The D.C. Circuit issued its decision in April 2008. The D.C. Circuit affirmed the FERC's decision in most respects, but remanded the case to the FERC for further proceedings and reconsideration of its conclusion that it was prohibited from ordering refunds and its determination to implement the bandwidth remedy commencing with calendar year 2006 production costs (with the first payments/receipts commencing in June 2007), rather than commencing the remedy on June 1, 2005. The D.C. Circuit concluded the FERC had failed to offer a reasoned explanation regarding these issues.

In 2007 through 2010, payments were made by Entergy Arkansas to certain of the Utility operating companies in compliance with the 2005 FERC decision on the cost allocation methodology. There have been challenges to the level of payments made by Entergy Arkansas under the FERC’s decision and the prudence of the Utility operating companies’ production costs. The ability to recover in rates any changes to the cost allocation resulting from the challenges, and timing of such recovery, is uncertain and could be the subject of additional regulatory and other proceedings. For information regarding these and other proceedings associated with the System Agreement, as well as additional information regarding the System Agreement itself, see Note 2 to financial statements, System Agreement Cost Equalization Proceedings. The outcome and timing of this FERC proceeding and resulting recovery and impact on rates cannot be predicted at this time.

There is uncertainty as to the timing or form of any successor arrangement to the System Agreement and the effect of such arrangement (or absence thereof) will have on Entergy and the Utility operating companies.

Based upon the effect of the FERC decision described in the preceding risk factor undermining the benefits of continued participation in the System Agreement, in December 2005, Entergy Arkansas provided notice of its intent to terminate its participation in the System Agreement. In November 2007, Entergy Mississippi provided its notice to terminate its participation in the System Agreement. Each notice of termination is effective ninety-six (96) months from the date of notice (December 2013 for Entergy Arkansas and November 2015 for Entergy Mississippi) or such earlier date as authorized by the FERC. The FERC accepted the notices in November 2009; the LPSC and City Council have requested rehearing of that order. In February 2011, the FERC denied the request for rehearing. Entergy cannot predict the timing or the form of any successor arrangement to the System Agreement, or in the alternative, participation in a regional transmission organization (RTO), and the effect such arrangement (or the absence thereof) will have on Entergy or the Utility operating companies.

For further information regarding the FERC and APSC proceedings see “Rate, Cost-recovery, and Other Regulation – Federal Regulation – System Agreement” section of Management’s Financial Discussion and Analysis for Entergy Corporation and Subsidiaries.

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

A delay or failure in recovering amounts for storm restoration costs incurred, as a result of severe weather could have material adverse effects on Entergy and those Utility operating companies affected by severe weather.

Entergy's and its Utility operating companies' results of operations, liquidity and financial condition can be materially adversely affected by the destructive effects of severe weather. Severe weather can also result in significant outages for the customers of the Utility operating companies and, therefore, reduced revenues for the Utility operating companies during the period of the outages. A delay or failure in recovering amounts for storm restoration costs incurred or revenues lost as a result of severe weather could have a material adverse effect on Entergy and those Utility operating companies affected by severe weather.

The arrangement for the operation of the Utility operating companies' transmission system faces regulatory challenges and uncertainty in connection with the scheduled expiration of the current Independent Coordinator of Transmission arrangement in November 2012.

In 2000, the FERC issued an order encouraging utilities to voluntarily place their transmission facilities under the control of an independent RTO. In November 2006, the Utility operating companies installed the SPP as their Independent Coordinator of Transmission (ICT) with responsibility for certain transmission tariff functions, including granting or denying transmission service, administering OASIS, evaluating all transmission requests, and serving as the reliability coordinator. The initial term of the ICT was for four years and in November 2010 the FERC approved an extension of the ICT arrangement for two years, or until November 2012. In its order issued in March 2009 pertaining to a requested modification regarding the weekly procurement process (WPP) through the ICT arrangement, the FERC imposed conditions related to the ICT arrangement and indicated it wanted an evaluation of the success of the ICT arrangement and transmission access on the Entergy transmission system. In compliance with the FERC's March 2009 order, the Utility operating companies filed with the FERC a process for evaluating the modification or replacement of the current ICT arrangement. An Entergy Regional State Committee (E-RSC), comprised of one representative from each of the Utility operating companies' retail regulators has been formed and, in concert with the FERC, has requested a cost/benefit analysis of comparing the ICT arrangement to a proposal under which Entergy would join the SPP RTO. The scope of the study was expanded to consider Entergy joining the Midwest ISO RTO as another alternative. On September 30, 2010, the retained consultant presented its cost/benefit analysis of Entergy and Cleco regions joining the SPP RTO. The cost/benefit analysis indicates that the Entergy region, including entities beyond the Utility operating companies, would realize a net cost of $438 million to a net benefit of $387 million, primarily depending upon transmission cost allocation issues. Addendum studies, including studies related to Entergy Arkansas and the Utility operating companies joining the Midwest ISO, are to be completed by the end of the first quarter 2011. For further information regarding the FERC and proceedings related to the ICT, see "Rate, Cost-recovery, and Other Regulation - Federal Regulation -Independent Coordinator of Transmission" section of Management's Financial Discussion and Analysis for Entergy Corporation and Subsidiaries.

There is uncertainty as to whether a successor ICT arrangement or alternative such as joining an RTO will have received regulatory approval and whether corresponding changes to cost recovery mechanisms will be in place prior to the termination of the current ICT arrangement in November 2012. To the extent successor ICT arrangements or alternatives have not been approved, an extension of the current ICT arrangement may be required. The outcome of any effort to negotiate an extension of the current arrangement or to make alternative arrangements cannot be predicted at this time.

Nuclear Operating and Regulatory Risks

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

Certain of the Utility operating companies, System Energy, and Entergy Wholesale Commodities must consistently operate their nuclear power plants at high capacity factors in order to be successful, and lower capacity factors could materially adversely affect Entergy's and their results of operations, financial condition and liquidity.

Nuclear capacity factors significantly affect the results of operations of certain Utility operating companies, System Energy and Entergy Wholesale Commodities. Nuclear plant operations involve substantial fixed operating costs. Consequently, to be successful, a plant owner must consistently operate its nuclear power plants at high capacity factors. For the Utility operating companies that own nuclear plants, lower capacity factors increase production costs by requiring the affected companies to generate additional energy, sometimes at higher costs, from their fossil facilities or purchase additional energy in the spot or forward markets in order to satisfy their supply needs. For the Entergy Wholesale Commodities nuclear plants, lower capacity factors directly affect revenues and cash flow from operations. Although most of the Entergy Wholesale Commodities nuclear forward sales are on a pure unit-contingent basis, which depends on the availability of the asset, some of the unit-contingent contracts guarantee a specified minimum capacity factor. In the event these plants were operating below the guaranteed capacity factors, Entergy would be subject to price risk for the undelivered power. Entergy Wholesale Commodities' nuclear forward sales contracts can also be on a firm LD basis, which subjects Entergy to increasing price risk if capacity factors decrease.

Certain of the Utility operating companies, System Energy, and Entergy Wholesale Commodities' nuclear plant owners periodically shutdown their nuclear power plants to replenish fuel. Plant maintenance and upgrades are often scheduled during such refueling outages. If refueling outages last longer than anticipated or if unplanned outages arise, Entergy's and their results of operations, financial condition and liquidity could be materially adversely affected.

Outages at nuclear power plants to replenish fuel require the plant to be "turned off." Refueling outages generally are planned to occur once every 18 to 24 months and have historically averaged approximately 30 days in duration. Plant maintenance and upgrades are often scheduled during such planned outages. When refueling outages last longer than anticipated or a plant experiences unplanned outages, capacity factors decrease and maintenance costs may increase. Entergy Wholesale Commodities' nuclear plants may face lower margins due to higher costs and lower energy sales for unit-contingent power supply contracts or potentially higher energy replacement costs for unit-contingent contracts with capacity guarantees that are not met due to extended or unplanned outages.

Certain of the Utility operating companies, System Energy, and Entergy Wholesale Commodities face risks related to the purchase of uranium fuel (and its conversion, enrichment and fabrication), and the risk of being unable to effectively manage these risks by purchasing from a diversified mix of sellers located in a diversified mix of countries could materially adversely affect Entergy's and their results of operations, financial condition and liquidity.

Based upon currently planned fuel cycles, Entergy's nuclear units have a diversified portfolio of contracts and inventory that provides substantially adequate nuclear fuel materials and conversion and enrichment services at what Entergy believes are reasonably predictable prices through most of 2011. Entergy's ability to purchase nuclear fuel at reasonably predictable prices, however, depends upon the creditworthiness and performance reliability of uranium miners, as well as upon the structure of Entergy's contracts for the purchase of nuclear fuel. There are a number of possible alternate suppliers that may be accessed to mitigate unexpected supply disruption events, including potentially drawing upon Entergy's own inventory intended for later generation periods depending upon its risk management strategy at that time, although the pricing of any such alternate uranium supply from the market will be dependent upon the market for uranium supply at that time. Entergy buys uranium from a diversified mix of sellers located in a diversified mix of countries, and from time to time purchases from nearly all qualified reliable major market participants worldwide that sell into the U.S. Market prices for nuclear fuel have been extremely volatile from time to time in the past. Although Entergy's nuclear fuel contract portfolio provides a degree of hedging against market risks for several years, costs for nuclear fuel in the future cannot be predicted with certainty due to normal inherent market uncertainties, and price increases could materially adversely affect the liquidity, financial condition and results of operations of certain of the Utility operating companies, System Energy, and Entergy Wholesale Commodities.

Certain of the Utility operating companies, System Energy, and the Entergy Wholesale Commodities business face the risk that the NRC will change or modify its regulations or suspend or revoke their licenses, which could materially adversely affect Entergy's and their results of operations, financial condition and liquidity.

Under the Atomic Energy Act and Energy Reorganization Act, the NRC regulates the operation of nuclear power plants. The NRC may modify, suspend or revoke licenses, shut down a nuclear facility and impose civil penalties for failure to comply with the Atomic Energy Act, related regulations or the terms of the licenses for nuclear facilities. A change in the Atomic Energy Act, other applicable statutes, or the applicable regulations or licenses may require a substantial increase in capital expenditures or may result in increased operating or decommissioning costs and could materially adversely affect the results of operations, liquidity or financial condition of Entergy (through Entergy Wholesale Commodities), its Utility operating companies or System Energy. Events at nuclear plants owned by others, as well as those owned by one of these companies, may cause the NRC to initiate such actions. As a result, if an incident were to occur at any nuclear generating unit, whether an Entergy nuclear generating unit or not, it could materially adversely affect the financial condition, results of operations and liquidity of Entergy, certain of the Utility operating companies, System Energy or Entergy Wholesale Commodities.

Certain of the Utility operating companies, System Energy, and Entergy Wholesale Commodities are exposed to risks and costs related to operating and maintaining their nuclear power plants, and their failure to maintain operational efficiency at their nuclear power plants could materially adversely affect Entergy's and their results of operations, financial condition and liquidity.

The nuclear generating units owned by certain of the Utility operating companies, System Energy, and the Entergy Wholesale Commodities business began commercial operations in the 1970s-1980s. Older equipment may require more capital expenditures to keep each of these nuclear power plants operating efficiently. This equipment is also likely to require periodic upgrading and improvement. Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditures, could result in reduced profitability. Operations at any of the nuclear generating units owned and operated by Entergy's subsidiaries could degrade to the point where the affected unit needs to be shut down or operated at less than full capacity. If this were to happen, identifying and correcting the causes may require significant time and expense. A decision may be made to close a unit rather than incur the expense of restarting it or returning the unit to full capacity. For Entergy Wholesale Commodities, this could result in lost revenue and increased fuel and purchased power expense to meet supply commitments and penalties for failure to perform under their contracts with customers. Moreover, Entergy is becoming more dependent on fewer suppliers for key parts of Entergy's nuclear power plants that may need to be replaced or refurbished. This dependence on a reduced number of suppliers could result in delays in obtaining qualified replacement parts and, therefore, greater expense for Entergy.

The costs associated with the storage of the spent nuclear fuel of certain of the Utility operating companies, System Energy and the owners of the Entergy Wholesale Commodities nuclear power plants, as well as the costs of and their ability to fully decommission their nuclear power plants, could be significantly affected by the timing of the opening of a spent nuclear fuel storage facility, as well as interim storage and transportation requirements.

Certain of the Utility operating companies, System Energy and the owners of the Entergy Wholesale Commodities nuclear plants incur costs on a periodic basis for the on-site storage of spent nuclear fuel. The approval of a license for a national repository for the storage of spent nuclear fuel, such as the one proposed for Yucca Mountain, Nevada, and the timing of such facility opening, will significantly affect the costs associated with storage of spent nuclear fuel. For example, while the DOE is required by law to proceed with the licensing of Yucca Mountain and, after the license is granted by the NRC, to construct the repository and commence the receipt of spent fuel, the Obama administration has cut the budget for the Yucca Mountain project, and has made various statements that Yucca Mountain will not be the solution for spent fuel storage. These actions may prolong the time before spent fuel is removed from Entergy's plant sites. Because the DOE has not accomplished its objectives, it is in non-compliance with the Nuclear Waste Policy Act of 1982 and has breached its spent fuel disposal contracts, and Entergy has sued the DOE for such breach. Furthermore, Entergy is uncertain as to when the DOE plans to commence acceptance of spent fuel from its facilities for storage or disposal. As a result, continuing future expenditures will be required to increase spent fuel storage capacity at its nuclear sites. The costs of on-site storage are also affected by regulatory requirements for such storage. In addition, the availability of a repository for spent nuclear fuel may affect the ability to fully decommission the nuclear units and the costs relating to decommissioning. For further information regarding spent fuel storage, see the "Critical Accounting Estimates – Nuclear Decommissioning Costs -- Spent Fuel Disposal" section of Management's Financial Discussion and Analysis for Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy.

Certain of the Utility operating companies, System Energy, and the Entergy Wholesale Commodities nuclear plant owners may be required to pay substantial retrospective premiums imposed under the Price-Anderson Act in the event of a nuclear incident, and losses not covered by insurance could have a material adverse effect on Entergy's and their results of operations, financial condition or liquidity.

Accidents and other unforeseen problems at nuclear power plants have occurred both in the United States and elsewhere. The Price-Anderson Act limits each reactor owner's public liability (off-site) for a single nuclear incident to the payment of retrospective premiums into a secondary insurance pool of up to approximately $117.5 million per reactor. With 104 reactors currently participating, this translates to a total public liability cap of approximately $12.2 billion per incident. The limit is subject to change to account for the effects of inflation, a change in the primary limit of insurance coverage, and changes in the number of licensed reactors. As required by the Price-Anderson Act, the Utility operating companies, System Energy, and Entergy Wholesale Commodities carry the maximum available amount of primary nuclear off-site liability insurance with American Nuclear Insurers (currently $375 million for each operating site). Claims for any nuclear incident exceeding that amount are covered under the retrospective premiums paid into the secondary insurance pool. As a result, in the event of a nuclear incident that causes damages (off-site) in excess of the $375 million in primary insurance coverage, each owner of a nuclear plant reactor, including Entergy's Utility operating companies, System Energy, and the Entergy Wholesale Commodities plant owners, regardless of fault or proximity to the incident, will be required to pay a retrospective premium, equal to its proportionate share of the loss in excess of the $375 million primary level, up to a maximum of $117.5 million per reactor per incident (Entergy's maximum total contingent obligation per incident is $1.3 billion). The retrospective premium payment is currently limited to $17.5 million per year per incident per reactor until the aggregate public liability for each licensee is paid up to the $117.5 million cap.

NEIL is a utility industry mutual insurance company, owned by its members. All member plants could be subject to assessments (retrospective premium of up to 10 times current annual premium for all policies) should the surplus (reserve) be significantly depleted due to insured losses. As of April 1, 2010, the maximum assessment amounts total $72.7 million for Nuclear South plants and $89.3 million for the Nuclear Northeast plants. Retrospective Premium Insurance available through NEIL's reinsurance treaty can cover the potential assessments. The Nuclear Northeast plants currently maintain the Retrospective Premium Insurance to cover this potential assessment.

As an owner of nuclear power plants, Entergy participates in industry self-insurance programs and could be liable to fund claims should a plant owned by a different company experience a major event. Any resulting liability from a nuclear accident may exceed the applicable primary insurance coverage and require contribution of additional funds through the industry-wide program that could significantly affect the results of operations, financial condition or liquidity of Entergy, certain of the Utility operating companies, System Energy or the Entergy Wholesale Commodities subsidiaries.

Market performance and other changes may decrease the value of assets in the decommissioning trusts, which then could require significant additional funding.

Owners of nuclear generating plants have an obligation to decommission those plants. Certain of the Utility operating companies, System Energy and owners of the Entergy Wholesale Commodities nuclear power plants maintain decommissioning trust funds for this purpose. Certain of the Utility operating companies collect funds from their customers, which are deposited into the trusts covering the units operated for or on behalf of those companies. Those rate collections are based upon operating license lives as well as estimated trust fund earnings and decommissioning costs. In connection with the acquisition of certain nuclear plants, the Entergy Wholesale Commodities plant owners also acquired decommissioning trust funds that are funded in accordance with NRC regulations. Assets in these trust funds are subject to market fluctuations, will yield uncertain returns that may fall below projected return rates, and may result in losses resulting from the recognition of impairments of the value of certain securities held in these trust funds. As part of the Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades/Big Rock Point purchases, the former owners transferred decommissioning trust funds, along with the liability to decommission the plants, to the respective Entergy Wholesale Commodities nuclear power plant owners. As part of the Indian Point 1 and 2 purchase, the Entergy Wholesale Commodities nuclear power plant owner also funded an additional $25 million to a supplemental decommissioning trust fund. As part of the Palisades transaction, the Entergy Wholesale Commodities business assumed responsibility for spent fuel at the decommissioned Big Rock Point nuclear plant, which is located near Charlevoix, Michigan. Once the spent fuel is removed from the site, the Entergy Wholesale Commodities business will dismantle the spent fuel storage facility and complete site decommissioning. The Entergy Wholesale Commodities business expects to fund this activity from operating revenue, and Entergy is providing $5 million in credit support to provide financial assurance to the NRC for this obligation.

In 2008, Entergy experienced declines in the market value of assets held in the trust funds for meeting its decommissioning funding assurance obligations for its plants. This decline adversely affected Entergy’s ability to demonstrate compliance with the NRC’s requirements for providing financial assurance for decommissioning funding for some of its plants, which deficiencies have now been corrected. An early plant shutdown, poor investment results (including results from poor performance of or volatility in the capital markets such as occurred in 2008) or higher than anticipated decommissioning costs could cause trust fund assets to be insufficient to meet the decommissioning obligations, with the result that the Entergy Wholesale Commodities nuclear plant owners may be required to provide additional funds or credit support to satisfy regulatory requirements for decommissioning. For further information regarding nuclear decommissioning costs, see the "Critical Accounting Estimates – Nuclear Decommissioning Costs" section of Management's Financial Discussion and Analysis for Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy and Note 9 to the financial statements.

New or existing safety concerns regarding operating nuclear power plants and nuclear fuel could lead to restrictions upon the operation of Entergy’s nuclear power plants.

New and existing concerns are being expressed in public forums about the safety of nuclear generating units and nuclear fuel, in particular in the northeastern United States, which is where five of the six units in the current fleet of Entergy Wholesale Commodities nuclear power plants are located. These concerns have led to, and are expected to continue to lead to, various proposals to Federal regulators and governing bodies in some localities where Entergy's subsidiaries own nuclear generating units for legislative and regulatory changes that could lead to the shut-down of nuclear units, denial of license renewal applications, municipalization of nuclear units, restrictions on nuclear units as a result of unavailability of sites for spent nuclear fuel storage and disposal, or other adverse effects on owning and operating nuclear generating units. Entergy vigorously responds to these concerns and proposals. If any of the existing proposals, or any proposals that may arise in the future with respect to legislative and regulatory changes, become effective, they could have a material adverse effect on Entergy's results of operations, financial condition and liquidity.

(Entergy Corporation)

A failure to obtain renewed licenses for the continued operation of the Entergy Wholesale Commodities nuclear power plants could have a material adverse effect on Entergy's results of operations, financial condition, and liquidity and could lead to an increase in depreciation rates or an acceleration of the timing for the funding of decommissioning obligations.

The license renewal and related processes for the Entergy Wholesale Commodities nuclear power plants have been and may continue to be the subject of significant public debate and regulatory and legislative review and scrutiny at the federal and, in certain cases, state level. The operating licenses for Vermont Yankee, Pilgrim, Indian Point 2 and Indian Point 3 expire in March 2012, June 2012, September 2013 and December 2015, respectively. Various parties have expressed opposition to renewal of these licenses. Renewal of the Indian Point licenses is the subject of ongoing proceedings before the Atomic Safety and Licensing Board (ASLB) of the NRC. Certain contentions have been admitted for litigation and new and amended contentions filed by parties in January and February 2011 have not been acted upon by the ASLB. Hearings on the contentions admitted by the ASLB currently are expected to begin in early 2012. The ASLB has completed its proceedings regarding Vermont Yankee, but the New England Coalition filed a new contention, which the ASLB denied in October 2010. The New England Coalition requested NRC review of the denial in November 2010. Finally, with respect to the Pilgrim license renewal, the NRC has issued decisions resolving all but one of the issues that were previously appealed by Pilgrim Watch. The NRC remanded one issue to the ASLB, which ordered that testimony be filed in January 2011 and scheduled a hearing for March 9, 2011. Pilgrim Watch filed two new contentions, one of which it subsequently amended, in December 2010 and January 2011. The ASLB for Pilgrim have not decided whether to admit or deny the new contentions.

In relation to Indian Point 2 and Indian Point 3, the New York Department of Environmental Conservation has taken the position that these plant owners must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. For the Indian Point plants, the Entergy Wholesale Commodities plant owners also must obtain a Coastal Zone Management Act consistency determination from the New York Department of State prior to getting the renewed licenses. For further information regarding these environmental regulations see “Environmental Regulation, Clean Water Act” in Part I, Item 1.

Pursuant to Vermont law, Vermont Yankee is subject to state approvals to continue operations that are independent of NRC license renewal. Under state law, there is a two-step state law licensing process for obtaining a certificate of public good to continue to operate Vermont Yankee and store newly generated spent fuel after March 21, 2012. First, the Vermont legislature must vote affirmatively to permit the Vermont Public Service Board to consider Vermont Yankee’s application for a renewed certificate of public good for the continued operation of Vermont Yankee and for storage of spent fuel. Second, the Vermont Public Service Board must vote to renew the certificate of public good. The Entergy Wholesale Commodities affiliates that own and operate Vermont Yankee filed an application with the Vermont Public Service Board in March 2008 to renew its certificate of public good to operate for 20 years beginning March 22, 2012 and to store spent nuclear fuel generated after that date. Ten days of hearings were held in May and June 2009. The Department of Public Service and other parties contended during the hearing that a favorable power purchase agreement for the sale of power from Vermont Yankee to Vermont utilities would be important to demonstrating that renewal of the certificate of public good promoted the public interest. Proceedings in that docket currently are in abeyance.

During its 2009 session, which concluded in May, several committees of the Vermont General Assembly held hearings on Vermont Yankee, but no bill or resolution was introduced for approval of continued operation and storage of spent nuclear fuel generated after March 21, 2012. In January 2010, the Governor of the State of Vermont issued a statement indicating he would not ask the Vermont General Assembly to consider the renewal of a certificate of public good during its 2010 session, based on the discovery of tritium leakage from Vermont Yankee, concerns about miscommunication by Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations related to underground piping at Vermont Yankee carrying radionuclides, and other issues including decommissioning. Nevertheless, on February 24, 2010, a bill to authorize the Public Service Board to approve the continued operation of Vermont Yankee was defeated in the Vermont Senate by a vote of 26 to 4. Neither house of the Vermont General Assembly has voted on a similar bill since that time.

If the NRC finally denies the applications for the renewal of operating licenses for one or more of the Entergy Wholesale Commodities nuclear power plants, or a state in which any such nuclear power plant is located does not take actions legally required for the continued operation of such plant, Entergy's results of operations, financial condition, and liquidity could be materially adversely affected by loss of revenue and cash flow associated with the plant or plants, potential impairments of the carrying value of the plants, increased depreciation rates, and an accelerated need for decommissioning funds, which could require additional funding. In addition, Entergy may incur increased operating costs depending on any conditions that may be imposed in connection with license renewal. For further discussion regarding the license renewal processes for the Entergy Wholesale Commodities' nuclear power plants, see "ENTERGY'S BUSINESS – Entergy Wholesale Commodities – Property – Nuclear Generating Stations" in Part I, Item 1 for Entergy Corporation and its subsidiaries.

The decommissioning trust fund assets for the nuclear power plants owned by Entergy Wholesale Commodities' nuclear plant owners may not be adequate to meet decommissioning obligations if one or more of their nuclear power plants is retired earlier than the anticipated shutdown date or if current regulatory requirements change which then could require additional funding.

Under NRC regulations, Entergy's nuclear subsidiaries are permitted to project the NRC-required decommissioning amount based on an NRC formula and the amount in each of the Entergy Wholesale Commodities nuclear power plant's decommissioning trusts combined with other decommissioning financial assurances in place. The projections are made based on the operating license expiration date and the mid-point of the subsequent decommissioning process for each of these nuclear power plants, with the earliest scheduled shutdown being Vermont Yankee in 2012. As a result, if the projected amount of our decommissioning trusts exceeds the NRC-required decommissioning amount, then its decommissioning obligations are considered to be funded in accordance with NRC regulations. In the event the NRC's formula does not sufficiently reflect the actual costs the applicable Entergy subsidiaries would be required to incur to decommission these nuclear power plants, and funding is otherwise inadequate, or if the formula is changed to require increased funding, additional resources would be required. Furthermore, depending upon the level of funding available in the trust funds, the NRC may not permit the trust funds to be used to pay for related costs such as the management of spent nuclear fuel that are not included in the formula. The NRC may also require a plan for the provision of separate funding for spent fuel management costs. In addition to NRC requirements, there are other decommissioning-related obligations for certain of the Entergy Wholesale Commodities nuclear power plants, which management believes it will be able to satisfy.

With respect to the decommissioning trusts for Vermont Yankee, Indian Point 2 and Palisades, the total amount in each of those trusts as of December 31, 2010 would not have been sufficient to initiate and complete the immediate near-term decommissioning of the respective unit as of such date, but rather the funds would have been sufficient to place the unit in a condition of safe storage status pending future completion of decommissioning. For example, if an Entergy subsidiary had decided to shutdown and immediately begin decommissioning one of those nuclear power plants on December 31, 2010, its trust funds for the plant would have been insufficient and the applicable Entergy subsidiary would have been required to rely on other capital resources to fund the entire decommissioning obligations unless the completion of decommissioning could be deferred during some number of years of safe storage status (as is permitted by NRC regulations). Thus, if an Entergy subsidiary decides to shutdown one of these nuclear power plants earlier than the scheduled shutdown date and conduct a prompt decommissioning, the applicable Entergy subsidiary may be unable to rely upon only the decommissioning trust to fund the entire decommissioning obligations, which would require it to obtain funding from other sources.

Further, federal or state regulatory changes, including mandated increases in decommissioning funding or changes in the methods or standards for decommissioning operations, may also increase the funding requirements of, or accelerate the timing for funding of, the obligations related to the decommissioning of Entergy Wholesale Commodities' nuclear power plants. As a result, under any of these circumstances, Entergy's results of operations, liquidity and financial condition could be materially adversely affected.

Entergy Wholesale Commodities' nuclear power plants are exposed to price risk through either advance sale of energy and capacity into forward markets or accepting spot prices primarily in day-ahead markets.

Entergy and its subsidiaries are not guaranteed any rate of return on their capital investments in non-utility businesses. In particular, the sale of capacity and energy from the Entergy Wholesale Commodities nuclear power plants, unless otherwise contracted, is subject to the fluctuation of market power prices. As of December 31, 2010, Entergy Wholesale Commodities nuclear power generation plants had sold forward 96%, 87%, 40%, 25% and 15% of its generation portfolio's planned energy output for 2011, 2012, 2013, 2014 and 2015, respectively. Many of the Entergy Wholesale Commodities business's existing long-term contracts expire by the end of 2012. The obligations under most of these agreements are contingent on a generating asset that is operating; if the generation asset is not operating, the seller generally is not liable for damages. For some unit-contingent obligations, however, there is also

a guarantee of availability that provides for the payment to the power purchaser of contract damages, if incurred, in the event the unit owner 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. For those obligations that are not unit-contingent, Entergy Wholesale Commodities may be required to make payments to the purchaser based on the difference between the market price at the delivery point and the contract price at times when the unit being hedged is not running, and to the extent market prices are higher than contract prices, the amount of such payments could be substantial.

Market prices may fluctuate substantially sometimes over relatively short periods of time and at other times experience sustained increases or decreases. Demand for electricity and its fuel stock can fluctuate dramatically, creating periods of substantial under- or over-supply. During periods of over-supply, prices might be depressed. Also, from time to time there may be political pressure, or pressure from regulatory authorities with jurisdiction over wholesale and retail energy commodity and transportation rates, to impose price limitations, credit requirements, bidding rules and other mechanisms to address volatility and other issues in these markets.

The price that different counterparties offer for forward sales is influenced both by market conditions as well as the contract terms such as damage provisions, credit support requirements and the number of available counterparties interested in contracting for the desired forward period. Depending on differences between market factors at the time of contracting versus current conditions, Entergy Wholesale Commodities' contract portfolio may have average contract prices above or below current market prices, including at the expiration of the contracts, which may significantly affect Entergy Wholesale Commodities' results of operations, financial condition or liquidity. The recent economic downturn and negative trends in the energy commodity markets have resulted in lower natural gas prices, and current prevailing market prices for electricity in the New York and New England power regions are therefore generally below the prices of Entergy Wholesale Commodities' existing contracts in those regions. To the extent these market conditions persist, Entergy Wholesale Commodities' realized price per MWh can be expected to continue to decline. With operating licenses for Vermont Yankee, Pilgrim, Indian Point 2 and Indian Point 3 expiring between 2012 and 2015, delays in obtaining extension of the operating licenses and any other approvals required for continued operation of the plants, Entergy Wholesale Commodities may enter into fewer unit-contingent forward sales contracts for output from such plants for periods beyond the license expiration. Instead, in order to hedge future price risk to desired levels, Entergy Wholesale Commodities may enter into firm LD forward sales contacts under which it will be exposed to operational price risk to the extent that the plants do not run as expected.

Among the factors that could affect market prices for electricity and fuel, all of which are beyond Entergy's control to a significant degree, are:

- prevailing market prices for natural gas, uranium (and its conversion, enrichment and fabrication), coal, oil, and other fuels used in electric generation plants, including associated transportation costs, and supplies of such commodities;
- seasonality;
- availability of competitively priced alternative energy sources and the requirements of a renewable portfolio standard;
- changes in production and storage levels of natural gas, lignite, coal and crude oil and refined products;
- liquidity in the general wholesale electricity market, including the number of creditworthy counterparties available and interested in entering into forward sales agreements for Entergy's full hedging term;

- the actions of external parties, such as the FERC and local independent system operators and other state or Federal energy regulatory bodies, that may impose price limitations and other mechanisms to address some of the volatility in the energy markets;
- electricity transmission, competing generation or fuel transportation constraints, inoperability or inefficiencies;
- the general demand for electricity, which may be significantly affected by national and regional economic conditions;
- weather conditions affecting demand for electricity or availability of hydroelectric power or fuel supplies;
- the rate of growth in demand for electricity as a result of population changes, regional economic conditions and the implementation of conservation programs;
- regulatory policies of state agencies that affect the willingness of Entergy Wholesale Commodities nuclear customers to enter into long-term contracts generally, and contracts for energy in particular;
- increases in supplies due to actions of current Entergy Wholesale Commodities nuclear competitors or new market entrants, including the development of new generation facilities, expansion of existing generation facilities, the disaggregation of vertically integrated utilities and improvements in transmission that allow additional supply to reach Entergy Wholesale Commodities' nuclear markets;
- union and labor relations;
- changes in Federal and state energy and environmental laws and regulations and other initiatives, including but not limited to, the price impacts of proposed emission controls such as the Regional Greenhouse Gas Initiative (RGGI); and
- natural disasters, terrorist actions, wars, embargoes and other catastrophic events.

The Entergy Wholesale Commodities business is subject to substantial governmental regulation and may be adversely affected by legislative, regulatory or market design changes, as well as liability under, or any future inability to comply with, existing or future regulations or requirements.

The Entergy Wholesale Commodities business is subject to extensive federal, state and local laws and regulation. Compliance with the requirements under these various regulatory regimes may cause the Wholesale Commodities business to incur significant additional costs, and failure to comply with such requirements could result in the shutdown of the non-complying facility, the imposition of liens, fines and/or civil or criminal liability.

Public utilities under the Federal Power Act are required to obtain FERC acceptance of their rate schedules for wholesale sales of electricity. Each of the owners of the Entergy Wholesale Commodities nuclear power plants, as well as Entergy Nuclear Power Marketing, LLC, is a "public utility" under the Federal Power Act by virtue of making wholesale sales of electric energy. The FERC has granted these generating and power marketing companies the authority to sell electricity at market-based rates. The FERC's orders that grant the Entergy Wholesale Commodities' generating and power marketing companies market-based rate authority reserve the right to revoke or revise that authority if the FERC subsequently determines that the Entergy Wholesale Commodities business can exercise market power in transmission or generation, create barriers to entry, or engage in abusive affiliate transactions. In addition, the Entergy Wholesale Commodities' market-based sales are subject to certain market behavior rules, and if any of its generating and power marketing companies were deemed to have violated one of those rules, they would be subject to potential disgorgement of profits associated with the violation and/or suspension or revocation of their market-based rate authority and potential penalties of up to $1 million per day per violation. If the Entergy Wholesale Commodities' generating or power marketing companies were to lose their market-based rate authority, such companies would be required to obtain the FERC's acceptance of a cost-of-service rate schedule and could become subject to the accounting, record-keeping and reporting requirements that are imposed on utilities with cost-based rate schedules. This could have an adverse effect on the rates the Entergy Wholesale Commodities charges for power from its facilities.

The Entergy Wholesale Commodities business is also affected by legislative and regulatory changes, as well as changes to market design, market rules, tariffs, cost allocations and bidding rules imposed by the existing Independent System Operators. The Independent System Operators that oversee most of the wholesale power markets impose, and in the future may continue to impose, mitigation, including price limitations, offer caps and other mechanisms, to address some of the volatility and the potential exercise of market power in these markets. These types of price limitations and other regulatory mechanisms may have an adverse effect on the profitability of the Entergy Wholesale Commodities business' generation facilities that sell energy and capacity into the wholesale power markets. For further information regarding federal, state and local laws and regulation applicable to the Entergy Wholesale Commodities business, see “Entergy’s Business-Regulation of Entergy’s Business” in Part I, Item 1 for Entergy Corporation and its subsidiaries.

The regulatory environment applicable to the electric power industry has undergone substantial changes over the past several years as a result of restructuring initiatives at both the state and federal levels. These changes are ongoing and Entergy cannot predict the future design of the wholesale power markets or the ultimate effect that the changing regulatory environment will have on the Entergy Wholesale Commodities business. In addition, in some of these markets, interested parties have proposed material market design changes, including the elimination of a single clearing price mechanism and have raised claims that the competitive marketplace is not working because energy prices in wholesale markets exceed the marginal cost of operating nuclear power plants, as well as proposals to re-regulate the markets, impose a generation tax or require divestitures by generating companies to reduce their market share. Other proposals to re-regulate may be made and legislative or other attention to the electric power market restructuring process may delay or reverse the deregulation process, which could require material changes to business planning models. If competitive restructuring of the electric power markets is reversed, modified, discontinued or delayed, the Entergy Wholesale Commodities business' results of operations, financial condition and liquidity could be materially adversely affected.

The nuclear power plants owned by the Entergy Wholesale Commodities business are subject to impairment charges in certain circumstances, which could have a material adverse effect on Entergy's results of operations, financial condition or liquidity.

Entergy periodically reviews long-lived assets held in all of its business segments whenever events or changes in circumstances indicate that recoverability of these assets is uncertain. Generally, the determination of recoverability is based on the undiscounted net cash flows expected to result from such operations and assets. Projected net cash flows depend on the future operating costs associated with the assets, the efficiency and availability of the assets and generating units, and the future market and price for energy over the remaining life of the assets. In particular, the assets of the Entergy Wholesale Commodities business, including the nuclear power plants, are subject to impairment if adverse market conditions arise and continue (such as declines in market prices for electricity), if adverse regulatory events occur (including with respect to environmental regulation), if a unit ceases operation or if a unit's operating license is not renewed. Moreover, the failure of the Entergy Wholesale Commodities business to achieve forecasted operating results and cash flows, an unfavorable change in forecasted operating results or cash flows or a decline in observable industry market multiples could all result in potential impairment charges for the affected assets.

As discussed elsewhere in this Form 10-K, the operating licenses for Vermont Yankee, Pilgrim, Indian Point 2 and Indian Point 3 expire between 2012 and 2015 and are currently the subject of license renewal processes at the NRC and the states in which the plants operate. If Entergy concludes that any of these nuclear power plants is unlikely to operate significantly beyond its current license expiration date, which conclusion would be based on a variety of factors, such a conclusion could result in an impairment of part or all of the carrying value of the plant. Any impairment charge taken by Entergy with respect to its long-lived assets, including the nuclear power plants owned by the Entergy Wholesale Commodities business, would likely be material in the quarter that the charge is taken and could otherwise have a material adverse effect on Entergy's results of operations, financial condition or liquidity.

General Business Risks

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

Entergy and the Utility operating companies depend on access to the capital markets and, at times, may face potential liquidity constraints, which could make it more difficult to handle future contingencies such as natural disasters or substantial increases in gas and fuel prices. Disruptions in the capital and credit markets may adversely affect Entergy and its subsidiaries' ability to meet liquidity needs, access capital and operate and grow their businesses, and the cost of capital.

Entergy's business is capital intensive and dependent upon its ability to access capital at reasonable rates and other terms. At times there are also spikes in the price for natural gas and other commodities that increase the liquidity requirements of the Utility operating companies. In addition, Entergy's and the Utility operating companies' liquidity needs could significantly increase in the event of a hurricane or other weather-related or unforeseen disaster similar to that experienced in Entergy's service territory with Hurricane Katrina and Hurricane Rita in 2005 and Hurricane Gustav and Hurricane Ike in 2008. The occurrence of one or more contingencies, including a delay in regulatory recovery of fuel or purchased power costs or storm restoration costs, higher than expected pension contributions, an acceleration of payments or decreased credit lines, less cash flow from operations than expected or other unknown events, such as future storms, could cause the financing needs of Entergy and its subsidiaries to increase. In addition, accessing the capital markets more frequently in these situations may result in an increase in leverage. Material leverage increases could negatively affect the credit ratings of Entergy and the Utility operating companies, which in turn could negatively affect access to the capital markets.

The global capital and credit markets experienced extreme volatility and disruption in the fourth quarter of 2008 and much of 2009. The inability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, could negatively affect Entergy and its subsidiaries' ability to maintain and to expand their businesses. Events beyond Entergy's control, such as the volatility and disruption in global capital and credit markets in 2008 and 2009, may create uncertainty that could increase its cost of capital or impair its ability to access the capital markets, including the ability to draw on its bank credit facilities. Entergy and its subsidiaries are unable to predict the degree of success they will have in renewing or replacing their credit facilities as they come up for renewal. Moreover, the size, terms, and covenants of any new credit facilities may not be comparable to, and may be more restrictive than, existing facilities. If Entergy and its subsidiaries are unable to access the credit and capital markets on terms that are reasonable, they may have to delay raising capital, issue shorter-term securities and/or bear an unfavorable cost of capital, which, in turn, could impact their ability to grow their businesses, decrease earnings, significantly reduce financial flexibility and/or limit Entergy Corporation's ability to sustain its current common stock dividend level.

(Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

A downgrade in Entergy Corporation's or its subsidiaries' credit ratings could negatively affect Entergy Corporation's and its subsidiaries' ability to access capital and/or could require Entergy Corporation or its subsidiaries to post collateral, accelerate certain payments or repay certain indebtedness.

There are a number of factors that rating agencies evaluate to arrive at credit ratings for Entergy Corporation and the Registrant Subsidiaries, including the ability to cover liquidity requirements, the availability of committed external credit support, and Entergy Corporation's share repurchase program, dividend policy and other commitments for capital. If one or more rating agencies downgrade Entergy Corporation's, any of the Utility operating companies', or System Energy's ratings, particularly below investment grade, borrowing costs would increase, the potential pool of investors and funding sources would likely decrease, and cash or letter of credit collateral demands may be triggered by the terms of a number of commodity contracts, leases and other agreements.

Most of Entergy Corporation's and its subsidiaries' large customers, suppliers and counterparties require sufficient creditworthiness to enter into transactions. If Entergy Corporation's or its subsidiaries' ratings decline, particularly below investment grade, or if certain counterparties believe Entergy Corporation or the Utility operating companies are losing creditworthiness and demand adequate assurance under fuel, gas and purchased power contracts, the counterparties may require posting of collateral in cash or letters of credit, prepayment for fuel, gas or purchased power or accelerated payment, or counterparties may decline business with Entergy Corporation or its subsidiaries. At December 31, 2010, based on power prices at that time, Entergy had credit exposure of $14 million under the guarantees in place supporting Entergy Nuclear Power Marketing (an Entergy Wholesale Commodities subsidiary) transactions, $20 million of guarantees that support letters of credit, and $3 million of posted cash collateral. As of December 31, 2010, the credit exposure associated with Entergy Wholesale Commodities assurance requirements could increase by $123 million for a $1 per MMBtu increase in gas prices in both the short- and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of December 31, 2010, Entergy would have been required to provide approximately $78 million of additional cash or letters of credit under some of the agreements.

The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the financial conditions, results of operations or liquidity of Entergy and the Utility operating companies could be materially adversely affected.

Entergy's and the Utility operating companies' ability to complete construction of power generation facilities in a timely manner and within budget is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, project management expertise and escalating costs for materials, labor and environmental compliance. Delays in obtaining permits, shortages in materials and qualified labor, suppliers and contractors not performing as required under their contracts, changes in the scope and timing of projects, the inability to raise capital on favorable terms, downward changes in the economy and other events beyond the control of the Utility operating companies or the Entergy Wholesale Commodities business may occur that may materially affect the schedule, cost and performance of these projects. If these projects are significantly delayed or become subject to cost overruns or cancellation, Entergy and the Utility operating companies could incur additional costs and termination payments, or face increased risk of potential write-off of the investment in the project. For further information regarding capital expenditure plans and other uses of capital in connection with the potential construction of additional generation supply sources within the Utility operating companies' service territory, and as to the Entergy Wholesale Commodities business, see the "Capital Expenditure Plans and Other Uses of Capital" section of Management's Financial Discussion and Analysis for Entergy and each of the Registrant Subsidiaries.

The Utility operating companies, System Energy and the Entergy Wholesale Commodities business may incur substantial costs to fulfill their obligations related to, environmental and other matters.

The businesses in which the Utility operating companies, System Energy and the Entergy Wholesale Commodities business operate are subject to extensive environmental regulation by local, state and Federal authorities. These laws and regulations affect the manner in which the Utility operating companies, System Energy and the Entergy Wholesale Commodities business conduct their operations and make capital expenditures. These laws and regulations also affect how the Utility operating companies, System Energy and the Entergy Wholesale Commodities business manage air emissions, discharges to water, solid and hazardous waste storage and disposal, cooling and service water intake, the protection of threatened and endangered species, hazardous materials transportation, and similar matters. Federal, state, and local authorities continually revise these laws and regulations, and the laws and regulations are subject to judicial interpretation and to the permitting and enforcement discretion vested in the implementing agencies. Developing and implementing plans for facility compliance with these requirements can lead to capital, personnel, and operation and maintenance expenditures. Violations of these requirements can subject the Utility operating companies, System Energy and the Entergy Wholesale Commodities business to enforcement actions, capital expenditures to bring existing facilities into compliance, additional operating costs or operating restrictions to achieve compliance, remediation and clean-up costs, civil penalties, and exposure to third parties' claims for alleged health or property damages or for violations of applicable permits or standards. In addition, the Utility operating companies, System Energy and the Entergy Wholesale Commodities business are subject to liability under these laws for the costs of remediation of environmental contamination of property now or formerly owned or operated by the Utility operating companies, System Energy and the Entergy Wholesale Commodities business and of property contaminated by hazardous substances they generate. The Utility operating companies are currently involved in proceedings relating to sites where hazardous substances have been released and may be subject to additional proceedings in the future. The Utility operating companies, System Energy and the Entergy Wholesale Commodities business have incurred and expect to incur significant costs related to environmental compliance.

Emissions of nitrogen and sulfur oxides, mercury, particulates, and other regulated air contaminants from generating plants are potentially subject to increased regulation, controls and mitigation expenses. In addition, existing air regulations and programs promulgated by the EPA often are challenged legally, sometimes resulting in large-scale changes to anticipated regulatory regimes. Risks relating to global climate change and initiatives to compel CO2 emission reductions are discussed below.

Entergy and its subsidiaries may not be able to obtain or maintain all required environmental regulatory approvals. If there is a delay in obtaining any required environmental regulatory approvals, or if Entergy and its subsidiaries fail to obtain, maintain or comply with any such approval, the operation of its facilities could be stopped or become subject to additional costs. For further information regarding environmental regulation and environmental matters, see the "Regulation of Entergy's Business – Environmental Regulation" section of Part I, Item 1.

The Utility operating companies, System Energy and the Entergy Wholesale Commodities business may incur substantial costs related to reliability standards.

Entergy's business is subject to extensive and mandatory reliability standards. Such standards, which are established by the North American Electric Reliability Corporation (NERC) and the SERC Reliability Corporation (SERC), are approved by the FERC and frequently are reviewed, amended and supplemented. Failure to comply with such standards could result in the imposition of fines or civil penalties, and potential exposure to third party claims for alleged violations of such standards. The standards, as well as the laws and regulations that govern them, are subject to judicial interpretation and to the enforcement discretion vested in the implementing agencies. In addition to exposure to civil penalties and fines, the Utility operating companies have incurred and expect to incur significant costs related to compliance with new and existing reliability standards, including costs associated with the Utility operating companies' transmission system. Entergy has notified the SERC of potential violations of certain NERC reliability standards, including certain Critical Infrastructure, Protection Facility Connection and System Protection Coordination standards. Entergy is working with the SERC to provide information concerning these potential violations. The changes to the reliability standards applicable to the electric power industry are ongoing, and Entergy cannot predict the ultimate effect that the reliability standards will have on its Utility and Entergy Wholesale Commodities business.

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

The effects of weather and economic conditions and the related impact on electricity and gas usage, may materially adversely affect the Utility operating companies' results of operations.

Temperatures above normal levels in the summer tend to increase summer cooling electricity demand and revenues, and temperatures below moderate levels in the winter tend to increase winter heating electricity and gas demand and revenues. As a corollary, moderate temperatures tend to decrease usage of energy and resulting revenues. Seasonal pricing differentials, coupled with higher consumption levels, typically cause the Utility operating companies to report higher revenues in the third quarter of the fiscal year than in the other quarters. Extreme weather conditions or storms, however, may stress the Utility operating companies' generation facilities and transmission and distribution systems, resulting in increased maintenance and capital costs (and potential increased financing needs), limits on their ability to meet peak customer demand, increased regulatory oversight, and lower customer satisfaction. These extreme conditions could have a material adverse effect on the Utility operating companies' financial condition, results of operations and liquidity.

Industrial sales volume was depressed in the latter part of 2008 and through most of 2009, in part because the overall economy declined, with lower usage across the industrial sector affecting both the large customer industrial segment as well as small and mid-sized industrial customers. Despite the apparently improving economic conditions in the service territories of the Utility operating companies since the fourth quarter 2009, it is possible that continued or recurrent poor economic conditions, combined with increasing rates in certain of the Utility operating companies' service territories, could result in slower or declining sales growth and increased bad debt expense relative to recent years, which could materially adversely affect Entergy's and the Utility operating companies' results of operations, financial condition and liquidity.

The effects of climate change and environmental and regulatory obligations intended to compel CO2 emission reductions could materially adversely affect the financial condition, results of operations and liquidity of Entergy and the Utility operating companies.

In an effort to address climate change concerns, Federal, state, and local authorities are calling for additional laws and regulations aimed at known or suspected causes of climate change. For example, in response to the United States Supreme Court's 2007 decision holding that the EPA has authority to regulate emissions of CO2 and other "greenhouse gases" under the Clean Air Act, the EPA, various environmental interest groups and other organizations are focusing considerable attention on CO2 emissions from power generation facilities and their potential role in climate change. In 2010, EPA promulgated its first regulations controlling greenhouse gas emissions from certain vehicles and from new and significantly modified stationary sources of emissions, including electric generating units, and additional new source performance standards are expected in 2012. Developing and implementing plans for compliance with CO2 emissions reduction requirements can lead to additional capital, personnel, and operation and maintenance expenditures and could significantly affect the economic position of existing facilities and proposed projects. Violations of such requirements may subject Entergy and the Utility operating companies to enforcement actions, capital expenditures to bring existing facilities into compliance, additional operating costs or operating restrictions to achieve compliance, remediation and clean-up costs, civil penalties, and exposure to third parties' claims for alleged health or property damages or for violations of applicable permits or standards. To the extent Entergy believes any of these costs are recoverable in rates, however, additional material rate increases for customers could be resisted by Entergy's regulators and, in extreme cases, Entergy's regulators might deny or defer timely recovery of these costs. Future changes in environmental regulation governing the emission of CO2 and other "greenhouse gases" could make some of Entergy's electric generating units uneconomical to maintain or operate, and could increase the difficulty that Entergy and its subsidiaries have with obtaining or maintaining required environmental regulatory approvals, which could also materially adversely affect the financial condition, results of operations and liquidity of Entergy and the Utility operating companies. In addition, several lawsuits currently are pending against emitters of greenhouse gases alleging that these companies are liable for personal injuries and property damage caused by climate change. These lawsuits seek injunctive relief, monetary compensation, and punitive damages.

In addition to the regulatory and financial risks associated with climate change discussed above, physical risks from climate change include an increase in sea level, wetland and barrier island erosion, risks of flooding and changes in weather conditions, such as changes in precipitation, average temperatures and potential increased impacts of extreme weather conditions or storms. Entergy subsidiaries own assets in, and serve, communities that are at risk from sea level rise, changes in weather conditions, storms and loss of the protection offered by coastal wetlands. A significant portion of the nation’s oil and gas infrastructure is located in these areas and susceptible to storm damage that could be aggravated by wetland and barrier island erosion, which could give rise to fuel supply interruptions and price spikes.

These and other physical changes could result in changes in customer demand, increased costs associated with repairing and maintaining generation facilities and transmission and distribution systems resulting in increased maintenance and capital costs (and potential increased financing needs), limits on the Entergy System's ability to meet peak customer demand, increased regulatory oversight, and lower customer satisfaction. Also, to the extent that climate change adversely impacts the economic health of a region or results in energy conservation or demand side management programs, it may adversely impact customer demand and revenues. Such physical or operational risks could have a material adverse effect on Entergy's and the Utility operating companies' financial condition, results of operations and liquidity.

Entergy and its subsidiaries may not be adequately hedged against changes in commodity prices, which could materially adversely affect Entergy's and its subsidiaries' results of operations, financial condition and liquidity.

To manage their near-term financial exposure related to commodity price fluctuations, Entergy and its subsidiaries may enter into contracts to hedge portions of their purchase and sale commitments, fuel requirements and inventories of natural gas, uranium (and its conversion), coal, refined products, and other commodities, within established risk management guidelines. As part of this strategy, Entergy and its subsidiaries may utilize fixed- and variable-price forward physical purchase and sales contracts, futures, financial swaps, and option contracts traded in the over-the-counter markets or on exchanges. However, Entergy and its subsidiaries normally cover only a portion of the exposure of their assets and positions to market price volatility, and the coverage will vary over time. In addition, Entergy also elects to leave certain volumes during certain years unhedged. To the extent Entergy and its subsidiaries have unhedged positions, fluctuating commodity prices can materially adversely affect Entergy's and its subsidiaries' results of operations and financial position.

Although Entergy and its subsidiaries devote a considerable effort to these risk management strategies, they cannot eliminate all the risks associated with these activities. As a result of these and other factors, Entergy and its subsidiaries cannot predict with precision the impact that risk management decisions may have on their business, results of operations or financial position.

Entergy has guaranteed or indemnified the performance of a portion of the obligations relating to hedging and risk management activities. Reductions in Entergy's or its subsidiaries' credit quality or changes in the market prices of energy commodities could increase the cash or letter of credit collateral required to be posted in connection with hedging and risk management activities, which could materially affect Entergy's or its subsidiaries' liquidity and financial position.

The Utility operating companies and the Entergy Wholesale Commodities business are exposed to the risk that counterparties may not meet their obligations, which may materially adversely affect the Utility operating companies and Entergy Wholesale Commodities.

The hedging and risk management practices of the Utility operating companies and the Entergy Wholesale Commodities business are exposed to the risk that counterparties that owe Entergy and its subsidiaries money, energy, or other commodities will not perform their obligations. Currently, some hedging agreements contain provisions that require the counterparties to provide credit support to secure their obligations to Entergy or its subsidiaries. If the counterparties to these arrangements fail to perform, Entergy or its subsidiaries might be forced to act on the credit support provided and acquire alternative hedging arrangements or draw on the credit support provided by the counterparties, which credit support may not always be adequate to cover the related obligations. In such event, Entergy and its subsidiaries might incur losses in addition to amounts, if any, already paid to the counterparties. In addition, the credit commitments of Entergy's lenders under its bank facilities may not be honored for a variety of reasons, including unexpected periods of financial distress affecting such lenders, which could materially adversely affect the adequacy of its liquidity sources.

The Wall Street Transparency and Accountability Act of 2010 and rules and regulations promulgated under the act may adversely affect the ability of the Utility operating companies and the Entergy Wholesale Commodities business to utilize certain commodity derivatives for hedging and mitigating commercial risk.

The Wall Street Transparency and Accountability Act of 2010, which was enacted on July 21, 2010 as part of the Dodd-Frank Act Wall Street Reform and Consumer Protection Act, and the rules and regulations to be promulgated under the act will impose governmental regulation on the over-the-counter derivative market, including the commodity swaps used by the Utility operating companies and the Entergy Wholesale Commodities business to hedge and mitigate commercial risk. Under the act, certain swaps will be subject to mandatory clearing and exchange trading requirements. Swap dealers and major participants in the swap market will be subject to capital, margin, registration, reporting, recordkeeping and business conduct requirements with respect to their swap activities. Position limits will also apply to certain swaps activities. The act requires the applicable regulators, which in the case of commodity swaps will be the Commodity Futures Trading Commission, to engage in substantial rulemaking in order to implement the provisions of the act and such rulemaking is not yet final. Both the Utility operating companies and the Entergy Wholesale Commodities business currently utilize commodity swaps to hedge and mitigate commodity price risk. It is not known whether the act and regulations promulgated under the act will have an adverse effect upon the market for the commodity swaps used by the Utility operating companies and the Entergy Wholesale Commodities business. However, to the extent that the act and regulations promulgated under the act have the effect of increasing the price of such commodity swaps or limiting or reducing the availability of such commodity swaps, whether through the imposition of additional capital, margin or compliance costs upon market participants or otherwise, the financial performance of the Utility operating companies and/or the Entergy Wholesale Commodities business may be adversely affected. To the extent that the Utility operating companies and the Entergy Wholesale Commodities business would be required to post margin in connection with existing or future commodity swaps in addition to any margin currently posted by such entities, such entities may need to secure additional sources of capital to meet such liquidity needs or cease utilizing such commodity swaps.

Market performance and other changes may decrease the value of benefit plan assets, which then could require additional funding.

The performance of the capital markets affects the values of the assets held in trust under Entergy's pension and postretirement benefit plans. A decline in the market value of the assets may increase the funding requirements relating to Entergy's benefit plan liabilities. The recent recession and volatility in the capital markets have affected the market value of these assets, which may affect Entergy's planned levels of contributions in the future. Additionally, changes in interest rates affect the liabilities under Entergy's pension and postretirement benefit plans; as interest rates decrease, the liabilities increase, potentially requiring additional funding. The funding requirements of the obligations related to the pension benefit plans can also increase as a result of changes in, among other factors, retirement rates, life expectancy assumptions, or Federal regulations. Guidance pursuant to the Pension Protection Act of 2006 rules, effective for the 2008 plan year and beyond, continues to evolve, be interpreted through technical corrections bills and discussed within the industry and by congressional lawmakers. Any changes to the Pension Protection Act of 2006 as a result of these discussions and efforts may affect the level of Entergy's pension contributions in the future. For further information regarding Entergy's pension and other postretirement benefit plans, reference is made to the "Critical Accounting Estimates – Qualified Pension and Other Postretirement Benefits" section of Management's Financial Discussion and Analysis for Entergy and each of its Registrant Subsidiaries and Note 11 to the financial statements.

The litigation environment in the states in which certain Entergy subsidiaries operate poses a significant risk to those businesses.

Entergy and its subsidiaries are involved in the ordinary course of business in a number of lawsuits involving employment, commercial, asbestos, hazardous material and ratepayer matters, and injuries and damages issues, among other matters. States in which the Utility operating companies operate, in particular Louisiana, Mississippi and Texas, have proven to be unusually litigious environments. Judges and juries in these states have demonstrated a willingness to grant large verdicts, including punitive damages, to plaintiffs in personal injury, property damage, and business tort cases. Entergy and its subsidiaries use legal and appropriate means to contest litigation threatened or filed against them, but the litigation environment in these states poses a significant business risk.

Terrorist attacks, future war or risk of war may adversely affect Entergy's results of operations.

As power generators and distributors, Entergy and its subsidiaries face heightened risk of an act or threat of terrorism, including physical and cyber attacks, either as a direct act against one of Entergy's generation facilities, an act against the transmission and distribution infrastructure used to transport power which affects its ability to operate or an act against the information technology systems and network infrastructure of Entergy and its subsidiaries.

Entergy and its subsidiaries operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. Despite the implementation of security measures by Entergy and its subsidiaries, all technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If Entergy's or its subsidiaries' technology systems were to fail or be breached and be unable to recover in a timely way, Entergy or its subsidiaries may be unable to fulfill critical business functions, and sensitive confidential and other data could be compromised.

If any such attacks were to occur, Entergy's and the Utility operating companies' business, financial condition and results of operations could be materially adversely affected. The risk of attacks also may cause Entergy and the Utility operating companies to incur increased capital and operating costs to implement increased security for its nuclear power plants and other facilities, such as additional physical facility security and additional security personnel, and for systems to protect its information technology and network infrastructure systems.

Changes in taxation as well as the inherent difficulty in quantifying potential tax effects of business decisions could negatively impact Entergy's, the Utility operating companies' and System Energy's results of operations, financial condition and liquidity.

Entergy and its subsidiaries make judgments regarding the potential tax effects of various financial transactions and results of operations to estimate their obligations to taxing authorities. These tax obligations include income, franchise, real estate, sales and use and employment-related taxes. These judgments include reserves for potential adverse outcomes regarding tax positions that have been taken. Entergy and its subsidiaries also estimate their ability to utilize tax benefits, including those in the form of carryforwards for which the benefits have already been reflected in the financial statements. Changes in federal, state, or local tax laws, adverse tax audit results or adverse tax rulings on positions taken by Entergy and its subsidiaries could negatively affect Entergy's, the Utility operating companies' and System Energy's results of operations, financial condition and liquidity. For further information regarding Entergy's accounting for tax obligations, reference is made to Note 3 to the financial statements.

(Entergy Gulf States Louisiana and Entergy New Orleans)

The effect of higher purchased gas cost charges to customers may adversely affect Entergy Gulf States Louisiana's and Entergy New Orleans' results of operations and liquidity.

Gas rates charged to customers are comprised primarily of purchased gas cost charges, which provide no return or profit to Entergy Gulf States Louisiana or Entergy New Orleans, and distribution charges, which provide a return or profit to the utility. Distribution charges are affected by the amount of gas sold to customers. Purchased gas cost charges, which comprise most of a customer's bill and may be adjusted quarterly, represent gas commodity costs that Entergy Gulf States Louisiana or Entergy New Orleans recovers from its customers. Entergy Gulf States Louisiana's or Entergy New Orleans' cash flows can be affected by differences between the time period when gas is purchased and the time when ultimate recovery from customers occurs. When purchased gas cost charges increase substantially reflecting higher gas procurement costs incurred by Entergy Gulf States Louisiana or Entergy New Orleans, customer usage may decrease, especially in weaker economic times, resulting in lower distribution charges for Entergy Gulf States Louisiana or Entergy New Orleans.

(System Energy)

System Energy owns and operates a single nuclear generating facility, and it is dependent on affiliated companies for all of its revenues.

System Energy's operating revenues are derived from the allocation of the capacity, energy, and related costs associated with its 90% ownership/leasehold interest in Grand Gulf. Charges under the Unit Power Sales Agreement are paid by the Utility operating companies as consideration for their respective entitlements to receive capacity and energy and are payable on a full cost-of-service basis only so long as Grand Gulf remains in commercial operation. The useful economic life of Grand Gulf is finite and is limited by the terms of its operating license, which is currently due to expire on November 1, 2024. System Energy's financial condition depends both on the receipt of payments from the Utility operating companies under the Unit Power Sales Agreement and on the continued commercial operation of Grand Gulf. For information regarding the Unit Power Sales Agreement and certain other agreements relating to the Entergy System companies' support of System Energy (including the Capital Funds Agreement), see the "Grand Gulf - Related Agreements" section of Note 8 to the financial statements and the "Utility - System Energy and Related Agreements" section of Part I, Item 1.

(Entergy Corporation)

Entergy Corporation's holding company structure could limit its ability to pay dividends.

Entergy Corporation is a holding company with no material assets other than the stock of its subsidiaries. Accordingly, all of its operations are conducted by its subsidiaries. Entergy Corporation's ability to pay dividends on its common stock depends on the payment to it of dividends or distributions by its subsidiaries. The payments of dividends or distributions to Entergy Corporation by its subsidiaries in turn depend on their results of operations and cash flows and other items affecting retained earnings, and on any applicable legal, regulatory, or contractual limitations on subsidiaries' ability to pay such dividends or distributions. Provisions in the organizational documents, indentures for debt issuances, and other agreements of certain of Entergy Corporation's subsidiaries restrict the payment of cash dividends to Entergy Corporation. For further information regarding dividend or distribution restrictions to Entergy Corporation, reference is made to the "COMMON EQUITY – Retained Earnings and Dividend Restrictions" section of Note 7 to the financial statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

2010 Compared to 2009

Net income increased $105.7 million primarily due to higher net revenue, a lower effective income tax rate, higher other income, and lower depreciation and amortization expenses, partially offset by higher other operation and maintenance expenses.

2009 Compared to 2008

Net income increased $19.7 million primarily due to lower other operation and maintenance expenses and a lower effective income tax rate, partially offset by lower net revenue, higher depreciation and amortization expenses, higher nuclear refueling outage expenses, and higher interest expense.

Net Revenue

2010 Compared to 2009

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 2010 to 2009.

	Amount (In Millions)
2009 net revenue	$1,102.4
Volume/weather	84.2
Provision for regulatory proceedings	26.1
Retail electric price	16.1
2009 capitalization of Ouachita Plant service charges	12.5
ANO decommissioning trust	(24.4)
Net wholesale revenue	(12.2)
Other	12.0
2010 net revenue	$1,216.7

The volume/weather variance is primarily due to an increase of 2,078 GWh, or 10%, in billed electricity usage. Usage in the industrial sector increased primarily in the small industrial customers segment, as well as in the petroleum refining, chemicals, industrial inorganic, and pulp and paper industries, reflecting strong sales growth on continuing signs of economic recovery. The effect of more favorable weather was the primary driver of the increase in residential and commercial sales.

The provision for regulatory proceedings variance is primarily due to provisions recorded in 2009. See Note 2 to the financial statements for a discussion of regulatory proceedings affecting Entergy Arkansas.

The retail electric price variance is primarily due to a base rate increase effective July 2010, partially offset by the recovery in 2009 of 2008 extraordinary storm costs, as approved by the APSC, which ceased in January 2010. The recovery of storm costs is offset in other operation and maintenance expenses. See Note 2 to the financial statements for more discussion of the rate case settlement and the 2008 extraordinary storm costs.

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Entergy Arkansas, Inc. and Subsidiaries
Management's Financial Discussion and Analysis

In 2009, Entergy Arkansas capitalized $12.5 million of Ouachita Plant service charges that were previously expensed. The result of the capitalization in 2009 was a decrease in net revenues with an offsetting decrease in other operation and maintenance expenses.

The ANO decommissioning trust variance is primarily related to the deferral of investment gains from the ANO 1 and 2 decommissioning trust. The gains resulted in an increase in interest and investment income and a corresponding increase in regulatory charges with no effect on net income in accordance with regulatory treatment.

The net wholesale revenue variance is primarily due to reduced margin on wholesale contracts including lower capacity billings to an affiliate for the Ouachita unit that was later purchased by the affiliate in November 2009, and lower margins on co-owner contracts, somewhat offset by lower wholesale energy costs.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to:

- a decrease of $98.6 million in rider revenues primarily due to lower System Agreement payments in 2010;
- a decrease of $95.6 million in fuel cost recovery revenues due to a change in the energy cost recovery rider rate change effective April 2010; and
- a decrease of $72.5 million in gross wholesale revenue due to decreased sales to affiliated customers and the expiration of a wholesale customer contract in 2009.

The decrease was offset by volume/weather, as discussed above.

Fuel and purchased power expenses decreased primarily due to a decrease in the average market price of purchased power.

2009 Compared to 2008

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 2009 to 2008.

	Amount (In Millions)
2008 net revenue	$1,117.9
Provision for regulatory proceedings	(26.1)
Volume/weather	(24.4)
Retail electric price	26.5
Other	8.5

2009 net revenue	$1,102.4

The provision for regulatory proceedings variance is primarily due to provisions recorded in 2009. See Note 2 to the financial statements for a discussion of regulatory proceedings affecting Entergy Arkansas.

The volume/weather variance is primarily due to the effect of less favorable weather and an 11.6% volume decrease in industrial sales primarily in the mid to small customer class.

The retail electric price variance is primarily due to the recovery of 2008 extraordinary storm costs as approved by the APSC, effective January 2009, which is discussed in Note 2 to the financial statements. Also contributing to the increase are increases in the capacity acquisition rider related to the Ouachita acquisition. The net income effect of the Ouachita plant cost recovery is limited to a portion representing an allowed return on equity with the remainder offset by Ouachita plant costs in other operation and maintenance expenses, depreciation expenses, and taxes other than income taxes.

Gross operating revenues and fuel and purchased power expenses

Gross operating revenues decreased primarily due to:

- a decrease of $119.9 million in gross wholesale revenue due to a decrease in the average price of energy available for resale sales;
- a decrease of $63.2 million in fuel cost recovery revenues due to a change in the energy cost recovery rider effective April 2009 and decreased usage; and
- the volume/weather discussed above.

The decrease was offset by an increase of $90.7 million in rider revenues.

Fuel and purchased power expenses decreased primarily due to a decrease in the average market price of purchased power.

Other Income Statement Variances

2010 Compared to 2009

Other operation and maintenance expenses increased primarily due to:

- an increase of $21.7 million in compensation and benefits costs, resulting from decreasing discount rates, the amortization of benefit trust asset losses, and an increase in the accrual for incentive-based compensation. See Note 11 to the financial statements for further discussion of benefits costs;
- an increase of $6.2 million in vegetation and maintenance expenses; and
- an increase of $5.4 million in nuclear expenses primarily due to higher labor costs, higher materials costs, and additional projects.

The increase was partially offset by a decrease of $19.4 million due to 2008 storm costs which were deferred per an APSC order and were recovered through revenues in 2009.

Depreciation and amortization expenses decreased primarily due to a decrease in depreciation rates as a result of the rate case settlement agreement approved by the APSC in June 2010.

Other income increased primarily due to the investment gains on the ANO 1 and 2 decommissioning trust discussed above in net revenue.

2009 Compared to 2008

Nuclear refueling outage expenses increased primarily due to the amortization of higher expenses associated with the planned maintenance and refueling outage at ANO 1 which ended in December 2008 and the planned maintenance and refueling outage at ANO 2 which ended in September 2009.

Other operation and maintenance expenses decreased primarily due to:

- the write off in the fourth quarter 2008 of $52 million of costs previously accumulated in Entergy Arkansas's storm reserve and $16 million of removal costs associated with the termination of a lease, both in connection with the December 2008 Arkansas Court of Appeals decision in Entergy Arkansas's 2006 base rate case. The 2006 base rate case is discussed in more detail in Note 2 to the financial statements;
    - the capitalization in 2009 of $12.5 million of Ouachita service charges previously expensed in 2008;
- prior year storm damage charges as a result of several storms hitting Entergy Arkansas's service territory in 2008, including Hurricane Gustav and Hurricane Ike in the third quarter 2008. Entergy Arkansas discontinued regulatory storm reserve accounting beginning July 2007 as a result of the APSC order issued in Entergy Arkansas's rate case. As a result, non-capital storm expenses of $41 million were charged to other operation and maintenance expenses. In December 2008, $19.4 million of these storm expenses were deferred per an APSC order and were recovered through revenues in 2009; and

- a decrease of $10.8 million in payroll-related and benefits costs.

The decrease was partially offset by the following:

- an increase of $17.9 million due to higher fossil costs primarily due to a full year of Ouachita costs in 2009 and higher fossil plant outage costs in 2009;
- an increase of $14.4 million due to the reinstatement of storm reserve accounting effective January 2009;
- an increase of $9.6 million in nuclear expenses primarily due to increased nuclear labor and contract costs;
- an increase in legal expenses as a result of a reimbursement in April 2008 of $7 million of costs in connection with a litigation settlement; and
- an increase of $4.0 million in customer service costs primarily as a result of write-offs of uncollectible customer accounts.

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

Interest expense increased primarily due to an increase in long-term debt outstanding as a result of the issuance of $300 million of 5.40% Series first mortgage bonds in July 2008.

Income Taxes

The effective income tax rates for 2010, 2009, and 2008 were 39.6%, 55.0%, and 67.2%, respectively. See Note 3 to the financial statements for a reconciliation of the federal statutory rate of 35.0% to the effective income tax rate.

Liquidity and Capital Resources

Cash Flow

Cash flows for the years ended December 31, 2010, 2009, and 2008 were as follows:

	2010	2009	2008
		(In Thousands)	
Cash and cash equivalents at beginning of period	$86,233	$39,568	$212
Cash flow provided by (used in):			
Operating activities	512,260	384,192	460,251
Investing activities	(413,180)	(281,512)	(608,501)
Financing activities	(79,211)	(56,015)	187,606
Net increase in cash and cash	19,869	46,665	39,356

equivalents			
Cash and cash equivalents at end of period	$106,102	$86,233	$39,568

Operating Activities

Cash flow from operations increased $128.1 million in 2010 compared to 2009 primarily due to an increase in net revenue as discussed above, ice storm spending in 2009, and the collection of previously under-recovered fuel costs through the normal operation of the energy cost recovery rider. The increase was offset by an increase of $112 million in pension contributions, and an increase of $65 million in income tax payments. See "Critical Accounting Estimates" below for a discussion of qualified pension and other postretirement benefits funding. In 2010 Entergy Arkansas made tax payments in accordance with the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement. The payments result from the reversal of temporary differences for which Entergy Arkansas previously received cash tax benefits and from estimated federal income tax payments for tax year 2010.

Entergy Arkansas, Inc. a