

ENTERGY CORP /DE/
Form 8-K
June 14, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date earliest event reported) June 1, 2005

| <u>Commission File Number</u> | <u>Registrant, State of Incorporation, Address and Telephone Number</u> | <u>I.R.S. Employer Identification No.</u> |
|-----------------------------------|---|---|
| 1-11299 | ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 | 72-1229752 |
| 1-10764 | ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue, 40th Floor Little Rock, Arkansas 72201 Telephone (501) 377-4000 | 71-0005900 |
| 1-27031 | ENTERGY GULF STATES, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631 | 74-0662730 |
| 1-8474 | ENTERGY LOUISIANA, INC. (a Louisiana corporation) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 840-2734 | 72-0245590 |
| 0-320 | ENTERGY MISSISSIPPI, INC. (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 | 64-0205830 |
| 0-5807 | ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) | 72-0273040 |

1600 Perdido Building
New Orleans, Louisiana 70112
Telephone (504) 670-3674

Item 8.01. Other Events.

On June 1, 2005, the Federal Energy Regulatory Commission (FERC) issued a decision in Entergy's "System Agreement" case. Entergy Arkansas, Inc. (EAI), Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc., the "domestic utility companies," historically have engaged in the coordinated planning, construction, and operation of generating and bulk transmission facilities under the terms of an agreement called the System Agreement that has been approved by the FERC. Litigation involving the System Agreement is being pursued by the Louisiana Public Service Commission at both the FERC and before itself. Details of these proceedings are described in the 2004 Form 10-K of Entergy Corporation (Entergy) and each domestic utility company.

The FERC decision concluded, among other things, that:

- The System Agreement no longer roughly equalizes production costs among the domestic utility companies;
- In order to reach rough production cost equalization, FERC will impose a bandwidth remedy allowing for a maximum spread of 22 percent (expressed by the FERC as +/- 11%) between the total annual production costs of the highest cost and lowest cost domestic utility companies;
- When calculating the production costs for this purpose, output from the Vidalia Hydroelectric Power Plant will not reflect the actual Vidalia price for that year but will be priced at that year's average MSS-3 price, reducing the amount of Vidalia costs reflected in the comparison of the domestic utility companies' total production costs; and
- The remedy ordered by FERC calls for no refunds and would be effective based on the calendar year 2006 production costs with the first potential reallocation payments, if required, expected to be made in 2007.

Although the domestic utility companies have not completed an analysis of the effect of the FERC decision on future production costs, management expects that the decision has the potential, depending principally on the cost of natural gas, to result in a material increase in costs allocated to EAI and a material decrease in costs allocated to the other domestic utility companies. However, management expects that these potential allocations will be less than the potential allocations that would have occurred under the initial decision by the FERC administrative law judge as described in the 2004 Form 10-K of Entergy and each domestic utility company.

Management believes that any changes in the allocation of production costs resulting from the FERC decision and related retail proceedings should result in similar rate changes for retail customers. The recovery of these costs in rates could be the subject of additional proceedings at the Arkansas Public Service Commission (APSC) and elsewhere. Although the outcome and timing of the FERC, APSC and other proceedings cannot be predicted at this time, Entergy does not believe that the ultimate resolution of these proceedings will have a material effect on its financial condition or results of operation.

In this Current Report on Form 8-K and from time to time, Entergy makes statements 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. Although Entergy believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Except to the extent required by the federal securities laws, Entergy undertakes 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, and there are factors that could cause actual results to differ materially from those expressed or implied in the statements. Some of those factors include:

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions, and other regulatory proceedings, including those related to Entergy's System Agreement and Entergy's utility supply plan
- Entergy's ability to manage its operation and maintenance costs
- the performance of Entergy's generating plants, and particularly the capacity factors at its nuclear generating facilities
- prices for power generated by Entergy's unregulated generating facilities, the ability to extend or replace the existing purchased power agreements for those facilities, including the Non-Utility Nuclear plants, the ability to meet credit support requirements, and the prices and availability of power Entergy must purchase for its utility customers
- Entergy's ability to develop and execute on a point of view regarding prices of electricity, natural gas, and other energy-related commodities
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute its share repurchase program, and fund investments and acquisitions
- actions of rating agencies, including changes in the ratings of debt and preferred stock, and changes in the rating agencies' ratings criteria
- changes in inflation, interest rates, and foreign currency exchange rates
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms
- volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, the establishment of a regional transmission organization that includes Entergy's utility service territory, and the application of market power criteria by the FERC
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those in the northeastern United States
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel storage and disposal
- resolution of pending or future applications for license extensions or modifications of nuclear generating facilities
- changes in law resulting from proposed energy legislation
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances
- the economic climate, and particularly growth in Entergy's service territory
- variations in weather and the occurrence of hurricanes and other storms and disasters
- advances in technology
- the potential effects of threatened or actual terrorism and war
- the effects of Entergy's strategies to reduce current tax payments
- the effects of litigation and government investigations
- changes in accounting standards, corporate governance, and securities law requirements
- Entergy's ability to attract and retain talented management and directors

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Entergy Corporation

Entergy Arkansas, Inc.

Entergy Gulf States, Inc.

Entergy Louisiana, Inc.

Entergy Mississippi, Inc.

Entergy New Orleans, Inc.

By: /s/ Nathan E. Langston

Nathan E. Langston

Senior Vice President and

Chief Accounting Officer

Dated: June 14, 2005