

ENTERGY CORP /DE/
 Form 10-Q
 May 07, 2015
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2015
 OR
 TRANSITION REPORT PURSUANT TO SECTION 13
 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-31508	ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 64-0205830
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900	0-05807	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
0-20371	ENTERGY GULF STATES LOUISIANA, L.L.C. (a Louisiana limited liability company) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 576-4000 74-0662730	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 9425 Pineroft The Woodlands, Texas 77380 Telephone (409) 981-2000 61-1435798

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1-32718
ENTERGY LOUISIANA, LLC
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SYSTEM ENERGY RESOURCES, INC.
(an Arkansas corporation)
Echelon One
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Jackson, Mississippi 39213
Telephone (601) 368-5000
72-0752777

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

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

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

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

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

Common Stock Outstanding		Outstanding at April 30, 2015
Entergy Corporation	(\$0.01 par value)	179,522,178

Entergy Corporation, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company reports herein only as to itself and makes no other representations whatsoever as to any other company. This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2014, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

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FORWARD-LOOKING INFORMATION

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

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

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions, Entergy’s utility supply plan, and recovery of fuel and purchased power costs;
- the termination of Entergy Arkansas’s participation in the System Agreement, which occurred in December 2013, the termination of Entergy Mississippi’s participation in the System Agreement in November 2015, the termination of Entergy Texas’s, Entergy Gulf States Louisiana’s, and Entergy Louisiana’s participation in the System Agreement after expiration of the proposed 60-month notice period or such other period as approved by the FERC;
- regulatory and operating challenges and uncertainties and economic risks associated with the Utility operating companies’ move to MISO, which occurred in December 2013, including the effect of current or projected MISO market rules and system conditions in the MISO markets, the allocation of MISO system transmission upgrade costs, and the effect of planning decisions that MISO makes with respect to future transmission investments by the Utility operating companies;
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, and the application of more stringent transmission reliability requirements or market power criteria by the FERC;
- changes in the regulation or regulatory oversight of Entergy’s nuclear generating facilities and nuclear materials and fuel, including with respect to the planned or potential shutdown of nuclear generating facilities owned or operated by Entergy Wholesale Commodities, and the effects of new or existing safety or environmental concerns regarding nuclear power plants and nuclear fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license renewals or modifications or other authorizations required of nuclear generating facilities;
- the performance of and deliverability of power from Entergy’s generation resources, including the capacity factors at its nuclear generating facilities;
- Entergy’s ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- prices for power generated by Entergy’s merchant generating facilities and the ability to hedge, meet credit support requirements for hedges, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Entergy Wholesale Commodities nuclear plants;
- the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy’s ability to meet credit support requirements for fuel and power supply contracts;

• volatility and changes in markets for electricity, natural gas, uranium, emissions allowances, and other energy-related commodities, and the effect of those changes on Entergy and its customers;

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FORWARD-LOOKING INFORMATION (Concluded)

changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;

changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur dioxide, nitrogen oxide, greenhouse gases, mercury, and other regulated air and water emissions, and changes in costs of compliance with environmental and other laws and regulations;

uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal and the level of spent fuel disposal fees charged by the U.S. government related to such sites;

variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes, ice storms, or other weather events and the recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance;

effects of climate change;

changes in the quality and availability of water supplies and the related regulation of water use and diversion;

Entergy's ability to manage its capital projects and operation and maintenance costs;

Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms;

the economic climate, and particularly economic conditions in Entergy's Utility service area and the Northeast United States and events and circumstances that could influence economic conditions in those areas, and the risk that anticipated load growth may not materialize;

the effects of Entergy's strategies to reduce tax payments;

changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;

actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria;

changes in inflation and interest rates;

the effect of litigation and government investigations or proceedings;

changes in technology, including with respect to new, developing, or alternative sources of generation;

the potential effects of threatened or actual terrorism, cyber attacks or data security breaches, including increased security costs, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;

Entergy's ability to attract and retain talented management and directors;

changes in accounting standards and corporate governance;

declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans;

future wage and employee benefit costs, including changes in discount rates and returns on benefit plan assets;

changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites;

the implementation of the shutdown of Vermont Yankee and the related decommissioning of Vermont Yankee;

the effectiveness of Entergy's risk management policies and procedures and the ability and willingness of its counterparties to satisfy their financial and performance commitments;

factors that could lead to impairment of long-lived assets; and

the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture.

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DEFINITIONS

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

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
ASLB	Atomic Safety and Licensing Board, the board within the NRC that conducts hearings and performs other regulatory functions that the NRC authorizes
ASU	Accounting Standards Update issued by the FASB
Board	Board of Directors of Entergy Corporation
Cajun	Cajun Electric Power Cooperative, Inc.
capacity factor	Actual plant output divided by maximum potential plant output for the period
City Council or Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Texas	Entergy Texas, Inc., a company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Wholesale Commodities (EWC)	Entergy's non-utility business segment primarily comprised of the ownership, operation, and decommissioning of nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by its operating power plants to wholesale customers
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FitzPatrick	James A. FitzPatrick Nuclear Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Form 10-K	Annual Report on Form 10-K for the calendar year ended December 31, 2014 filed with the SEC by Entergy Corporation and its Registrant Subsidiaries
FTR	Financial transmission right
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power, LLC
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment

Indian Point 3

Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment

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DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
IRS	Internal Revenue Service
ISO	Independent System Operator
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
MISO	Midcontinent Independent System Operator, Inc., a regional transmission organization
MMBtu	One million British Thermal Units
MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatts
MWh	Megawatt-hour(s)
Net debt to net capital ratio	Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents
Net MW in operation	Installed capacity owned and operated
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
Palisades	Palisades Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Pilgrim	Pilgrim Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
PPA	Purchased power agreement or power purchase agreement
PUCT	Public Utility Commission of Texas
Registrant Subsidiaries	Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc.
River Bend	River Bend Station (nuclear), owned by Entergy Gulf States Louisiana
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources. Entergy Arkansas terminated its participation in the System Agreement effective December 18, 2013.
System Energy	System Energy Resources, Inc.
TWh	Terawatt-hour(s), which equals one billion kilowatt-hours
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf
Utility	Entergy's business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility operating companies	Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas
Vermont Yankee	Vermont Yankee Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment, which ceased power production in December 2014
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Station, 100% owned or leased by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather

White Bluff

White Bluff Steam Electric Generating Station, 57% owned by Entergy Arkansas

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ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

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

The Utility business segment includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operation of a small natural gas distribution business.

The Entergy Wholesale Commodities business segment includes the ownership, operation, and decommissioning of nuclear power plants located in the northern United States and the sale of the electric power produced by its operating plants to wholesale customers. Entergy Wholesale Commodities also provides services to other nuclear power plant owners and owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

Results of Operations

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the first quarter 2015 to the first quarter 2014 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities	Parent & Other (a)	Entergy
	(In Thousands)			
1st Quarter 2014 Consolidated Net Income (Loss)	\$205,440	\$242,470	(\$41,857)	\$406,053
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	73,119	(221,439)	(915)	(149,235)
Other operation and maintenance	58,188	(20,296)	(3,492)	34,400
Asset write-off, impairments, and related charges	—	(2,270)	—	(2,270)
Taxes other than income taxes	10,198	(7,622)	479	3,055
Depreciation and amortization	11,733	(7,884)	(587)	3,262
Other income	14,340	22,940	(5,102)	32,178
Interest expense	5,861	854	(2,026)	4,689
Other expenses	2,982	6,444	—	9,426
Income taxes	(23,813)	(48,687)	6,005	(66,495)
1st Quarter 2015 Consolidated Net Income (Loss)	\$227,750	\$123,432	(\$48,253)	\$302,929

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

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

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Entergy Corporation and Subsidiaries
 Management's Financial Discussion and Analysis

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the first quarter 2015 to the first quarter 2014:

	Amount (In Millions)
2014 net revenue	\$1,337
Retail electric price	68
Volume/weather	9
MISO deferral	(10)
Other	6
2015 net revenue	\$1,410

The retail electric price variance is primarily due to:

- formula rate plan increases at Entergy Gulf States Louisiana and Entergy Louisiana, as approved by the LPSC, effective December 2014 and January 2015;
- an annual net rate increase at Entergy Mississippi of \$16 million, effective February 2015, as a result of the MPSC order in the June 2014 rate case;
- an increase in energy efficiency rider revenue primarily due to an increase in the energy efficiency rider at Entergy Arkansas, as approved by the APSC, effective July 2014 and new energy efficiency riders at Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy Mississippi that began in the fourth quarter 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have a minimal effect on net income; and
- an annual base rate increase of \$18.5 million at Entergy Texas, effective April 2014, as a result of the PUCT's order in the September 2013 rate case.

See Note 2 to the financial statements herein and in the Form 10-K for a discussion of rate proceedings.

The volume/weather variance is primarily due to an increase in industrial usage and an increase in unbilled sales volume, partially offset by the effect of less favorable weather on billed residential and commercial sales. The increase in industrial usage is primarily in the chemicals industry. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates - Unbilled Revenue" in the Form 10-K for further discussion of the accounting for unbilled revenues.

The MISO deferral variance is primarily due to the deferral in 2014 of the non-fuel MISO-related charges, as approved by the LPSC and the MPSC. The deferral of non-fuel MISO-related charges is partially offset in other operation and maintenance expenses. See Note 2 to the financial statements in the Form 10-K for further discussion of the recovery of non-fuel MISO-related charges.

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the first quarter 2015 to the first quarter 2014:

	Amount (In Millions)
2014 net revenue	\$748
Vermont Yankee shutdown in December 2014	(144)
Nuclear realized price changes	(99)
Mark-to-market	(55)
Nuclear volume, excluding Vermont Yankee	67
Other	10
2015 net revenue	\$527

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by \$221 million in the first quarter 2015 compared to the first quarter 2014 primarily due to:

a decrease in net revenue as a result of Vermont Yankee ceasing power production in December 2014; lower realized wholesale energy prices; and in the fourth quarter 2014, Entergy Wholesale Commodities entered into electricity derivative instruments that were not designated as hedges, including additional financial power sales to lock in margins on some in-the-money purchased call options. When these positions settled, the turnaround of the positive year-end 2014 mark contributed to the negative mark-to-market variance for first quarter 2015. In the fourth quarter 2013, Entergy Wholesale Commodities also entered into similar transactions. The effect of increases in forward prices resulted in negative mark-to-market activity in fourth quarter 2013. The turnaround of the negative 2013 mark resulted in a positive mark in first quarter 2014, which also contributed to the negative mark-to-market variance for first quarter 2015. See Note 16 to the financial statements in the Form 10-K and Note 8 to the financial statements herein for discussion of derivative instruments.

The decrease was partially offset by higher volume in the Entergy Wholesale Commodities nuclear fleet resulting from fewer refueling outage days in the first quarter 2015 as compared to the first quarter 2014.

Following are key performance measures for Entergy Wholesale Commodities for the first quarter 2015 and 2014:

	2015	2014
Owned capacity (MW) (a)	5,463	6,068
GWh billed	9,592	10,014
Average revenue per MWh	\$67.00	\$90.68

Entergy Wholesale Commodities Nuclear Fleet

Capacity factor	90%	82%
GWh billed	8,618	9,079
Average revenue per MWh	\$65.78	\$88.86
Refueling Outage Days:		
Indian Point 2	—	24
Indian Point 3	23	—
Palisades	—	56

(a) The reduction in owned capacity is due to the retirement of the 605 MW Vermont Yankee plant in December 2014.

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Results of Operations - Realized Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants" in the Form 10-K for a discussion of the effects of sustained low natural gas prices and power market structure challenges on market prices for electricity in the New York and New England power regions over the past few years. The higher realized revenue in first quarter 2014 compared to first quarter 2015 was due to significantly higher Northeast spot market prices in first quarter 2014 as a result of sustained cold weather across the entire region combined with limited liquefied natural gas imports and natural gas infrastructure constraints.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$497 million for the first quarter 2014 to \$555 million for the first quarter 2015 primarily due to:

- an increase of \$20 million in fossil-fueled generation expenses primarily due to an increase in scope of work done during plant outages;
- an increase of \$14 million in energy efficiency costs. These costs are recovered through energy efficiency riders and have a minimal effect on net income;
- an increase of \$12 million in nuclear generation expenses primarily due to increased costs related to an NRC inspection in first quarter 2015, higher labor costs, including contract labor, higher materials costs, and higher NRC fees;
- an increase of \$7 million in transmission expenses primarily due to an increase in costs related to the participation in the MISO RTO. The net income effect is partially offset due to deferrals of some of these costs in certain jurisdictions. See Note 2 to the financial statements in the Form 10-K for further information on the deferrals; and
- an increase of \$5 million primarily due to losses of \$1 million on the sale of surplus diesel inventory in 2015 compared to gains of \$4 million on the sale of surplus oil inventory in 2014.

The increase was partially offset by:

- a decrease of \$8 million in compensation and benefits costs primarily due to a decrease in the accrual for incentive-based compensation, partially offset by an increase in net periodic pension and other postretirement benefit costs as a result of lower discount rates and changes in retirement and mortality assumptions. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for further discussion of benefits costs; and
- a decrease of \$5 million due to the timing of annual Nuclear Electric Insurance Limited distributions in 2015 as compared to 2014.

Taxes other than income taxes increased primarily due to increases in payroll taxes and ad valorem taxes.

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

Other income increased primarily due to:

-

an increase in earnings on decommissioning trust fund investments in the first quarter 2015 as compared to the first quarter 2014. There is no effect on net income as the trust fund earnings are offset by a corresponding amount of regulatory charges; and

an increase in distributions earned on preferred membership interests purchased from Entergy Holdings Company with the proceeds received in August 2014 from the Act 55 storm cost financing. The distributions

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on preferred membership interests are eliminated in consolidation and have no effect on Entergy's net income because the investment is in another Entergy subsidiary. See Note 2 to the financial statements in the Form 10-K for a discussion of the Act 55 storm cost financing.

Entergy Wholesale Commodities

Other operation and maintenance expenses decreased from \$233 million for the first quarter 2014 to \$212 million for the first quarter 2015 primarily due to the shutdown of Vermont Yankee, which ceased power production in December 2014. The decrease was partially offset by lower deferral of costs for future amortization as a result of fewer refueling outage days.

Taxes other than income taxes decreased due to decreased ad valorem and payroll taxes primarily as a result of the shutdown of Vermont Yankee, which ceased power production in December 2014.

Depreciation and amortization expenses decreased primarily due to decreases in depreciable asset balances as a result of the shutdown of Vermont Yankee, which ceased power production in December 2014. See Note 1 to the financial statements in the Form 10-K for further discussion of impairment of long-lived assets.

Other income increased primarily due to realized decommissioning trust gains in the first quarter 2015 that resulted from portfolio reallocations for the Vermont Yankee nuclear decommissioning trust funds.

Other expenses increased primarily due to an increase in nuclear refueling outage costs that are being amortized over the estimated period to the next outage.

Income Taxes

The effective income tax rate was 33.2% for the first quarter 2015. The difference in the effective income tax rate for the first quarter 2015 versus the federal statutory rate of 35% was primarily due to the reversal of a portion of the provision for uncertain income tax positions resulting from the receipt of finalized tax and interest computations for the 2006-2007 audit from the IRS, partially offset by certain book and tax differences related to utility plant items. See Note 10 to the financial statements for a discussion of the finalized tax and interest computations for the 2006-2007 audit.

The effective income tax rate was 34.8% for the first quarter 2014. The difference in the effective income tax rate for the first quarter 2014 versus the federal statutory rate of 35% was primarily due to a deferred state income tax reduction related to a New York tax law change. See Note 3 to the financial statements in the Form 10-K for a discussion of the New York tax law change.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

See the Form 10-K for a discussion of the NRC operating licenses for Indian Point 2 and Indian Point 3 and the NRC license renewal joint application in process for these plants. Following are updates to the discussion regarding the NRC and related proceedings.

In March 2015 the NRC resolved the remaining appeals from the ASLB's Track 1 decisions in favor of Entergy and NRC staff. Those appeals addressed electrical transformers and environmental justice. Initial filings in response to the NRC's request for additional information on Severe Accident Mitigation Alternatives (SAMA) issues raised by the

pending two SAMA-related appeals were completed. There is no deadline for the NRC to act once further filings have been made.

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In March 2015 the ASLB granted New York State's motions to amend and update two of the remaining three previously-admitted Track 2 contentions. The ASLB also directed the parties to state their availability for Track 2 hearings starting in mid-November 2015.

In March 2015 the New York State Department of Environmental Conservation (NYSDEC) staff withdrew from consideration at trial before the ALJs its proposal for annual fish protection outages of 92 days. NYSDEC staff and Riverkeeper continue to advance other annual outage proposals. NYSDEC staff also withdrew from further consideration a \$24 million annual interim payment that had been proposed as a condition of the draft water pollution control permit.

In March 2015, New York State Department of State's (NYSDOS) motion for reargument or, alternatively, leave to appeal the December 2014 Coastal Zone Management Act grandfathering decision to the New York State Court of Appeals was denied by the Appellate Division. In April 2015, as permitted by New York rules, NYSDOS filed a separate motion directly with the State Court of Appeals requesting leave to appeal that decision. In April 2015, Entergy filed with the State Court of Appeals an answer opposing NYSDOS's motion for leave to appeal.

ANO Damage, Outage, and NRC Reviews

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - ANO Damage, Outage, and NRC Reviews" in the Form 10-K for a discussion of the ANO stator incident and subsequent NRC reviews.

As discussed in the Form 10-K, in January 2015 the NRC issued its final risk significance determination for the flood barrier violation originally cited in the September 2014 report. The NRC's final risk significance determination was classified as "yellow with substantial safety significance." In March 2015 the NRC issued a letter notifying Entergy of its decision to move ANO into the "multiple/repetitive degraded cornerstone column" of the NRC's reactor oversight process action matrix. Placement into this column will require significant additional NRC inspection activities at the ANO site, including a review of the site's root cause evaluation associated with the flood barrier and stator issues, an assessment of the effectiveness of the site's corrective action program, an additional design basis inspection, a safety culture assessment, and possibly other inspection activities consistent with the NRC's Inspection Procedure. The additional NRC inspection activities at the site are expected to increase ANO's operating costs. Excluding remediation and response costs that may result from the additional NRC inspection activities, Entergy Arkansas expects to incur NRC inspection costs of approximately \$35 million in 2015 and approximately \$15 million in 2016.

Liquidity and Capital Resources

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

Capital Structure

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

	March 31, 2015		December 31, 2014	
Debt to capital	57.4	%	57.6	%
Effect of excluding the securitization bonds	(1.4	%)	(1.4	%)
Debt to capital, excluding securitization bonds (a)	56.0	%	56.2	%

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Effect of subtracting cash	(2.3	%)	(2.8	%)
Net debt to net capital, excluding securitization bonds (a)	53.7	%	53.4	%

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

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and commercial paper, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the debt to capital ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy's financial condition because the securitization bonds are non-recourse to Entergy, as more fully described in Note 5 to the financial statements in the Form 10-K. Entergy also uses the net debt to net capital ratio excluding securitization bonds in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy's financial condition because net debt indicates Entergy's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3.5 billion and expires in March 2019. Entergy Corporation also has the ability to issue letters of credit against 50% of the total borrowing capacity of the credit facility. The commitment fee is currently 0.275% of the undrawn commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate for the three months ended March 31, 2015 was 1.93% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of March 31, 2015:

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
\$3,500	\$508	\$9	\$2,983

A covenant in Entergy Corporation's credit facility requires Entergy to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with the covenant. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the facility's maturity date may occur. See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

In January 2015, Entergy Nuclear Vermont Yankee entered into a credit facility with a borrowing capacity of \$60 million and an uncommitted credit facility with a borrowing capacity of \$85 million. Both facilities are guaranteed by Entergy Corporation and will expire in January 2018. As of March 31, 2015, no amounts were outstanding under these facilities. See Note 4 to the financial statements herein for additional discussion of these facilities.

Entergy Corporation has a commercial paper program with a Board-approved program limit of up to \$1.5 billion. As of March 31, 2015, Entergy Corporation had \$762 million of commercial paper outstanding. The weighted-average interest rate for the three months ended March 31, 2015 was 0.85%.

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under “MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital,” that sets forth the amounts of planned construction and other capital investments by operating segment for 2015 through 2017. Following are updates to the discussion in the Form 10-K.

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Union Power Station Purchase Agreement

As discussed in the Form 10-K, in December 2014, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas entered into an asset purchase agreement to acquire the Union Power Station. The purchase of the Union Power Station is contingent upon, among other things, obtaining necessary approvals, including cost recovery, from various federal and state regulatory and permitting agencies. These include regulatory approvals from the APSC, LPSC, PUCT, and FERC, as well as clearance under the Hart-Scott-Rodino Antitrust Improvements Act (HSR Act). In December 2014, Entergy Texas filed its application with the PUCT seeking one of the two necessary PUCT approvals of the acquisition. In April 2015 the Office of Public Utility Counsel filed testimony recommending that the Union Power Station transaction be determined not to be consistent with the public interest, and Texas Industrial Energy Consumers filed testimony concluding that serious concerns exist as to whether Entergy Texas needs the capacity of Union Power Station and whether Union Power Station is the most economical alternative. Also in April 2015, East Texas Electric Cooperative filed testimony raising certain transmission-related issues with respect to the proposed acquisition. In May 2015, PUCT staff filed testimony concluding that Entergy Texas had not adequately supported its demonstration of need for the facility or the extent of its due diligence in considering alternatives to the acquisition of Union Power Station. The PUCT staff further concluded that (i) Entergy Texas' financial condition would remain adequate should it acquire the facility regardless of whether it was also allowed to recover its requested acquisition adjustment and (ii) Entergy Texas had not provided sufficient information for PUCT staff to determine the reasonable value of the facility. The PUCT has indicated that it will convene the hearing on the merits of the initial requested approval in June 2015. Entergy Texas intends to file a rate application to seek cost recovery in the second quarter of 2015. In January 2015, Entergy Gulf States Louisiana filed its application with the LPSC and Entergy Arkansas filed its application with the APSC, each for approval of the acquisition and cost recovery. The LPSC established a procedural schedule providing for a hearing on the merits in August 2015. The APSC established a procedural schedule providing for a hearing on the merits in September 2015. In February 2015, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas filed a notification and report form pursuant to the HSR Act with the United States Department of Justice (DOJ) and Federal Trade Commission with respect to their planned acquisition of the Union Power Station. Union Power Partners, L.P. (UPP), the seller, also filed a notification and report form in February 2015. In March 2015 the DOJ requested additional information and documentary material from each of the purchasing companies and UPP, which will have the effect of extending the DOJ review period. In March 2015, UPP, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas filed an application with the FERC requesting authorization for the transaction. In April 2015, Entergy Texas and Entergy Gulf States Louisiana made a filing with the FERC to request authorization to recover their portions of the expected positive acquisition adjustment associated with the acquisition of the Union Power Station. Also in April 2015, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas made a filing with the FERC for approval of their proposed accounting treatment of the amortization expenses relating to the acquisition adjustment. Closing is targeted to occur in late-2015.

Dividends

Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon Entergy's earnings, financial strength, and future investment opportunities. At its April 2015 meeting, the Board declared a dividend of \$0.83 per share, which is the same quarterly dividend per share that Entergy has paid since the second quarter 2010.

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Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the three months ended March 31, 2015 and 2014 were as follows:

	2015	2014
	(In Millions)	
Cash and cash equivalents at beginning of period	\$1,422	\$739
Cash flow provided by (used in):		
Operating activities	611	767
Investing activities	(700	) (656
Financing activities	(152	) 58
Net increase (decrease) in cash and cash equivalents	(241	) 169
Cash and cash equivalents at end of period	\$1,181	\$908

Operating Activities

Net cash flow provided by operating activities decreased by \$156 million for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 primarily due to:

- lower Entergy Wholesale Commodities net revenues in 2015 as compared to the same period in 2014, as discussed previously;
- an increase in income tax payments of \$62 million primarily due to payments made in 2015 for the final settlement of amounts outstanding associated with the 2006-2007 IRS audit;
- an increase in spending of \$49 million in 2015 related to Vermont Yankee, including severance and retention payments accrued in 2014 and defueling activities that took place after the plant ceased power production in December 2014; and
- an increase of \$20 million in pension contributions in 2015. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates – Qualified Pension and Other Postretirement Benefits" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

The decrease was partially offset by:

- higher Utility net revenues in 2015 as compared to the same period in 2014, as discussed above;
- a decrease of \$16 million in spending on nuclear refueling outages in 2015 as compared to the same period in 2014; and
- a decrease of \$15 million in storm restoration spending in 2015.

Investing Activities

Net cash flow used in investing activities increased by \$44 million for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 primarily due to:

- an increase in construction expenditures primarily due to compliance with NRC post-Fukushima requirements, an overall higher scope of work on various projects, and a higher scope of work during plant outages in 2015 as

compared to the same period in 2014, partially offset by a decrease in spending on the Ninemile Unit 6 self-build project and a decrease in storm restoration spending;

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a change in collateral deposit activity, reflected in the "Decrease in other investments" line on the Consolidated Statement of Cash Flows, as Entergy received net deposits of \$21 million in 2014. Entergy Wholesale Commodities' forward sales contracts are discussed in the "Market and Credit Risk Sensitive Instruments" section below; a decrease of \$15 million in insurance proceeds primarily due to \$13 million received in the first quarter 2015 related to the Baxter Wilson plant event and \$24 million received in the first quarter 2014 for property damages related to the generator stator incident at ANO. See Note 1 to the financial statements herein and Note 8 to the financial statements in the Form 10-K for a discussion of the Baxter Wilson plant event and the ANO stator incident; and proceeds from the sale of aircraft in first quarter 2014.

The increase was partially offset by a decrease in nuclear fuel purchases due to variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle.

Financing Activities

Entergy's financing activities used net cash flow of \$152 million for the three months ended March 31, 2015 compared to providing \$58 million the three months ended March 31, 2014 primarily due to:

long-term debt activity using approximately \$197 million of cash in 2015 compared to providing \$17 million of cash in 2014. Included in the long-term debt activity is \$187 million in 2015 and \$140 million in 2014 for the repayment of borrowings on the Entergy Corporation long-term credit facility; net issuances of commercial paper of \$278 million in 2015 compared to net issuances of commercial paper of \$14 million in 2014; the repurchase of \$25 million of Entergy common stock in 2015; and a net decrease of \$212 million in 2015 in short-term borrowings by the nuclear fuel company variable interest entities.

For details of long-term debt activity and Entergy's commercial paper program in 2015, see Note 4 to the financial statements herein and Notes 4 and 5 to the financial statements in the Form 10-K.

Rate, Cost-recovery, and Other Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation" in the Form 10-K for discussions of rate regulation, federal regulation, and related regulatory proceedings.

State and Local Rate Regulation and Fuel-Cost Recovery

See Note 2 to the financial statements herein for updates to the discussion in the Form 10-K regarding these proceedings.

Federal Regulation

See the Form 10-K for a discussion of federal regulatory proceedings.

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Market and Credit Risk Sensitive Instruments

Commodity Price Risk

Power Generation

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and also sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities sells unforced capacity, which allows load-serving entities to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward physical power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy, make capacity available, or both. In addition to its forward physical power contracts, Entergy Wholesale Commodities also uses a combination of financial contracts, including swaps, collars, and options, to manage forward commodity price risk. Certain hedge volumes have price downside and upside relative to market price movement. The contracted minimum, expected value, and sensitivities are provided in the table below to show potential variations. The sensitivities may not reflect the total maximum upside potential from higher market prices. The information contained in the following table represents projections at a point in time and will vary over time based on numerous factors, such as future market prices, contracting activities, and generation. Following is a summary of Entergy Wholesale Commodities' current forward capacity and generation contracts as well as total revenue projections based on market prices as of March 31, 2015 (2015 represents the remainder of the year):

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Entergy Wholesale Commodities Nuclear Portfolio

	2015	2016	2017	2018	2019
Energy					
Percent of planned generation under contract (a):					
Unit-contingent (b)	44%	23%	14%	14%	16%
Unit-contingent with availability guarantees (c)	20%	17%	18%	3%	3%
Firm LD (d)	42%	43%	7%	—%	—%
Offsetting positions (e)	(19%)	—%	—%	—%	—%
Total	87%	83%	39%	17%	19%
Planned generation (TWh) (f) (g)	27	36	35	35	36
Average revenue per MWh on contracted volumes:					
Minimum	\$42	\$45	\$48	\$56	\$57
Expected based on market prices as of March 31, 2015	\$43	\$49	\$50	\$56	\$57
Sensitivity: -/+ \$10 per MWh market price change	\$42-\$45	\$46-\$53	\$49-\$53	\$56	\$57
Capacity					
Percent of capacity sold forward (h):					
Bundled capacity and energy contracts (i)	17%	17%	18%	18%	18%
Capacity contracts (j)	40%	16%	16%	16%	7%
Total	57%	33%	34%	34%	25%
Planned net MW in operation (g)	4,406	4,406	4,406	4,406	4,406
Average revenue under contract per kW per month (applies to capacity contracts only)	\$5.1	\$3.4	\$5.6	\$9.4	\$11.1
Total Nuclear Energy and Capacity Revenues					
Expected sold and market total revenue per MWh	\$48	\$50	\$50	\$52	\$53
Sensitivity: -/+ \$10 per MWh market price change	\$46-\$51	\$47-\$55	\$44-\$57	\$44-\$60	\$45-\$61

Entergy Wholesale Commodities Non-Nuclear Portfolio

	2015	2016	2017	2018	2019
Energy					
Percent of planned generation under contract (a):					
Cost-based contracts (k)	38%	36%	34%	34%	34%
Firm LD (d)	7%	7%	7%	7%	7%
Total	45%	43%	41%	41%	41%
Planned generation (TWh) (f) (l)	4	6	6	6	6
Capacity					
Percent of capacity sold forward (h):					
Cost-based contracts (k)	24%	24%	26%	26%	26%
Bundled capacity and energy contracts (i)	8%	8%	8%	8%	8%
Capacity contracts (j)	53%	53%	57%	57%	24%
Total	85%	85%	91%	91%	58%
Planned net MW in operation (l)	1,052	1,052	977	977	977

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- (a) Percent of planned generation output sold or purchased forward under contracts, forward physical contracts, forward financial contracts, or options that mitigate price uncertainty that may require regulatory approval or approval of transmission rights. Positions that are not classified as hedges are netted in the planned generation under contract.
- (b) Transaction under which power is supplied from a specific generation asset; if the asset is not operating, seller is generally not liable to buyer for any damages.
A sale of power on a unit-contingent basis coupled with a guarantee of availability provides for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.
- (c) Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset) or settles financially on notional quantities; if a party fails to deliver or receive energy, defaulting party must compensate the other party as specified in the contract, a portion of which may be capped through the use of risk management products. This also includes option transactions that may expire without being exercised.
- (d) Transactions for the purchase of energy, generally to offset a Firm LD transaction.
- (e) Amount of output expected to be generated by Entergy Wholesale Commodities resources considering plant operating characteristics, outage schedules, and expected market conditions that affect dispatch.
Assumes NRC license renewals for plants whose current licenses expire within five years, and uninterrupted normal operation at all operating plants. NRC license renewal applications are in process for two units, as follows (with current license expirations in parentheses): Indian Point 2 (September 2013 and now operating under its period of extended operations while its application is pending) and Indian Point 3 (December 2015). For a discussion regarding the license renewals for Indian Point 2 and Indian Point 3, see "Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants" above and in the Form10-K.
- (f) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions.
- (g) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold.
- (h) A contract for the sale of an installed capacity product in a regional market.
Contracts priced in accordance with cost-based rates, a ratemaking concept used for the design and development of rate schedules to ensure that the filed rate schedules recover only the cost of providing the service; these contracts are on owned non-utility resources located within Entergy's Utility service area and were executed prior to receiving market-based rate authority under MISO. The percentage sold assumes completion of the necessary transmission upgrades required for the approved transmission rights.
Non-nuclear planned generation and net MW in operation include purchases from affiliated and non-affiliated counterparties under long-term contracts and exclude energy and capacity from Entergy Wholesale Commodities' wind investment. The decrease in planned net MW in operation beginning in 2017 is due to the expiration of a non-affiliated 75 MW contract.
- (i)
- (j)
- (k)
- (l)

Entergy estimates that a positive \$10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on March 31, 2015 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of \$82 million for the remainder of 2015. As of March 31, 2014, a positive \$10 per MWh change would have had a corresponding effect on pre-tax income of \$148 million for the remainder of 2014. A negative \$10 per MWh change in the annual average energy price in the markets based on March 31, 2015 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of (\$44) million for the remainder of 2015. As of March 31, 2014, a negative \$10 per MWh change would have had a corresponding effect on pre-tax income of (\$142) million for the remainder of 2014.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted

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power prices in the regions where Entergy Wholesale Commodities sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At March 31, 2015, based on power prices at that time, Entergy had liquidity exposure of \$172 million under the guarantees in place supporting Entergy Wholesale Commodities transactions and \$6 million of posted cash collateral. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of March 31, 2015, Entergy would have been required to provide approximately \$62 million of additional cash or letters of credit under some of the agreements. As of March 31, 2015, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by \$79 million for a \$1 per MMBtu increase in gas prices in both the short-and long-term markets.

As of March 31, 2015, substantially all of the counterparties or their guarantors for the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2019 have public investment grade credit ratings.

Nuclear Matters

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Nuclear Matters" in the Form 10-K for a discussion of nuclear matters.

Critical Accounting Estimates

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

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects. Final pronouncements that result from these projects could have a material effect on Entergy's future net income, financial position, or cash flows.

In February 2015 the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to Consolidation Analysis" which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The ASU affects (1) limited partnerships and similar legal entities, (2) evaluating fees paid to a decision maker or a service provider as a variable interest, (3) the effect of fee arrangements on the primary beneficiary determination, (4) the effect of related parties on the primary beneficiary determination, and (5) certain investment funds. ASU 2015-02 is effective for Entergy for the first quarter 2016. Entergy does not expect ASU 2015-02 to affect materially its results of operations, financial position, or cash flows.

In April 2015 the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The ASU states that debt issuance costs shall be reported in the balance sheet as a direct deduction from the associated debt liability. ASU 2015-03 is effective for Entergy for the first quarter 2016. Entergy does not expect ASU 2015-03 to affect materially its results of operations, financial position, or cash flows.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three Months Ended March 31, 2015 and 2014
(Unaudited)

	2015	2014
	(In Thousands, Except Share Data)	
OPERATING REVENUES		
Electric	\$2,217,989	\$2,226,463
Natural gas	59,511	78,220
Competitive businesses	642,590	904,160
TOTAL	2,920,090	3,208,843
OPERATING EXPENSES		
Operation and Maintenance:		
Fuel, fuel-related expenses, and gas purchased for resale	630,453	543,829
Purchased power	342,023	574,627
Nuclear refueling outage expenses	64,870	59,544
Other operation and maintenance	770,110	735,710
Asset write-offs, impairments, and related charges	—	2,270
Decommissioning	69,899	65,799
Taxes other than income taxes	157,523	154,468
Depreciation and amortization	331,986	328,724
Other regulatory charges	10,457	3,995
TOTAL	2,377,321	2,468,966
OPERATING INCOME	542,769	739,877
OTHER INCOME		
Allowance for equity funds used during construction	11,738	15,129
Interest and investment income	68,133	35,248
Miscellaneous - net	(9,020)	) (11,704)
TOTAL	70,851	38,673
INTEREST EXPENSE		
Interest expense	166,337	162,551
Allowance for borrowed funds used during construction	(6,117)	) (7,020)
TOTAL	160,220	155,531
INCOME BEFORE INCOME TAXES	453,400	623,019
Income taxes	150,471	216,966
CONSOLIDATED NET INCOME	302,929	406,053
Preferred dividend requirements of subsidiaries	4,879	4,879
NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION	\$298,050	\$401,174

Earnings per average common share:		
Basic	\$1.66	\$2.24
Diluted	\$1.65	\$2.24
Dividends declared per common share	\$0.83	\$0.83
Basic average number of common shares outstanding	179,658,981	178,797,829
Diluted average number of common shares outstanding	180,480,523	179,055,967

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the Three Months Ended March 31, 2015 and 2014
 (Unaudited)

	2015	2014
	(In Thousands)	
Net Income	\$302,929	\$406,053
Other comprehensive income (loss)		
Cash flow hedges net unrealized gain (loss) (net of tax expense (benefit) of (\$15,898) and \$7,225)	(29,330	) 13,754
Pension and other postretirement liabilities (net of tax expense of \$3,175 and \$17,761)	8,448	(12,696
Net unrealized investment gains (net of tax expense of \$3,666 and \$5,748)	4,003	22,989
Foreign currency translation (net of tax expense (benefit) of (\$296) and \$40)	(551	) 75
Other comprehensive income (loss)	(17,430	) 24,122
Comprehensive Income	285,499	430,175
Preferred dividend requirements of subsidiaries	4,879	4,879
Comprehensive Income Attributable to Entergy Corporation	\$280,620	\$425,296

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2015 and 2014
(Unaudited)

	2015	2014
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	\$302,929	\$406,053
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	526,008	516,442
Deferred income taxes, investment tax credits, and non-current taxes accrued	95,732	234,102
Changes in working capital:		
Receivables	22,288	49,107
Fuel inventory	(22,553)	15,940
Accounts payable	(153,700)	32,870
Taxes accrued	(67,941)	(79,829)
Interest accrued	(42,551)	(24,802)
Deferred fuel costs	81,271	(161,189)
Other working capital accounts	(90,619)	(115,060)
Changes in provisions for estimated losses	1,334	3,319
Changes in other regulatory assets	93,082	18,627
Changes in other regulatory liabilities	15,857	19,634
Changes in pensions and other postretirement liabilities	(52,509)	(46,174)
Other	(97,670)	(101,883)
Net cash flow provided by operating activities	610,958	767,157
INVESTING ACTIVITIES		
Construction/capital expenditures	(532,958)	(483,350)
Allowance for equity funds used during construction	13,077	15,883
Nuclear fuel purchases	(96,392)	(142,672)
Proceeds from sale of assets	—	10,100
Insurance proceeds received for property damages	12,745	28,226
Changes in securitization account	(251)	(2,219)
NYPA value sharing payment	(70,790)	(72,000)
Payments to storm reserve escrow account	(1,865)	(1,897)
Decrease in other investments	278	18,093
Proceeds from nuclear decommissioning trust fund sales	492,841	536,515
Investment in nuclear decommissioning trust funds	(516,564)	(562,278)
Net cash flow used in investing activities	(699,879)	(655,599)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the Three Months Ended March 31, 2015 and 2014
 (Unaudited)

	2015	2014
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	488,065	753,244
Treasury stock	23,156	35,538
Retirement of long-term debt	(685,258)	(735,794)
Repurchase of common stock	(25,078)	—
Changes in credit borrowings and commercial paper - net	210,012	157,959
Other	(9,320)	—
Dividends paid:		
Common stock	(149,257)	(148,275)
Preferred stock	(4,879)	(4,873)
Net cash flow provided by (used in) financing activities	(152,559)	57,799
Net increase (decrease) in cash and cash equivalents	(241,480)	169,357
Cash and cash equivalents at beginning of period	1,422,026	739,126
Cash and cash equivalents at end of period	\$1,180,546	\$908,483
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	\$203,786	\$181,112
Income taxes	\$65,919	\$4,196

See Notes to Financial Statements.

Table of ContentsENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

March 31, 2015 and December 31, 2014

(Unaudited)

	2015	2014
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$67,120	\$131,327
Temporary cash investments	1,113,426	1,290,699
Total cash and cash equivalents	1,180,546	1,422,026
Accounts receivable:		
Customer	638,721	596,917
Allowance for doubtful accounts	(35,884	) (35,663
Other	174,030	220,342
Accrued unbilled revenues	291,040	321,659
Total accounts receivable	1,067,907	1,103,255
Deferred fuel costs	127,742	155,140
Accumulated deferred income taxes	22,953	27,783
Fuel inventory - at average cost	227,986	205,434
Materials and supplies - at average cost	929,843	918,584
Deferred nuclear refueling outage costs	278,900	214,188
Prepayments and other	304,108	343,223
TOTAL	4,139,985	4,389,633
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	34,864	36,234
Decommissioning trust funds	5,452,950	5,370,932
Non-utility property - at cost (less accumulated depreciation)	218,235	213,791
Other	407,639	405,169
TOTAL	6,113,688	6,026,126
PROPERTY, PLANT, AND EQUIPMENT		
Electric	45,233,667	44,881,419
Property under capital lease	945,454	945,784
Natural gas	379,949	377,565
Construction work in progress	1,387,574	1,425,981
Nuclear fuel	1,523,612	1,542,055
TOTAL PROPERTY, PLANT, AND EQUIPMENT	49,470,256	49,172,804
Less - accumulated depreciation and amortization	20,662,229	20,449,858
PROPERTY, PLANT, AND EQUIPMENT - NET	28,808,027	28,722,946
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Regulatory asset for income taxes - net	803,744	836,064
Other regulatory assets (includes securitization property of \$699,764 as of March 31, 2015 and \$724,839 as of December 31, 2014)	4,877,838	4,968,553
Deferred fuel costs	238,706	238,102

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Goodwill	377,172	377,172
Accumulated deferred income taxes	53,135	48,351
Other	965,238	920,907
TOTAL	7,315,833	7,389,149
TOTAL ASSETS	\$46,377,533	\$46,527,854

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 LIABILITIES AND EQUITY

March 31, 2015 and December 31, 2014
 (Unaudited)

	2015	2014
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$896,877	\$899,375
Notes payable and commercial paper	808,419	598,407
Accounts payable	941,596	1,166,431
Customer deposits	415,195	412,166
Taxes accrued	60,167	128,108
Accumulated deferred income taxes	94,719	38,039
Interest accrued	163,459	206,010
Deferred fuel costs	146,078	91,602
Obligations under capital leases	2,557	2,508
Pension and other postretirement liabilities	58,786	57,994
Other	177,572	248,251
TOTAL	3,765,425	3,848,891
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	9,158,586	9,133,161
Accumulated deferred investment tax credits	251,616	247,521
Obligations under capital leases	29,051	29,710
Other regulatory liabilities	1,369,514	1,383,609
Decommissioning and asset retirement cost liabilities	4,513,168	4,458,296
Accumulated provisions	419,471	418,128
Pension and other postretirement liabilities	3,584,994	3,638,295
Long-term debt (includes securitization bonds of \$762,101 as of March 31, 2015 and \$784,862 as of December 31, 2014)	12,307,540	12,500,109
Other	539,429	557,649
TOTAL	32,173,369	32,366,478
Commitments and Contingencies		
Subsidiaries' preferred stock without sinking fund	210,760	210,760
EQUITY		
Common Shareholders' Equity:		
Common stock, \$.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2015 and in 2014	2,548	2,548
Paid-in capital	5,351,690	5,375,353
Retained earnings	10,318,450	10,169,657
Accumulated other comprehensive loss	(59,737)	(42,307)
Less - treasury stock, at cost (75,238,343 shares in 2015 and 75,512,079 shares in 2014)	5,478,972	5,497,526
Total common shareholders' equity	10,133,979	10,007,725
Subsidiaries' preferred stock without sinking fund	94,000	94,000

TOTAL	10,227,979	10,101,725
TOTAL LIABILITIES AND EQUITY	\$46,377,533	\$46,527,854

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2015 and 2014
(Unaudited)

	Common Shareholders' Equity					Accumulated Other Comprehensive Income (Loss)	Total
	Subsidiaries' Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings		
	(In Thousands)						
Balance at December 31, 2013	\$94,000	\$2,548	(\$5,533,942)	\$5,368,131	\$9,825,053	(\$29,324)	\$9,726,466
Consolidated net income (a)	4,879	—	—	—	401,174	—	406,053
Other comprehensive income	—	—	—	—	—	24,122	24,122
Common stock issuances related to stock plans	—	—	56,440	(17,499)	—	—	38,941
Common stock dividends declared	—	—	—	—	(148,275)	—	(148,275)
Preferred dividend requirements of subsidiaries (a)	(4,879)	—	—	—	—	—	(4,879)
Balance at March 31, 2014	\$94,000	\$2,548	(\$5,477,502)	\$5,350,632	\$10,077,952	(\$5,202)	\$10,042,428
Balance at December 31, 2014	\$94,000	\$2,548	(\$5,497,526)	\$5,375,353	\$10,169,657	(\$42,307)	\$10,101,725
Consolidated net income (a)	4,879	—	—	—	298,050	—	302,929
Other comprehensive loss	—	—	—	—	—	(17,430)	(17,430)
Common stock repurchases	—	—	(25,078)	—	—	—	(25,078)
Common stock issuances related to stock plans	—	—	43,632	(23,663)	—	—	19,969
Common stock dividends declared	—	—	—	—	(149,257)	—	(149,257)
Preferred dividend requirements of	(4,879)	—	—	—	—	—	(4,879)

subsidiaries (a)

Balance at March 31, 2015	\$94,000	\$2,548	(\$5,478,972)	\$5,351,690	\$10,318,450	(\$59,737)	\$10,227,979
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See Notes to Financial
Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2015 and 2014 include \$3.2 million and \$3.2 million, respectively, of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented within equity.

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ENTERGY CORPORATION AND SUBSIDIARIES
 SELECTED OPERATING RESULTS
 For the Three Months Ended March 31, 2015 and 2014
 (Unaudited)

Description	Three Months Ended		Increase/ (Decrease)	%	
	2015	2014			
	(Dollars in Millions)				
Utility Electric Operating Revenues:					
Residential	\$882	\$904	(\$22	)	(2
Commercial	583	577	6	)	1
Industrial	576	555	21	)	4
Governmental	52	53	(1	)	(2
Total retail	2,093	2,089	4)	—
Sales for resale	60	119	(59	)	(50
Other	65	18	47	)	261
Total	\$2,218	\$2,226	(\$8)	—
Utility Billed Electric Energy Sales (GWh):					
Residential	9,433	10,027	(594	)	(6
Commercial	6,721	6,800	(79	)	(1
Industrial	10,406	10,113	293	)	3
Governmental	592	584	8	)	1
Total retail	27,152	27,524	(372	)	(1
Sales for resale	1,811	2,234	(423	)	(19
Total	28,963	29,758	(795	)	(3
Entergy Wholesale Commodities:					
Operating Revenues	\$643	\$912	(\$269)	(29
Billed Electric Energy Sales (GWh)	9,592	10,014	(422)	(4

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ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy and the Registrant Subsidiaries are involved in a number of legal, regulatory, and tax proceedings before various courts, regulatory commissions, and governmental agencies in the ordinary course of business. While management is unable to predict the outcome of such proceedings, management does not believe that the ultimate resolution of these matters will have a material adverse effect on Entergy's results of operations, cash flows, or financial condition, except as otherwise discussed in the Form 10-K or in this report. Entergy discusses regulatory proceedings in Note 2 to the financial statements in the Form 10-K and herein and discusses tax proceedings in Note 3 to the financial statements in the Form 10-K and Note 10 to the financial statements herein.

ANO Damage, Outage, and NRC Reviews

See Note 8 to the financial statements in the Form 10-K for a discussion of the ANO stator incident and subsequent NRC reviews.

As discussed in the Form 10-K, in January 2015 the NRC issued its final risk significance determination for the flood barrier violation originally cited in the September 2014 report. The NRC's final risk significance determination was classified as "yellow with substantial safety significance." In March 2015 the NRC issued a letter notifying Entergy of its decision to move ANO into the "multiple/repetitive degraded cornerstone column" of the NRC's reactor oversight process action matrix. Placement into this column will require significant additional NRC inspection activities at the ANO site, including a review of the site's root cause evaluation associated with the flood barrier and stator issues, an assessment of the effectiveness of the site's corrective action program, an additional design basis inspection, a safety culture assessment, and possibly other inspection activities consistent with the NRC's Inspection Procedure. The additional NRC inspection activities at the site are expected to increase ANO's operating costs. Excluding remediation and response costs that may result from the additional NRC inspection activities, Entergy Arkansas expects to incur NRC inspection costs of approximately \$35 million in 2015 and approximately \$15 million in 2016.

Baxter Wilson Plant Event

See Note 8 to the financial statements in the Form 10-K for a discussion of the Baxter Wilson plant event. During the first quarter 2015, Entergy Mississippi received \$27.8 million of previously accrued insurance proceeds with \$12.7 million allocated to capital spending and \$15.1 million allocated to operation and maintenance expenses.

Nuclear Fuel Enrichment Contracts

Entergy subsidiaries are parties to two contracts with American Centrifuge Enrichment, LLC (ACE) under which these subsidiaries purchase nuclear fuel enrichment services. The term of each contract is from 2011 to 2022; however, each contract provided for cancellation of the parties' purchase and sale obligations for 2016-2022 if, by August 1, 2014, ACE's planned Advanced Centrifuge Plant was not in commercial operation and ACE did not identify to Entergy's reasonable satisfaction how it would meet its contractual delivery obligations through output from ACE. In August 2014, Entergy sent notice to ACE that the 2016-2022 obligations were canceled by the operation of this contractual provision. United States Enrichment Corporation, ACE's affiliate to which ACE assigned the contracts, has filed a demand for arbitration with the American Arbitration Association, claiming damages of approximately

\$165 million. Entergy will participate in the arbitration proceedings and believes that ACE and United States Enrichment Corporation failed to satisfy the conditions required to avoid cancellation of the parties' 2016-2022 performance obligations.

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

Nuclear Insurance

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

Conventional Property Insurance

See Note 8 to the financial statements in the Form 10-K for information on Entergy's non-nuclear property insurance program.

Employment Litigation

See Note 8 to the financial statements in the Form 10-K for information on Entergy's employment and labor-related proceedings.

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

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

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

Regulatory Assets and Regulatory Liabilities

See Note 2 to the financial statements in the Form 10-K for information regarding regulatory assets and regulatory liabilities in the Utility business presented on the balance sheets of Entergy and the Registrant Subsidiaries. The following are updates to that discussion.

Fuel and purchased power cost recovery

Entergy Mississippi

Mississippi Attorney General Complaint

The Mississippi attorney general filed a complaint in state court in December 2008 against Entergy Corporation, Entergy Mississippi, Entergy Services, and Entergy Power alleging, among other things, violations of Mississippi statutes, fraud, and breach of good faith and fair dealing, and requesting an accounting and restitution. The complaint is wide ranging and relates to tariffs and procedures under which Entergy Mississippi purchases power not generated in Mississippi to meet electricity demand. Entergy believes the complaint is unfounded. In December 2008 the defendant Entergy companies removed the Attorney General's lawsuit to U.S. District Court in Jackson, Mississippi. The Mississippi attorney general moved to remand the matter to state court. In August 2012 the District Court issued an opinion denying the Attorney General's motion for remand, finding that the District Court has subject matter jurisdiction under the Class Action Fairness Act.

The defendant Entergy companies answered the complaint and filed a counterclaim for relief based upon the Mississippi Public Utilities Act and the Federal Power Act. In May 2009 the defendant Entergy companies filed a motion for judgment on the pleadings asserting grounds of federal preemption, the exclusive jurisdiction of the MPSC,

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

and factual errors in the Attorney General's complaint. In September 2012 the District Court heard oral argument on Entergy's motion for judgment on the pleadings.

In January 2014 the U.S. Supreme Court issued a decision in which it held that cases brought by attorneys general as the sole plaintiff to enforce state laws were not considered "mass actions" under the Class Action Fairness Act, so as to establish federal subject matter jurisdiction. One day later the Attorney General renewed his motion to remand the Entergy case back to state court, citing the U.S. Supreme Court's decision. The defendant Entergy companies responded to that motion reiterating the additional grounds asserted for federal question jurisdiction, and the District Court held oral argument on the renewed motion to remand in February 2014. In April 2015 the District Court entered an order denying the renewed motion to remand, holding that the District Court has federal question subject matter jurisdiction. The District Court has not yet ruled on the defendant Entergy companies' motion for judgment on the pleadings, which if granted would dismiss the case.

Entergy New Orleans

In February 2015, Entergy New Orleans filed an application with the City Council seeking authorization to enter into a power purchase agreement, subject to certain conditions, with Entergy Gulf States Louisiana to purchase on a life-of-unit basis 20% of the capacity and related energy of the two power blocks of the Union Power Station that Entergy Gulf States Louisiana is seeking to purchase. In the application, Entergy New Orleans also seeks authorization from the City Council for full and timely cost recovery in rates for all costs associated with the power purchase agreement. In April 2015 the City Council approved a procedural schedule for this proceeding that would provide for a City Council decision in July 2015.

Retail Rate Proceedings

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

Filings with the APSC

In April 2015, Entergy Arkansas filed with the APSC for a general change in rates, charges, and tariffs. The filing notifies the APSC of Entergy Arkansas's intent to implement a formula rate review mechanism pursuant to Arkansas legislation passed in 2015, and requests a retail rate increase of \$268.4 million, with a net increase in revenue of \$167 million. The filing requests a 10.2% return on common equity.

Filings with the LPSC

Retail Rates - Gas (Entergy Gulf States Louisiana)

In January 2015, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2014. The filing showed an earned return on common equity of 7.20%, which results in a \$706 thousand rate increase. In April 2015 the LPSC issued findings recommending two adjustments to Entergy Gulf States Louisiana's as-filed results, and an additional recommendation that does not affect current year results. The LPSC staff's recommended adjustments increase the earned return on equity for the test year to 7.24%. Entergy Gulf States Louisiana accepted the LPSC staff's recommendations and a revenue increase of \$688 thousand will be required as opposed to the \$706 thousand requested by Entergy Gulf States Louisiana. The resulting change will be implemented with the first billing cycle of May 2015.

Entergy Louisiana and Entergy Gulf States Louisiana Business Combination

As discussed in the Form 10-K, Entergy Louisiana and Entergy Gulf States Louisiana filed an application with the LPSC in September 2014 seeking authorization to undertake the transactions that would result in the combination

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility. In the proceedings with the LPSC, Entergy Louisiana and Entergy Gulf States Louisiana estimate that the business combination could produce up to \$128 million in customer benefits including proposed guaranteed savings of \$97 million in the first ten years. In April 2015 the LPSC staff and intervenors filed testimony in the LPSC business combination proceeding. The testimony recommends an extensive set of conditions that would be required in order to recommend that the LPSC find that the business combination is in the public interest. The LPSC staff's primary concern appears to be potential shifting in fuel costs between legacy Entergy Louisiana and Entergy Gulf States Louisiana customers. In May 2015, Entergy Louisiana and Entergy Gulf States Louisiana filed rebuttal testimony. The hearing in the LPSC proceeding is scheduled to take place in June 2015. Entergy Louisiana and Entergy Gulf States Louisiana have requested that the LPSC issue its decision regarding the business combination in August 2015.

Entergy Louisiana and Entergy Gulf States Louisiana filed applications with the FERC requesting authorization for the business combination and Entergy Louisiana and Entergy New Orleans filed applications with the FERC requesting authorization of the Algiers asset transfer. In April 2015 the FERC issued orders approving certain of those business combination and the Algiers asset transfer applications. Other FERC applications related to the business combination remain pending.

Algiers Asset Transfer (Entergy Louisiana and Entergy New Orleans)

As discussed in the Form 10-K, in October 2014 Entergy Louisiana and Entergy New Orleans filed an application with the City Council seeking authorization to undertake a transaction that would result in the transfer from Entergy Louisiana to Entergy New Orleans of certain assets that currently serve Entergy Louisiana's customers in Algiers. In March 2015 the City Council's Utility advisors filed direct testimony recommending that the Algiers asset transfer be approved subject to certain conditions that Entergy Louisiana and Entergy New Orleans believe they will be able to satisfy. If the necessary approvals are obtained from the City Council, Entergy Louisiana expects to transfer the Algiers assets to Entergy New Orleans in the second half of 2015. In April 2015 the FERC issued an order approving the Algiers asset transfer.

System Agreement Cost Equalization Proceedings

See Note 2 to the financial statements in the Form 10-K for a discussion of the proceedings regarding the System Agreement, including the FERC's October 2011 order that concluded the FERC did have the authority to order refunds, but decided that it would exercise its equitable discretion and not require refunds for the 20-months period from September 13, 2001 - May 2, 2003. Because the ruling on refunds relied on findings in the interruptible load proceeding, the FERC concluded that the refund ruling will be held in abeyance pending the outcome of the rehearing requests in that proceeding. In March 2015, in light of the December 2014 decision by the D.C. Circuit in the interruptible load proceeding, Entergy filed with the FERC a motion to establish briefing schedule on refund issues and initial brief addressing refund issues. The initial brief argued that the FERC, in response to the D.C. Circuit decision, should clarify its policy on refunds and find that refunds are not required in this proceeding.

Rough Production Cost Equalization Rates

2007 Rate Filing Based on Calendar Year 2006 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In March 2015 the D.C. Circuit issued an unpublished order dismissing in part and denying in part the petition for review by the LPSC and denying the petition for review by Entergy.

2008 Rate Filing Based on Calendar Year 2007 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In April 2015, after issuance of the March 2015 unpublished opinion of the D.C. Circuit related to the 2007 rate proceeding, as

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

discussed above, Entergy filed an unopposed motion for voluntary dismissal of the petition for review of the FERC's interest determination. In May 2015 the U.S. Supreme Court denied the LPSC's petition for a writ of certiorari of the Fifth Circuit's decision.

2009 Rate Filing Based on Calendar Year 2008 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In May 2015 the U.S. Supreme Court denied the LPSC's petition for a writ of certiorari of the Fifth Circuit's decision.

2011 Rate Filing Based on Calendar Year 2010 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In May 2015, Entergy filed direct testimony in the consolidated rate filings and the LPSC filed direct testimony concerning its complaint proceeding that is consolidated with the rate filings, challenging certain components of the pending bandwidth calculations for prior years.

2012 Rate Filing Based on Calendar Year 2011 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In May 2015, Entergy filed direct testimony in the consolidated rate filings and the LPSC filed direct testimony concerning its complaint proceeding that is consolidated with the rate filings, challenging certain components of the pending bandwidth calculations for prior years.

2013 Rate Filing Based on Calendar Year 2012 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In May 2015, Entergy filed direct testimony in the consolidated rate filings and the LPSC filed direct testimony concerning its complaint proceeding that is consolidated with the rate filings, challenging certain components of the pending bandwidth calculations for prior years.

2014 Rate Filing Based on Calendar Year 2013 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. In May 2015, Entergy filed direct testimony in the consolidated rate filings and the LPSC filed direct testimony concerning its complaint proceeding that is consolidated with the rate filings, challenging certain components of the pending bandwidth calculations for prior years.

Interruptible Load Proceeding

As discussed in the Form 10-K, in May 2013 the LPSC filed a petition for review with the U.S. Court of Appeals for the D.C. Circuit seeking review of FERC prior orders in the interruptible load proceeding that concluded that the FERC would exercise its discretion and not order refunds in this proceeding. In December 2014 the D.C. Circuit issued an order on the LPSC's appeal and remanded the case back to the FERC. The D.C. Circuit rejected the LPSC's argument that there is a presumption in favor of refunds, but it held that the FERC had not adequately explained its decision to deny refunds and directed the FERC "to consider the relevant factors and weigh them against one another." In March 2015, Entergy filed with the FERC a motion to establish a briefing schedule on remand and an initial brief on remand to address the December 2014 decision by the D.C. Circuit. The initial brief on remand argued that the

FERC, in response to the D.C. Circuit decision, should clarify its policy on refunds and find that refunds are not required in the interruptible load proceeding.

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Storm Cost Recovery Filings with Retail Regulators

Entergy New Orleans

As discussed in the Form 10-K, in January 2015, Entergy New Orleans filed with the City Council an application requesting that the City Council grant a financing order authorizing the securitization of Entergy New Orleans's storm costs, storm reserves, and issuance costs pursuant to Louisiana Act 64. In February 2015 the City Council approved a resolution establishing an expedited procedural schedule that provided for a hearing on the securitization application in late-April 2015, with a decision to be rendered no later than May 2015. In April 2015 the City Council's Utility advisors filed direct testimony recommending that the proposed securitization be approved subject to certain limited modifications, and Entergy New Orleans filed rebuttal testimony later in April 2015. Also in April 2015, the parties' joint motion to continue the hearing to facilitate settlement negotiations was granted.

Texas Power Price Lawsuit

See Note 2 to the financial statements in the Form 10-K for a discussion of this lawsuit. In May 2015 the Court of Appeals granted plaintiffs' motion for rehearing, withdrew its prior opinion, and set the case for resubmission in June 2015, without further argument.

NOTE 3. EQUITY (Entergy Corporation, Entergy Gulf States Louisiana, and Entergy Louisiana)

Common Stock

Earnings per Share

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

	For the Three Months Ended March 31,					
	2015			2014		
	(In Millions, Except Per Share Data)					
	Income	Shares	\$/share	Income	Shares	\$/share
Basic earnings per share						
Net income attributable to Entergy Corporation	\$298.1	179.7	\$1.66	\$401.2	178.8	\$2.24
Average dilutive effect of:						
Stock options		0.5	(0.01)		—	—
Other equity plans		0.3	—		0.3	—
Diluted earnings per share	\$298.1	180.5	\$1.65	\$401.2	179.1	\$2.24

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 3.5 million for the three months ended March 31, 2015 and approximately 9.0 million for the three months ended March 31, 2014.

Entergy's stock options and other equity compensation plans are discussed in Note 5 to the financial statements herein and in Note 12 to the financial statements in the Form 10-K.

Treasury Stock

During the three months ended March 31, 2015, Entergy Corporation issued 599,136 shares of its previously repurchased common stock to satisfy stock option exercises, vesting of shares of restricted stock, and other stock-based

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awards. During the three months ended March 31, 2015, Entergy Corporation repurchased 325,400 shares of its common stock for a total purchase price of \$25.1 million.

Retained Earnings

On April 1, 2015, Entergy Corporation's Board of Directors declared a common stock dividend of \$0.83 per share, payable on June 1, 2015 to holders of record as of May 14, 2015.

Comprehensive Income

Accumulated other comprehensive income (loss) is included in the equity section of the balance sheets of Entergy, Entergy Gulf States Louisiana, and Entergy Louisiana. The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the three months ended March 31, 2015 by component:

	Cash flow hedges net unrealized gain (loss) (In Thousands)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
Beginning balance, December 31, 2014	\$98,118	(\$569,789)	\$426,695	\$2,669	(\$42,307)
Other comprehensive income (loss) before reclassifications	(20,896)	13	12,658	(551)	(8,776)
Amounts reclassified from accumulated other comprehensive income (loss)	(8,434)	8,435	(8,655)	—	(8,654)
Net other comprehensive income (loss) for the period	(29,330)	8,448	4,003	(551)	(17,430)
Ending balance, March 31, 2015	\$68,788	(\$561,341)	\$430,698	\$2,118	(\$59,737)

The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the three months ended March 31, 2014 by component:

	Cash flow hedges net unrealized gain (loss) (In Thousands)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
Beginning balance, December 31, 2013	(\$81,777)	(\$288,223)	\$337,256	\$3,420	(\$29,324)
Other comprehensive income (loss) before reclassifications	140,052	—	24,723	75	164,850
Amounts reclassified from accumulated other comprehensive income (loss)	(126,298)	(12,696)	(1,734)	—	(140,728)

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Net other comprehensive income (loss) for the period	13,754	(12,696)	22,989	75	24,122		
Ending balance, March 31, 2014	(\$68,023)	(\$300,919)	\$360,245	\$3,495	(\$5,202)

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The following table presents changes in accumulated other comprehensive income (loss) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2015:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance, December 31, 2014	(\$53,347)	(\$25,876)
Amounts reclassified from accumulated other comprehensive income (loss)	422	(42)
Net other comprehensive income (loss) for the period	422	(42)
Ending balance, March 31, 2015	(\$52,925)	(\$25,918)

The following table presents changes in accumulated other comprehensive income (loss) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2014:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance, December 31, 2013	(\$28,202)	(\$9,635)
Amounts reclassified from accumulated other comprehensive income (loss)	122	(302)
Net other comprehensive income (loss) for the period	122	(302)
Ending balance, March 31, 2014	(\$28,080)	(\$9,937)

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Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy for the three months ended March 31, 2015 are as follows:

	Amounts reclassified from AOCI (In Thousands)	Income Statement Location
Cash flow hedges net unrealized gain (loss)		
Power contracts	\$13,522	Competitive business operating revenues
Interest rate swaps	(546)	) Miscellaneous - net
Total realized gain (loss) on cash flow hedges	12,976	
	(4,542)	) Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	\$8,434	
Pension and other postretirement liabilities		
Amortization of prior-service credit	\$5,986	(a)
Amortization of loss	(17,588)	) (a)
Total amortization	(11,602))
	3,167	Income taxes
Total amortization (net of tax)	(\$8,435))
Net unrealized investment gain (loss)		
Realized gain (loss)	\$16,970	Interest and investment income
	(8,315)	) Income taxes
Total realized investment gain (loss) (net of tax)	\$8,655	
Total reclassifications for the period (net of tax)	\$8,654	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

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Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy for the three months ended March 31, 2014 are as follows:

	Amounts reclassified from AOCI (In Thousands)	Income Statement Location
Cash flow hedges net unrealized gain (loss)		
Power contracts	\$194,603	Competitive business operating revenues
Interest rate swaps	(298)	) Miscellaneous - net
Total realized gain (loss) on cash flow hedges	194,305	
	(68,007)	) Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	\$126,298	
Pension and other postretirement liabilities		
Amortization of prior-service credit	\$5,078	(a)
Amortization of loss	(8,981)	) (a)
Settlement loss	(1,162)	) (a)
Total amortization	(5,065))
	17,761	Income taxes
Total amortization (net of tax)	\$12,696	
Net unrealized investment gain (loss)		
Realized gain (loss)	\$3,400	Interest and investment income
	(1,666)	) Income taxes
Total realized investment gain (loss) (net of tax)	\$1,734	
Total reclassifications for the period (net of tax)	\$140,728	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

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Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2015 are as follows:

	Amounts reclassified from AOCI			Income Statement Location
	Entergy Gulf States Louisiana (In Thousands)	Entergy Louisiana		
Pension and other postretirement liabilities				
Amortization of prior-service credit	\$1,022	\$845		(a)
Amortization of loss	(1,733	) (802		) (a)
Total amortization	(711	) 43		
	289	(1		) Income tax expense (benefit)
Total amortization (net of tax)	(422	) 42		
Total reclassifications for the period (net of tax)	(\$422	) \$42		

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended March 31, 2014 are as follows:

	Amounts reclassified from AOCI			Income Statement Location
	Entergy Gulf States Louisiana (In Thousands)	Entergy Louisiana		
Pension and other postretirement liabilities				
Amortization of prior-service credit	\$559	\$844		(a)
Amortization of loss	(782	) (378		) (a)
Total amortization	(223	) 466		
	101	(164		) Income tax expense (benefit)
Total amortization (net of tax)	(122	) 302		
Total reclassifications for the period (net of tax)	(\$122	) \$302		

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

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

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3.5 billion and expires in March 2019. Entergy Corporation also has the ability to issue letters of credit against 50% of the total borrowing capacity of the credit facility. The commitment fee is currently 0.275% of the undrawn commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate for the three months ended March 31, 2015 was 1.93% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of March 31, 2015.

Capacity (In Millions)	Borrowings	Letters of Credit	Capacity Available
\$3,500	\$508	\$9	\$2,983

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

Entergy Corporation has a commercial paper program with a Board-approved program limit of up to \$1.5 billion. At March 31, 2015, Entergy Corporation had \$762 million of commercial paper outstanding. The weighted-average interest rate for the three months ended March 31, 2015 was 0.85%.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of March 31, 2015 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of March 31, 2015
Entergy Arkansas	April 2015	\$20 million (b)	1.68%	\$—
Entergy Arkansas	March 2019	\$150 million (c)	1.68%	\$—
Entergy Gulf States Louisiana	March 2019	\$150 million (d)	1.43%	\$—
Entergy Louisiana	March 2019	\$200 million (e)	1.43%	\$—
Entergy Mississippi	May 2015	\$37.5 million (f)	1.68%	\$—
Entergy Mississippi	May 2015	\$35 million (f)	1.68%	\$—
Entergy Mississippi	May 2015	\$20 million (f)	1.68%	\$—
Entergy Mississippi	May 2015	\$10 million (f)	1.68%	\$—
Entergy New Orleans	November 2015	\$25 million	1.93%	\$—
Entergy Texas	March 2019	\$150 million (g)	1.68%	\$—

(a) The interest rate is the rate as of March 31, 2015 that would most likely apply to outstanding borrowings under the facility.

Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable at Entergy Arkansas's option. In April 2015, Entergy Arkansas renewed its credit facility through April 2016.

(c)

The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2015, no letters of credit were outstanding.

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- (d) The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2015, no letters of credit were outstanding.
- (e) The credit facility allows Entergy Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2015, no letters of credit were outstanding.
- Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable at Entergy Mississippi's option. Prior to expiration on May 31, 2015, Entergy Mississippi expects to renew all of its credit facilities.
- (f) The credit facility allows Entergy Mississippi to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2015, no letters of credit were outstanding.
- (g) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of March 31, 2015, \$1.3 million in letters of credit were outstanding.

The commitment fees on the credit facilities range from 0.125% to 0.275% of the undrawn commitment amount. Each of the credit facilities requires the Registrant Subsidiary borrower to maintain a debt ratio of 65% or less of its total capitalization. Each Registrant Subsidiary is in compliance with this covenant.

In addition, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each entered into one or more uncommitted standby letter of credit facilities as a means to post collateral to support its obligations related to MISO. Following is a summary of the uncommitted standby letter of credit facilities as of March 31, 2015:

Company	Amount of Uncommitted Facility	Letter of Credit Fee	Letters of Credit Issued as of March 31, 2015
Entergy Arkansas	\$25 million	0.70	% \$2 million
Entergy Gulf States Louisiana	\$75 million	0.70	% \$26 million
Entergy Louisiana	\$50 million	0.70	% \$1 million
Entergy Mississippi	\$40 million	0.70	% \$9.5 million
Entergy Mississippi	\$40 million	1.50	% \$—
Entergy New Orleans	\$15 million	0.75	% \$8.5 million
Entergy Texas	\$50 million	0.70	% \$11 million

The short-term borrowings of the Registrant Subsidiaries are limited to amounts authorized by the FERC. The current FERC-authorized limits are effective through October 31, 2015. In addition to borrowings from commercial banks, these companies are authorized under a FERC order to borrow from the Entergy System money pool. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external short term borrowings combined may not exceed the FERC-authorized limits. The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings as of March 31, 2015 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

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

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Entergy Nuclear Vermont Yankee Credit Facilities

In January 2015, Entergy Nuclear Vermont Yankee entered into a credit facility guaranteed by Entergy Corporation with a borrowing capacity of \$60 million which expires in January 2018. Entergy Nuclear Vermont Yankee does not have the ability to issue letters of credit against this facility. This facility provides working capital to Entergy Nuclear Vermont Yankee for general business purposes including, without limitation, the decommissioning of Entergy Nuclear Vermont Yankee's nuclear facilities. As of March 31, 2015, no amounts were outstanding under the facility. The commitment fee is currently 0.25% of the undrawn commitment amount. The rate as of March 31, 2015 that would most likely apply to outstanding borrowings under the facility was 1.93% on the drawn portion of the facility.

Also in January 2015, Entergy Nuclear Vermont Yankee entered into an uncommitted credit facility guaranteed by Entergy Corporation with a borrowing capacity of \$85 million which expires in January 2018. Entergy Nuclear Vermont Yankee does not have the ability to issue letters of credit against this facility. This facility provides an additional funding source to Entergy Nuclear Vermont Yankee for general business purposes including, without limitation, the decommissioning of Entergy Nuclear Vermont Yankee's nuclear facilities. As of March 31, 2015, no amounts were outstanding under the facility. The rate as of March 31, 2015 that would most likely apply to outstanding borrowings under the facility was 1.93% on the drawn portion of the facility.

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

See Note 18 to the financial statements in the Form 10-K for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIE). The nuclear fuel company variable interest entities have credit facilities and also issue commercial paper to finance the acquisition and ownership of nuclear fuel as follows as of March 31, 2015:

Company	Expiration Date	Amount of Facility	Weighted	Amount Outstanding as of March 31, 2015
			Average Interest Rate on Borrowings (a)	
(Dollars in Millions)				
Entergy Arkansas VIE	June 2016	\$85	1.71%	\$19.5
Entergy Gulf States Louisiana VIE	June 2016	\$100	1.25%	\$41.0
Entergy Louisiana VIE	June 2016	\$90	1.48%	\$27.3
System Energy VIE	June 2016	\$125	n/a	\$—

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

Amounts outstanding on the Entergy Gulf States Louisiana nuclear fuel company variable interest entity's credit facility, if any, are included in long-term debt on its balance sheet and commercial paper outstanding for the other nuclear fuel company variable interest entities is classified as a current liability on the respective balance sheets. The commitment fees on the credit facilities are 0.10% of the undrawn commitment amount for the Entergy Louisiana and Entergy Gulf States Louisiana VIEs and 0.125% of the undrawn commitment amount for the Entergy Arkansas and System Energy VIEs. Each credit facility requires the respective lessee of nuclear fuel (Entergy Arkansas, Entergy

Gulf States Louisiana, Entergy Louisiana, or Entergy Corporation as guarantor for System Energy) to maintain a consolidated debt ratio of 70% or less of its total capitalization.

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The nuclear fuel company variable interest entities had notes payable that are included in debt on the respective balance sheets as of March 31, 2015 as follows:

Company	Description	Amount
Entergy Arkansas VIE	3.23% Series J due July 2016	\$55 million
Entergy Arkansas VIE	2.62% Series K due December 2017	\$60 million
Entergy Arkansas VIE	3.65% Series L due July 2021	\$90 million
Entergy Gulf States Louisiana VIE	3.25% Series Q due July 2017	\$75 million
Entergy Gulf States Louisiana VIE	3.38% Series R due August 2020	\$70 million
Entergy Louisiana VIE	3.30% Series F due March 2016	\$20 million
Entergy Louisiana VIE	3.25% Series G due July 2017	\$25 million
Entergy Louisiana VIE	3.92% Series H due February 2021	\$40 million
System Energy VIE	5.33% Series G due April 2015 (a)	\$60 million
System Energy VIE	4.02% Series H due February 2017	\$50 million
System Energy VIE	3.78% Series I due October 2018	\$85 million

(a) In April 2015, the System Energy nuclear fuel company variable interest entity redeemed, at maturity, its \$60 million of 5.33% Series G Notes.

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

Fair Value

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of March 31, 2015 are as follows:

	Book Value of Long-Term Debt (In Thousands)	Fair Value of Long-Term Debt (a) (b)
Entergy	\$13,204,417	\$13,558,411
Entergy Arkansas	\$2,671,406	\$2,567,341
Entergy Gulf States Louisiana	\$1,663,879	\$1,753,434
Entergy Louisiana	\$3,340,585	\$3,477,366
Entergy Mississippi	\$1,058,869	\$1,111,044
Entergy New Orleans	\$225,875	\$229,573
Entergy Texas	\$1,456,274	\$1,611,345
System Energy	\$699,429	\$683,191

The values exclude lease obligations of \$112 million at Entergy Louisiana and \$39 million at System Energy, (a) long-term DOE obligations of \$181 million at Entergy Arkansas, and the note payable to NYPA of \$80 million at Entergy, and include debt due within one year.

(b) Fair values are classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements and are based on prices derived from inputs such as benchmark yields and reported trades.

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The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of December 31, 2014 were as follows:

	Book Value of Long-Term Debt (In Thousands)	Fair Value of Long-Term Debt (a) (b)
Entergy	\$13,399,484	\$13,607,242
Entergy Arkansas	\$2,671,343	\$2,517,633
Entergy Gulf States Louisiana	\$1,622,817	\$1,743,143
Entergy Louisiana	\$3,356,579	\$3,447,404
Entergy Mississippi	\$1,058,838	\$1,102,741
Entergy New Orleans	\$225,866	\$226,349
Entergy Texas	\$1,478,931	\$1,629,124
System Energy	\$710,806	\$677,475

The values exclude lease obligations of \$128 million at Entergy Louisiana and \$51 million at System Energy, (a) long-term DOE obligations of \$181 million at Entergy Arkansas, and the note payable to NYPA of \$80 million at Entergy, and include debt due within one year.

(b) Fair values are classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements and are based on prices derived from inputs such as benchmark yields and reported trades.

NOTE 5. STOCK-BASED COMPENSATION (Entergy Corporation)

Entergy grants stock awards, which are described more fully in Note 12 to the financial statements in the Form 10-K. Awards under Entergy's plans generally vest over three years.

Stock Options

Entergy granted 456,100 stock options during the first quarter 2015 with a weighted-average fair value of \$11.41 per option. At March 31, 2015, there are 7,413,220 stock options outstanding with a weighted-average exercise price of \$84.16. The intrinsic value, which has no effect on net income, of the outstanding stock options is calculated by the difference in the weighted average exercise price of the stock options granted and Entergy Corporation's common stock price as of March 31, 2015. Because Entergy's stock price at March 31, 2015 is less than the weighted average exercise price, the aggregate intrinsic value of the stock options outstanding as of March 31, 2015 is zero. The intrinsic value of "in the money" stock options is \$3.3 million as of March 31, 2015.

The following table includes financial information for stock options for the three months ended March 31, 2015 and 2014:

	2015	2014
	(In Millions)	
Compensation expense included in Entergy's net income	\$1.1	\$1.3
Tax benefit recognized in Entergy's net income	\$0.4	\$0.5
Compensation cost capitalized as part of fixed assets and inventory	\$0.2	\$0.2

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Other Equity Plans

In January 2015 the Board approved and Entergy granted 292,750 restricted stock awards and 156,017 long-term incentive awards under the 2011 Equity Ownership and Long-term Cash Incentive Plan. The restricted stock awards were made effective as of January 29, 2015 and were valued at \$89.90 per share, which was the closing price of Entergy's common stock on that date. One-third of the restricted stock awards will vest upon each anniversary of the grant date. The long-term incentive awards are granted in the form of performance units, which are equal to the cash value of shares of Entergy Corporation at the end of the performance period, which is the last day of the year. The performance units were made effective as of January 29, 2015 and were valued at \$99.02 per share. Entergy considers various factors, primarily market conditions, in determining the value of the performance units. Shares of the restricted stock awards have the same dividend and voting rights as other common stock, are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the 3-year vesting period. Shares of the performance units have the same dividend rights as other common stock, are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the 3-year vesting period.

The following table includes financial information for other equity plans for the three months ended March 31, 2015 and 2014:

	2015	2014
	(In Millions)	
Compensation expense included in Entergy's net income	\$8.1	\$7.4
Tax benefit recognized in Entergy's net income	\$3.1	\$2.9
Compensation cost capitalized as part of fixed assets and inventory	\$1.5	\$1.1

NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Components of Qualified Net Pension Cost

Entergy's qualified pension cost, including amounts capitalized, for the first quarters of 2015 and 2014, included the following components:

	2015	2014
	(In Thousands)	
Service cost - benefits earned during the period	\$43,762	\$35,109
Interest cost on projected benefit obligation	75,694	72,519
Expected return on assets	(98,655	) (90,366
Amortization of prior service cost	390	400
Amortization of loss	58,981	36,274
Special termination benefit	76	—
Net pension costs	\$80,248	\$53,936

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The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for their employees for the first quarters of 2015 and 2014, included the following components:

2015	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$6,661	\$3,821	\$4,778	\$1,982	\$849	\$1,645	\$1,957
Interest cost on projected benefit obligation	15,471	7,428	9,939	4,502	2,108	4,354	3,493
Expected return on assets	(20,026)	(10,160)	(12,541)	(6,105)	(2,725)	(6,222)	(4,568)
Amortization of loss	13,564	5,775	9,176	3,724	2,013	3,238	3,264
Net pension cost	\$15,670	\$6,864	\$11,352	\$4,103	\$2,245	\$3,015	\$4,146
2014	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$5,023	\$2,881	\$3,546	\$1,523	\$666	\$1,285	\$1,446
Interest cost on projected benefit obligation	14,884	7,278	9,467	4,318	2,041	4,437	3,390
Expected return on assets	(18,305)	(9,488)	(11,449)	(5,698)	(2,505)	(5,931)	(4,155)
Amortization of loss	8,989	3,981	6,131	2,354	1,449	2,339	2,375
Net pension cost	\$10,591	\$4,652	\$7,695	\$2,497	\$1,651	\$2,130	\$3,056

Non-Qualified Net Pension Cost

Entergy recognized \$4.5 million and \$10 million in pension cost for its non-qualified pension plans in the first quarters of 2015 and 2014, respectively. Reflected in the pension cost for non-qualified pension plans in the first quarter of 2014 is a \$5.5 million settlement charge related to the payment of lump sum benefits out of the plan.

The Registrant Subsidiaries recognized the following pension cost for their employees for their non-qualified pension plans in the first quarters of 2015 and 2014:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost first quarter 2015	\$113	\$65	\$3	\$59	\$16	\$149
Non-qualified pension cost first quarter 2014	\$161	\$33	\$1	\$48	\$23	\$125

Reflected in Entergy Arkansas's and Entergy Texas's non-qualified pension costs in the first quarter of 2014 are \$51 thousand and \$6 thousand, respectively, in settlement charges related to the payment of lump sum benefits out of the plan.

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Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the first quarters of 2015 and 2014, included the following components:

	2015	2014
	(In Thousands)	
Service cost - benefits earned during the period	\$11,326	\$10,873
Interest cost on accumulated postretirement benefit obligation (APBO)	17,984	17,960
Expected return on assets	(11,344)	(11,197)
Amortization of prior service credit	(9,320)	(7,898)
Amortization of loss	7,893	2,786
Net other postretirement benefit cost	\$16,539	\$12,524

The Registrant Subsidiaries' other postretirement benefit cost, including amounts capitalized, for their employees for the first quarters of 2015 and 2014, included the following components:

2015	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$1,739	\$1,247	\$1,227	\$507	\$205	\$500	\$470
Interest cost on APBO	3,130	2,062	2,016	859	652	1,342	628
Expected return on assets	(4,798)	—	—	(1,542)	(1,201)	(2,588)	(911)
Amortization of prior service credit	(610)	(1,022)	(845)	(229)	(177)	(681)	(366)
Amortization of loss	1,339	977	803	215	118	685	300
Net other postretirement benefit cost	\$800	\$3,264	\$3,201	(\$190)	(\$403)	(\$742)	\$121
2014	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Service cost - benefits earned during the period	\$1,489	\$1,224	\$1,130	\$475	\$217	\$595	\$515
Interest cost on APBO	3,065	2,095	2,066	914	701	1,413	653
Expected return on assets	(4,784)	—	—	(1,443)	(1,119)	(2,590)	(932)
Amortization of prior service credit	(610)	(559)	(844)	(229)	(177)	(325)	(206)
Amortization of loss	317	303	378	37	14	200	111
Net other postretirement benefit cost	(\$523)	\$3,063	\$2,730	(\$246)	(\$364)	(\$707)	\$141

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Reclassification out of Accumulated Other Comprehensive Income

Entergy and the Registrant Subsidiaries reclassified the following costs out of accumulated other comprehensive income (before taxes and including amounts capitalized) for the first quarters of 2015 and 2014:

2015	Qualified Pension Costs (In Thousands)	Other Postretirement Costs	Non-Qualified Pension Costs	Total
Entergy				
Amortization of prior service (cost)/credit	(\$389)	\$6,482	(\$107)	\$5,986
Amortization of loss	(12,627)	(4,409)	(552)	(17,588)
	(\$13,016)	\$2,073	(\$659)	(\$11,602)
Entergy Gulf States Louisiana				
Amortization of prior service credit	\$—	\$1,022	\$—	\$1,022
Amortization of loss	(751)	(977)	(5)	(1,733)
	(\$751)	\$45	(\$5)	(\$711)
Entergy Louisiana				
Amortization of prior service credit	\$—	\$845	\$—	\$845
Amortization of loss	—	(802)	—	(802)
	\$—	\$43	\$—	\$43
2014	Qualified Pension Costs (In Thousands)	Other Postretirement Costs	Non-Qualified Pension Costs	Total
Entergy				
Amortization of prior service (cost)/credit	(\$389)	\$5,571	(\$104)	\$5,078
Amortization of loss	(6,734)	(1,673)	(574)	(8,981)
Settlement loss	—	—	(1,162)	(1,162)
	(\$7,123)	\$3,898	(\$1,840)	(\$5,065)
Entergy Gulf States Louisiana				
Amortization of prior service credit	\$—	\$559	\$—	\$559
Amortization of loss	(478)	(303)	(1)	(782)
	(\$478)	\$256	(\$1)	(\$223)
Entergy Louisiana				
Amortization of prior service credit	\$—	\$844	\$—	\$844
Amortization of loss	—	(378)	—	(378)
	\$—	\$466	\$—	\$466

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Employer Contributions

Based on current assumptions, Entergy expects to contribute \$396 million to its qualified pension plans in 2015. As of March 31, 2015, Entergy had contributed \$78.5 million to its pension plans. Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans for their employees in 2015:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Expected 2015 pension contributions	\$92,458	\$32,471	\$56,986	\$22,473	\$10,918	\$17,167	\$20,796
Pension contributions made through March 2015	\$19,093	\$5,959	\$11,073	\$4,385	\$2,101	\$3,279	\$4,272
Remaining estimated pension contributions to be made in 2015	\$73,365	\$26,512	\$45,913	\$18,088	\$8,817	\$13,888	\$16,524

NOTE 7. BUSINESS SEGMENT INFORMATION (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy Corporation

Entergy's reportable segments as of March 31, 2015 are Utility and Entergy Wholesale Commodities. Utility includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and natural gas utility service in portions of Louisiana. Entergy Wholesale Commodities includes the ownership, operation, and decommissioning of nuclear power plants located in the northern United States and the sale of the electric power produced by its operating plants to wholesale customers. Entergy Wholesale Commodities also includes the ownership of interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers. "All Other" includes the parent company, Entergy Corporation, and other business activity.

Entergy's segment financial information for the three months ended March 31, 2015 and 2014 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Entergy
	(In Thousands)				
2015					
Operating revenues	\$2,277,510	\$642,590	\$—	(\$10)	\$2,920,090
Income taxes	\$91,251	\$70,190	(\$10,970)	\$—	\$150,471
Consolidated net income (loss)	\$227,750	\$123,432	(\$16,354)	(\$31,899)	\$302,929
2014					
Operating revenues	\$2,304,704	\$912,122	\$761	(\$8,744)	\$3,208,843
Income taxes	\$115,064	\$118,877	(\$16,975)	\$—	\$216,966
Consolidated net income (loss)	\$205,440	\$242,470	(\$15,462)	(\$26,395)	\$406,053

Businesses marked with * are sometimes referred to as the "competitive businesses." Eliminations are primarily intersegment activity. Almost all of Entergy's goodwill is related to the Utility segment.

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Registrant Subsidiaries

Each of the Registrant Subsidiaries has one reportable segment, which is an integrated utility business, except for System Energy, which is an electricity generation business. Each of the Registrant Subsidiaries' operations is managed on an integrated basis by that company because of the substantial effect of cost-based rates and regulatory oversight on the business process, cost structures, and operating results.

NOTE 8. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Market Risk

In the normal course of business, Entergy is exposed to a number of market risks. Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular commodity or instrument. All financial and commodity-related instruments, including derivatives, are subject to market risk including commodity price risk, equity price, and interest rate risk. Entergy uses derivatives primarily to mitigate commodity price risk, particularly power price and fuel price risk.

The Utility has limited exposure to the effects of market risk because it operates primarily under cost-based rate regulation. To the extent approved by their retail regulators, the Utility operating companies use derivative instruments to hedge the exposure to price volatility inherent in their purchased power, fuel, and gas purchased for resale costs that are recovered from customers.

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and also sells energy and capacity in the day ahead or spot markets. In addition to its forward physical power contracts, Entergy Wholesale Commodities also uses a combination of financial contracts, including swaps, collars, and options, to mitigate commodity price risk. When the market price falls, the combination of instruments is expected to settle in gains that offset lower revenue from generation, which results in a more predictable cash flow.

Entergy's exposure to market risk is determined by a number of factors, including the size, term, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affects the level of market risk. A significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Hedging instruments and volumes are chosen based on ability to mitigate risk associated with future energy and capacity prices; however, other considerations are factored into hedge product and volume decisions including corporate liquidity, corporate credit ratings, counterparty credit risk, hedging costs, firm settlement risk, and product availability in the marketplace. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

Derivatives

Some derivative instruments are classified as cash flow hedges due to their financial settlement provisions while others are classified as normal purchase/normal sale transactions due to their physical settlement provisions. Normal purchase/normal sale risk management tools include power purchase and sales agreements, fuel purchase agreements, capacity contracts, and tolling agreements. Financially-settled cash flow hedges can include

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natural gas and electricity swaps and options and interest rate swaps. Entergy may enter into financially-settled swap and option contracts to manage market risk that may or may not be designated as hedging instruments.

Entergy enters into derivatives to manage natural risks inherent in its physical or financial assets or liabilities. Electricity over-the-counter instruments that financially settle against day-ahead power pool prices are used to manage price exposure for Entergy Wholesale Commodities generation. The maximum length of time over which Entergy is currently hedging the variability in future cash flows with derivatives for forecasted power transactions at March 31, 2015 is approximately 3 years. Planned generation currently under contract from Entergy Wholesale Commodities nuclear power plants is 87% for the remainder of 2015, of which approximately 63% is sold under financial derivatives and the remainder under normal purchase/normal sale contracts. Total planned generation for the remainder of 2015 is 27 TWh.

Entergy may use standardized master netting agreements to help mitigate the credit risk of derivative instruments. These master agreements facilitate the netting of cash flows associated with a single counterparty and may include collateral requirements. Cash, letters of credit, and parental/affiliate guarantees may be obtained as security from counterparties in order to mitigate credit risk. The collateral agreements require a counterparty to post cash or letters of credit in the event an exposure exceeds an established threshold. The threshold represents an unsecured credit limit, which may be supported by a parental/affiliate guaranty, as determined in accordance with Entergy's credit policy. In addition, collateral agreements allow for termination and liquidity of all positions in the event of a failure or inability to post collateral.

Certain of the agreements to sell the power produced by Entergy Wholesale Commodities power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations when the current market prices exceed the contracted power prices. The primary form of collateral to satisfy these requirements is an Entergy Corporation guarantee. As of March 31, 2015, derivative contracts with two counterparties were in a liability position (approximately \$14 million total). In addition to the corporate guarantee, \$1 million in cash collateral was required to be posted. As of March 31, 2014, derivative contracts with nine counterparties were in a liability position (approximately \$98 million total) and, in addition to the corporate guarantee, \$64 million in cash collateral was required to be posted. If the Entergy Corporation credit rating falls below investment grade, the effect of the corporate guarantee is typically ignored and Entergy would have to post collateral equal to the estimated outstanding liability under the contract at the applicable date.

Entergy manages fuel price volatility for its Louisiana jurisdictions (Entergy Gulf States Louisiana, Entergy Louisiana, and Entergy New Orleans) and Entergy Mississippi through the purchase of short-term natural gas swaps that financially settle against NYMEX futures. These swaps are marked-to-market through fuel expense with offsetting regulatory assets or liabilities. All benefits or costs of the program are recorded in fuel costs. The notional volumes of these swaps are based on a portion of projected annual exposure to gas for electric generation and projected winter purchases for gas distribution at Entergy Gulf States Louisiana and Entergy New Orleans. The total volume of natural gas swaps outstanding as of March 31, 2015 is 44,080,000 MMBtu for Entergy, 16,610,000 MMBtu for Entergy Gulf States Louisiana, 20,190,000 MMBtu for Entergy Louisiana, and 7,280,000 MMBtu for Entergy Mississippi. Credit support for these natural gas swaps is covered by master agreements that do not require collateralization based on mark-to-market value, but do carry adequate assurance language that may lead to collateralization requests.

During the second quarter 2014, Entergy participated in the annual FTR auction process for the MISO planning year of June 1, 2014 through May 31, 2015. FTRs are derivative instruments which represent economic hedges of future congestion charges that will be incurred in serving Entergy's customer load. They are not designated as hedging

instruments. Entergy initially records FTRs at their estimated fair value and subsequently adjusts the carrying value to their estimated fair value at the end of each accounting period prior to settlement. Unrealized gains or losses on FTRs held by Entergy Wholesale Commodities are included in operating revenues. The Utility operating companies recognize regulatory liabilities or assets for unrealized gains or losses on FTRs. The total volume of FTRs outstanding as of March 31, 2015 is 18,332 GWh for Entergy, including 4,010 GWh for Entergy Arkansas, 4,060 GWh for Entergy Gulf States Louisiana, 4,358 GWh for Entergy Louisiana, 2,031 GWh for Entergy Mississippi, 1,478 GWh for Entergy

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New Orleans, and 2,276 GWh for Entergy Texas. Credit support for FTRs held by the Utility operating companies is covered by cash or letters of credit issued by each Utility operating company as required by MISO. Credit support for FTRs held by Entergy Wholesale Commodities is covered by cash. As of March 31, 2015, letters of credit posted with MISO covered the FTR exposure for Entergy Texas. No cash collateral was required to be posted for FTR exposure for the Utility operating companies or Entergy Wholesale Commodities.

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of March 31, 2015 are shown in the table below. Certain investments, including those not designated as hedging instruments, are subject to master netting arrangements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Offset (b)	Net (c) (d)	Business
Derivatives designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$118	(\$47)	\$71	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$39	(\$8)	\$31	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	\$13	(\$13)	\$—	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$8	(\$8)	\$—	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$67	(\$10)	\$57	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$2	(\$2)	\$—	Entergy Wholesale Commodities
FTRs	Prepayments and other	\$15	\$—	\$15	Utility and Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	\$57	(\$43)	\$14	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$2	(\$2)	\$—	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	\$21	\$—	\$21	Utility

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Notes to Financial Statements

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2014 are shown in the table below. Certain investments, including those not designated as hedging instruments, are subject to master netting arrangements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Offset (b)	Net (c) (d)	Business
Derivatives designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$149	(\$53)	\$96	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$48	\$—	\$48	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	\$24	(\$24)	\$—	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	\$97	(\$25)	\$72	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	\$9	(\$8)	\$1	Entergy Wholesale Commodities
FTRs	Prepayments and other	\$50	(\$3)	\$47	Utility and Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	\$57	(\$55)	\$2	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	\$8	(\$8)	\$—	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	\$20	\$—	\$20	Utility

(a) Represents the gross amounts of recognized assets/liabilities

(b) Represents the netting of fair value balances with the same counterparty

(c) Represents the net amounts of assets /liabilities presented on the Entergy Consolidated Balance Sheets

(d) Excludes cash collateral in the amounts of \$1 million posted as of March 31, 2015 and \$25 million held as of December 31, 2014, respectively

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The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the three months ended March 31, 2015 and 2014 are as follows:

Instrument	Amount of loss recognized in other comprehensive income (In Millions)	Income Statement location	Amount of gain (loss) reclassified from AOCI into income (a) (In Millions)
2015			
Electricity swaps and options	(\$32)	Competitive businesses operating revenues	\$14
2014			
Electricity swaps and options	(\$174)	Competitive businesses operating revenues	(\$195)

(a) Before taxes (benefit) of \$5 million and (\$68) million, respectively

At each reporting period, Entergy measures its hedges for ineffectiveness. Any ineffectiveness is recognized in earnings during the period. The ineffective portion of cash flow hedges is recorded in competitive business operating revenues. The change in fair value of Entergy's cash flow hedges due to ineffectiveness during the three months ended March 31, 2015 and 2014 was (\$1) million and \$1 million, respectively.

Based on market prices as of March 31, 2015, unrealized gains (losses) recorded in AOCI on cash flow hedges relating to power sales totaled \$111 million of net unrealized gains (losses). Approximately \$88 million is expected to be reclassified from AOCI to operating revenues in the next twelve months. The actual amount reclassified from AOCI, however, could vary due to future changes in market prices.

Entergy may effectively liquidate a cash flow hedge instrument by entering into a contract offsetting the original hedge, and then de-designating the original hedge in this situation. Gains or losses accumulated in other comprehensive income prior to de-designation continue to be deferred in other comprehensive income until they are included in income as the original hedged transaction occurs. From the point of de-designation, the gains or losses on the original hedge and the offsetting contract are recorded as assets or liabilities on the balance sheet and offset as they flow through to earnings.

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The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the three months ended March 31, 2015 and 2014 is as follows:

Instrument	Amount of gain recognized in AOCI (In Millions)	Income Statement location	Amount of gain (loss) recorded in the income statement (In Millions)
2015			
Natural gas swaps	—	Fuel, fuel-related expenses, and gas purchased for resale	(a) (\$19)
FTRs	—	Purchased power expense	(b) \$33
Electricity swaps and options de-designated as hedged items	\$4	Competitive business operating revenues	(\$34)
2014			
Natural gas swaps	—	Fuel, fuel-related expenses, and gas purchased for resale	(a) \$17
FTRs	—	Purchased power expense	(b) \$46
Electricity swaps and options de-designated as hedged items	\$22	Competitive business operating revenues	\$21

(a) Due to regulatory treatment, the natural gas swaps are marked-to-market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as fuel expenses when the swaps are settled are recovered or refunded through fuel cost recovery mechanisms.

(b) Due to regulatory treatment, the changes in the estimated fair value of FTRs for the Utility operating companies are recorded through purchased power expense and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as purchased power expense when the FTRs for the Utility operating companies are settled are recovered or refunded through fuel cost recovery mechanisms.

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The fair values of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their balance sheets as of March 31, 2015 are as follows:

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Registrant
Assets:			
FTRs	Prepayments and other	\$0.6	Entergy Arkansas
FTRs	Prepayments and other	\$5.0	Entergy Gulf States Louisiana
FTRs	Prepayments and other	\$3.8	Entergy Louisiana
FTRs	Prepayments and other	\$0.9	Entergy Mississippi
FTRs	Prepayments and other	\$1.4	Entergy New Orleans
FTRs	Prepayments and other	\$3.4	Entergy Texas
Liabilities:			
Natural gas swaps	Other current liabilities	\$7.8	Entergy Gulf States Louisiana
Natural gas swaps	Other current liabilities	\$9.7	Entergy Louisiana
Natural gas swaps	Other current liabilities	\$3.4	Entergy Mississippi

The fair values of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their balance sheets as of December 31, 2014 are as follows:

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Registrant
Assets:			
FTRs	Prepayments and other	\$0.7	Entergy Arkansas
FTRs	Prepayments and other	\$14.4	Entergy Gulf States Louisiana