UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	)	
	)	
v.	)	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	)	

SUMMARY OF THE ANSWERING TESTIMONY OF LANE KOLLEN

Mr. Kollen responds to four issues raised in the Direct Testimony of Staff witnesses Janice Nicholas and John Sammon. First, with regard to the Entergy Arkansas, Inc. ("EAI") fuel inventory, Mr. Kollen states that the Commission ruled in Docket No. ER10-1350 that the amount reported in account 151 *Fuel Inventory* must be equal to EAI's ownership share of the fuel inventory at generating facilities that are co-owned with other utilities. Ms. Nicholas recommends that the Commission retroactively correct EAI's accounting for the 2005 Form 1 and Mr. Sammon recommends that the Commission use the revised amount in account 151 in the 2005 Bandwidth filing. Mr. Kollen does not oppose Ms. Nicholas' accounting and reporting recommendations. He also does not oppose using the revised amount in the 2005 Bandwidth filing, but continues to recommend that the amount from the Form 1 be multiplied by the EAI ownership factor, consistent with the methodology reflected in Exhibits ETR-26 and ETR-28. Entergy failed to apply the EAI ownership factor in the 2005 Bandwidth filing.

Second, with respect to the Waterford 3 Sale/Leaseback, Mr. Kollen states that the Commission addressed the Sale/Leaseback accounting in Docket No. ER10-1350 (*Opinion No. 545*). The LPSC agrees with these determinations to the extent they ensure that the Waterford 3 Sale/Leaseback costs are included in the 2005 Bandwidth Calculation, regardless of whether the lease is considered and accounted for as a capital lease or a financing and regardless of the depreciation or amortization period. The LPSC has sought rehearing on certain of the accounting issues addressed in *Opinion No. 545*. The Staff has made related accounting, reporting and Bandwidth recommendations in Docket No. EL10-65, et. al. The Commission has not yet issued a decision in that proceeding. Mr. Kollen continues to recommend that the Commission direct Entergy to include the Waterford 3 Sale/Leaseback costs in the 2005 Bandwidth Calculation, recognizing that the accounts and amounts for such costs may be different depending upon the outcome of the request for rehearing of *Opinion No. 545* and the outcome of Docket No. EL10-65.

Third, with respect to Casualty Loss Accumulated Deferred Income Taxes ("ADIT"), potentially reclassified from Account 283 to 282, the Operating Companies recorded Casualty Loss ADIT in account 283 *Accumulated Deferred Income Taxes* in 2005 for accounting and Form 1 reporting purposes. Account 283 is not in the Bandwidth Calculation and thus the Casualty Loss ADIT was not reflected in the 2005 Bandwidth filing. However, Ms. Nicholas proposes that the Casualty Loss ADIT be reclassified from account 283 to account 282, an account that is in the Bandwidth Calculation, subject to the tariff condition that such amounts are "generally and properly includable" for FERC cost-of-service purposes. Mr. Kollen shows that the Casualty Loss ADIT amounts reported in the Operating Companies' 2005 Form 1s were incorrect and overstated. If the Commission adopts the Staff recommendation, then it should require Entergy to file revised pages to correct the amounts reported by the Operating Companies in their 2005 Form 1 filings and to revise the 2005 Bandwidth Calculation using the correct amounts.

Finally, with respect to the Blytheville Leased Turbines refurbishment and transmission costs, the LPSC and Ms. Nicholas agree that EAI's accounting for the Blytheville refurbishment costs was improper. The costs should not have been recorded in account 108. This accounting error improperly increased EAI's rate base and production costs in the 2005 filing. Mr. Kollen states that her recommendation is consistent with that of the LPSC, but she failed to include another $2.237 million in other accounting errors related to owned plant that was retired when the leased turbines were retired, removed, and refurbished for the benefit of the lessor. EAI improperly included the $2.237 million as an EAI production cost in the 2005 filing, although it subsequently wrote-off this amount in 2008.

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
v.	**)**	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	**)**	

ANSWERING TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

PUBLIC VERSION WITH PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER IN FERC DOCKET NO. EL01-88-015 REDACTED

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

APRIL 2016

GLOSSARY OF ACRONYMS

ADIT:	**Accumulated Deferred Income Taxes**
AFUDC:	**Allowance for Funds Used During Construction**
APSC:	**Arkansas Public Service Commission**
Operating Company:	**An Entergy Operating Company**
EAI:	**Entergy Arkansas, Inc.**
EGSI:	**Entergy Gulf States, Inc.**
ELL:	**Entergy Louisiana, LLC**
Entergy:	**Entergy Services, Inc.**
EMI:	**Entergy Mississippi, Inc.**
FERC:	**Federal Energy Regulatory Commission**
LPSC:	**Louisiana Public Service Commission**
NOL:	**Net Operating Loss**
SEC:	**Securities and Exchange Commission**

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
v.	**)**	**Docket No. EL01-88-015**
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Entergy Services, Inc.	**)**	

ANSWERING TESTIMONY OF LANE KOLLEN

TABLE OF CONTENTS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
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	)	
Entergy Services, Inc.	**)**	

ANSWERING TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to the Direct Testimony of Federal Energy Regulatory Commission ("FERC" or "Commission") Staff witnesses Ms. Janice Nicholas and Mr. John Sammon on certain accounting and Bandwidth Formula calculation issues.

Q. Have you previously testified in this Remand proceeding?

A. Yes. I previously filed Direct Testimony on behalf of the Louisiana Public Service Commission ("LPSC") addressing various accounting and

Bandwidth Formula calculation issues.

Q. Please summarize your testimony.

A. I respond to Ms. Nicholas and Mr. Sammon by issue as follows:

Entergy Arkansas, Inc. (“EAI”) Fuel Inventory

The Commission ruled in Docket No. ER10-1350 that the amount reported in account 151 *Fuel Inventory* must be equal to EAI’s ownership share of the fuel inventory at generating facilities that are co-owned with other utilities. Ms. Nicholas recommends that the Commission retroactively correct EAI’s accounting for the 2005 Form 1 and Mr. Sammon recommends that the Commission use the revised amount in account 151 in the 2005 Bandwidth filing. I do not oppose Ms. Nicholas’ accounting and reporting recommendations. I also do not oppose using the revised amount in the 2005 Bandwidth filing, but I continue to recommend that the amount from the Form 1 be multiplied by the EAI ownership factor, consistent with the methodology reflected in Exhibits ETR-26 and ETR-28. Entergy failed to apply the EAI ownership factor in the 2005 Bandwidth filing. I address this methodology in my Direct Testimony and do not further address it in this testimony. In other words, this summary constitutes my Answering Testimony on this issue.

Waterford 3 Sale/Leaseback Accounting

The Commission addressed the Waterford 3 Sale/Leaseback accounting in Docket No. ER10-1350 (*Opinion No. 545*). The LPSC agrees with these determinations to the extent they ensure that the Waterford 3 Sale/Leaseback costs are included in the 2005 Bandwidth Calculation, regardless of whether the lease is considered and accounted for as a capital lease or a financing and regardless of the depreciation or amortization period. The LPSC has sought rehearing on certain of the accounting issues addressed in *Opinion No. 545*. The Staff has made related accounting, reporting and Bandwidth recommendations in Docket No. EL10-65, et. al. The Commission has not yet issued a decision in that proceeding. I recommend that the Commission direct Entergy to include the Waterford 3

Sale/Leaseback costs in the 2005 Bandwidth Calculation, recognizing that the accounts and amounts for such costs may be different depending upon the outcome of the request for rehearing of *Opinion No. 545* and the outcome of Docket No. EL10-65. I address these issues in my Direct Testimony and do not further address them in this testimony. This summary constitutes my Answering Testimony on this issue.

<u>Casualty Loss Accumulated Deferred Income Taxes ("ADIT") Reclassified from Account 283 to 282</u>

The Operating Companies recorded Casualty Loss ADIT in account 283 *Accumulated Deferred Income Taxes* in 2005 for accounting and Form 1 reporting purposes. Account 283 is not in the Bandwidth Calculation and thus the Casualty Loss ADIT was not reflected in the 2005 Bandwidth filing. However, Ms. Nicholas proposes that the Casualty Loss ADIT be reclassified from account 283 to account 282, an account that is in the Bandwidth Calculation, subject to the tariff condition that such amounts are "generally and properly includable" for FERC cost-of-service purposes. The Casualty Loss ADIT amounts reported in the Operating Companies' 2005 Form 1s were incorrect and overstated. If the Commission adopts the Staff recommendation, then it should require Entergy to file revised pages to correct the amounts reported by the Operating Companies in their 2005 Form 1 filings and to revise the 2005 Bandwidth Calculation using the correct amounts. I subsequently address this issue in more detail.

<u>Blytheville Leased Turbines Refurbishment and Transmission Costs</u>

The LPSC and Ms. Nicholas agree that EAI's accounting for the Blytheville refurbishment costs was improper. The costs should not have been recorded in account 108. This accounting error improperly increased EAI's rate base and production costs in the 2005 filing. Her recommendation is consistent with that of the LPSC, but she failed to include another $2.237 million in other accounting errors related to owned plant that was retired when the leased turbines were retired, removed, and refurbished for the benefit of the lessor. EAI improperly included the $2.237 million as an EAI production cost in the 2005 filing, although it subsequently wrote-off this amount in 2008. I subsequently address this issue in more detail.

II. CASUALTY LOSS ADIT IS OVERSTATED

Q. If the Commission adopts the Staff recommendation to reclassify the Casualty Loss ADIT to account 282 from account 283, should it correct the amounts reported by Entergy in the Operating Companies' 2005 Form 1s?

A. Yes. The Casualty Loss ADIT amounts reported in the 2005 Form 1s are incorrect and overstated. If the Commission adopts the Staff recommendation, then the Casualty Loss ADIT will be included in the 2005 Bandwidth Calculation. The Commission should require Entergy to file revised pages for the Operating Companies' 2005 Form 1 filings and use the correct amounts.

The Casualty Loss ADIT amounts reported in the Operating Companies' 2005 Form 1s are overstated due to erroneous adjustments, or so-called "top-side entries," that Entergy Services, Inc. ("Entergy") made after the normal accounting closing schedule used for other accounting and financial reporting purposes. Entergy subsequently corrected these errors in the 2006 Form 1s, but it never filed revised pages to correct the amounts reported in the 2005 Form 1s.

Q. Please describe the accounting "closing" process used by the Entergy Operating Companies ("Operating Company(ies") for recordkeeping and reporting purposes.

A. Each Operating Company maintains a general ledger, which is an accounting term for the collection of all accounting entries made to record transactions that occurred during the accounting/reporting period. At the conclusion of an accounting/reporting period, all the general ledger accounting entries are summarized in the form of a "trial balance," which provides all assets and liabilities by account/subaccount at the end of the accounting/reporting period and all revenues/income and expenses by account/subaccount for the accounting/reporting period. The trial balances are used for each Operating Company's financial statements and various other filings with the Commission and the Securities and Exchange Commission ("SEC"), among other entities.

The Operating Companies make any necessary adjustments to correct and finalize the accounting entries and trial balances in the weeks immediately following the end of the accounting/reporting period as part of the accounting "closing" process. At the completion of the closing process, the trial balance is finalized and the financial statements are prepared, filed with the SEC, and otherwise distributed to the investors and others.

Entergy generally completes the closing process following each calendar year by the end of January and issues the Operating Companies' financial statements and makes various financial filings with the SEC in early February.

Q. Please describe the so-called "top-side entries" that Entergy made for the Casualty Loss ADIT reported in the Operating Companies' 2005 Form 1 filings.

A. In late February 2006, Entergy calculated so-called "top-side entries" for the Operating Companies' 2005 Form 1s that increased the Casualty Loss ADIT compared to the amounts actually recorded in the Operating Companies' trial balances. Entergy calculated these top-side entries mere weeks after it finalized the trial balances used for other financial reporting purposes. These top-side entries were adjustments that Entergy has failed to support or justify, and which Entergy subsequently corrected in the Operating Companies' 2006 Form 1 filings.[1] Entergy has provided no evidence that the casualty loss deductions for calendar year 2005 were somehow greater in late February 2006 than the amounts used in January 2006 to calculate the Casualty Loss ADIT reflected in the trial balances.

[1] Entergy response to LPSC 3-1. I have attached a copy of this response as Exhibit LC-58.

The following table shows the Casualty Loss ADIT reflected in the Operating Companies' 2005 trial balances in the first column, the "top-side entries" adjustments made for the 2005 Form 1s, and the Casualty Loss ADIT reported in the 2005 Form 1s.[2]

CASUALTY LOSS ADIT
REPORTED BY ENTERGY OPERATING COMPANIES
IN 2005 FORM 1 FILINGS

Operating Company	Trial Balance Acct 283531 Casualty Loss ADIT - Federal[1]	Top-Side Entries Adjustments[2]	2005 Form 1 Acct 283531 Casualty Loss ADIT - Federal[3]
EAI	($81,436,164)	$0	($81,436,164)
EGS (LA and TX)	($164,444,110)	($20,096,000)	($184,540,110)
ELL	($129,711,912)	($167,384,000)	($297,095,912)
EMI	($78,842,528)	($53,850,000)	($132,692,528)
ENOI	($33,551,037)	($59,063,000)	($92,614,037)

1 Source: Response to LPSC-ESI 1-2
2 Source: Addendum 1 to LPSC-ESI 1-2
3 Source: Addendum 1 to LPSC-ESI 1-2

Q. Were the Casualty Loss ADIT top-side entries for the Operating Companies' 2005 Form 1s correct?

A. No. These top-side entries were erroneous and inappropriate. Entergy incorrectly made "top-side entries" to the Casualty Loss ADIT reported in the 2005 Form 1s by mistakenly taking the result of a tax refund calculation and adding it to the Casualty Loss ADIT. In this calculation, Entergy

[2] Entergy responses to LPSC 1-2 and Staff 4-1. The addendum response to LPSC 1-2 was

quantified the tax refund available from a carryback of taxable losses incurred in 2005 against taxable income in the preceding 10 years. The Operating Companies, except for EAI, had taxable losses in 2005 due to Hurricanes Katrina and Rita and other storms. Entergy incorrectly used these tax refund amounts as top-side entries to increase the Casualty Loss ADIT reported in the Operating Companies' 2005 Form 1s.[3]

The top-side entries are fundamentally flawed because the casualty loss deduction and the resulting Casualty Loss ADIT are independent calculations and are not affected by the tax refunds available as a result of the net operating loss ("taxable loss" or "NOL") carryback. The casualty loss deduction is one of many deductions used to calculate the taxable income or taxable loss in a tax year. If there is a net operating loss, it may be carried back to prior years and used to obtain refunds of taxes paid in those prior years. If there is any remaining NOL, then it may be carried forward to reduce taxes that otherwise would be paid in future years.

The casualty loss deduction is calculated as the lesser of the diminution in fair market value of the assets or the remaining tax basis of the assets. The Casualty Loss ADIT is equal to the casualty loss deduction

attached to Ms. Nicholas's Direct Testimony as Exhibit S-18. Entergy's response to Staff 4-1 is attached as Exhibit LC-59.

[3] Entergy response to LPSC 3-1. The amounts calculated on the HSPM attachment are the same

multiplied times the income tax rate. The casualty loss is factored into a determination of the NOL, but the calculation of the casualty loss deduction stands on its own, like the calculation of other discrete deductions.

Q. Can you explain further?

A. Yes. A review of the calculation produced by Entergy in response to LPSC-3-1 makes clear that its purpose was to determine the potential tax refund from carrying back various tax deductions related to hurricane storm damages. The casualty loss was only one of the items, with a carry-back allowance of 10 years. The other carry-back items were for five years. The exhibit shows a "Probable Carryback" and "Tax affected," which produced the amount of the potential refunds. Entergy erroneously added this NOL tax refund amount to the Casualty Loss ADIT in the top-side entries. This was an erroneous double count, as the casualty loss had already been used to calculate the Casualty Loss ADIT. The calculation of the refunds for the NOL carrybacks should not have been added to the Casualty Loss ADIT.

Q. Is there additional evidence that these top-side entries were in error?

A. Yes. In the 2006 Form 1s, Entergy specifically reversed, or eliminated, the

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as the top-side entries amounts shown on the preceding table.

top-side entries reported in the Operating Companies' 2005 Form 1s. In the 2006 Form 1s, Entergy provided a reconciliation between the amounts reported by the Operating Companies in their 2005 Form 1s and the 2006 Form 1s. In the reconciliations, Entergy removed the top-side entries erroneously included in the 2005 Form 1s. For example, Entergy reversed the $167.384 million top-side entry reported in the Entergy Louisiana, LLC ("ELL") 2005 Form 1 and thereby removed it from the amount reported in the ELL 2006 Form 1. Similarly, Entergy reversed the $52.850 million top-side entry reported in the Entergy Mississippi, Inc. ("EMI") 2005 Form 1 and thereby removed it from the amount reported in the EMI 2006 Form 1.[4]

Q. Should the Operating Companies have filed revised pages for their 2005 Form 1s rather than reversing the erroneous top-side entries in the reconciliation shown in the 2006 Form 1s?

A. Yes. The Casualty Loss ADIT amounts reported in the Operating Companies' 2005 Form 1s were incorrect. Therefore, the Operating

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[4] The Casualty Loss ADIT is reported in account 283 on pages 276-277 of the 2005 and 2006 Form 1s. The reconciliations between the 2005 and 2006 amounts, showing the corrections of the 2005 amounts, are shown on pages 450.1-450.2 of the 2006 Form 1s. I have included the relevant pages from these Form 1s as Exhibit LC-60.

Companies should have filed revised pages to correct their 2005 Form 1s. This is particularly important because of the effects of these errors on the 2005 Bandwidth filing. The corrections made through the reconciliation in the 2006 Form 1s do not cure the harm resulting from the errors in the 2005 Form 1s. They only ensure that the errors were not perpetuated in 2006 and future years.

Q. What is your recommendation?

A. I recommend that the Commission direct Entergy to correct the Casualty Loss ADIT reported in the Operating Companies' 2005 Form 1s to remove the erroneous top-side entries and use the correct Casualty Loss ADIT amounts in the 2005 Bandwidth Calculation if it agrees with the Staff and requires Entergy to reclassify these amounts from account 283 to account 282.

III. BLYTHEVILLE LEASED TURBINE REFURBISHMENT AND TRANSMISSION COSTS

Q. What is your response to the accounting adjustment proposed by Staff witness Nicholas related to the accounting for the Blytheville leased turbine costs.

A. I agree with her that the cost should be written off, but she has not addressed the entire necessary write-off.

Q. In addition to the $16.0 million in Blytheville leased turbine refurbishment costs, did EAI improperly account for the retirement of other plant in account 108?

A. Yes. EAI retired and removed the leased turbines, a structure on the site, and the related transmission assets. In 2001, EAI expensed the $16.0 million cost of refurbishing the leased turbines in conjunction with a settlement with the lessors. It subsequently reversed the expense and recorded a debit to account 108, which reduced the accumulated depreciation and thus increased EAI's production rate base and production costs for Bandwidth filing purposes.

In 2002, EAI retired a structure on the site and the transmission assets and recorded the $2.237 million as a debit (reduction) to account 108 *Accumulated Reserve for Depreciation*, comprised of $2.095 million in net book value, an unexplained $0.124 million in allowance for funds used during construction ("AFUDC"), and $0.018 million in "other."[5] These

[5] Entergy response to LPSC 20-4 provided in Docket No. ER08-1056. I have attached this response as Exhibit LC-61.

entries reduced the accumulated depreciation and thus increased EAI's production rate base and production costs for Bandwidth filing purposes.

In 2007, EAI sought recovery from the Arkansas Public Service Commission ("APSC") of the entire $18.237 million related to the leased turbines. The APSC rejected EAI's request in a scathing rebuke of EAI's accounting wherein it recorded these costs in account 108 instead of expensing them when they were incurred.[6]

Q. What is the source of your information related to the physical assets that were retired and removed along with the leased turbines?

A. I obtained this information from a deposition that the LPSC took of Mr. Theodore Bunting in Docket No. ER08-1056 as well as Entergy's responses to LPSC discovery in that proceeding. Mr. Bunting was Entergy's Senior Vice President and Chief Accounting Officer when the deposition was taken.

Mr. Bunting stated that EAI acquired the Blytheville site, building, transmission equipment, and the leased turbines and related obligations when it acquired Arkansas/Missouri Power & Light.[7] He also stated that

[6] Order in APSC Docket No. 06-101-U. Relevant pages are provided as Exhibit LC-62.

[7] Ms. Nicholas included the relevant portions of Mr. Bunting's deposition transcript as Exhibit S-

when the leased turbines were removed, EAI retired and removed a building and the related transmission assets from service, thus leaving only the site: "My understanding is once the station was retired, that pretty much all the equipment or other assets around the station were removed." [LC-63 at 26 (Tr. at 79]. Once the assets were retired and removed, they could not provide service to EAI or its customers.

Q. Why was EAI's accounting related to the other plant assets incorrect?

A. The other plant assets were useless without the leased turbines and were retired and removed from the site. They no longer provided service and should have been written off when they were retired. Instead, EAI delayed the writeoff until 2008. Consequently, the EAI rate base and production costs were overstated in the 2005 Bandwidth filing. In addition, the transmission plant was not production plant and any net book value at retirement should not have been recorded to production plant accumulated depreciation. This too resulted in the EAI rate base and production costs being overstated in the 2005 Bandwidth filing.

Q. Why should the other assets have been written off in 2002?

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13 attached to her Answering Testimony in Docket No. ER08-1056. I have attached the relevant pages

A. These were discrete retirements related to an abandoned plant site. Although the net book value of retired plant in some circumstances may go to account 108, there is no way to depreciate the debit in account 108 because there no longer is any gross plant in account 101 to depreciate at that site, i.e., there is and can be no depreciation expense and no recovery of the remaining net book value. In such cases, the cost should be written off, which is what EAI did in 2008. The cost can be deferred in some manner and recovered through amortization expense, but only if the utility has authorization to do so. EAI did not.

In addition, EAI booked AFUDC and "other" to account 108, neither of which is justified, even if the net book value could have been deferred and recovered through amortization expense.

Finally, although Entergy improperly functionalized the transmission plant as production plant and there is no separate quantification of the structure and transmission net book value, transmission plant most likely comprised most of the net book value. The transmission plant at a production site typically includes step-up transformers and switching equipment, which tend to be more costly. The structure for combustion turbines would likely have been a minor component of the net book value.

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from her testimony in that proceeding, along with the entirety of her Exhibit S-13, as Exhibit LC-63.

None of the transmission plant should be included in account 108 functionalized to production.

Q. Does this complete your testimony?

A. Yes.

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.

Lane Kollen

Sworn to and subscribed before me on this 22nd day of April 2016.

Jessica K. I

Notary Public

JESSICA K INMAN
MY COMMISSION EXPIRES
NOTARY
PUBLIC
JULY 31, 2019
CHEROKEE COUNTY, GEORGIA

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
v.	**)**	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	**)**	

EXHIBITS

OF

LANE KOLLEN

PUBLIC VERSION

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

APRIL 2016

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	)	
	)	
v.	)	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	)	

EXHIBIT LC-58
(PUBLIC VERSION)

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
Docket No. EL01-88-015

Response of: Entergy Services, Inc.
to the Third Set of Data Requests
of Requesting Party: Louisiana Public Service Commission

Prepared Under the Direction of: Rory L. Roberts
Filed: 3/1/16

Question No.: LPSC 3-1 Part No.: Addendum:

Question:

Please refer to page 89 of the Company's 2006 10-K and Notes pages 123.23 and 123.24 in EGSI's 2006 Form 1 related to the Deferred Tax Assets and Liabilities for each of the EOCs for 2006 and for 2005. Refer further to the line item titled "NOL carryforward" as part of the "Deferred Tax Assets." Refer also to the ADIT workpapers 4.1.1 through 4.5.3 provided with ESI's April 29, 2014 compliance filing related to NOL carryforward balances at the end of 2005 in subaccounts 190881 and 190882.

a. Please explain why the NOL carryforward amounts as part of the Deferred Tax Assets in the 10-K are vastly higher for each EOC than those depicted in the ADIT workpapers attached to the compliance filing. The balances depicted in the 10-K and Form 1 for 2005 are:

- EAI - $311.609 million
- EGS - $418.903 million
- ELL - $162.393 million
- EMI - $54.096 million
- ENO - $66.267 million

b. Please provide a reconciliation of the 2005 NOL carryforward balances as part of the Deferred Tax Assets between what is reported in the 10-K and Form 1 and what is depicted in the compliance filing workpapers. Provide the subaccount numbers and balances for all amounts that may be included in other ADIT balances. Describe each reconciling item and amount and provide all supporting workpapers and other documentation.

c. If the differences in the balances related to any kind of adjustment entries, topside entries, or consolidation entries, please identify, describe, and provide copies of all supporting documentation for each such adjustment for 2005.

d. Please provide a copy of the entire 2005 consolidated federal income tax return and the related stand-alone returns for each member of the affiliated group.

Response:

ESI objects to this request to the extent that it seeks calculations, analysis or data that do not currently exist. ESI further objects that stand-alone federal income tax returns for affiliated companies other than the utility Operating Companies subject to the Bandwidth tariff are not relevant and not reasonably calculated to lead to the discovery of admissible evidence.

Subject to and without waiving such objection, ESI will provide a response to this request, excluding stand-alone returns for entities other than the utility Operating Companies subject to the Bandwidth tariff, to the extent information is reasonably available to do so.

Subject to and without waiving its objections, ESI responds as follows:

Information responsive to this request has been deemed Highly Sensitive Protected Materials and will be provided to the appropriate reviewing representative pursuant to the executed protective order.

a. The NOL carryforward in the footnote disclosure includes tax deductions for uncertain tax positions, which tax effects are reflected in Taxes Accrued – Account 236 in the FERC Form 1.

b. See the attached public CD.

c. See the attached HSPM CD containing the attachment titled "TF-EL0188015- 00LPC003-S001c_2005_NOL_carryback_HSPM." In 2012, ESI resubmitted the EGSI, ELL, EMI and ENOI 2005 FERC Form 1s, reflecting the reclassification of the NOL carryback amounts from Account 165 to Account 143 consistent with Opinion No. 505. *See Entergy Services, Inc.*, 130 FERC ¶ 61,023 (2010) at P 190; *order on reh'g*, Opinion No. 505-A, 139 FERC ¶ 61,103 (2012).

d. See the attached HSPM CD.

The preparer certifies that the above response is true and accurate to the best of his/her knowledge, information and belief formed after reasonable inquiry.

PAGE 3 OF 3 REDACTED

CONTAINS HIGHLY SENSITIVE PROTECTED MATERIALS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
v.	**)**	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	**)**	

EXHIBIT LC-59

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
Docket No. EL01-88-015

Response of: Entergy Services, Inc.
to the Fourth Set of Data Requests
of Requesting Party: Federal Energy
Regulatory Commission Trial Staff

Prepared Under the Direction of: Rory L. Roberts, Kelly Louque
Filed: 03/21/16

Question No.: STAFF-ESI 4-1 Part No.: Addendum:

Question:

Entergy Services, Inc.'s March 3, 2016 Addendum 1 to LPSC-ESI 1-2 and Addendum 1 to STAFF-ESI 2-12 include the following adjustments to Entergy Gulf States' (EGS), Entergy Louisiana's (ELL), Entergy Mississippi's (EMI), and Entergy New Orleans' (ENO) Account 283531, Casualty Loss-Fed, accumulated deferred income tax (ADIT) balances at December 31, 2005:

Company	Acct 283531, Casualty Loss-Fed Balance (LPSC-ESI 1-2)	Adjustment (Credit) (Addendum 1 to LPSC-ESI 1-2)	Revised Acct 283531 Balance (Addendum 1 to LPSC-ESI 1-2)
EAI	($81,436,164)	$0	($81,436,164)
EGS	($164,444,110)	($20,096,000)	($184,540,110)
ELL	($129,711,912)	($167,384,000)	($297,095,912)
EMI	($78,842,528)	($53,850,000)	($132,692,528)
ENOI	($33,551,037)	($59,063,000)	($92,614,037)

a. Please explain the reasons for the ADIT adjustment made for each Operating Company at December 31, 2005.

b. Please identify and explain the source of each Operating Company's book-tax difference which resulted in the ADIT balance in Account 283531 at December 31, 2005.

c. Please provide supporting worksheets, documents, etc. which show the derivation and computation of each Operating Company's Account 283531 Casualty Loss ADIT-Federal at December 31, 2005 as reported on Addendum 1 of LPSC-ESI 1-2.

d. In response to STAFF-ESI 2-11, Entergy Services provided the December 31, 2005 balance for Account 283531for each Operating Company. Please reconcile the Account 283531 balances provided in response to STAFF-ESI 2-11 to the revised Operating Company balances provided in Addendum 1 to LPSC-ESI 1-2.

Response:

a. Additional ADIT was recorded to reflect an increase in casualty loss expected to be claimed on the 2005 income tax return related to Hurricane Katrina.

b. The ADIT balance in Account 283531 is from the income tax deductions for casualty losses. See ESI's response to LPSC 3-5 subpart (f) for an explanation of casualty losses and the related ADIT.

c. See ESI's response to LPSC 3-5 subpart (b). Also, see ESI's attachment to LPSC 3-1 subpart (c), bates number "LPSC 3-1 BB303", titled "TF-EL0188015- 00LPC003-S001c_2005_NOL_carryback_HSPM" for support for the adjustment to account 283531.

d. The balances in STAFF-ESI 2-11 did not include the top-side entry for the NOL carryback. Please see ESI's addendum response to STAFF-ESI 2-11. Also, for EMI see ESI's second addendum response to LPSC 1-2, specifically the attachment titled "LPSC 1-2 add 2_EMI TB.pdf."

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	)	
	)	
v.	)	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	)	

EXHIBIT LC-60

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Entergy Louisiana, LLC	End of 2005/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	1,166,816,736	216,201,069	349,237,233
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	1,166,816,736	216,201,069	349,237,233
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	1,166,816,736	216,201,069	349,237,233
20	Classification of TOTAL			
21	Federal Income Tax	896,820,317	186,141,928	300,681,650
22	State Income Tax	269,996,419	30,059,141	48,555,583
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		254/182	30,966,714	165	167,384,000	1,170,197,858	3
							4
							5
							6
							7
							8
			30,966,714		167,384,000	1,170,197,858	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
			30,966,714		167,384,000	1,170,197,858	19
							20
		254/182	28,183,424	165	167,384,000	921,481,171	21
		254/182	2,783,290			248,716,687	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beginning of Year	Amounts Debited to Acct 410.1	Amounts Credited to Acct 411.1
Deferred Elec. Fuel Cost	$3,330,100	$52,261,213	$47,169,911
Waterford 3 Maint./ Ref.	2,156,935	7,535,505	3,790,945
Bond Reacquisition	10,531,282	1,303,568	1,555,708
Section 475 Adjustment	(23,480)	-	-
Research & Exper. Exp.	(6,493,822)	-	5,778,919
Other Regulatory Cost	11,896,648	22,739,937	-
Capitalized Cost	5,049,043	1,501,817	1,446,095
Amortization WF3 Design	5,897,264	-	121,428
Prepaid Expenses	-	393,654	-
Decon. & Decomm.	4,399,087	159,478	280,019
Casualty Loss	29,004,908	122,147,752	494,208
Vidalia Contract	934,605,962	8,158,145	288,600,000
SFAS 109 Adjustment	166,462,809	-	-
Total	$1,166,816,736	$216,201,069	$349,237,233

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) X An Original (2) __ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

ADJUSTMENTS	Acct Number	Debit Amount	Acct Number	Credit Amount	Balance at End of Year
Deferred Elec. Fuel Cost		$-		$-	$8,421,402
Waterford 3 Maint./ Ref.		-		-	5,901,495
Bond Reacquisition		-		-	10,279,142
Section 475 Adjustment		-		-	(23,480)
Research & Exper. Exp.		-		-	(12,272,741)
Other Regulatory Cost		-		-	34,636,585
Capitalized Cost		-		-	5,104,765
Amortization WF3 Design		-		-	5,775,836
Prepaid Expenses		-		-	393,654
Decon. & Decomm.		-		-	4,278,546
Casualty Loss		-	165	167,384,000	318,042,452
Vidalia Contract		-		-	654,164,107
SFAS 109 Adjustment	182,254	30,966,714		-	135,496,095
Total		$30,966,714		$167,384,000	$1,170,197,858
		=============		============	=============

THIS FILING IS	
Item 1: ☐ An Initial (Original) Submission	OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy Louisiana, LLC	**End of** 2006/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) [ ] An Original (2) [X] A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	1,170,197,858	263,358,601	64,668,482
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	1,170,197,858	263,358,601	64,668,482
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	1,170,197,858	263,358,601	64,668,482
20	Classification of TOTAL			
21	Federal Income Tax	921,481,171	226,742,993	56,292,745
22	State Income Tax	248,716,687	36,615,608	8,375,737
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) [ ] An Original (2) [X] A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		Various	215,174,318	Various	132,628,282	1,286,341,941	3
							4
							5
							6
							7
							8
			215,174,318		132,628,282	1,286,341,941	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
			215,174,318		132,628,282	1,286,341,941	19
							20
		Various	221,690,792	Various	128,095,184	998,335,811	21
		Various	-6,516,474	Various	4,533,098	288,006,130	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Louisiana, LLC	(1) _ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beginning of Year	Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
Deferred Elec. Fuel Cost	$ 8,421,402	$ 73,008,039	$ 37,443,615
Waterford 3 Maint./ Ref.	5,901,495	8,349,128	5,154,189
Minimum Pension	-	-	-
Bond Reacquisition	10,279,142	27,707	1,003,507
Section 475 Adjustment	(23,480)	-	-
Research & Exper. Exp.	(12,272,741)	3,066,354	283,076
Other Regulatory Cost	34,636,585	20,222,275	5,735,645
Capitalized Cost	5,104,765	952,474	-
Amortization WF3 Design	5,775,836	-	121,428
Prepaid Expenses	393,654	-	235,737
Decon. & Decomm.	4,278,546	182,896	301,411
Casulaty Loss	318,042,452	58,589,173	9,964,035
Vidalia Contract	654,164,107	98,960,555	-
Power Purchase Agreement	-	-	4,425,839
SFAS 109 Adjustment	135,496,095	-	-
Total	$ 1,170,197,858	$ 263,358,601	$ 64,668,482
	============	============	============

	Account Number	Debit Amount	Account Number	Credit Amount	Balance at End of Year
Deferred Elec. Fuel Cost		$ -		$ -	$ 43,985,826
Waterford 3 Maint./ Ref.		-		-	9,096,434
SFAS - 158		-	190.2	32,604,416	32,604,416
Bond Reacquisition		-		-	9,303,342
Section 475 Adjustment		-		-	(23,480)
Research & Exper. Exp.		-		-	(9,489,463)
Other Regulatory Cost		-		-	49,123,215
Capitalized Cost		-		-	6,057,239
Amortization WF3 Design		-		-	5,654,408
Prepaid Expenses		-		-	157,917
Decon. & Decomm.		-		-	4,160,031
Casulaty Loss	165	167,384,000		-	199,283,590
Vidalia Contract		-		-	753,124,662
Power Purchase Agreement		-	190.1	100,023,866	95,598,027
SFAS 109 Adjustment	182,254	47,790,318		-	87,705,777
Total		$ 215,174,318		$ 132,628,282	$ 1,286,341,941
		============		============	============

THIS FILING IS	
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OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
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(Expires 6/30/2007)

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Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy Mississippi, Inc.	**End of** 2005/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	50,965,988	68,237,150	10,944,208
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	50,965,988	68,237,150	10,944,208
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	50,965,988	68,237,150	10,944,208
20	Classification of TOTAL			
21	Federal Income Tax	41,336,344	59,317,071	9,515,674
22	State Income Tax	9,629,644	8,920,079	1,428,534
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
				182/254	59,218,577	167,477,507	3
							4
							5
							6
							7
							8
					59,218,577	167,477,507	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
					59,218,577	167,477,507	19
							20
				182/254	58,435,525	149,573,266	21
				182/254	783,052	17,904,241	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) X An Original (2) __ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beginning of Year	Amounts Debited to Acct 410.1	Amounts Credited to Acct 411.1
Deferred Fuel - Federal	($701,043)	$41,877,749	$3,987,394
Deferred Fuel - State	(105,419)	6,297,406	599,608
Captalized Costs - Federal	2,336,407	476,289	452,016
Capitalized Costs - State	351,340	71,622	67,972
GGN Under Recovery - Federal	6,583,183	1,475,209	4,097,151
GGN Under Recovery - State	989,956	221,836	616,113
Bond Reacquisition Loss - Fed	5,201,083	-	413,993
Bond Reacquisition Loss - St	782,117	-	62,256
Sec. 475 Adj - Federal	(14,356)	-	-
Sec. 475 Adj - State	(2,158)	-	-
Other Reg Assets/Liab - Fed	698,127	236,916	40,288
Other Reg Assets/Liab - Fed	104,981	35,628	6,058
Prepaid Expenses - Federal	-	195,027	-
Prepaid Expenses - State	-	29,327	-
Casualty Loss - Federal	10,461,479	15,055,881	524,832
Casualty Loss - State	1,482,667	2,264,260	76,527
FASB 109 Adjustment - Federal	16,771,464	-	-
FASB 109 Adjustment - State	6,026,160	-	-
Total	$50,965,988	$68,237,150	$10,944,208

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

ADJUSTMENTS	Debit Amount	Credit Amount	Balance at End of Year
Deferred Fuel - Federal	$-	$-	$37,189,312
Deferred Fuel - State	-	-	5,592,379
Captalized Costs - Federal	-	-	2,360,680
Capitalized Costs - State	-	-	354,990
GGN Under Recovery - Federal	-	-	3,961,241
GGN Under Recovery - State	-	-	595,679
Bond Reacquisition Loss - Fed	-	-	4,787,090
Bond Reacquisition Loss - St	-	-	719,861
Sec. 475 Adj - Federal	-	-	(14,356)
Sec. 475 Adj - State	-	-	(2,158)
Other Reg Assets/Liab - Fed	-	-	894,755
Other Reg Assets/Liab - Fed	-	-	134,551
Prepaid Expenses - Federal	-	-	195,027
Prepaid Expenses - State	-	-	29,327
Casualty Loss - Federal	-	53,850,000	78,842,528
Casualty Loss - State	-	-	3,670,400
FASB 109 Adjustment - Federal	-	4,585,525	21,356,989
FASB 109 Adjustment - State	-	783,052	6,809,212
Total	$-	$59,218,577	$167,477,507

THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

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(Expires 7/31/2008)
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Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy Mississippi, Inc.	**End of** 2006/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/23/2007	End of 2006/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	167,477,507	28,146,708	50,327,187
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	167,477,507	28,146,708	50,327,187
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	167,477,507	28,146,708	50,327,187
20	Classification of TOTAL			
21	Federal Income Tax	149,573,266	24,467,399	43,750,748
22	State Income Tax	17,904,241	3,679,309	6,576,439
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/23/2007	End of 2006/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		182/254	62,249,514	182/254	50,752,496	133,800,010	3
							4
							5
							6
							7
							8
			62,249,514		50,752,496	133,800,010	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
			62,249,514		50,752,496	133,800,010	19
							20
		182/254	61,151,538	182/254	43,209,652	112,348,031	21
		182/254	1,097,976	182/254	7,542,844	21,451,979	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) X An Original (2) _ A Resubmission	04/23/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beginning of Year	Amounts Debited to Acct 410.1	Amounts Credited to Acct 411.1
Deferred Fuel - Fed	$37,189,312	$-	$37,890,357
Deferred Fuel - State	5,592,379	-	5,697,798
Minimum Pension Liability - Fed	-	-	-
Minimum Pension Liability - State	-	-	-
Capitalized Costs - Fed	2,360,680	401,339	-
Capitalized Costs - State	354,990	60,352	-
GGN Under Recovery - Fed	3,961,241	3,522,656	3,443,375
GGN Under Recovery - State	595,679	529,723	517,800
Bond Reacquisition Loss - Fed	4,787,090	-	390,889
Bond Reacquisition Loss - State	719,861	-	58,777
Sec. 475 Adj. - Fed	(14,356)	-	-
Sec. 475 Adj. - State	(2,158)	-	-
Other reg assets/liab.- Fed	894,755	5,697	122,291
Other reg assets/liab.- State	134,551	857	18,390
Prepaid expenses - Fed	195,027	-	148,113
Prepaid expenses - State	29,327	-	22,273
Casualty Loss	78,842,528	20,537,707	1,755,723
Casualty Loss	3,670,400	3,088,377	261,401
FASB 109 Adj. - Fed	21,356,989	-	-
FASB 109 Adj. - State	6,809,212	-	-
	$167,477,507	$28,146,708	$50,327,187

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) X An Original (2) __ A Resubmission	04/23/2007	2006/Q4

FOOTNOTE DATA

	Debit Amount	Credit Amount	Balance at End of Year
Deferred Fuel - Fed	$-	$-	($701,045)
Deferred Fuel - State	-	-	(105,419)
Minimum Pension Liability - Fed	7,301,538	32,660,985	25,359,447
Minimum Pension Liability - State	1,097,976	4,911,426	3,813,450
Capitalized Costs - Fed	-	-	2,762,019
Capitalized Costs - State	-	-	415,342
GGN Under Recovery - Fed	-	-	4,040,522
GGN Under Recovery - State	-	-	607,602
Bond Reacquisition Loss - Fed	-	-	4,396,201
Bond Reacquisition Loss - State	-	-	661,084
Sec. 475 Adj. - Fed	-	-	(14,356)
Sec. 475 Adj. - State	-	-	(2,158)
Other reg assets/liab.- Fed	-	-	778,161
Other reg assets/liab.- State	-	-	117,018
Prepaid expenses - Fed	-	-	46,914
Prepaid expenses - State	-	-	7,054
Casualty Loss	53,850,000	-	43,774,512
Casualty Loss	-	-	6,497,376
FASB 109 Adj. - Fed	-	10,548,667	31,905,656
FASB 109 Adj. - State	-	2,631,418	9,440,630
	$62,249,514	$50,752,496	$133,800,010

THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy Gulf States, Inc.	**End of** 2005/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	164,643,340	174,155,992	25,681,340
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	164,643,340	174,155,992	25,681,340
10	Gas			
11	See Footnote Detail	633,553	295,203	226,207
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	633,553	295,203	226,207
18	Other - See Footnote Detail	727,681		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	166,004,574	174,451,195	25,907,547
20	Classification of TOTAL			
21	Federal Income Tax	137,929,699	151,400,365	25,344,128
22	State Income Tax	28,074,875	23,050,830	563,419
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
520,364	1,330,858			165/182/	22,209,590	334,517,088	3
							4
							5
							6
							7
							8
520,364	1,330,858				22,209,590	334,517,088	9
							10
				182/254	3,671	706,220	11
							12
							13
							14
							15
							16
					3,671	706,220	17
43,324	13,630					757,375	18
563,688	1,344,488				22,213,261	335,980,683	19
							20
491,993	1,213,511			165/182/	21,973,378	285,237,796	21
71,695	130,977			182/254	239,883	50,742,887	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

ACCOUNT SUBDIVISIONS	BALANCE AT BEGINNING OF YEAR	CHANGES DURING YEAR AMOUNTS DEBITED TO ACCT. 410.1	AMOUNTS CREDITED TO ACCT. 411.1	AMOUNTS DEBITED TO ACCT. 410.2	AMOUNTS CREDITED TO ACCT. 411.2
ELECTRIC:					
Capitalized Costs	$ 20,929,197	$ 5,934,792	$ 1,263,875	$ -	$ -
Casualty Loss	31,764,624	158,822,105	644,820	-	-
Coal Car Use Tax	(5,955)	-	-	-	-
Construction Trusts	1,732,058	-	102,708	-	48
Debt Extin. Loss	14,445,997	963,851	1,388,724	-	-
Decon & Decomm Fund	1,016,592	411,492	375,058	-	-
Distribution Maint	1,212,963	3,601,085	381,101	19,181	16,829
Nuc. Fuel Int Exp	344,665	-	16,032	-	-
Least Cost Planning	(16,991)	-	-	-	-
Low Level Rad Waste	1,272,332	-	-	-	-
Misc Def Debits Cap	78,240	-	-	-	-
Prepaid Expenses	-	2,619,737	-	-	-
Redirect Depr	31,979,292	-	-	-	-
R&E Expense	(693,635)	-	742,819	-	-
Retroactive Rate	48,844,948	-	-	481,983	1,313,981
SFAS 109-Other	3,065,716	180,000	-	19,200	-
SFAS 133-Derivative	(2,608,032)	-	-	-	-
SGR Capital Cost	792,591	-	63,403	-	-
Spindletop Cap Cost	17,083,462	-	650,389	-	-
St. Def Tax Impact	(7,564,950)	1,488,032	19,992,960	-	-
Wholesale	970,226	134,898	59,451	-	-
TOTAL ELECTRIC	$164,643,340	$174,155,992	$25,681,340	$ 520,364	$ 1,330,858

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) X An Original (2) __ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

	ADJUSTMENTS				
	DEBITS		CREDITS		BALANCE
ACCOUNT SUBDIVISIONS	ACCOUNT CREDITED	AMOUNT	ACCOUNT DEBITED	AMOUNT	AT END OF YEAR
ELECTRIC:					
Capitalized Costs		$ -		$ -	$ 25,600,114
Casualty Loss		-	165	20,096,000	210,037,909
Coal Car Use Tax		-		-	(5,955)
Construction Trusts		-		-	1,629,302
Debt Extin. Loss		-		-	14,021,124
Decon & Decomm Fund		-		-	1,053,026
Distribution Maint		-		-	4,435,299
Nuc. Fuel Int Exp		-		-	328,633
Least Cost Planning		-		-	(16,991)
Low Level Rad Waste		-		-	1,272,332
Misc Def Debits Cap		-		-	78,240
Prepaid Expenses		-		-	2,619,737
Redirect Depr		-		-	31,979,292
R&E Expense		-		-	(1,436,454)
Retroactive Rate		-		-	48,012,950
SFAS 109-Other		-	182 / 254	2,113,590	5,378,506
SFAS 133-Derivative		-		-	(2,608,032)
SGR Capital Cost		-		-	729,188
Spindletop Cap Cost		-		-	16,433,073
St. Def Tax Impact		-		-	(26,069,878)
Wholesale		-		-	1,045,673
TOTAL ELECTRIC		$ -		$22,209,590	$334,517,088

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 11 Column: a

ACCOUNT SUBDIVISIONS	BALANCE AT BEGINNING OF YEAR	CHANGES DURING YEAR AMOUNTS DEBITED TO ACCT. 410.1	AMOUNTS CREDITED TO ACCT. 411.1	AMOUNTS DEBITED TO ACCT. 410.2	AMOUNTS CREDITED TO ACCT. 411.2
GAS:					
Casualty Loss	$ 15,489	$ -	$ 1,076	$ -	$ -
Debt Extin. Loss	32,095	36	-	-	-
Distribution Maint	3,027	60,319	9,224	-	-
Excess DFIT Over34%	(3,441)	252	-	-	-
Misc Def Debits Cap	1,377	-	-	-	-
Prepaid Expenses	-	84,508	-	-	-
SFAS 109-Other	593,235	-	-	-	-
St. Def Tax Impact	(8,229)	150,088	215,907	-	-
TOTAL GAS	$ 633,553	$ 295,203	$ 226,207	$ -	$ -
OTHER/STEAM:					
Casualty Loss	$ 110	$ -	$ -	$ -	$ -
Coal Car Use Tax	1,437	-	-	-	-
Construction Trusts	153,038	-	-	-	9,420
Debt Extin. Loss	11,821	-	-	12	-
Decon & Decomm Fund	6,540	-	-	-	-
Distribution Maint	932	-	-	17,296	2,818
Nuc. Fuel Int Exp	30,049	-	-	-	1,392
Misc Def Debits Cap	2,198	-	-	-	-
Prepaid Expenses	-	-	-	26,016	-
R&E Expense	(12,566)	-	-	-	-
SFAS 109-Other	(2,073,910)	-	-	-	-
SFAS 133	2,608,032	-	-	-	-
TOTAL OTHER/STEAM	$ 727,681	$ -	$ -	$ 43,324	$ 13,630

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

ACCOUNT SUBDIVISIONS	ADJUSTMENTS: DEBITS ACCOUNT CREDITED	ADJUSTMENTS: DEBITS AMOUNT	ADJUSTMENTS: CREDITS ACCOUNT DEBITED	ADJUSTMENTS: CREDITS AMOUNT	BALANCE AT END OF YEAR
GAS:					
Casualty Loss		$ -		$ -	$ 14,413
Debt Extin. Loss		-		-	32,131
Distribution Maint		-		-	54,122
Excess DFIT Over34%		-		-	(3,189)
Misc Def Debits Cap		-		-	1,377
Prepaid Expenses		-		-	84,508
SFAS 109-Other		-	182 / 254	3,671	596,906
St. Def Tax Impact		-		-	(74,048)
TOTAL GAS		$ -		$ 3,671	$ 706,220
OTHER/STEAM:					
Casualty Loss		$ -		$ -	$ 110
Coal Car Use Tax		-		-	1,437
Construction Trusts		-		-	143,618
Debt Extin. Loss		-		-	11,833
Decon & Decomm Fund		-		-	6,540
Distribution Maint		-		-	15,410
Nuc. Fuel Int Exp		-		-	28,657
Misc Def Debits Cap		-		-	2,198
Prepaid Expenses		-		-	26,016
R&E Expense		-		-	(12,566)
SFAS 109-Other		-		-	(2,073,910)
SFAS 133		-		-	2,608,032
TOTAL OTHER/STEAM		$ -		$ -	$ 757,375

THIS FILING IS	
Item 1: ☐ An Initial (Original) Submission	OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Entergy Gulf States, Inc.	End of 2006/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) [ ] An Original (2) [X] A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	334,517,088	76,680,409	22,649,165
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	334,517,088	76,680,409	22,649,165
10	Gas			
11	See Footnote Detail	706,220	167,241	160,863
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	706,220	167,241	160,863
18	Other - See Footnote Detail	757,375		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	335,980,683	76,847,650	22,810,028
20	Classification of TOTAL			
21	Federal Income Tax	285,237,796	67,641,241	20,817,691
22	State Income Tax	50,742,887	9,206,409	1,992,337
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) ☐ An Original (2) ☒ A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
4,840,207	1,228,756	165/439	20,270,560	182/254/	47,491,085	419,380,308	3
							4
							5
							6
							7
							8
4,840,207	1,228,756		20,270,560		47,491,085	419,380,308	9
							10
				182/254/	3,831	716,429	11
							12
							13
							14
							15
							16
					3,831	716,429	17
2,691	13,584					746,482	18
4,842,898	1,242,340		20,270,560		47,494,916	420,843,219	19
							20
4,358,641	1,121,232	165/439	20,270,560	182/254/	29,330,750	344,358,945	21
484,257	121,108			182/254/	18,164,166	76,484,274	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) _ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	BALANCE AT BEGINNING OF YEAR	CHANGES DURING YEAR AMOUNTS DEBITED TO ACCT. 410.1	AMOUNTS CREDITED TO ACCT. 411.1	AMOUNTS DEBITED TO ACCT. 410.2	AMOUNTS CREDITED TO ACCT. 411.2
ELECTRIC:					
Capitalized Costs	$ 25,600,114	$11,924,517	$ 1,372,285	$ -	$ -
Casualty Loss	210,037,909	53,171,890	6,069,922	-	-
Coal Car Use Tax	(5,955)	-	-	-	-
Constr. Trusts	1,629,302	-	102,696	-	48
Debt Exting. Loss	14,021,124	740,563	2,412,224	-	-
D&D Fund	1,053,026	532,345	284,788	-	-
Distr. Maint	4,435,299	87,581	3,224,322	-	-
Nuc. Fuel Int Exp	328,633	-	16,020	-	-
Least Cost Plan.	(16,991)	-	-	-	-
LLR Waste	1,272,332	-	1,272,332	-	-
Misc Def Dr. Cap	78,240	-	-	-	-
Prepaid Expenses	2,619,737	-	259,796	-	-
Redirect Depr	31,979,292	-	-	-	-
Retirement Plan	-	-	-	-	-
R&E Expense	(1,436,454)	-	824,652	-	-
RB Litigation	48,012,950	-	-	4,821,007	1,228,708
SFAS 109-Other	5,378,506	179,998	-	19,200	-
SFAS 133-Derivit.	(2,608,032)	-	-	-	-
SGR Capital Cost	729,188	-	63,404	-	-
Spindle. Cap Cost	16,433,073	-	650,916	-	-
St Def Tax Impact	(26,069,878)	7,138,087	6,033,228	-	-
Wholesale	1,045,673	2,905,428	62,580	-	-
TOTAL ELECTRIC	$334,517,088	$76,680,409	$22,649,165	$ 4,840,207	$ 1,228,756

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) __ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

	ADJUSTMENTS				
	DEBITS		CREDITS		BALANCE AT END OF YEAR
	ACCOUNT CREDITED	AMOUNT	ACCOUNT DEBITED	AMOUNT	
ELECTRIC:					
Capitalized Costs		$ -		$ -	$ 36,152,346
Casualty Loss	165	20,096,000		-	237,043,877
Coal Car Use Tax		-		-	(5,955)
Constr. Trusts		-		-	1,526,558
Debt Exting. Loss		-		-	12,349,463
D&D Fund		-		-	1,300,583
Distr. Maint		-		-	1,298,558
Nuc. Fuel Int Exp		-		-	312,613
Least Cost Plan.		-		-	(16,991)
LLR Waste		-		-	-
Misc Def Dr. Cap		-		-	78,240
Prepaid Expenses		-		-	2,359,941
Redirect Depr		-		-	31,979,292
Retirement Plan		-	219	27,085,325	27,085,325
R&E Expense		-		-	(2,261,106)
RB Litigation		-		-	51,605,249
SFAS 109-Other		-	182 / 254	20,405,760	25,983,464
SFAS 133-Derivit.		-		-	(2,608,032)
SGR Capital Cost		-		-	665,784
Spindle. Cap Cost		-		-	15,782,157
St Def Tax Impact	439	174,560		-	(25,139,579)
Wholesale		-		-	3,888,521
TOTAL ELECTRIC		$20,270,560		$47,491,085	$419,380,308

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) _ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 11 Column: a

	BALANCE AT BEGINNING OF YEAR	CHANGES DURING YEAR AMOUNTS DEBITED TO ACCT. 410.1	AMOUNTS CREDITED TO ACCT. 411.1	AMOUNTS DEBITED TO ACCT. 410.2	AMOUNTS CREDITED TO ACCT. 411.2
GAS:					
Casualty Loss	$ 14,413	$ -	$ 540	$ -	$ -
Debt Exting. Loss	32,131	36	-	-	-
Distr. Maint	54,122	5,576	701	-	-
Excess DFIT > 34%	(3,189)	240	-	-	-
Misc Def Dr. Cap	1,377	-	-	-	-
Prepaid Expenses	84,508	-	8,381	-	-
SFAS 109-Other	596,906	-	-	-	-
St Def Tax Impact	(74,048)	161,389	151,241	-	-
TOTAL GAS	$ 706,220	$ 167,241	$ 160,863	$ -	$ -
OTHER/STEAM:					
Casualty Loss	$ 110	$ -	$ -	$ -	$ -
Coal Car Use Tax	1,437	-	-	-	-
Constr. Trusts	143,618	-	-	-	9,384
Debt Exting. Loss	11,833	-	-	12	-
D&D Fund	6,540	-	-	-	-
Distr. Maint	15,410	-	-	2,679	216
Nuc. Fuel Int Exp	28,657	-	-	-	1,404
Misc Def Dr. Cap	2,198	-	-	-	-
Prepaid Expenses	26,016	-	-	-	2,580
R&E Expense	(12,566)	-	-	-	-
SFAS 109-Other	(2,073,910)	-	-	-	-
SFAS 133-Derivit.	2,608,032	-	-	-	-
TOTAL OTHER/STEAM	$ 757,375	$ -	$ -	$ 2,691	$ 13,584

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Gulf States, Inc.	(1) __ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

	ADJUSTMENTS				
	DEBITS		CREDITS		BALANCE AT END OF YEAR
	ACCOUNT CREDITED	AMOUNT	ACCOUNT DEBITED	AMOUNT	
GAS:					
Casualty Loss		$ -		$ -	$ 13,873
Debt Exting. Loss		-		-	32,167
Distr. Maint		-		-	58,997
Excess DFIT > 34%		-		-	(2,949)
Misc Def Dr. Cap		-		-	1,377
Prepaid Expenses		-		-	76,127
SFAS 109-Other		-	182 / 254	3,831	600,737
St Def Tax Impact		-		-	(63,900)
TOTAL GAS		$ -		$ 3,831	$ 716,429
OTHER/STEAM:					
Casualty Loss		$ -		$ -	$ 110
Coal Car Use Tax		-		-	1,437
Constr. Trusts		-		-	134,234
Debt Exting. Loss		-		-	11,845
D&D Fund		-		-	6,540
Distr. Maint		-		-	17,873
Nuc. Fuel Int Exp		-		-	27,253
Misc Def Dr. Cap		-		-	2,198
Prepaid Expenses		-		-	23,436
R&E Expense		-		-	(12,566)
SFAS 109-Other		-		-	(2,073,910)
SFAS 133-Derivit.		-		-	2,608,032
TOTAL OTHER/STEAM		$ -		$ -	$ 746,482

THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	End of 2005/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See detail	-22,140,800	51,115,363	5,570,902
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	-22,140,800	51,115,363	5,570,902
10	Gas			
11	See detail	-2,590,459	5,293,783	7,630,952
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	-2,590,459	5,293,783	7,630,952
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	-24,731,259	56,409,146	13,201,854
20	Classification of TOTAL			
21	Federal Income Tax	-22,320,635	48,500,213	11,300,174
22	State Income Tax	-2,410,624	7,908,933	1,901,680
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS						
		Debits		Credits				
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		182, 254	7,915,728	165	59,063,000	74,550,933	3
							4
							5
							6
							7
							8
			7,915,728		59,063,000	74,550,933	9
							10
				182, 254	2,836,794	-2,090,834	11
							12
							13
							14
							15
							16
					2,836,794	-2,090,834	17
							18
			7,915,728		61,899,794	72,460,099	19
							20
		182, 254	6,878,002	182, 254	61,507,985	69,509,387	21
		182, 254	1,037,726	182, 254	391,809	2,950,712	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

Electric	Balance at Beginning of Year	CHANGES DURING THE YEAR: Amounts Debited to Account 410.1	CHANGES DURING THE YEAR: Amounts Credited to Account 411.1	ADJUSTMENTS: Debited Acct.	ADJUSTMENTS: Amounts	Balance at End of Year
Deferred Fuel Cost	$854,696	$15,735,229	$3,713,388		$-	$12,876,537
Grand Gulf 1 Def.	1	-	-		-	1
Bond Reacquisition	1,659,658	-	118,581		-	1,541,077
Section 475 Adjust	(5,291)	-	-		-	(5,291)
Casualty Loss	3,460,794	34,559,693	57,453	165	59,063,000	97,026,034
Capitalized Costs	1,099,872	270,617	214,436		-	1,156,053
SFAS 109 Adjust	(34,986,316)	-	-	182, 254	(7,915,728)	(42,902,044)
Reg. Assets/Liab.	5,221,185	462,656	1,272,447		-	4,411,394
Research & Expt.	-	-	41,741		-	(41,741)
Y2K Costs Deferral	554,601	-	152,856		-	401,745
Prepaid Expenses	-	87,168	-		-	87,168
Total Electric	($22,140,800)	$51,115,363	$5,570,902		$51,147,272	$74,550,933

Schedule Page: 276 Line No.: 11 Column: a

Gas	Balance at Beginning of Year	CHANGES DURING THE YEAR: Amounts Debited to Account 410.1	CHANGES DURING THE YEAR: Amounts Credited to Account 411.1	ADJUSTMENTS: Credited Acct.	ADJUSTMENTS: Amounts	Balance at End of Year
Deferred Fuel Cost	$3,018,287	$4,103,897	$7,118,017		$-	$4,167
Casualty Loss	31,003	975,614	623		-	1,005,994
Bond Reacquisition	89,339	-	23,118		-	66,221
Section 475 Adjust.	(2,057)	-	-		-	(2,057)
SFAS 109 Adjustment	(6,080,054)	-	-	182, 254	2,836,794	(3,243,260)
Reg. Assets/Liab.	353,023	196,846	489,194		-	60,675
Prepaid Expenses	-	17,426	-		-	17,426
Total Gas	($2,590,459)	$5,293,783	$7,630,952		$2,836,794	($2,090,834)

THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy New Orleans, Inc. (Debtor-in-possession)	**End of** 2006/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) [X] An Original (2) [ ] A Resubmission	04/23/2007	End of 2006/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See detail	74,550,933	8,846,423	13,199,217
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	74,550,933	8,846,423	13,199,217
10	Gas			
11	See detail	-2,090,834	3,051,072	1,222,456
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	-2,090,834	3,051,072	1,222,456
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	72,460,099	11,897,495	14,421,673
20	Classification of TOTAL			
21	Federal Income Tax	69,509,387	10,243,347	12,416,578
22	State Income Tax	2,950,712	1,654,148	2,005,095
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) [X] An Original (2) [ ] A Resubmission	04/23/2007	End of 2006/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
							2
		182/254	73,701,678	165/182	24,444,275	20,940,736	3
							4
							5
							6
							7
							8
			73,701,678		24,444,275	20,940,736	9
							10
		182/254	4,265,189			-4,527,407	11
							12
							13
							14
							15
							16
			4,265,189			-4,527,407	17
							18
			77,966,867		24,444,275	16,413,329	19
							20
		182/254	74,958,880	182/254	21,045,708	13,422,984	21
		182/254	3,007,987	182/254	3,398,567	2,990,345	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy New Orleans, Inc. (Debtor-in-possession)	(1) X An Original (2) _ A Resubmission	04/23/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

		CHANGES DURING THE YEAR		ADJUSTMENTS		
Electric	Balance at Beginning of Year	Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Acct.	Amounts	Balance at End of Year
Deferred Fuel Cost	$12,876,537	$3,481,683	$10,501,940		$-	$5,856,280
Grand Gulf 1 Defer.	1	-	-		-	1
Accum Def I/T Liab	-	-	-	182/190	(18,120,595)	18,120,595
Bond Reacquisition	1,541,077	-	126,465		-	1,414,612
Section 475 Adjust.	(5,291)	-	-		-	(5,291)
Casualty Loss	97,026,034	5,171,297	997,472	165	59,063,000	42,136,859
Capitalized Costs	1,156,053	192,539	-		-	1,348,592
FAS 109 Adjustment	(42,902,044)	-	-	182/254	8,314,998	(51,217,042)
Reg. Assets/Liab.	4,411,394	904	1,380,254		-	3,032,044
Research & Expt	(41,741)	-	-		-	(41,741)
Y2K Costs Deferral	401,745	-	133,919		-	267,826
Prepaid Expenses	87,168	-	59,167		-	28,001
Total Electric	$74,550,933	$8,846,423	$13,199,217		$49,257,403	$20,940,736

Schedule Page: 276 Line No.: 11 Column: a

		CHANGES DURING THE YEAR		ADJUSTMENTS		
Gas	Balance at Beginning of Year	Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Credited ACCT. NO.	Amounts	Balance at End of Year
Deferred Fuel Cost	$4,167	$3,050,191	$1,184,100		$-	$1,870,258
Casualty Loss	1,005,994	-	3,953		-	1,002,041
Bond Reacquisition	66,221	-	22,714		-	43,507
Section 475 Adjust.	(2,057)	-	-		-	(2,057)
SFAS 109 Adjustment	(3,243,260)	-	-	182/254	4,265,18-	(7,508,449)
Reg. Assets/Liab.	60,675	881	2		-	61,554
Prepaid Expenses	17,426	-	11,687		-	5,739
Total Gas	($2,090,834)	$3,051,072	$1,222,456		$4,265,188	($4,527,407)

THIS FILING IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
Entergy Arkansas, Inc.	**End of** 2005/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	296,615,997	25,535,783	19,533,118
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	296,615,997	25,535,783	19,533,118
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	296,615,997	25,535,783	19,533,118
20	Classification of TOTAL			
21	Federal Income Tax	233,303,319	21,260,404	16,287,176
22	State Income Tax	63,312,678	4,275,379	3,245,942
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2006	End of 2005/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		182	40,756,721			261,861,941	3
							4
							5
							6
							7
							8
			40,756,721			261,861,941	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
			40,756,721			261,861,941	19
							20
		182	29,938,782			208,337,765	21
		182	10,817,939			53,524,176	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) X An Original (2) _ A Resubmission	04/18/2006	2005/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beg of Year	Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
Bond Reacquisition Loss	$14,519,845	$2,703,098	$885,857
Maint./Refueling Reserve	6,465,796	11,420,735	5,739,495
Section 475 Adjustment	(1,936,008)	-	-
Research & Experimental Expense	(15,944,515)	316	1,986,053
TCBY Tower (CADC)	15,505,108	1,198,430	-
Decontam. & Decommissioning Fund	11,554,140	427,445	749,528
Tax Gain - ISES Sale	1,084,644	-	124,841
Ice Storm Disaster	93,176,438	6,962,599	2,491,614
Low Level Rad Waste	6,372,299	-	6,372,299
Regulatory Asset - 30 Yr Retail	5,577,360	51	206,667
Prepaid Expenses	-	816,561	-
Capitalized Costs	5,470,545	986,790	952,081
Distribution Maintenance	1,207,745	1,019,758	24,683
SFAS 109 Adjustment	153,562,600	-	-
Total	$296,615,997	$25,535,783	$19,533,118

	Adjustments Debits Acct No	Adjustments Debits Amount	Credits Acct No	Credits Amount	Balance at End of Year
Bond Reacquisition Loss		$-		$-	$16,337,086
Maint./Refueling Reserve		-		-	12,147,036
Section 475 Adjustment		-		-	(1,936,008)
Research & Experimental Exp		-		-	(17,930,252)
TCBY Tower (CADC)		-		-	16,703,538
Decontam. & Decommissioning Fund		-		-	11,232,057
Tax Gain - ISES Sale		-		-	959,803
Ice Storm Disaster		-		-	97,647,423
Low Level Rad Waste		-		-	-
Regulatory Asset - 30 Yr Retail		-		-	5,370,744
Prepaid Expenses		-		-	816,561
Capitalized Costs		-		-	5,505,254
Other Regulatory Costs		-		-	2,202,820
SFAS 109 Adjustment		-	182	40,756,721	112,805,879
Total		$-		$40,756,721	$261,861,941

THIS FILING IS	
Item 1: ☐ An Initial (Original) Submission	OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

Exact Legal Name of Respondent (Company)	Year/Period of Report
Entergy Arkansas, Inc.	End of 2006/Q4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) ☐ An Original (2) ☒ A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	See Footnote Detail	261,861,941	133,886,561	14,752,771
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	261,861,941	133,886,561	14,752,771
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	261,861,941	133,886,561	14,752,771
20	Classification of TOTAL			
21	Federal Income Tax	208,337,765	111,700,409	12,308,384
22	State Income Tax	53,524,176	22,186,152	2,444,387
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [ ] An Original (2) [X] A Resubmission	06/15/2007	End of 2006/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
		182	51,350,657			329,645,074	3
							4
							5
							6
							7
							8
			51,350,657			329,645,074	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
			51,350,657			329,645,074	19
							20
		182	43,286,974			264,442,816	21
		182	8,063,683			65,202,258	22
							23

NOTES (Continued)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) _ An Original (2) X A Resubmission	06/15/2007	2006/Q4

FOOTNOTE DATA

Schedule Page: 276 Line No.: 3 Column: a

	Balance at Beg of Year	Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
Bond Reacquisition Loss	$ 16,337,086	$ 54,369	$ 1,221,959
Maint./Refueling Reserve	12,147,036	5,359,243	8,218,665
Section 475 Adjustment	(1,936,008)	-	-
Research & Experimental Exp	(17,930,252)	3,342,698	1,122,585
TCBY Tower (CADC)	16,703,538	321,875	-
Decontam. & Decommissioning Fund	11,232,057	35,989	352,583
Tax Gain - ISES Sale	959,803	-	124,488
Ice Storm Disaster	97,647,423	2,819,225	3,110,820
Regulatory Asset - 30 Yr Retail	5,370,744	-	206,616
Prepaid Expenses	816,561	-	138,152
Capitalized Costs	5,505,254	843,534	-
Distribution Maintenance	2,202,820	257,814	256,903
Minimum Pension Liability	-	120,851,814	-
SFAS 109 Adjustment	112,805,879	-	-
	$261,861,941	$133,886,561	$ 14,752,771

	Adjustments Debits Acct No	Adjustments Debits Amount	Credits Acct No	Credits Amount	Balance at End of Year
Bond Reacquisition Loss		$-		$-	$ 15,169,496
Maint./Refueling Reserve		-		-	9,287,614
Section 475 Adjustment		-		-	(1,936,008)
Research & Experimental Exp		-		-	(15,710,139)
TCBY Tower (CADC)		-		-	17,025,413
Decontam. & Decommissioning Fund		-		-	10,915,463
Tax Gain - ISES Sale		-		-	835,315
Ice Storm Disaster		-		-	97,355,828
Regulatory Asset - 30 Yr Retail		-		-	5,164,128
Prepaid Expenses		-		-	678,409
Capitalized Costs		-		-	6,348,788
Other Regulatory Costs		-		-	2,203,731
Minimum Pension Liability		-	182	26,227,019	94,624,795
SFAS 109 Adjustment		-	182	25,123,638	87,682,241
		$ -		$ 51,350,657	$329,645,074

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	**)**	
	)	
v.	**)**	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	**)**	

EXHIBIT LC-61

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

ENTERGY SERVICES, INC., et al
FEDERAL ENERGY REGULATORY COMMISSION
Docket No. ER08-1056-002

Response of: Entergy Services, Inc., et al
to the Twentieth Set of Data Requests
of Requesting Party: Louisiana Public Service Commission

Question No.: LPSC 20-4 Part No.: Addendum:

Question:

Refer to the $2.3 million in additional Blytheville turbine refurbishing costs as referenced in request 20-3 above:

a. Were these Blytheville turbine refurbishing costs originally expensed in 2001 or some other period? If so, please provide a copy of all correspondence, studies, or analysis relied upon by EAI to book the costs in this manner or describing or summarizing this treatment.

b. If these costs were originally expensed, were they subsequently reclassed. If so, please provide copies of those accounting entries and provide a copy of all correspondence, studies, or analyses relied upon by EAI to reclass the costs in this manner or describing or summarizing this treatment.

c. Please provide a copy of all accounting transactions completed, including journal entries, to book the additional $2.3 million in costs to all FERC accounts for all periods and any subsequent reclasses or reversals to other FERC accounts.

Response:

a. No, the costs were not expensed in 2001.

b. See response to part a.

c. <u>Blytheville Provision for Accumulated Depreciation Amounts in Dollars</u>

Beginning Balance year 2001	(1,940,541.00)
Removal Closed to Provision for Accum. Depreciation	16,000,000.00
Retirements Booked in December 2002	4,035,445.00
AFUDC	123,960.00
Other	18,102.00
Total	18,236,966.00

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	)	
	)	
v.	)	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	)	

EXHIBIT LC-62

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF ENTERGY ARKANSAS, INC. FOR APPROVAL OF CHANGES IN RATES FOR RETAIL ELECTRIC SERVICE)	DOCKET NO. 06-101-U ORDER NO. 10

ORDER

Summary

On August 15, 2006, Entergy Arkansas, Inc. ("EAI") filed in this Docket its Application seeking an increase in the rates it charges its Arkansas retail electric customers. As later amended, EAI seeks a retail revenue requirement increase of $106,534,000 or approximately 11.79% above its current authorized retail revenue requirement. However, based upon the evidence presented in this Docket, the Commission finds that EAI's retail revenue requirement is excessive and should be reduced by approximately $5.67 million effective as of June 15, 2007. Among other adjustments the Commission denied EAI's request for an 11.25% return on equity. Instead, the Commission set EAI's return on equity at 9.9%.

The Commission also denied EAI's request to recover a number of expenses from its ratepayers, including reducing the level of incentive pay and stock options requested by EAI by over $21 million, and by rejecting EAI's request for its ratepayers to pay for entertainment expenses which included tickets to sporting events and concerts, golf balls and golf tournament expenses, and dinners and alcohol to entertain political figures.

Further, the Commission approved EAI's request to recover costs relating to projects and organizations that promote new technologies and research and

Staff's most current recommendation for plant to be included in rate base, except that the Commission approves EAI's inclusion of broadband equipment.

Accumulated Depreciation/Depreciation Expense

Blytheville Turbine Removal Costs

Staff witness Marshall testifies that EAI has held $18,236,966 in costs it incurred in 2001 for refurbishing its Blytheville turbine and now seeks to transfer that full debit balance to the Accumulated Depreciation account, labeling it a cost of removal and thereby increasing rate base. Witness Marshall testifies that, as indicated in protected information supplied by EAI, the adjustment made by EAI is not appropriate, and recommends the Commission disallow this $18 million increase to plant. (T. 1424) Staff witness Plunkett testifies that, in addition to rate base treatment, EAI also requests current recovery of those costs in the amount of $3,647,393 annually, assuming a five year amortization, and she recommends that this amortization also be disallowed. (T. 1469)

In support of both the rate base and expense treatment, EAI witness Wright testifies that these costs were accounted for pursuant to appropriate accounting standards when EAI capitalized and posted them to accumulated depreciation for current rate treatment as an amortization. (T. 529-530) Further he states that Staff did not challenge the capitalization treatment of these costs during its audit of EAI's previously effective Regulatory Earnings Review Tariff, ("RERT") in the year in which they were incurred and therefore these costs should be included both in rate base and as an expense at this time. (T. 529-530, 532, 561-O) Mr. Wright testifies that Staff has not asserted and does not now assert that these costs are not legitimate, reasonable, and recoverable (T. 529), irrespective of when they were incurred (T. 530) or whether the facility's now discontinued lease payments are still reflected in current rates. (T. 561-P) He also asserts that this filing is EAI's first opportunity to request amortization of the capitalized cost. (T. 530) Mr. Wright recommends that the Commission allow "the recovery of this prudently incurred cost, and the cost should remain in rate base as it has been in previous earnings reviews." (T. 532)

In her Protected Surrebuttal Testimony[29] Staff witness Marshall describes the character or nature of the Blytheville turbine removal costs. With witness Plunkett's support, Ms. Marshall testifies that these costs were current charges when incurred in 2001 and are, therefore, out of period, non-recurring charges which should be removed from rate base with no related amortization allowed in current rates. (T. 1424, 1442, 1469, 1480) We agree with Ms. Marshall's description of those costs and with her conclusion regarding the appropriate ratemaking treatment for these costs.

The Commission finds that the record does not support EAI's proposal to include these 2001 lease-related costs in rate base nor does it support allowing the amortization of these costs in expense. Such costs are both non-recurring and clearly out of period and, based on the description provided by Ms. Marshall, are more appropriately deemed to be expense and, thus, should have been recognized in the year incurred. The Commission also finds that recognition in current rates of these six year old costs would constitute retroactive ratemaking[30].

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[29]Marshall Protected Surrebuttal Testimony at page 7, lines 13-14. (T. 1453)

[30]The Commission notes again inconsistent treatment proposed by EAI. Mr. Wright recommends a capturing of these 6 year old Blytheville costs for current accrual, asserting that this is EAI's first opportunity to seek recovery. (T.530) However, Mr. Wright does not similarly propose that the Commission capture and accrue EAI's cost reductions related to the cessation of the Blytheville lease. Mr.

The Commission also rejects Mr. Wright's inference that Staff's lack of objection to capitalization of this expense in EAI's RERT filing provides assurance of future Commission approval of prospective rate treatment in a general rate case. (T. 561-O) The Commission finds, rather, that it was EAI's choice to capitalize these costs in its RERT filing, although it had originally accounted for such costs as an expense. (T. 561-O) If EAI had wanted Commission approval of these costs as an expense under its RERT in the year incurred or if it had wanted Commission approval at that time to create a regulatory asset for future recovery, EAI could and should have petitioned the Commission for that rate treatment. EAI chose not to do so. The Commission finds no evidence to sustain EAI's contention that it had received approval for the inappropriate rate treatment it now seeks. Accordingly, recovery of the Blytheville turbine removal costs are denied.

Union Power Partners LP - FERC Order

EAI witness Wright, responding to adjustments made by Staff witness Marshall, testifies that, pursuant to FERC Order in Docket No. EL05-1-000, EAI must refund by the end of the year certain credits previously recognized as a Contribution in Aid of Construction ("CIAC"). The result of that refund, he states, will be to increase overall plant by $6.9 million and increase Depreciation Expense by $101,466. (T. 542)

Wright dismisses the fact that the Blytheville Plant lease and maintenance and tax expenses costs, which are fully recognized in EAI's currently effective rates, ended for EAI in 1998 with the lease termination. (T. 1441-1442) Instead, Mr. Wright appears to recognize that such treatment of past cost reductions would be retroactive ratemaking and that irrespective of the fact that current revenues were designed to collect costs no longer being incurred, "it is the normal result of the ratemaking process that such recovery would continue." (T. 561-P) Mr. Wright appears to conclude, correctly, that capture of these heretofore unrecognized past savings for prospective rate treatment is inappropriate retroactive ratemaking. Had Mr. Wright been consistent, he would have similarly concluded that capture of the heretofore unrecognized past Blytheville costs for prospective rate treatment is also inappropriate retroactive ratemaking.

Ms. Marshall testifies that she has now incorporated that refund into her Plant balance and has adjusted her depreciation accrual and expense appropriately, but also notes that, as reflected on Mr. Wright's Exhibit JDW-10, he has applied incorrect depreciation rates in his calculation and, thus, her recommendation in this regard differs from that of EAI. She notes that the rates for these accounts were approved in EAI's last rate filing in Docket No. 96-360-U. (T. 1443)

Therefore, the Commission finds that Ms. Marshall's calculation appropriately incorporates the current, Commission approved depreciation rates while Mr. Wright's does not. The Commission adopts Ms. Marshall's calculation.

Depreciation Expense
Compliance with Ark. Code Ann. § 23-2-304(a)(8)(C) and General Plant

Staff witness Gray, referring to the findings of Staff witness Marshall, testifies that EAI has failed to file for approval of depreciation rates related to two accounts, 320.2, Land and Land Rights/Nuclear Production Plant and 330.2, Land and Land Rights/Hydraulic Production Plant. She notes that, for purposes of the revenue requirement in this case, Staff has accepted the rates which EAI has employed. However, Ms. Gray recommends that the Commission direct EAI to "prospectively comply with the provisions of Ark. Code Ann. § 23-2-304(a)(8)(C)", by seeking approval from the Commission for the change or addition of any new rates, and filing, if necessary a request for approval of interim rates. (T. 885-886)

Ms. Gray also notes that EAI appears to have adopted amortization accounting for its General Plant accounts and, although Staff has accepted the results for purposes of the revenue requirement within this Docket, Ms. Gray recommends that the

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Public Service Commission	)	
	)	
v.	)	**Docket No. EL01-88-015**
	)	
Entergy Services, Inc.	)	

EXHIBIT LC-63

OF

LANE KOLLEN

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Entergy Services, Inc.) **Docket No. ER08-1056-002**

Summary of Answering Testimony of
Janice Garrison Nicholas
Witness for the Staff of the
Federal Energy Regulatory Commission

Ms. Nicholas responds to the portions of the prepared Direct Testimony filed in this proceeding by ESI witness Theodore H. Bunting, Jr. (Exhibit No. ESI-10) and LPSC witness Lane Kollen (Exhibit LC-12) regarding Issue 20. This issue concerns the proper accounting for costs incurred by Entergy Arkansas, Inc. (EAI) to refurbish the leased, Blytheville turbines.

Ms. Nicholas explains the reasons why she disagrees with ESI witness Bunting's conclusion that the $16 million of Blytheville refurbishment costs were appropriately reflected as a capital removal cost in Account 108, Accumulated provision for depreciation of electric utility plant. She explains that the Commission's definition of the cost of removal in its Uniform System of Accounts (USofA) does not encompass activities related to the refurbishment of leased property. Also, Ms. Nicholas discusses the provisions of the Commission's USofA, specifically Operating Expense Instructions 2 and 3C, which require the cost of maintaining leased property to be charged to the appropriate maintenance expense as if the property were owned by the utility. She concludes that EAI has incorrectly accounted for the refurbishment costs in Account 108 and pursuant to the requirements of the USofA, the costs should have been charged to Account 553, Maintenance of generating and electric equipment (Major only).

Also, Ms. Nicholas explains why she agrees with LPSC witness Kollen's conclusion that the refurbishment costs should have been expensed in 2001 when EAI incurred the costs.

Finally, Ms. Nicholas explains her proposed remedy for EAI's improper accounting for the refurbishment costs and recommends recalculation of the 2008 Bandwidth computation.

Q. What are your responsibilities in this proceeding?

A. I am responsible for responding to the Direct Testimony filed in this proceeding regarding Issue 20 of the Revised Preliminary Joint Statement of Issues filed on January 23, 2009 in this proceeding. Issue 20 is:

> Did Entergy properly account for the cost of refurbishing a turbine in 2001 related to the Blytheville Turbine Lease as a debit to accumulated depreciation rather than as an expense in the year incurred?

Q. Who else is sponsoring Answering Testimony for the Commission Trial Staff in this proceeding?

A. Mr. Kevin Pewterbaugh and Mr. John K. Sammon are also filing Answering Testimony on behalf of Trial Staff in Exhibit No. S-7 and Exhibit No. S-14, respectively.

Q. Will you briefly summarize the purpose of your testimony?

A. Yes. The primary purpose of my testimony is to address the Direct Testimony of Entergy Services, Inc.'s (ESI) witness Theodore H. Bunting, Jr., Exhibit No. ESI-10 and the Direct Testimony of the Louisiana Public Service Commission's (LPSC) witness Lane Kollen, Exhibit No. LC-12 regarding the accounting for the costs of refurbishing the leased, Blytheville turbines. First, I explain the reasons why I disagree with ESI witness Bunting's conclusion that the $16 million of Blytheville refurbishment costs were appropriately reflected as a capital removal cost in Account 108, Accumulated provision for depreciation of electric utility plant. Second, I explain why I agree with LPSC witness Kollen's conclusion that the refurbishment costs should have been expensed in 2001 when Entergy Arkansas, Inc. (EAI) incurred the costs. Finally, I explain my proposed remedy for EAI's improper accounting for the Blytheville refurbishment costs and recommend recalculation of the 2008 Bandwidth computation.

Q. Which supporting exhibits are you sponsoring?

A. In addition to my Answering Testimony, Exhibit No. S-8, I am also sponsoring Exhibit Nos. S-9, S-10, S-11 and S-12, containing data responses referenced in my testimony and Exhibit No. S-13, containing excerpts from the transcript of ESI witness Bunting's February 20, 2009 deposition.

Q. What documents did you review in preparing your testimony?

A. I reviewed the prepared testimonies filed by ESI witness Bunting (Exhibit No. ESI-10) and LPSC witness Kollen (Exhibit No. LC-12) and associated exhibits, the transcript of ESI witness Bunting's February 20, 2009 deposition, responses to certain data requests of ESI and the LPSC, Form 10-K filings made by EAI with the Securities and Exchange Commission for years 2001, 2002 and 2007, FERC Form No. 1 filings made by EAI for the years 2001, 2002 and 2007 and the Commission's accounting regulations applicable to public utilities and licensees subject to the provisions of the Federal Power Act (USofA) (18 C.F.R. Part 101 (2008)).

Q. Describe why EAI incurred $16 million of costs to refurbish the Blytheville turbines.

A. On page 12 of his Direct Testimony (Exhibit No. ESI-10, lines 4-15), ESI witness Bunting explains that Arkansas-Missouri Power Company, which was later acquired by EAI, leased and operated three combustion turbine power generating units at Blytheville, Arkansas pursuant to a lease that began in 1974. Mr. Bunting further explains (Exhibit No. ESI-10, page 12, lines 11-15) that when the units were removed from service and returned to the lessor in 1999, the lessor sought costs associated with the needed refurbishment of the turbines. Mr. Bunting states the lease agreement generally required EAI to return the turbines in the same condition as when delivered less ordinary wear and tear and that, as a result, EAI paid approximately $18 million pursuant to a settlement with the lessor (Exhibit No. ESI-10, page 12, lines 11-15). Subsequent to the filing of Mr. Bunting's Direct Testimony, ESI clarified in response to LPSC data requests that total refurbishment costs were $18,236,966 and of this amount, $2.3 million of the Blytheville settlement costs related primarily to the retirement of assets that were previously recorded in plant in service. (See Exhibit Nos. S-11 and S-12.) The amount of the accounting issue related to the restoration of the leased, Blytheville turbines is $16 million. (See Exhibit Nos. S-9 and S-10.)

Q. How did EAI classify the Blytheville turbine lease for accounting purposes, that is, was it classified as a capital lease or an operating lease?

A. In his February 20, 2009 deposition (Exhibit No. S-13 showing an excerpt from Mr. Bunting's deposition), Mr. Bunting explains that the Blytheville lease was accounted for as an operating lease and as such, the leased turbines were not recorded by EAI as utility plant in Account 101, Electric Plant in Service. (See Exhibit No. S-13, pages 4-5.)

Q. On page 13, lines 4-7 of his Direct Testimony (Exhibit No. ESI-10), ESI witness Bunting concludes that refurbishment costs were more appropriately accounted for by EAI as a capital-related removal cost debited to Account 108. Do you agree with Mr. Bunting's conclusion that the Blytheville turbine refurbishment costs were appropriately debited to Account 108?

A. No, I do not.

Q. What explanation did Mr. Bunting provide supporting his conclusion that the Blytheville refurbishment costs were appropriately recorded in Account 108?

A. In his Direct Testimony (Exhibit No. ESI-10, page 12, lines 19-21), Mr. Bunting states:

> The costs were recorded to account 108, Accumulated Provision for Depreciation of Electric Utility Plant, because the cost was incurred to restore the turbines, an integral part of the Blytheville units, to their original condition.

Q. In your opinion, does Mr. Bunting's explanation support the recordation of the Blytheville turbine refurbishment costs in Account 108 as a cost of removal under the requirements of the Commission's USofA?

A. No, it does not. Definition 10, Cost of removal, of the Commission's USofA defines cost of removal as:

> ...the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling

> incidental thereto. It does not include the cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 25.)

The costs of refurbishing the Blytheville turbines were not incurred to demolish, dismantle, tear down or otherwise remove electric plant in service, and therefore do not qualify under the Commission's USofA as a cost of removal recordable in Account 108. Further, inasmuch as Mr. Bunting has acknowledged that the leased turbines were not recorded on EAI's books as electric utility plant in Account 101 (Exhibit No. S-13, pages 4-5), it is not appropriate to record the Blytheville refurbishment costs in Account 108 in any event since they did not relate to EAI's investment in electric utility plant in service.

Q. Did EAI account for the Blytheville turbine refurbishment costs in another manner prior to recording them in Account 108?

A. Yes, in September 2001, EAI initially charged the $16 million of Blytheville refurbishment costs to Account 553, Maintenance of generating and electric equipment (Major only). (See Exhibit No. S-10 generally and pages 2-6 of Exhibit No. S-10 specifically showing documentation of the September 2001 journal entry.) Then in June 2002, EAI reversed the accounting charge to Account 553 and reclassified the $16 million of refurbishment costs to Account 108. (See Exhibit Nos. S-9 and S-10 generally and pages 7-25 of Exhibit No. S-10 specifically showing documentation of the June 2002 journal entry.)

Q. Why did EAI reclassify the Blytheville refurbishment costs to Account 108 in 2002?

A. In response to a LPSC data request, ESI explained that the costs were reclassified to Account 108 because of the way these costs were treated in EAI's Earnings Review Filing for the 2001 test year before the Arkansas Public Service Commission (APSC). ESI states the APSC questioned the expensing of the refurbishment costs and the expense was made subject to a pro-forma adjustment and moved to capital (removal cost) in EAI's 2001 Earnings Review Filing. (See Exhibit No. S-10.)

Q. In your opinion, does the APSC's ratemaking treatment of the refurbishment costs in the 2001 Earnings Review Filing justify EAI's accounting reclassification of the costs to Account 108?

A. No, it does not. The nature and character of the costs did not change as a result of the APSC's earnings review and, as such, the refurbishment costs still do not meet the requirements of the Commission's USofA in order to be recorded in Account 108. In any event, I do not believe the APSC's ratemaking determinations should trump the Commission's USofA requirements when it comes to determining the proper accounting of transactions for Commission ratemaking purposes.

Q. In your opinion, how should the Blytheville turbine refurbishment costs been accounted for under the requirements of the Commission's USofA?

A. Since the Blytheville turbine lease was accounted for as an operating lease and the costs were incurred to restore the leased turbines to the same condition as when delivered less ordinary wear and tear, the refurbishment costs are maintenance expenses and should have been charged to the appropriate maintenance expense account based upon the type of property leased. Operating Expense Instruction 2, Maintenance, of the USofA, provides that work performed specifically for the purpose of restoring the serviceability of plant is to be classified as maintenance costs:

> A. The cost of maintenance chargeable to the various operating expense and clearing accounts includes labor, materials, overheads and other expenses included in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.
>
> * * * * *
>
> Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.
>
> ITEMS
>
> * * * * *
>
> 3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant. (Emphasis added.)

Further, paragraph C of Operating Expense Instruction 3, Rents, of the USofA requires the lessee's costs of operating and maintaining leased property to be charged to the same expense accounts as if the property were actually owned by the utility:

> C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

Therefore regardless of the APSC order, for FERC purposes EAI did not correctly account for the Blytheville refurbishment costs. They should have been classified as maintenance costs and expensed to the appropriate maintenance expense account for turbines used in Other Power Generation operations. Under the requirements of the Commission's USof A, Account 553 is the appropriate account. The text of Account 553, Maintenance of generating and electric equipment (Major Only), states:

> This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 343, Prime Movers, account 344, Generators, and account 345, Accessory Electric Equipment. (See operating expense instruction 2.)

Q. In his Direct Testimony (Exhibit No. LC-12, page 43, line 13 to page 44, line 11), LPSC witness Kollen concludes that EAI did not properly account for the refurbishment costs. He claims that EAI should have expensed the costs in 2001 when it incurred them because they were not a retirement of utility plant or a cost of removal chargeable to Account 108 but rather were costs to refurbish the leased turbines. Do you agree with Mr. Kollen's conclusion?

A. Yes, I do. Mr. Kollen is correct that the Blytheville refurbishment costs did not represent a retirement of electric utility plant. Mr. Bunting acknowledged this fact in his February 20, 2009 deposition that the leased turbines were not part of EAI's plant in service account, Account 101. (See Exhibit No. S-13, pages 4-5.) I also agree with Mr. Kollen that the Blytheville refurbishment costs do not qualify as a cost of removal since they do not meet Commission's definition of cost of removal. (See Definition 10 of the Commission's USoA.) Finally, I agree with Mr. Kollen's conclusion that the refurbishment costs should have been expensed in 2001 because they were expenses incurred at that time to refurbish the leased turbines. Specifically, Operating Expense Instructions 2 and 3 of the Commission's USofA require such expenses to be accounted for as maintenance costs at the time of incurrence which I discussed earlier in my Answering Testimony.

Q. Given EAI's improper accounting for the Blytheville turbine refurbishment costs in Account 108, what do you propose be done now?

A. EAI should be required to reverse its June 2002 accounting entry reclassifying the $16 million of refurbishment costs from Account 553 to Account 108. Also, EAI should be required to correct its FERC Form No. 1 filings for the years 2002-2007 and submit the corrected versions of these Form No. 1 filings to the Commission. Finally, ESI should be required to correct and submit a revision of its 2008 Bandwidth calculation to incorporate the accounting and FERC Form No. 1 corrections to eliminate the effect of the June 2002 reclassification entry for the Blytheville refurbishment costs.

Q. Does this conclude your testimony?

A. Yes, it does at this time.

EXHIBIT NO. S-13

FEDERAL ENERGY REGULATORY COMMISSION
OFFICE OF ADMINISTRATIVE LITIGATION

ENTERGY SERVICES, INC.

DOCKET NO. ER08-1056-002

Excerpts from the Transcript of Theodore H. Bunting, Jr.'s

February 20, 2009 Deposition

March 6, 2009

WASHINGTON, D.C. 20426

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ENTERGY SERVICES, INC. *
*
* DOCKET NO.
* ER-08-1056-002
*
* * * * * * * * * * * * **

Deposition of THEODORE H. BUNTING, JR., 639 Loyola Avenue, New Orleans, Louisiana 70112, taken at the law offices of Stone Pigman Walther Wittmann L.L.C., located at 546 Carondelet Street, New Orleans, Louisiana 70130-3588, commencing at 9:05 a.m. on Friday, the 20th day of February, 2009.

APPEARANCES:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
(By: Michael Naeve, Esquire)
1440 New York Avenue, N.W.
Washington, DC 20005-2111

- and -

0002

APPEARANCES (continued):

ENTERGY SERVICES, INC.
(By: Kathryn A. Washington, Esquire)
Twenty-Sixth Floor
639 Loyola Avenue
New Orleans, Louisiana 70112
(Attorneys for Entergy Services, Inc.)

STONE PIGMAN WALTHER WITTMANN L.L.C.
(By: Michael R. Fontham, Esquire
- and -
Dana Shelton, Esquire)
546 Carondelet Street
New Orleans, Louisiana 70130-3588
(Attorneys for the Louisiana Public Service Commission)

Q. Mr. Bunting, how would you like to agree to pronounce B-L-Y-T-H-E-V-I-L-L-E for this deposition?
0050
A. "Blytheville."
Q. "Blytheville"?
A. I think that's the way the Arkansans pronounce it.
Q. Okay. Blytheville.
What review have you made of the accounting that occurred with regard to the Blytheville turbines?
A. I did -- I mean, I did some limited review of that recently as part of -- Obviously -- I think we had some RFI responses relative to this. I reviewed the RFI responses, and I have had some discussions as it relates to what transpired, what went on during that particular time. Obviously that was a number of years ago.
Q. Did you have any involvement in determining the accounting for the Blytheville restoration?
A. In 2001, I was CFO. I don't recall if I was CFO of the operating companies or if I was just CFO of utility operations at ESI, so I had some involvement in 2001 relative to
0051
that. Obviously, you know, the final decision rested with the chief accounting officer at that time.
Q. But you did make a recommendation or review a recommendation or something?
A. I was familiar with the transaction in and of itself.
Q. Can you tell me where these turbines were located?
A. They were located -- My recollection is they were located physically at this plant, the plant site.
Q. When you say "the plant site," what plant site are we talking about?
A. Blytheville.
Q. Is Blytheville a generating plant or what?
A. I believe it was at one time, yes.
Q. And was it a generating plant owned by EAI or owned by someone else?
0052

A. It was owned by EAI -- my recollection is through -- maybe through the acquisition of ARKMO.
Q. So when you say "ARKMO," you're referring to Arkansas/Missouri Power & Light?
A. Yeah.
Q. So when it purchased ARKMO, EAI acquired this plant at Blytheville?
A. That's my recollection. But obviously that goes back many, many, many years ago.
Q. Okay. How did it come about that a turbine or turbines at this site were under lease?
A. My understanding and recollection is maybe at one point, ARKMO owned the turbines and then did a sale leaseback type transaction.
Q. A sale leaseback transaction to EAI?
A. No. To another party. But that's from kind of trying to review all the records and looking at old Form 1s and that sort of thing. So I

0053

have not had anybody confirm that specifically.
Q. So you believe -- It's your understanding, subject to check, that ARKMO had entered into a sale leaseback transaction with a third party?
A. That's kind of what it appears to have happened at one point in time, yes.
Q. And so EAI acquired the turbines subject to the sale leaseback?
A. I believe they acquired maybe the obligation under the sale leaseback might be a better way to --
Q. Okay. The third party -- Was the third party Ameren?
A. I'm not sure. I don't know who the third party was.
Q. Well, I saw some journal entry in the RFI responses that said Ameren on it.
A. I don't know.
Q. You don't know? Okay.
Now, when this lease ended, what happened to the turbines?

0054

A. My understanding is the turbines were dismantled at the plant site and were shipped back.
Q. And did something have to occur -- I mean, was there a

restoration or refurbishment or something that had to occur to the turbines when that occurred?

A. That was a contractual provision, as I appreciate it, that required the turbines to be returned at a certain condition, you know, and maybe the original condition considering, you know, kind of normal wear and tear so to speak.

Q. Was there any plant owned by EAI at this site?

A. I believe so.

Q. Was it just like a few million dollars worth of plant or what?

A. Yeah. I mean, it was in the millions of dollars. I believe there was a building there. There was obviously some laid-out areas for the turbines. I believe a switch -- maybe

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switching equipment. I'm not certain if there were owned turbines as part of this configuration or if the configuration was just leased turbines, but there was other plant at the site, owned plant at the site.

Q. So would it be true, then, that when EAI acquired the Blytheville plant, it acquired a building, some lay-down area where the turbines could be placed and that type of thing, plus it acquired this lease obligation for the turbines?

A. I'm not sure of the physical state at the time of the merger or acquisition, but it came to be that state over a period of time. I mean, it's possible it could have been that way at acquisition, or it's possible some of that may have been added, you know, after the acquisition.

Q. But it never owned the turbines; right?

A. That's my understanding. There was a turbine or group of

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turbines that was leased.

Q. How did it account for the sale leaseback?

A. My understanding is it was not a capital lease. It was an operating lease.

Q. Well, what does that mean?

A. It just means different accounting treatment.

Q. Okay. And so what does that

mean for the different accounting treatment if it's an operating lease and not a capital lease?
A. Generally if it's an operating lease, you would not have, say, the leased assets on your books with an offsetting obligation.
Q. So there wasn't, then, any recording of an asset for this lease in plant in service?
A. That's my understanding. The leased turbines themselves were not a part of plant -- Account 101.
Q. And Account 101 is the plant in service account; right?
0057
A. That's the plant in service; correct.
Q. Now, when the refurbishment occurred, is it correct that the cost of refurbishing the turbines was something around $16 million?
A. I believe 16 million, 15.9, $16 million is correct.
Q. Don't forget these folks on the phone.
A. Okay.
Q. So I have some kind of an understanding that in 2001 when this refurbishment occurred, the cost was expensed; is that right?
A. That's my understanding as well, yes.
Q. Were you part of that decision?
A. I don't -- I was around during that time. I'm not sure I could say I was part of that decision in terms of expensing it. I mean, that decision was made and we did expense the cost.
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Q. So would it be true that the final accounting of the company for 2001 reflected this refurbishment as an expense basically, you know, just a reduction of net income?
A. That's my understanding, yes.
Q. How did it come about that this refurbishment cost got put back on the books?
A. My understanding -- And, again, I think some of this is included in some of the RFI responses, but during the time -- during 2001, Entergy Arkansas was operating under an

earnings review process. During that time, it had what was, I think, called a transition to competition account where any over earnings were established, in effect, as a regulatory liability with an expectation to offset stranded costs if, in fact, you know, companies in Arkansas, utility companies in Arkansas proceeded to deregulation.

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The 2001 earnings review, as it was being, I guess, debated, settled, resulted in these amounts being reclassified from an expense to a capital item, to capital, as a result of -- my understanding is as a result of that 2001 earnings review.

Q. So, you know, I saw an RFI that said the expensing was questioned, but I didn't see anything that said that the Arkansas Commission required this treatment or ordered this treatment. Do you have an understanding that they did?

A. Well, my understanding is that the settlement around that particular earnings review year resulted in this item being classified or pro formaed as a capital item from expense.

Q. This was a -- There was an actual settlement agreement on this?

A. Well, it was an earnings review period that was settled. I can't tell you if a specific order was

0060

rendered, but the result of the earnings review, as I appreciate it, reflected this item as a capital item.

Q. Okay. How was it reflected as a capital item?

A. In the determination of the cost-of-service revenue requirement, determination of over earnings/under earnings.

Q. Well, there was no -- I mean, there wasn't any rate change as a result of a 2001 review, was there?

A. No, there was no rate change, but any over earnings would have been taken to the balance sheet as a -- I guess you'd characterize it as a regulatory liability for potential offset to stranded cost going to retail open access.

Q. And what occurred with

regard to any balance sheet consequences of those earnings reviews when Arkansas decided not to go to open access?
A. At that time also, Entergy
0061
Arkansas, and I believe it was the year 2000, had experienced two fairly significant ice storms back to back and the company had approximately -- I don't remember the number -- a hundred million, maybe a couple hundred million dollars of storm restoration costs on its books. The TCA liability at the end of the day as part of a settlement, in effect, was netted or, you know, there was a regulatory asset that was a regulatory liability. A settlement was arrived where the TCA balance was used to offset storm cost.
Q. TCA, is that transition to competition?
A. That was an internal vernacular in terms of how we refer to it and how we refer to it internally. I think it was more maybe an acronym for transition to competition or something like that.
Q. So over time, there was some sort of an obligation to the ratepayers or an obligation to credit against
0062
stranded costs accumulated over earnings that were determined in these earnings reviews?
A. That's my understanding, yes.
Q. And so some actual positive amount of credit was accumulated over time?
A. Yes.
Q. And then along came a storm or storms that caused, I guess, an increase in the storm damage reserve or what?
A. The costs were -- The costs related to the restoration were on the balance sheet at that time, yes.
Q. And so then the APSC and EAI agreed to swap those out or something?
A. I believe in a settlement, the -- Yeah, I mean, in simplistic terms, yes, that's basically what happened.
Q. And was this the subject of a commission order?
A. I would assume the

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settlement would have been finalized, you know, or consummated through a commission order.
Q. What was done with regard to this turbine refurbishment at that time?
A. Well, the -- because of the settlement and conclusions from the 2001 earnings review, we -- you know, in order to be consistent with the regulatory treatment of this item, the item was recorded in capital on the company's books.
Q. So you did this for consistency with a retail earnings review settlement of some kind?
A. Within the construct of that settlement, the item was treated as a capital item, and, you know, we then made the kind of commensurate or consistent application of that treatment on the books of Entergy Arkansas --
Q. Are you saying that --
A. -- and recorded it as

0064

removal cost.
Q. Are you saying that the APSC auditors or staff, whoever, told EAI that they thought this refurbishment cost was a capital item?
A. Well, my understanding from reviewing the entries we created, from looking at the documentation in response to -- you know, in regard to our response to some of the RFIs is that in 2002 when this was recorded as removal cost, it was recorded in that manner consistent with the result of the 2001 earnings review.
Q. Okay. It's one thing -- I'm just trying to get this clarified. It's one thing for the APSC staff to say, "You can't count this cost against earnings, refurbishing a turbine that you've had in use for X number of years and you just gave back to the owner." It's another thing to say, "You should have accounted for it as plant in service or as some offset to an accumulated depreciation as opposed to

0065

expensing it." And are you saying the latter, that's what they told you?
A. My understanding is -- as you said, in 2001, we expensed it -- as

a result of that earnings review
process and through the final
settlement and resolution of that
earnings review process, this item was
reflected as a capital item and not as
an expense item.
Q. Are you saying that the APSC
staff gave you the okay on that
accounting?
A. I guess what I'm saying is
APSC staff -- who, I have to assume,
was a party to the settlement. I mean,
the settlement in and of itself was
finalized, as I appreciate it, and we
recorded the result of that much as we
would the results of any other earnings
review process, and the result of that
was this particular item was treated as
a capital item.
Q. But my question now: Did
the APSC staff say, "This is not an

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expense item. This should be a capital
item to Entergy"?
MR. NAEVE:
Calls for speculation.
EXAMINATION BY MR. FONTHAM:
Q. To your understanding?
A. They did not say that to me
directly.
Q. Do you have any knowledge
that the APSC staff told you that the
appropriate thing to do would be to
record this as an addition to the rate
base?
A. The knowledge that I have is
the resulting -- the result that came
out of the earnings review.
Q. Well, I understand that you
couldn't use it as an expense to lower
the amount of the credit against
stranded cost. I got that part. My
question is was it then Entergy's
decision to change the accounting for
it, or was it the APSC staff's
recommendation or order to change the
accounting for it to make it a capital

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item as opposed to something that
should have been written off?
MR. NAEVE:
Calls for speculation.
EXAMINATION BY MR. FONTHAM:
Q. If you know.
A. My understanding is it was
considered in the earnings
determination but considered as a

capital item not as an expense item.

Q. So it's your understanding the APSC staff told you, "This is a capital item," and then they just forgot that five years later when they had a rate case or what?

A. I can't comment on that.

Q. Well, you do know that the rate order said it should have been expensed and written off, gone forever in '01; right?

A. I'm aware of that.

Q. Do you think they reneged on the deal or what?

A. I had no discussions around the specific deal.

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Q. Do you think there was a deal or some sort of a settlement that said you can capitalize this?

A. My appreciation, again, from reviewing the records and having discussions with folks who were involved directly, is that the earnings review result was a result of this item being moved from capital -- from O&M, I'm sorry, to capital and that was the -- and obviously with that taking place, we did similar accounting on the books and records.

Q. And who is it who determined the way to capitalize this would be to decrease accumulated depreciation?

A. I'm not certain who made that final decision, but, you know, my view is as you look at the cost and you look at what transpired around the particular cost at the time, the fact that the unit was being retired, it was being -- becoming -- it was not inoperable, the cost that was occurred was in nature similar -- would be a

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removal type cost.

Q. But this isn't something that was in plant in service, the turbine, is it?

A. No, it's not.

Q. So you weren't retiring it from plant in service, were you?

A. No, we were not retiring the turbine.

Q. And there was no amount in plant in service against which this -- against which a depreciation reserve had been built up, was there?

A. No, there was not.

Q. You know, if the APSC staff said capitalize it, why didn't you just put it into plant?
A. Well, to put it in plant has an insinuation that it is plant and it obviously was not plant in service.
Q. Well, to put it into the offset to plant, doesn't that insinuate that it offsets plant?
A. Well, it insinuates that it's removal cost.
0070
Q. Of plant; right?
A. Well --
Q. You don't have removal costs for O&M expense, do you?
A. No. But at that point in time, it was -- No, you don't have removal cost of O&M expense. You can have removal cost of an item.
Q. And when you have removal -- Let's say you have removal cost for an item you don't own and isn't it plant. Are you saying that the normal accounting treatment for that sort of removal cost is to put it into accumulated depreciation as a reduction of accumulated depreciation?
A. I would say that the definition of removal cost defines what removal cost is and it doesn't specify owned versus leased property.
Q. So, in your view, removing somebody else's property from your property, that's -- that can go into accumulated depreciation for your plant under the accounting directives?
0071
A. As it relates to this particular transaction and what transpired, the recording of it as removal cost, I believe, is not inappropriate.
Q. How did you reverse this? In other words, you've got 2001 books and records. They've been issued and now it's 2002. What do you have to do to reverse it?
A. In effect, what we did was we credited O&M and you debited plant.
Q. Did that mean your earnings went up in 2002 versus the alternative?
A. The alternative being?
Q. The alternative being leave it alone as it was.
A. Yes, much as if they went down in 2001 when it was recorded as it

was.
Q. When you spent the money; right?
A. Yes.
Q. Did you provide any notification to the APSC that you were

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accounting for the Blytheville turbine in this manner?
A. I didn't personally, no.
Q. Did you -- Were you involved in the decision that "We're going to take the cost of refurbishing the Blytheville turbine and put it into accumulated depreciation as an offset"?
A. I'm sorry. Repeat your question.
Q. Yeah. Did you participate in the decision to take the refurbishing cost, reverse the expense, and credit the account the following year and reduce accumulated depreciation for the amount of that refurbishing cost in the following year? Did you do that? Were you party to that?
A. Well, I guess I would pars your question because it --
Q. Okay. Compound?
A. All this happened over a period of time and the question sounds as if you made a decision to do

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everything at one point in time.
Q. 2001, did you participate in the decision to expense the refurbishing?
A. I don't recall having specific discussions. But, again, I was in a role where I could have had discussions around that.
Q. Did you think that accounting was appropriate?
A. Obviously. That was the accounting we did in 2001.
Q. Okay. 2002, now, along comes an earnings review that's going to calculate a possible offset to stranded cost and the APSC staff questions whether that expense for 2001 should count or not as an expense. Did you participate in the decision to change the accounting or to basically reverse the accounting in 2002 for what you did in 2001?
A. I wouldn't characterize it as reversing the accounting. I mean, I

would characterize it as the accounting

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consistent with the circumstances that occurred in 2002.

Q. And do you know whether there was any order issued by the APSC to set forth those circumstances?

A. I would -- With this being within the context of an earnings review, I would assume there was some -- something that codified the earnings review and the result of it.

Q. But you don't know? I mean, have you seen it?

A. I have not. I haven't read it, no.

Q. So did you participate in the decision to put this refurbishing expense into -- or basically to reduce the accumulated depreciation for the refurbishing expense?

A. I don't recall a specific discussion. But, again, that was almost eight years ago, seven years ago, I guess, at this point. We'd be talking 2002.

Q. So who did it? Do you know?

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Who is the one who decided to do that?

A. I don't know who the -- I mean, I'm not certain who in the context of all the discussions would have said, you know, "This is the entry to record."

Q. Well, who made the decision, "We're going to put this back on the books"?

A. Well, again, I think I wouldn't characterize it as a decision to put it back on the books. I would characterize it as a decision that was consistent with what was the regulatory treatment at that point in time and a set of cost that was, you know, consistent with how you would treat it given that regulatory outcome.

Q. Who made the decision, "We're going to put it back on the books to be consistent with what we think the interpretation of what happened in the earnings review was"? Who made that decision?

A. I don't recall in terms of a

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specific person saying, "This is it."

Q. Have you had a conversation with anyone who told you the APSC staff

said, "Yeah, it's okay to put this as a capital item back into the rate base"?
A. I don't recall a conversation that someone would say that is exactly what they said. Again, I would say that if you look at the records that support what we did and the documentation around that time, I mean, it was clear that this was the result of something that came out of settlement discussions relative --
Q. I haven't seen a settlement term sheet. I haven't seen a report. I haven't seen a letter, an order, or any official sanction from the APSC in the data responses. I looked through them quickly so maybe I missed it. Do you have one in mind?
A. No, I don't have one.
Q. Is there any writing that you've seen, any piece of paper that says, "This capitalization is okay"?

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A. I haven't seen anything recently, no.
Q. Anything that the APSC staff was a party to that you've seen which said, "Reversing that expense for '01 and putting it back on the books as a reduction of accumulated depreciation is okay"?
A. But, again, the result of the earnings review is what it was.
Q. But my question was: Have you seen any document that says that, that has the APSC staff, you know, as a party to it?
A. I don't recall seeing one.
Q. Was the earnings review for stranded cost, was that a factor in the decision to expense the item in the first place?
A. No, I don't believe so.
Q. To your knowledge, did anyone at Entergy consider -- Prior to this earnings review determination, did anyone at Entergy consider that this could be offset against -- or that this

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could be added to the rate base by reducing accumulated depreciation as the appropriate accounting in 2001?
A. You know, I'd have to say you have to think about the circumstances of the event. And, obviously, the circumstances around this, I think, would lead you down a

path where you would question whether or not this is removal cost or O&M.
Q. You would question it? What do you mean?
A. I mean, you would have to think through is this removal cost or is this O&M.
Q. And after thinking that through, Entergy made the decision it's O&M; right?
A. I think in 2001, yes.
Q. The station itself, the property itself, is that something still owned by EAI?
A. You're referencing the land?
Q. Well, you said there was a building there and some area to set the

0079

turbines down.
A. Yeah. My understanding is once the station was retired, that pretty much all the equipment or other assets around the station were removed.
Q. So then it turned back just to land basically?
A. I think basically, yes.
Q. And what happened to it then?
A. I don't know.
Q. So would it be true that after the refurbishment and return of the turbines, this property was not used to provide service to Arkansas customers?
A. I'm not sure what, if anything, would be on the property today. So I couldn't reach that conclusion, no.
Q. Do you know whether the property was owned by EAI versus leased by EAI?
A. I believe the property is owned by EAI, yes.

0080

Q. Is it true that the only plant in service related to this Blytheville station on EAI's books prior to 2002 was the building and the cost of the land and so on as opposed to the turbines themselves?
A. State your question again.
Q. Yes. In other words, of this station, you had turbines, you had a building, you had land and so on. Is it true that the turbines themselves were not part of EAI's plant in service? It was only the -- whatever,

the building, the set-down area, and the part that was owned by EAI?
A. Plant in service, you mean, as it relates to what was in Account 101?
Q. Yes, sir.
A. Yes, that's true.
Q. You don't know who the owner was that you shipped the turbines to; right?
A. No, I do not.
Q. From the standpoint of

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potential impact on rates, is there any difference between recording a regulatory asset and recording a reduction to accumulated depreciation?
A. I think it would be a function of the -- I mean, you'd have to give me more information.
Q. Well, I thought it was like, you know, the accounting rules said, "Hey, you've got to be really, really careful about recording regulatory assets. You need to confirm it with the regulator and get an order or something that would give you reasonable certainty"; right?
A. Well, to record a regulatory asset you would have to do it under FAS-71, yes.
Q. So why wouldn't you have to have the same kind of reasonable certainty in order to record a reduction to accumulated depreciation related to some kind of a rate settlement?
A. You mean as it means

0082

relative to plant?
Q. Well, as it means relative to an expense for refurbishing that has been expensed on the books that now you want to put back on the books as plant?
A. Well, I wouldn't characterize it as we want to put it back on the books as plant. That was the result of the settlement.
Q. Right. So you should -- In order for that, though -- My question is: How come you can do that without the regulatory certainty that goes with some kind of an order allowing recovery in the future?
A. I can't -- I don't believe I can tell you today that such an order doesn't exist. I think your question

was, Had I read it? Had I seen it? Was it attached to the RFI response?
And my answer was it's been seven years ago.
Q. Should it exist if, indeed, you basically put plant on your -- or an asset back on your books? Should

0083

you have an order to support that?
A. There should be a result from the earnings review that would support it, yes.
Q. Should there be something from the APSC that says, "Yes, Entergy, in the future, you'll be able to recover this in order to support putting an asset back on your books for a cost that was previously expensed"?
A. If the APSC accepted the result of the earnings review where they classified as such, that would be acknowledgement of the treatment.
Q. So, basically, in order to support this, we should expect to find some APSC acknowledgement of this reclassification at the time; right?
A. Or acknowledgement of the result.
Q. The result that it's going back on the books as additional plant; right?
A. The result of the earnings review itself.

0084

Q. But I'm talking about the accounting treatment of taking an expense and putting it on the books as an asset. Would you need some acknowledgement from the APSC that "Yeah, that's appropriate," before you create an asset on the books and effectively boost earnings on the income statement?
A. Well, again, that was not the basis for the change itself.
Q. What was not the basis? You didn't have acknowledgement from the APSC? Is that what you're saying?
A. No. No. To boost earnings was not the basis.
Q. It did boost earnings, didn't it?
A. It affected income.
Q. Okay.
A. The issue is you dealt with it as a result of what happened, not an expectation of creating a result.

Q. Well, maybe my -- I wasn't trying to be pejorative with regard to
0085
this, so let me try to restate it.
You've already got an expense gone, done with, finis, yesterday from an accounting standpoint; right?
A. Correct.
Q. Now, this year, the question arises, "Hey, can we put that gone, finis, done expense back on our books as an asset through the mechanism of reducing accumulated depreciation?" Okay? And my question is --
A. No, that's not okay because that was not the characterization of what transpired.
Q. You did reduce accumulated depreciation; right?
A. We recorded it as removal cost. That is correct.
Q. That reduced accumulated depreciation; right?
A. It had a debit effect on Account 108, yes, it did.
Q. Is that a reduction of accumulated depreciation?
0086
A. Yes, it is.
Q. That, therefore, boosted the net assets on the company's books by approximately $16 million; right?
A. Yes, it did.
Q. So the asset side goes up by $16 million; right?
A. Yes, they do.
Q. Now, my question is: In order to cause the net assets to go up on the balance sheet by $16 million for an item that had previously been expensed and recognized as an expense item, legitimate expense item, does the company need some sort of acknowledgement from the regulator that "Yeah, you'll be entitled to recover that cost"?
A. I think it needs acknowledgement from the regulator that that cost should be treated as such.
Q. As capital?
A. Yes.
Q. As an asset? Okay.
Are you familiar with ADIT
0087
for the Waterford 3 sale leaseback?
A. No. Not intimately, no.

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