ENTERGY CORP /DE/
Form 10-Q
November 06, 2014
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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 September 30, 2014 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) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749 74-0662730	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798

1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 446 North Boulevard Baton Rouge, Louisiana 70802 Telephone (800) 368-3749 75-3206126	1-09067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777

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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 October 31, 2014
Entergy Corporation	($0.01 par value)	180,481,135

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, 2013 and the Quarterly Report on Form 10-Q for the quarters ended March 31, 2014 and June 30, 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 the MISO RTO, which occurred in December 2013, including the effect of current or projected RTO 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 the Entergy Wholesale Commodities business, 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, 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, nitrogen, greenhouse gases, mercury, and other regulated air 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 by the end of 2014 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
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 and operation of six nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by those plants to wholesale customers
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
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, 2013 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
SMEPA	South Mississippi Electric Power Association, which owns a 10% interest in Grand Gulf
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources. 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
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

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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 and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. In August 2013, Entergy announced plans to close and decommission Vermont Yankee. The plant is expected to cease power production in the fourth quarter 2014 after its current fuel cycle. 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

Third Quarter 2014 Compared to Third Quarter 2013

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the third quarter 2014 to the third quarter 2013 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)			
3rd Quarter 2013 Consolidated Net Income (Loss)	$352,303	($92,828)	($15,293)	$244,182
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	17,946	(9,906)	(5,024)	3,016
Other operation and maintenance expenses	16,512	(9,651)	(4,270)	2,591
Asset write-off, impairments, and related charges	60,857	(188,527)	—	(127,670)
Taxes other than income taxes	4,089	(1,047)	(257)	2,785
Depreciation and amortization	(9,416)	16,498	(152)	6,930
Other income	26,150	7,993	(5,395)	28,748
Interest expense	4,812	(481)	436	4,767
Other expenses	2,910	11,505	—	14,415
Income taxes	1,372	109,640	26,200	137,212
3rd Quarter 2014 Consolidated Net Income (Loss)	$315,263	($32,678)	($47,669)	$234,916

(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.

Third quarter 2014 results of operations includes $102.9 million ($66.9 million after-tax) of charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014 along with reassessment of the assumptions regarding the timing of decommissioning cash flows. See Note 11 to the financial statements herein for further discussion of the charges. Third quarter 2014 results of

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operations also includes the $60.9 million ($40.5 million after-tax) write-off in September 2014 of Entergy Mississippi’s regulatory assets associated with new nuclear generation development costs as a result of a joint stipulation entered into with the Mississippi Public Utilities Staff in which Entergy Mississippi agreed not to pursue recovery of the costs deferred by an MPSC order in the new nuclear generation docket. See Note 2 to the financial statements herein and in the Form 10-K for further discussion of the new nuclear generation development costs and the joint stipulation.

Third quarter 2013 results of operations includes $291.5 million ($183.7 million after-tax) of impairment and other related charges to write down the carrying value of Vermont Yankee and related assets to their fair values. See Note 1 to the financial statements in the Form 10-K for further discussion of the impairment charges.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the third quarter 2014 to the third quarter 2013:

	Amount (In Millions)
2013 net revenue	$1,628
Retail electric price	37
Volume/weather	(23)
Other	4
2014 net revenue	$1,646

The retail electric price variance is primarily due to:

- an increase in the energy efficiency rider at Entergy Arkansas, as approved by the APSC, effective July 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have minimal effect on net income;
- a formula rate plan increase at Entergy Mississippi, as approved by the MPSC, effective September 2013;
- an annual base rate increase at Entergy Texas, effective April 2014, as a result of the PUCT’s order in the September 2013 rate case;
- an annual base rate increase at Entergy Arkansas, as approved by the APSC, effective January 2014; and
- an increase in Entergy Mississippi’s storm damage rider, as approved by the MPSC, effective October 2013. The increase in the storm damage rider is offset by other operation and maintenance expenses and has no effect on net income.

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 the effect of less favorable weather on residential and commercial sales in the third quarter 2014 as compared to the third quarter 2013, substantially offset by an increase in sales to industrial customers, primarily due to expansions in the chemicals and refining industries and growth in the small industrial segments.

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Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the third quarter 2014 to the third quarter 2013:

	Amount (In Millions)
2013 net revenue	$494
Nuclear volume	(14)
Mark-to-market value changes	(12)
Nuclear realized price changes	8
Nuclear fuel expenses	8
2014 net revenue	$484

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by $10 million in the third quarter 2014 compared to the third quarter 2013 primarily due to:

- lower volume in its nuclear fleet resulting from more refueling outage days in the third quarter 2014 as compared to the third quarter 2013;
- mark-to-market activity, which was negative for the quarter. See Note 8 to the financial statements herein for discussion of derivative instruments;
- higher capacity prices, partially offset by lower realized wholesale energy prices; and
- a decrease in nuclear fuel expenses primarily due to lower DOE spent fuel disposal fees.

Following are key performance measures for Entergy Wholesale Commodities for the third quarter 2014 and 2013:

	2014	2013
Owned capacity (MW) (a)	6,068	6,612
GWh billed	11,328	11,630
Average realized revenue per MWh	$53.11	$53.22
Entergy Wholesale Commodities Nuclear Fleet		
Capacity factor	90%	94%
GWh billed	9,950	10,274
Average realized revenue per MWh	$53.24	$53.16
Refueling Outage Days:		
FitzPatrick	37	—

(a) The reduction in owned capacity is due to the retirement of the 544 MW Ritchie Unit 2 in November 2013.

Realized 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.

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Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $570 million for the third quarter 2013 to $586 million for the third quarter 2014 primarily due to:

- an increase of $21 million in nuclear generation expenses primarily due to higher contract labor costs, higher materials costs, and higher NRC fees;
- an increase of $11 million in energy efficiency costs at Entergy Arkansas and Entergy Texas. These costs are recovered through energy efficiency riders and have a minimal effect on net income;
- an increase of $10 million due to administration fees in 2014 related to participation in the MISO RTO. The net income effect is partially offset due to deferrals of these fees in certain jurisdictions. See Note 2 to the financial statements in the Form 10-K for further information on deferrals;
- an increase of $7 million in storm damage accruals primarily at Entergy Mississippi effective October 2013, as approved by the MPSC, and Entergy Arkansas effective January 2014, as approved by the APSC;
- an increase of $3 million resulting from costs incurred in the third quarter 2014 related to Baxter Wilson (Unit 1) repairs, including an offset for expected insurance proceeds. See “Baxter Wilson Plant Event” in Note 1 to the financial statements herein for further discussion;
- an increase of $3 million as a result of higher write-offs of uncollectible customer accounts; and
- several individually insignificant items.

The increase was partially offset by:

- a decrease of $40 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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;
- a decrease of $11 million resulting from costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility’s transmission business; and
- a decrease of $6 million resulting from implementation costs, severance costs, and curtailment and special termination benefits in 2013 related to the human capital management strategic imperative, including an offset for partial amortization in the third quarter 2014 of costs deferred in 2013. See “MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Human Capital Management Strategic Imperative” in the Form 10-K for further discussion.

The asset write-off, impairment, and related charges variance is due to the $60.9 million ($40.5 million after-tax) write-off in September 2014 of Entergy Mississippi’s regulatory assets associated with new nuclear generation development costs as a result of a joint stipulation entered into with the Mississippi Public Utilities Staff in which Entergy Mississippi agrees not to pursue recovery of the costs deferred by an MPSC order in the new nuclear generation docket. See Note 2 to the financial statements herein and in the Form 10-K for further discussion of the new nuclear generation development costs and the joint stipulation.

Other income increased primarily due to:

- an increase in earnings on decommissioning trust fund investments;

- an increase due to 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 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; and

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- carrying charges recorded in 2014 on storm restoration costs related to Hurricane Isaac as approved by the LPSC.

See Note 2 to the financial statements in the Form 10-K and “Hurricane Isaac” below for a discussion of the Act 55 storm cost financing.

Entergy Wholesale Commodities

Other operation and maintenance expenses decreased from $264 million for the third quarter 2013 to $254 million for the third quarter 2014 primarily due to:

- a decrease of $29 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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 absence of expenses from Entergy Solutions District Energy, which was sold in November 2013.

The decrease was partially offset by

- an increase of $10 million primarily due to higher contract labor costs and higher NRC fees;
- $10 million incurred in the third quarter 2014 related to the shutdown of Vermont Yankee including severance and retention costs. See “Impairment of Long-Lived Assets” in Note 11 to the financial statements herein for discussion regarding the planned shutdown of the Vermont Yankee plant by the end of 2014; and
- $5 million in transmission imbalance sales in the third quarter 2013.

The asset impairment variance is primarily due to $291.5 million ($183.7 million after-tax) in the third quarter 2013 of impairment and other related charges primarily to write down the carrying value of Vermont Yankee and related assets to their fair values and $102.9 million ($66.9 million after-tax) in the third quarter 2014 of impairment charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014. See Note 1 to the financial statements in the Form 10-K and Note 11 to the financial statements herein for further discussion of these impairment charges.

Depreciation and amortization expenses increased primarily due to a change effective in 2014 in the estimated average useful lives of plant in service as a result of a new depreciation study and increases to depreciable plant balances. The depreciation rate on average depreciable property for Entergy Wholesale Commodities property is approximately 5.6% in 2014.

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 and an increase in decommissioning costs primarily due to revisions to the estimated decommissioning cost liability for Vermont Yankee recorded in the third and fourth quarters of 2013.

Income Taxes

The effective income tax rate was 40.8% for the third quarter 2014. The difference in the effective income tax rate for the third quarter 2014 versus the statutory rate of 35% was primarily due to state income taxes, the provision for uncertain tax positions, and certain book and tax differences related to utility plant items, partially offset by book and tax differences related to the allowance for equity funds used during construction.

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The effective income tax rate was 9.1% for the third quarter 2013. The difference in the effective income tax rate for the third quarter 2013 versus the statutory rate of 35% was primarily due to lower state income taxes resulting from a state deferred tax adjustment and the reversal of a state valuation allowance. Also contributing to the lower rate was the reversal of a portion of the provision for uncertain tax positions.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013 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)			
2013 Consolidated Net Income (Loss)	$680,694	$818	($102,292)	$579,220
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	178,802	333,487	(12,633)	499,656
Asset write-off, impairments, and related charges	60,857	(184,590)	—	(123,733)
Other operation and maintenance expenses	(36,655)	(1,013)	(7,543)	(45,211)
Taxes other than income taxes	12,107	1,941	(43)	14,005
Depreciation and amortization	11,166	58,033	(196)	69,003
Other income	14,087	3,692	(7,071)	10,708
Interest expense	16,893	857	1,420	19,170
Other expenses	7,059	20,769	—	27,828
Income taxes	69,318	205,745	18,209	293,272
2014 Consolidated Net Income (Loss)	$732,838	$236,255	($133,843)	$835,250

(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.

Results of operations for the nine months ended September 30, 2014 includes $106.9 million ($69.4 million after-tax) of charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014 along with reassessment of the assumptions regarding the timing of decommissioning cash flows. See Note 11 to the financial statements herein for further discussion of the charges. Results of operations for the nine months ended September 30, 2014 also includes the $60.9 million ($40.5 million after-tax) write-off in September 2014 of Entergy Mississippi's regulatory assets associated with new nuclear generation development costs as a result of a joint stipulation entered into with the Mississippi Public Utilities Staff in which Entergy Mississippi agreed not to pursue recovery of the costs deferred by an MPSC order in the new nuclear generation docket. See Note 2 to the financial statements herein and in the Form 10-K for further discussion of the new nuclear generation development costs and the joint stipulation.

Results of operations for the nine months ended September 30, 2013 includes $291.5 million ($183.7 million after-tax) of impairment and other related charges to write down the carrying value of Vermont Yankee and related assets to their fair values. See Note 1 to the financial statements in the Form 10-K for further discussion of the impairment charges.

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Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013:

	Amount (In Millions)
2013 net revenue	$4,222
Retail electric price	95
Volume/weather	43
Asset retirement obligation	31
Other	10
2014 net revenue	$4,401

The retail electric price variance is primarily due to:

- an increase in the energy efficiency rider at Entergy Arkansas, as approved by the APSC, effective July 2013 and July 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have minimal effect on net income;
- a formula rate plan increase at Entergy Mississippi, as approved by the MPSC, effective September 2013;
- an increase in Entergy Mississippi’s storm damage rider, as approved by the MPSC, effective October 2013. The increase in the storm damage rider is offset by other operation and maintenance expenses and has no effect on net income;
- an annual base rate increase at Entergy Texas, effective April 2014, as a result of the PUCT’s order in the September 2013 rate case;
- an increase in purchased power capacity costs at Entergy Louisiana and Entergy Gulf States Louisiana that are recovered through base rates set in the annual formula rate plan mechanisms; and
- an annual base rate increase at Entergy Arkansas, as approved by the APSC, effective January 2014.

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 of 2,814 GWh, or 3%, in billed electricity usage primarily due to an increase in sales to industrial customers and the effect of more favorable weather on residential sales in the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The increase in industrial sales was primarily due to expansions, recovery of a major refining customer from an unplanned outage in 2013, and continued moderate growth in the manufacturing sector.

The asset retirement obligation affects net revenue because Entergy records a regulatory credit for the difference between asset retirement obligation-related expenses and trust earnings plus asset retirement obligation-related costs collected in revenue. The variance for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 is primarily caused by an increase in the regulatory credits because of increases in depreciation and accretion expenses and an increase in the regulatory credits to realign the asset retirement obligation regulatory asset with regulatory treatment.

Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013:

	Amount (In Millions)
2013 net revenue	$1,370
Nuclear realized price changes	277
Nuclear volume	40
Mark-to-market value changes	34
Other	(18)
2014 net revenue	$1,703

As shown in the table above, net revenue for Entergy Wholesale Commodities increased by $333 million in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- higher realized wholesale energy prices primarily due to increases in Northeast market power prices and higher capacity prices. Entergy Wholesale Commodities’ hedging strategies routinely include financial instruments that manage operational and liquidity risk. These positions, in addition to a larger-than-normal unhedged position in 2014 due to Vermont Yankee being in its final year of operation, allowed Entergy Wholesale Commodities to benefit from increases in Northeast market power prices;
- higher volume in its nuclear fleet resulting from fewer unplanned outage days in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013, partially offset by a larger exercise of resupply options in the nine months ended September 30, 2013 compared to the nine months ended September 30, 2014 provided for in purchase power agreements where Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below; and
- mark-to-market activity, which was positive for the nine months ended September 30, 2014. See Note 8 to the financial statements herein for discussion of derivative instruments.

Following are key performance measures for Entergy Wholesale Commodities for the nine months ended September 30, 2014 and 2013:

	2014	2013
Owned capacity (MW) (a)	6,068	6,612
GWh billed	32,874	33,189
Average realized revenue per MWh	$63.37	$52.95
Entergy Wholesale Commodities Nuclear Fleet		
Capacity factor	89%	86%
GWh billed	29,618	29,309
Average realized revenue per MWh	$62.93	$52.37
Refueling Outage Days:		
FitzPatrick	37	—
Indian Point 2	24	—
Indian Point 3	—	28
Palisades	56	—
Pilgrim	—	45

Vermont Yankee	—	27

(a) The reduction in owned capacity is due to the retirement of the 544 MW Ritchie Unit 2 in November 2013.

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Other Income Statement Items

Utility

Other operation and maintenance expenses decreased from $1,677 million for the nine months ended September 30, 2013 to $1,640 million for the nine months ended September 30, 2014 primarily due to:

- a decrease of $93 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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;
- a decrease of $30 million in fossil-fueled generation expenses primarily resulting from an overall lower scope of work done in 2014 as compared to the same period in 2013;
- a decrease of $30 million resulting from costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility's transmission business; and
- a decrease of $11 million resulting from costs incurred in 2013 related to the generator stator incident at ANO, including an offset for insurance proceeds. See "ANO Damage and Outage" below for further discussion of the incident.

The decrease was partially offset by:

- an increase of $30 million in nuclear generation expenses primarily due to higher contract labor costs, higher materials costs, and higher NRC fees;
- an increase of $28 million due to administration fees in 2014 related to participation in the MISO RTO. The net income effect is partially offset due to deferrals of these fees in certain jurisdictions. See Note 2 to the financial statements in the Form 10-K for further information on deferrals;
- an increase of $25 million in energy efficiency costs at Entergy Arkansas and Entergy Texas. These costs are recovered through energy efficiency riders and have a minimal effect on net income;
- an increase of $21 million in storm damage accruals primarily at Entergy Arkansas effective January 2014, as approved by the APSC, and at Entergy Mississippi effective October 2013, as approved by the MPSC;
- an increase of $10 million resulting from costs incurred in 2014 related to Baxter Wilson (Unit 1) repairs, including an offset for expected insurance proceeds. See "Baxter Wilson Plant Event" in Note 1 to the financial statements herein for further discussion; and
- an increase of $5 million as a result of higher write-offs of uncollectible customer accounts.

The asset write-off, impairment, and related charges variance is due to the $60.9 million ($40.5 million after-tax) write-off in September 2014 of Entergy Mississippi's regulatory assets associated with new nuclear generation development costs. See Note 2 to the financial statements herein and in the Form 10-K for further discussion of new nuclear generation development costs.

Taxes other than income taxes increased primarily due to an increase in local franchise taxes resulting from higher residential and commercial revenues. Also contributing to the increase was an increase in ad valorem taxes.

Depreciation and amortization expenses increased primarily due to additions to plant in service and an increase in Entergy Arkansas depreciation rates.

Other income increased primarily due to 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 and carrying charges recorded in 2014 on storm restoration costs related to Hurricane Isaac as approved by the LPSC. The distributions on preferred membership interests are eliminated in consolidation and have no effect on Entergy's net

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income because the investment is in another Entergy subsidiary. See Note 2 to the financial statements in the Form 10-K and “Hurricane Isaac” below for a discussion of the Act 55 storm cost financing.

Interest expense increased primarily due to the lease renewal in December 2013 of the Grand Gulf sale leaseback and net debt issuances of first mortgage bonds in the first quarter 2014 and the second quarter 2013 by certain Utility operating companies. See Note 4 to the financial statements herein and Note 5 to the financial statements in the Form 10-K for more details of long-term debt.

Entergy Wholesale Commodities

Other operation and maintenance expenses decreased from $748 million for the nine months ended September 30, 2013 to $747 million for the nine months ended September 30, 2014 primarily due to:

- a decrease of $52 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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 $12 million due to the absence of expenses from Entergy Solutions District Energy, which was sold in November 2013.

The decrease was partially offset by:

- an increase of $28 million primarily due to higher contract labor costs and higher NRC fees;
- $25 million incurred in the nine months ended September 30, 2014 related to the shutdown of Vermont Yankee including severance and retention costs. See “Impairment of Long-Lived Assets” in Note 11 to the financial statements herein for discussion regarding the planned shutdown of the Vermont Yankee plant by the end of 2014; and
- $13 million in transmission imbalance sales in 2013.

The asset impairment variance is primarily due to $291.5 million ($183.7 million after-tax) in 2013 of impairment and other related charges primarily to write down the carrying value of Vermont Yankee and related assets to their fair values and $106.9 million ($69.4 million after-tax) in 2014 of impairment charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014. See Note 1 to the financial statements in the Form 10-K and Note 11 to the financial statements herein for further discussion of these impairment charges.

Depreciation and amortization expenses increased primarily due to a change effective in 2014 in the estimated average useful lives of plant in service as a result of a new depreciation study, an increase to depreciable plant balances, and additions to plant in service.

Other expenses increased primarily due to an increase in decommissioning costs primarily due to revisions to the estimated decommissioning cost liability for Vermont Yankee recorded in the third and fourth quarters of 2013 and 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 37.8% for the nine months ended September 30, 2014. The difference in the effective income tax rate for the nine months ended September 30, 2014 versus the statutory rate of 35% was primarily due to state income taxes, the provision for uncertain tax positions, and certain book and tax differences related to utility plant items, partially offset by a deferred state income tax reduction related to a New York tax law change and book and tax differences related to the allowance for equity funds used during construction.

The effective income tax rate was 27% for the nine months ended September 30, 2013. The difference in the effective income tax rate for the nine months ended September 30, 2013 versus the statutory rate of 35% was primarily due to the reversal of a portion of the provision for uncertain tax positions, lower state income taxes resulting from a state deferred tax adjustment and the reversal of a state valuation allowance, and book and tax differences related to the allowance for equity funds used during construction, partially offset by certain book and tax differences related to utility plant items. See Note 10 to the financial statements herein for further discussion of income taxes.

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 applications in process for these plants. Following is an update to the discussion regarding the NRC proceedings. In April 2014 the ASLB granted Entergy’s motion to dismiss as moot a contention by Riverkeeper alleging that the Final Supplemental Environmental Impact Statement failed to adequately address endangered species issues. At the same time, the ASLB denied a motion filed by Riverkeeper in August 2013 to amend its endangered species contention. These ASLB decisions were not appealed and are now final, leaving three Track 2 contentions. The NRC staff expects to issue a further supplemental Safety Evaluation Report in November 2014. Testimony on the remaining Track 2 contentions has not been completed, and Track 2 hearings have not been scheduled.

By letter dated November 3, 2014, the NRC staff advised of its proposed schedule for issuance of a further supplemental Final Environmental Impact Statement (FSEIS) to address new information received by NRC staff since preparation and publication of the previous FSEIS supplement in June 2013. The proposed schedule identifies several milestones leading to the issuance of a new final FSEIS supplement in March 2016. The matters to be addressed in the new supplement include Entergy’s May 2013 submittal of updated cost information for severe accident mitigation alternatives (SAMAs); Entergy’s February 2014 submittal of new aquatic impact information; the June 2013 revision by NRC of its Generic Environmental Impact Statement relied upon in license renewal proceedings; and the NRC’s Continued Storage Of Spent Nuclear Fuel rule, which was published in the Federal Register in September 2014.

In 2014, hearings were held on NYSDEC’s proposed best technology available, closed cycle cooling. The NYSDEC also has proposed annual fish protection outages of 42, 62, or 92 days at both units or at one unit with closed cycle cooling at the other. Hearings on this alternative technology are expected to occur in 2015, to be followed by post-hearing briefing. The ALJs have issued no partial decisions on the several issues that have been litigated during the past two years and have not announced a schedule for doing so. After the full hearing on the merits, the ALJs will issue a recommended decision to the NYSDEC Commissioner who will then issue the final agency decision. A party to the proceeding can appeal the decision of the NYSDEC Commissioner to state court.

With respect to Entergy’s first Coastal Zone Management Act (CZMA) initiative (previous review), in May 2014 the New York State Department of State (NYSDOS) responded to questions the NRC staff submitted in December 2013. In July 2014, Entergy submitted comments on NYSDOS’s responses and NYSDOS filed a reply to those comments. The NRC staff advised the ASLB in November 2014 that it is considering the information it has received regarding previous review. With respect to Entergy’s second CZMA initiative (grandfathering), oral argument was held before the New York State Supreme Court (Appellate Division) in October 2014. With respect to Entergy’s third CZMA initiative (consistency certification filed with the NRC and NYSDOS for NYSDOS review), Entergy filed with both agencies on November 5, 2014 a notice withdrawing the consistency certification. Entergy cited the NRC staff’s announcement two days earlier of its intent to issue in March 2016 a new FSEIS supplement addressing, among other things, new information concerning aquatic impacts. Entergy stated that unless the previous review or grandfathering issues were first and finally resolved in Entergy's favor, Entergy intended to file a new consistency certification after the NRC issues the FSEIS supplement. That new consistency certification will initiate NYSDOS's review process, and will allow the FSEIS supplement to be part of the record before NYSDOS and, should NYSDOS object to the new certification, the Secretary of Commerce on appeal.

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See “Critical Accounting Estimates - Nuclear Decommissioning Costs” below and “Impairment of Long-Lived Assets” in Note 11 to the financial statements herein for discussions regarding the planned shutdown of the Vermont Yankee plant by the end of 2014.

ANO Damage, Outage, and NRC Reviews

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - ANO Damage and Outage" in the Form 10-K for a discussion of the ANO stator incident. The total cost of assessment, restoration of off-site power, site restoration, debris removal, and replacement of damaged property and equipment was approximately $95 million. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and incurred incremental replacement power costs for ANO 1 power because the outage extended beyond the originally-planned duration of the refueling outage. In February 2014 the APSC approved Entergy Arkansas’s request to exclude from the calculation of its revised energy cost rate $65.9 million of deferred fuel and purchased energy costs incurred in 2013 as a result of the ANO stator incident. The APSC authorized Entergy Arkansas to retain the $65.9 million in its deferred fuel balance with recovery to be reviewed in a later period after more information regarding various claims associated with the ANO stator incident is available.

Entergy Arkansas is pursuing its options for recovering damages that resulted from the stator drop, including its insurance coverage and legal action. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members’ nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a $50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL’s position and is evaluating its options for enforcing its rights under the policy. On July 12, 2013, Entergy Arkansas filed a complaint in the Circuit Court in Pope County, Arkansas against the owner of the heavy-lifting apparatus that collapsed, an engineering firm, a contractor, and certain individuals asserting claims of breach of contract, negligence, and gross negligence in connection with their responsibility for the stator drop. During 2014, Entergy Arkansas collected $40 million from NEIL and is pursuing additional recoveries due under the policy.

Shortly after the stator incident, the NRC deployed an augmented inspection team to review the plant's response. In July 2013 a second team of NRC inspectors visited ANO to evaluate certain items that were identified as requiring follow-up inspection to determine whether performance deficiencies existed. In March 2014 the NRC issued an inspection report on the follow-up inspection that discussed two preliminary findings, one that was preliminarily determined to be “red with high safety significance” for Unit 1 and one that was preliminarily determined to be “yellow with substantial safety significance” for Unit 2, with the NRC indicating further that these preliminary findings may warrant additional regulatory oversight. This report also noted that one additional item related to flood barrier effectiveness was still under review.

In May 2014 the NRC met with Entergy during a regulatory conference to discuss the preliminary red and yellow findings and Entergy's response to the findings. During the regulatory conference, Entergy presented information on the facts and assumptions the NRC used to assess the potential findings. The NRC used the information provided by Entergy at the regulatory conference to finalize its decision regarding the inspection team’s findings. In a letter dated June 23, 2014, the NRC classified both findings as “yellow with substantial safety significance.” In an assessment follow-up letter for ANO dated July 29, 2014, the NRC stated that given the two yellow findings, it determined that the performance at ANO is in the “degraded cornerstone column,” or column 3, of the NRC’s reactor oversight process action matrix beginning the first quarter 2014. Corrective actions in response to the NRC’s findings have been taken and remain ongoing at ANO. The NRC plans to conduct supplemental inspection activity to review the actions taken to address the yellow findings. Entergy will continue to interact with the NRC to address the NRC’s findings.

In September 2014 the NRC issued an inspection report on the flood barrier effectiveness issue that was still under review at the time of the March 2014 inspection report. While Entergy believes that the flood barrier issue that led to the finding have been addressed at ANO, the NRC will still assess the safety significance of the deficiencies. In its September 2014 inspection report, the NRC discussed a preliminary finding of “yellow with substantial safety significance" for the Unit 1 and Unit 2 auxiliary and emergency diesel fuel storage buildings. The NRC indicated that these preliminary findings may warrant additional regulatory oversight. Entergy requested a public regulatory conference regarding the inspection, and the conference was held on October 28, 2014. During the regulatory conference, Entergy presented information related to the facts and assumptions used by the NRC in arriving at its preliminary finding of "yellow with substantial safety significance." The NRC can consider this information as it works to finalize its assessment of the safety significance of the flood barrier issue.

If the NRC's final assessment of the flood barrier issue remains yellow, ANO would likely be placed into the "multiple/repetitive degraded cornerstone column" of the NRC's reactor oversight process action matrix. Placement into this column would 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 issue, 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.

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. The decrease in the debt to capital ratio is primarily due to an increase in retained earnings.

	September 30, 2014		December 31, 2013	
Debt to capital	56.7	%	57.9	%
Effect of excluding the securitization bonds	(1.5	%)	(1.6	%)
Debt to capital, excluding securitization bonds (a)	55.2	%	56.3	%
Effect of subtracting cash	(2.2	%)	(1.5	%)
Net debt to net capital, excluding securitization bonds (a)	53.0	%	54.8	%

(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 has the ability to issue letters of credit against 50% of the total borrowing capacity of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of September 30, 2014:

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
$3,500	$245	$8	$3,247

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.

See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation commercial paper program. As of September 30, 2014, Entergy Corporation had $776 million of commercial paper outstanding.

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 2014 through 2016. Following are updates to the discussion in the Form 10-K.

Capital Investment Plan Preliminary Estimate for 2015-2017

Entergy is developing its capital investment plan for 2015 through 2017 and currently anticipates that the Utility will make $7.8 billion in capital investments during that period and that Entergy Wholesale Commodities will make $0.9 billion in capital investments during that period. The preliminary Utility estimate includes amounts associated with specific investments for resource planning, generation projects, environmental compliance, transmission upgrades, system improvements and other investments. The preliminary Entergy Wholesale Commodities estimate includes amounts associated with specific investments such as dry cask storage, nuclear license renewal, component replacement and identified repairs, NYPA value sharing, and wedgewire screens at Indian Point. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of business restructuring, regulatory constraints and requirements, environmental regulations, business opportunities, market volatility, economic trends, changes in project plans, and the ability to access capital.

Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana’s construction of a combined-cycle gas turbine generating facility (Ninemile 6) at its existing Ninemile Point electric generating station. The Ninemile 6 capacity and energy will be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. Under terms approved by the LPSC, non-fuel costs may be recovered through Entergy Louisiana’s and Entergy Gulf

States Louisiana’s formula rate plans beginning in the month after the unit is placed in service. In July 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed an unopposed stipulation with the LPSC that estimates a first year revenue requirement associated with Ninemile 6 and provides a mechanism to update the revenue requirement as the in-service date approaches, which was subsequently approved by the LPSC. In September 2014 an updated revenue requirement of $51.5 million for Entergy Louisiana and $27 million for Entergy Gulf States Louisiana was filed. Under terms approved by the City Council, Entergy New Orleans's non-fuel costs associated with Ninemile 6 may be recovered through a special rider for that purpose. The unit is expected to be placed in service by the end of 2014.

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 October 2014 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.

Sources of Capital

Hurricane Isaac

As discussed in the Form 10-K, Entergy Gulf States Louisiana and Entergy Louisiana sought to recover restoration costs for the repair and replacement of electric facilities damaged by Hurricane Isaac, as well as replenishment of storm escrow accounts for prior storms, in the amount of $73.8 million for Entergy Gulf States Louisiana and $247.7 million for Entergy Louisiana. In January 2013, Entergy Gulf States Louisiana and Entergy Louisiana drew $65 million and $187 million, respectively, from their funded storm reserve escrow accounts. In April 2013, Entergy Gulf States Louisiana and Entergy Louisiana filed a joint application with the LPSC relating to Hurricane Isaac system restoration costs. Following an evidentiary hearing and recommendations by the ALJ, the LPSC voted in June 2014 to approve a series of orders which (i) quantify the amount of Hurricane Isaac system restoration costs prudently incurred ($66.5 million for Entergy Gulf States Louisiana and $224.3 million for Entergy Louisiana); (ii) determine the level of storm reserves to be re-established ($90 million for Entergy Gulf States Louisiana and $200 million for Entergy Louisiana); (iii) authorize Entergy Gulf States Louisiana and Entergy Louisiana to utilize Louisiana Act 55 financing for Hurricane Isaac system restoration costs; and (iv) grant other requested relief associated with storm reserves and Act 55 financing of Hurricane Isaac system restoration costs. Entergy Gulf States Louisiana committed to pass on to customers a minimum of $6.9 million of customer benefits through annual customer credits of approximately $1.4 million for five years. Entergy Louisiana committed to pass on to customers a minimum of $23.9 million of customer benefits through annual customer credits of approximately $4.8 million for five years. Approvals for the Act 55 financings were obtained from the Louisiana Utilities Restoration Corporation (LURC) and the Louisiana State Bond Commission.

In August 2014 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $71 million in bonds under Act 55 of the Louisiana Legislature. From the $69 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $3 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $66 million directly to Entergy Gulf States Louisiana. Entergy Gulf States Louisiana used the $66 million received from the LURC to acquire 662,426.80 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

In August 2014 the LCDA issued another $243.85 million in bonds under Act 55 of the Louisiana Legislature. From the $240 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $13 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $227 million directly to Entergy Louisiana. Entergy Louisiana used the $227 million received from the LURC to acquire 2,272,725.89 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

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

Total restoration costs for the repair and replacement of Entergy New Orleans’s electric facilities damaged by Hurricane Isaac were $47.3 million. Entergy New Orleans withdrew $17.4 million from the storm reserve escrow account to partially offset these costs. In February 2014, Entergy New Orleans made a filing with the City Council seeking certification of the Hurricane Isaac costs. In July 2014 the City Council adopted a procedural schedule that provides for hearings on the merits in September 2015.

Cash Flow Activity

As shown in Entergy’s Consolidated Statements of Cash Flows, cash flows for the nine months ended September 30, 2014 and 2013 were as follows:

	2014	2013
	(In Millions)	
Cash and cash equivalents at beginning of period	$739	$533
Cash flow provided by (used in):		
Operating activities	2,892	2,199
Investing activities	(2,168)	(2,058)
Financing activities	(394)	(309)
Net increase (decrease) in cash and cash equivalents	330	(168)
Cash and cash equivalents at end of period	$1,069	$365

Operating Activities

Net cash provided by operating activities increased by $693 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- higher Entergy Wholesale Commodities and Utility net revenues in 2014 as compared to the same period in 2013, as discussed previously;
- proceeds of $310 million received from the LURC in August 2014 as a result of the Louisiana Act 55 storm cost financing. See Note 2 to the financial statements herein and in the Form 10-K and “Hurricane Isaac” above for a discussion of the Act 55 storm cost financing;
- a decrease in income tax payments of $60 million in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013; and
- approximately $27 million in spending in 2013 related to the generator stator incident at ANO, as discussed previously.

The increase was partially offset by an increase of $215 million in pension contributions in 2014 and proceeds of $72 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel. See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

Investing Activities

Net cash flow used in investing activities increased by $110 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- the deposit of a total of $268 million into Entergy Louisiana's and Entergy Gulf States Louisiana's storm escrow accounts in 2014;
- the withdrawal of a total of $260 million from storm reserve escrow accounts in 2013, primarily by Entergy Gulf States Louisiana and Entergy Louisiana, after Hurricane Isaac; and
- proceeds of $21 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel.

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

The increase was partially offset by:

- a decrease in construction expenditures, primarily in the Utility business, including a decrease in spending on the Ninemile 6 self-build project and spending in 2013 on the generator stator incident at ANO, partially offset by an increase in storm restoration spending;
- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statement of Cash Flows, as Entergy received net deposits of $37 million in 2014 and returned net deposits of $49 million in 2013. Entergy Wholesale Commodities's forward sales contracts are discussed in the "Market and Credit Risk Sensitive Instruments" section below;
- 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; and
- $29 million in insurance proceeds received in 2014 for property damages related to the generator stator incident at ANO, as discussed above.

Financing Activities

Net cash flow used in financing activities increased by $85 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- long-term debt activity providing approximately $132 million of cash in 2014 compared to using $180 million of cash in 2013. Included in the long-term debt activity is $10 million in 2014 and $645 million in 2013 for the repayment of borrowings on the Entergy Corporation long-term credit facility;
- Entergy Corporation repaid $269 million of commercial paper in 2014 and issued $351 million in 2013;
- a net increase of $153 million in 2014 in short-term borrowings by the nuclear fuel company variable interest entities; and
- an increase of $67 million in treasury stock issuances in 2014 primarily due to a larger amount of previously repurchased Entergy Corporation common stock issued in 2014 to satisfy stock option exercises.

For details of long-term debt activity and Entergy's commercial paper program in 2014, see Note 4 to the financial statements herein and Notes 4 and 5 to the financial statements in the Form 10-K.

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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. Following are updates to that discussion.

Entergy’s Integration Into the MISO Regional Transmission Organization

As discussed in the Form 10-K, on December 19, 2013, the Utility operating companies successfully completed their planned integration into the MISO RTO.

In January 2013, Occidental Chemical Corporation filed with the FERC a petition for declaratory judgment and complaint against MISO alleging that MISO’s proposed treatment of Qualifying Facilities (QFs) in the Entergy region is unduly discriminatory in violation of sections 205 and 206 of the Federal Power Act and violates the Public Utility Regulatory Policies Act (PURPA) and the FERC’s implementing regulations. Occidental’s filing asks that the FERC declare that MISO’s QF integration plan is unlawful, find that the plan cannot be implemented because MISO did not file it pursuant to section 205 of the Federal Power Act, and direct that MISO modify certain aspects of the plan. Entergy sought to intervene and filed a protest to the pleadings.

In February 2014, Occidental filed a petition for enforcement against the LPSC. Occidental’s petition for enforcement alleges that the LPSC’s January 2014 order, which approved Entergy Gulf States Louisiana’s and Entergy Louisiana’s application for modification of Entergy’s methodology for calculating avoided cost rates paid to QFs, is inconsistent with the requirements of PURPA and the FERC’s regulations implementing PURPA. In April 2014 the FERC issued a “Notice Of Intent Not To Act At This Time” with respect to Occidental’s petition for enforcement against the LPSC. The FERC concluded that Occidental’s petition for enforcement largely raises the same issues as those raised in the January 2013 complaint and petition for declaratory order that Occidental had filed against MISO, and that the two proceedings should be addressed at the same time. The FERC reserved its ability to issue a further order or to take further action at a future date should it find that doing so is appropriate.

In April 2014, Occidental filed a complaint in federal district court for the Middle District of Louisiana against the LPSC and Entergy Louisiana that challenges the January 2014 order issued by the LPSC on grounds similar to those raised in the 2013 complaint and 2014 petition for enforcement that Occidental previously filed at the FERC. The district court complaint seeks a declaration that the January 2014 order conflicts with and is preempted by PURPA and the Supremacy Clause of the United States Constitution, and also seeks an injunction prohibiting the LPSC and Entergy Louisiana from enforcing or utilizing the practices approved in the order. The district court complaint seeks damages from Entergy Louisiana and a declaration from the district court that in pursuing the January 2014 order Entergy Louisiana breached an existing agreement with Occidental and an implied covenant of good faith and fair dealing. Entergy Louisiana has moved to stay the district court proceeding, asserting that the FERC has primary jurisdiction to address Occidental’s claims and should be allowed to do so in the context of Occidental’s 2013 complaint. The motion to stay is currently pending before the district court.

In February 2013, Entergy Services, on behalf of the Utility operating companies, made a filing with the FERC requesting to adopt the standard Attachment O formula rate template used by transmission owners to establish transmission rates within MISO. The filing proposed four transmission pricing zones for the Utility operating companies, one for Entergy Arkansas, one for Entergy Mississippi, one for Entergy Texas, and one for Entergy Louisiana, Entergy Gulf States Louisiana, and Entergy New Orleans. In June 2013 the FERC issued an order accepting the use of four transmission pricing zones and set for hearing and settlement judge procedures those issues of material fact that FERC decided could not be resolved based on the existing record. Several parties, including the City Council, filed requests for rehearing of the June 2013 order. In February 2014 the FERC issued an order addressing the rehearing requests. Among other things, the FERC denied rehearing and affirmed its prior decision allowing the four transmission pricing zones for the Utility operating companies in MISO. The FERC granted rehearing and set for hearing and settlement judge proceedings certain challenges of MISO’s regional through and out rates. In March 2014 certain parties filed a request for rehearing of the FERC’s February 2014 order on issues related to MISO’s regional through and out rates. In February 2014 and April 2014 various parties appealed the FERC’s June 2013 and February 2014 orders to the U.S. Court of Appeals for the D.C. Circuit where the appeals have been consolidated for further proceedings.

System Agreement

Utility Operating Company Notices of Termination of System Agreement Participation

As discussed in the Form 10-K, in February 2014, Entergy Louisiana and Entergy Gulf States Louisiana provided notice of their respective decisions to terminate their participation in the System Agreement and made a filing with the FERC seeking acceptance of the notice. In the FERC filing, Entergy Louisiana and Entergy Gulf States Louisiana requested an effective date of February 14, 2019 or such other effective date approved by the FERC for the termination. In March 2014 the City Council submitted comments to the FERC regarding the notices of termination. The City Council requested the FERC either to condition its acceptance of the notices on compliance with the prior 96-month notice termination period, or in the alternative, to consolidate the notice filings with the proceeding related to the Utility operating companies’ proposal to shorten the System Agreement’s termination notice period from 96 months to 60 months, and to set all of the proceedings for hearing. Also in March 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed a response to the City Council’s comments requesting that the FERC accept the notices without hearing and with an effective date subject to and consistent with the notice period established by the FERC in the proceeding related to the Utility operating companies’ proposal to shorten the System Agreement’s termination notice period. Entergy Louisiana, Entergy Gulf States Louisiana, Entergy New Orleans, and Entergy Texas continue to explore with the LPSC staff, City Council advisors, and the PUCT staff the early termination of the System Agreement on a consensual basis.

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 September 30, 2014 (2014 represents the remainder of the year):

Entergy Wholesale Commodities Nuclear Portfolio					
	2014	2015	2016	2017	2018
Energy					
Percent of planned generation under contract (a):					
Unit-contingent (b)	29%	38%	23%	14%	14%
Unit-contingent with availability guarantees (c)	13%	15%	14%	15%	3%
Firm LD (d)	55%	40%	34%	—%	—%
Offsetting positions (e)	(22%)	(9%)	—%	—%	—%
Total	75%	84%	71%	29%	17%
Planned generation (TWh) (f) (g)	10	35	36	35	35
Average revenue per MWh on contracted volumes:					
Minimum	$43	$47	$47	$51	$56
Expected based on market prices as of September 30, 2014	$50	$51	$52	$53	$56
Sensitivity: -/+ $10 per MWh market price change	$48-$53	$49-$53	$48-$55	$53-$54	$56
Capacity					
Percent of capacity sold forward (h):					
Bundled capacity and energy contracts (i)	15%	18%	18%	18%	18%
Capacity contracts (j)	42%	15%	15%	16%	7%
Total	57%	33%	33%	34%	25%
Planned net MW in operation (g)	5,011	4,406	4,406	4,406	4,406
Average revenue under contract per kW per month (applies to capacity contracts only)	$5.5	$3.2	$3.4	$5.6	$7.0
Total Nuclear Energy and Capacity Revenues					
Expected sold and market total revenue per MWh	$57	$57	$54	$54	$56
Sensitivity: -/+ $10 per MWh market price change	$52-$63	$52-$62	$47-$60	$47-$61	$48-$64

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Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

Entergy Wholesale Commodities Non-Nuclear Portfolio

	2014	2015	2016	2017	2018
Energy					
Percent of planned generation under contract (a):					
Cost-based contracts (k)	35%	38%	36%	34%	35%
Firm LD (d)	6%	7%	7%	7%	7%
Total	41%	45%	43%	41%	42%
Planned generation (TWh) (f) (l)	1	5	6	6	6
Capacity					
Percent of capacity sold forward (h):					
Cost-based contracts (k)	24%	24%	24%	26%	26%
Bundled capacity and energy contracts (i)	8%	8%	8%	8%	8%
Capacity contracts (j)	54%	53%	53%	57%	24%
Total	86%	85%	85%	91%	58%
Planned net MW in operation (l)	1,052	1,052	1,052	977	977

(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 no longer 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.

(c) 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.

(d) 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.

(e) Transactions for the purchase of energy, generally to offset a Firm LD transaction.

(f) 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.

(g) Assumes NRC license renewals for plants whose current licenses expire within five years. Assumes shutdown of Vermont Yankee in the fourth quarter 2014 and uninterrupted normal operation at remaining 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) and Indian Point 3 (December 2015). For a discussion regarding the shutdown of the Vermont Yankee plant, see “Impairment of Long-Lived Assets” in Note 11 to the financial statements herein. 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.

(h) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions.

(i) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold.

(j) A contract for the sale of an installed capacity product in a regional market.

(k)

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

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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.

(1) 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 contact.

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 September 30, 2014 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of $61 million for the remainder of 2014. A negative $10 per MWh change in the annual average energy price in the markets based on September 30, 2014 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of ($55) million for the remainder of 2014.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities's power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted power prices in the regions where Entergy Wholesale Commodities sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At September 30, 2014, based on power prices at that time, Entergy had liquidity exposure of $239 million under the guarantees in place supporting Entergy Wholesale Commodities transactions and $15 million of posted cash collateral. As of September 30, 2014, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by $211 million for a $1 per MMBtu increase in gas prices in both the short-and long-term markets. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of September 30, 2014, Entergy would have been required to provide approximately $136 million of additional cash or letters of credit under some of the agreements.

As of September 30, 2014, substantially all of the counterparties or their guarantors for 100% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2018 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. The following is an update to that discussion.

In June 2012 the U.S. Court of Appeals for the D.C. Circuit vacated the NRC's 2010 update to its Waste Confidence Decision, which had found generically that a permanent geologic repository to store spent nuclear fuel would be available when necessary and that spent nuclear fuel could be stored at nuclear reactor sites in the interim without significant environmental effects, and remanded the case for further proceedings. The court concluded that the NRC had not satisfied the requirements of the National Environmental Policy Act (NEPA) when it considered environmental effects in reaching these conclusions. The Waste Confidence Decision has been relied upon by NRC license renewal applicants to address some of the issues that NEPA requires the NRC to address before it issues a renewed license. Certain nuclear opponents filed requests with the NRC asking it to address the issues raised by the court's decision in the license renewal proceedings for a number of nuclear plants including Grand Gulf and Indian Point 2 and 3. In August 2012 the NRC issued an order stating that it will not issue final licenses dependent upon the

Waste Confidence Decision until the D.C. Circuit's remand is addressed, but also stating that licensing reviews and proceedings should continue to move forward. In September 2014 the NRC published a final new Waste Confidence rule, named Continued Storage of Spent Nuclear Fuel, that for licensing purposes adopts non-site specific findings concerning the environmental impacts of the continued storage of spent nuclear fuel at reactor sites - for 60 years, 100 years and indefinitely - after the reactor's licensed period of operations. The NRC also issued an order lifting its suspension of licensing proceedings after the final rule's effective date in October 2014. After the final rule became effective, New York, Connecticut, and Vermont filed a challenge to the rule in the U.S. Court of Appeals. The final rule remains in effect while that challenge is pending unless the court orders otherwise.

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. Following are updates to that discussion.

Nuclear Decommissioning Costs

In the first quarter 2014, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and ANO 2 as a result of a revised decommissioning cost study. The revised estimates resulted in a $43.6 million increase in the decommissioning cost liabilities, along with a corresponding increase in the related asset retirement cost assets that will be depreciated over the remaining lives of the units.

See "Impairment of Long-Lived Assets" in Note 1 to the financial statements in the Form 10-K and Note 11 to the financial statements herein for a discussion of the planned shutdown of Vermont Yankee and the December 2013 settlement agreement involving Entergy and Vermont parties. In the settlement agreement, Entergy Vermont Yankee agreed to complete and shall provide to the Vermont parties by December 31, 2014, a site assessment study of the costs and tasks of radiological decommissioning, spent nuclear fuel management, and site restoration of Vermont Yankee. Entergy Vermont Yankee also agreed that it shall file its Post-Shutdown Decommissioning Activities Report (PSDAR) for Vermont Yankee with the NRC no sooner than sixty days after completing the site assessment study. As part of the development of the site assessment study and PSDAR, Entergy obtained a revised decommissioning cost study in the third quarter 2014. The revised estimate, along with reassessment of the assumptions regarding the timing of decommissioning cash flows, resulted in a $101.6 million increase in the decommissioning cost liability and a corresponding impairment charge.

New Accounting Pronouncements

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

In April 2014 the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" which changes the requirements for reporting discontinued operations. The ASU states that a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on an entity's operations and financial results when the component of an entity or group of components of an entity meets the criteria to be classified as held for sale, is disposed of by sale, or is disposed of other than by sale. The amendments in this ASU also require additional disclosures about discontinued operations. ASU 2014-08 is effective for Entergy for the first quarter 2015. Entergy does not currently expect ASU 2014-08 to affect materially its results of operations, financial position, or cash flows.

In May 2014 the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” The ASU’s core principle is that “an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” The ASU details a five-step model that should be followed to achieve the core principle. ASU 2014-09 is effective for Entergy for the first quarter 2017. Entergy does not expect ASU 2014-09 to affect materially its results of operations, financial position, or cash flows.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2014	2013	2014	2013
	(In Thousands, Except Share Data)			
OPERATING REVENUES				
Electric	$2,824,055	$2,704,800	$7,424,360	$6,831,290
Natural gas	28,039	26,113	141,727	113,315
Competitive businesses	606,016	621,046	2,097,516	1,754,436
TOTAL	3,458,110	3,351,959	9,663,603	8,699,041
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	858,901	818,254	2,006,811	1,818,194
Purchased power	465,106	392,545	1,557,631	1,251,418
Nuclear refueling outage expenses	71,651	64,758	197,692	191,940
Other operation and maintenance	841,939	839,348	2,392,590	2,437,801
Asset write-off, impairments, and related charges	163,835	291,505	167,772	291,505
Decommissioning	68,370	60,848	201,418	179,342
Taxes other than income taxes	159,735	156,950	466,939	452,934
Depreciation and amortization	332,079	325,149	992,544	923,541
Other regulatory charges (credits)	3,635	13,708	(7,010)	22,914
TOTAL	2,965,251	2,963,065	7,976,387	7,569,589
OPERATING INCOME	492,859	388,894	1,687,216	1,129,452
OTHER INCOME				
Allowance for equity funds used during construction	16,737	17,676	46,654	46,675
Interest and investment income	49,547	23,430	109,040	102,277
Miscellaneous - net	(6,644)	(10,214)	(33,026)	(36,992)
TOTAL	59,640	30,892	122,668	111,960
INTEREST EXPENSE				
Interest expense	164,482	157,504	491,359	466,422
Allowance for borrowed funds used during construction	(8,664)	(6,453)	(24,199)	(18,432)
TOTAL	155,818	151,051	467,160	447,990
INCOME BEFORE INCOME TAXES	396,681	268,735	1,342,724	793,422
Income taxes	161,765	24,553	507,474	214,202
CONSOLIDATED NET INCOME	234,916	244,182	835,250	579,220
Preferred dividend requirements of subsidiaries	4,879	4,332	14,656	14,247
	$230,037	$239,850	$820,594	$564,973

NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION				
Earnings per average common share:				
Basic	$1.28	$1.35	$4.58	$3.17
Diluted	$1.27	$1.34	$4.56	$3.16
Dividends declared per common share	$0.83	$0.83	$2.49	$2.49
Basic average number of common shares outstanding	179,610,067	178,283,721	179,256,975	178,170,339
Diluted average number of common shares outstanding	180,527,116	178,652,210	179,867,018	178,520,063

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2014	2013	2014	2013
	(In Thousands)			
Net Income	$234,916	$244,182	$835,250	$579,220
Other comprehensive income (loss)				
Cash flow hedges net unrealized gain (loss)				
(net of tax expense (benefit) of ($1,540), ($17,199), $1,913, and ($43,803))	(2,488)	(31,663)	4,522	(80,048)
Pension and other postretirement liabilities				
(net of tax expense of $1,345, $10,301, $20,928, and $22,055)	2,956	15,430	(6,281)	35,004
Net unrealized investment gains (losses)				
(net of tax expense (benefit) of ($3,501), $20,819, $31,827, and $65,805)	(10,490)	46,300	51,734	94,644
Foreign currency translation				
(net of tax expense (benefit) of ($356), $380, ($144), and ($25))	(662)	706	(267)	(47)
Other comprehensive income (loss)	(10,684)	30,773	49,708	49,553
Comprehensive Income	224,232	274,955	884,958	628,773
Preferred dividend requirements of subsidiaries	4,879	4,332	14,656	14,247
Comprehensive Income Attributable to Entergy Corporation	$219,353	$270,623	$870,302	$614,526

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	$835,250	$579,220
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	1,585,547	1,472,985
Deferred income taxes, investment tax credits, and non-current taxes accrued	480,382	174,052
Asset impairments and related charges	106,915	291,505
Changes in working capital:		
Receivables	(119,108)	(273,876)
Fuel inventory	29,863	16,421
Accounts payable	(40,167)	(80,626)
Prepaid taxes and taxes accrued	19,745	(6,150)
Interest accrued	(3,931)	(25,586)
Deferred fuel costs	(124,475)	(43,419)
Other working capital accounts	(4,095)	(81,315)
Changes in provisions for estimated losses	287,513	(247,560)
Changes in other regulatory assets	147,055	173,164
Changes in other regulatory liabilities	41,594	290,965
Changes in pensions and other postretirement liabilities	(291,454)	(48,814)
Other	(59,145)	8,493
Net cash flow provided by operating activities	2,891,489	2,199,459
INVESTING ACTIVITIES		
Construction/capital expenditures	(1,506,611)	(1,781,208)
Allowance for equity funds used during construction	49,137	49,411
Nuclear fuel purchases	(353,472)	(398,456)
Proceeds from sale of assets	10,100	—
Insurance proceeds received for property damages	33,350	—
Changes in securitization account	(4,908)	(3,702)
NYPA value sharing payment	(72,000)	(71,736)
Payments to storm reserve escrow account	(274,170)	(5,882)
Receipts from storm reserve escrow account	—	260,279
Decrease (increase) in other investments	37,090	(43,656)
Litigation proceeds for reimbursement of spent nuclear fuel storage costs	—	21,034
Proceeds from nuclear decommissioning trust fund sales	1,446,817	1,063,711
Investment in nuclear decommissioning trust funds	(1,533,774)	(1,147,571)
Net cash flow used in investing activities	(2,168,441)	(2,057,776)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	1,667,616	2,925,997
Treasury stock	88,068	20,720
Retirement of long-term debt	(1,535,695)	(3,106,226)
Repurchase of common stock	(18,259)	—
Changes in credit borrowings and commercial paper - net	(155,437)	310,042
Other	20,982	—
Dividends paid:		
Common stock	(446,308)	(445,031)
Preferred stock	(14,632)	(14,469)
Net cash flow used in financing activities	(393,665)	(308,967)
Effect of exchange rates on cash and cash equivalents	—	47
Net increase (decrease) in cash and cash equivalents	329,383	(167,237)
Cash and cash equivalents at beginning of period	739,126	532,569
Cash and cash equivalents at end of period	$1,068,509	$365,332
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	$476,100	$476,063
Income taxes	$47,860	$107,560

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2014 and December 31, 2013
(Unaudited)

	2014	2013
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$90,910	$129,979
Temporary cash investments	977,599	609,147
Total cash and cash equivalents	1,068,509	739,126
Accounts receivable:		
Customer	765,306	670,641
Allowance for doubtful accounts	(34,687)	(34,311)
Other	219,300	195,028
Accrued unbilled revenues	363,464	340,828
Total accounts receivable	1,313,383	1,172,186
Deferred fuel costs	205,553	116,379
Accumulated deferred income taxes	14,159	175,073
Fuel inventory - at average cost	179,095	208,958
Materials and supplies - at average cost	929,934	915,006
Deferred nuclear refueling outage costs	272,110	192,474
Prepayments and other	281,796	410,489
TOTAL	4,264,539	3,929,691
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	39,756	40,350
Decommissioning trust funds	5,179,952	4,903,144
Non-utility property - at cost (less accumulated depreciation)	201,943	199,375
Other	408,539	210,616
TOTAL	5,830,190	5,353,485
PROPERTY, PLANT, AND EQUIPMENT		
Electric	43,781,183	42,935,712
Property under capital lease	940,372	941,299
Natural gas	374,094	366,365
Construction work in progress	1,913,757	1,514,857
Nuclear fuel	1,550,732	1,566,904
TOTAL PROPERTY, PLANT, AND EQUIPMENT	48,560,138	47,325,137
Less - accumulated depreciation and amortization	20,271,000	19,443,493
PROPERTY, PLANT, AND EQUIPMENT - NET	28,289,138	27,881,644
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Regulatory asset for income taxes - net	838,899	849,718
Other regulatory assets (includes securitization property of $746,022 as of September 30, 2014 and $822,218 as of December 31, 2013)	3,757,127	3,893,363
Deferred fuel costs	238,102	172,202

Goodwill	377,172	377,172
Accumulated deferred income taxes	43,276	62,011
Other	903,206	887,160
TOTAL	6,157,782	6,241,626
TOTAL ASSETS	$44,541,649	$43,406,446

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2014 and December 31, 2013
(Unaudited)

	2014	2013
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	$1,114,046	$457,095
Notes payable and commercial paper	891,445	1,046,887
Accounts payable	1,104,105	1,173,313
Customer deposits	406,114	370,997
Taxes accrued	210,838	191,093
Accumulated deferred income taxes	55,126	28,307
Interest accrued	177,066	180,997
Deferred fuel costs	88,230	57,631
Obligations under capital leases	2,460	2,323
Pension and other postretirement liabilities	52,497	67,419
Other	351,640	484,510
TOTAL	4,453,567	4,060,572
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	9,063,086	8,724,635
Accumulated deferred investment tax credits	257,036	263,765
Obligations under capital leases	30,354	32,218
Other regulatory liabilities	1,337,549	1,295,955
Decommissioning and asset retirement cost liabilities	4,272,151	3,933,416
Accumulated provisions	403,492	115,139
Pension and other postretirement liabilities	2,044,173	2,320,704
Long-term debt (includes securitization bonds of $814,224 as of September 30, 2014 and $883,013 as of December 31, 2013)	11,634,662	12,139,149
Other	591,784	583,667
TOTAL	29,634,287	29,408,648
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 2014 and in 2013	2,548	2,548
Paid-in capital	5,367,768	5,368,131
Retained earnings	10,199,338	9,825,053
Accumulated other comprehensive income (loss)	20,384	(29,324)
Less - treasury stock, at cost (75,103,116 shares in 2014 and 76,381,936 shares in 2013)	5,441,003	5,533,942
Total common shareholders' equity	10,149,035	9,632,466
Subsidiaries' preferred stock without sinking fund	94,000	94,000

TOTAL	10,243,035	9,726,466
TOTAL LIABILITIES AND EQUITY	$44,541,649	$43,406,446

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Common Shareholders' Equity						
	Subsidiaries' Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	(In Thousands)						
Balance at December 31, 2012	$94,000	$2,548	($5,574,819)	$5,357,852	$9,704,591	($293,083)	$9,291,089
Consolidated net income (a)	14,247	—	—	—	564,973	—	579,220
Other comprehensive income	—	—	—	—	—	49,553	49,553
Common stock issuances related to stock plans	—	—	36,175	4,572	—	—	40,747
Common stock dividends declared	—	—	—	—	(443,911)	—	(443,911)
Preferred dividend requirements of subsidiaries (a)	(14,247)	—	—	—	—	—	(14,247)
Balance at September 30, 2013	$94,000	$2,548	($5,538,644)	$5,362,424	$9,825,653	($243,530)	$9,502,451
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)	14,656	—	—	—	820,594	—	835,250
Other comprehensive income	—	—	—	—	—	49,708	49,708
Common stock repurchases	—	—	(18,259)	—	—	—	(18,259)
Common stock issuances related to stock plans	—	—	111,198	(363)	—	—	110,835
Common stock dividends declared	—	—	—	—	(446,309)	—	(446,309)
Preferred dividend requirements of	(14,656)	—	—	—	—	—	(14,656)

subsidiaries (a)							
Balance at September 30, 2014	$94,000	$2,548	($5,441,003)	$5,367,768	$10,199,338	$20,384	$10,243,035

See Notes to Financial Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for 2014 and 2013 include $9.7 million and $9.3 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 and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

Description	Three Months Ended 2014	2013	Increase/ (Decrease)	%
	(Dollars in Millions)			
Utility Electric Operating Revenues:				
Residential	$1,132	$1,140	($8)	(1)
Commercial	745	720	25	3
Industrial	740	673	67	10
Governmental	62	60	2	3
Total retail	2,679	2,593	86	3
Sales for resale	66	46	20	43
Other	79	66	13	20
Total	$2,824	$2,705	$119	4
Utility Billed Electric Energy Sales (GWh):				
Residential	10,869	11,359	(490)	(4)
Commercial	8,281	8,393	(112)	(1)
Industrial	11,620	11,038	582	5
Governmental	659	648	11	2
Total retail	31,429	31,438	(9)	—
Sales for resale	2,075	667	1,408	211
Total	33,504	32,105	1,399	4
Entergy Wholesale Commodities:				
Operating Revenues	$606	$623	($17)	(3)
Billed Electric Energy Sales (GWh)	11,328	11,630	(302)	(3)

Description	Nine Months Ended 2014	2013	Increase/ (Decrease)	%
	(Dollars in Millions)			
Utility Electric Operating Revenues:				
Residential	$2,801	$2,620	$181	7
Commercial	1,949	1,817	132	7
Industrial	2,003	1,815	188	10
Governmental	172	165	7	4
Total retail	6,925	6,417	508	8
Sales for resale	238	145	93	64
Other	261	269	(8)	(3)
Total	$7,424	$6,831	$593	9
Utility Billed Electric Energy Sales (GWh):				
Residential	28,162	27,080	1,082	4
Commercial	21,844	21,498	346	2
Industrial	32,635	31,264	1,371	4

Governmental	1,829	1,814	15	1
Total retail	84,470	81,656	2,814	3
Sales for resale	6,357	1,887	4,470	237
Total	90,827	83,543	7,284	9
Entergy Wholesale Commodities:				
Operating Revenues	$2,096	$1,771	$325	18
Billed Electric Energy Sales (GWh)	32,874	33,189	(315)	(1)

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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. The total cost of assessment, restoration of off-site power, site restoration, debris removal, and replacement of damaged property and equipment was approximately $95 million. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and incurred incremental replacement power costs for ANO 1 power because the outage extended beyond the originally-planned duration of the refueling outage. In February 2014 the APSC approved Entergy Arkansas's request to exclude from the calculation of its revised energy cost rate $65.9 million of deferred fuel and purchased energy costs incurred in 2013 as a result of the ANO stator incident. The APSC authorized Entergy Arkansas to retain the $65.9 million in its deferred fuel balance with recovery to be reviewed in a later period after more information regarding various claims associated with the ANO stator incident is available.

Entergy Arkansas is pursuing its options for recovering damages that resulted from the stator drop, including its insurance coverage and legal action. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members' nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a $50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL's position and is evaluating its options for enforcing its rights under the policy. On July 12, 2013, Entergy Arkansas filed a complaint in the Circuit Court in Pope County, Arkansas against the owner of the heavy-lifting apparatus that collapsed, an engineering firm, a contractor, and certain individuals asserting claims of breach of contract, negligence, and gross negligence in connection with their responsibility for the stator drop. During 2014, Entergy Arkansas collected $40 million from NEIL and is pursuing additional recoveries due under the policy.

Shortly after the stator incident, the NRC deployed an augmented inspection team to review the plant's response. In July 2013 a second team of NRC inspectors visited ANO to evaluate certain items that were identified as requiring follow-up inspection to determine whether performance deficiencies existed. In March 2014 the NRC issued an inspection report on the follow-up inspection that discussed two preliminary findings, one that was preliminarily determined to be "red with high safety significance" for Unit 1 and one that was preliminarily determined to be "yellow with substantial safety significance" for Unit 2, with the NRC indicating further that these preliminary findings may warrant additional regulatory oversight. This report also noted that one additional item related to flood barrier effectiveness was still under review.

In May 2014 the NRC met with Entergy during a regulatory conference to discuss the preliminary red and yellow findings and Entergy's response to the findings. During the regulatory conference, Entergy presented information on the facts and assumptions the NRC used to assess the potential findings. The NRC used the information provided by Entergy at the regulatory conference to finalize its decision regarding the inspection team’s findings. In a letter dated June 23, 2014, the NRC classified both findings as “yellow with substantial safety significance.” In an assessment follow-up letter for ANO dated July 29, 2014, the NRC stated that given the two yellow findings, it determined that the performance at ANO is in the "degraded cornerstone column," or column 3, of the NRC's reactor oversight process action matrix beginning the first quarter 2014. Corrective actions in response to the NRC's findings have been taken and remain ongoing at ANO. The NRC plans to conduct supplemental inspection activity to review the actions taken to address the yellow findings. Entergy will continue to interact with the NRC to address the NRC's findings.

In September 2014 the NRC issued an inspection report on the flood barrier effectiveness issue that was still under review at the time of the March 2014 inspection report. While Entergy believes that the flood barrier issue that led to the finding have been addressed at ANO, the NRC will still assess the safety significance of the deficiencies. In its September 2014 inspection report, the NRC discussed a preliminary finding of "yellow with substantial safety significance" for the Unit 1 and Unit 2 auxiliary and emergency diesel fuel storage buildings. The NRC indicated that these preliminary findings may warrant additional regulatory oversight. Entergy requested a public regulatory conference regarding the inspection, and the conference was held on October 28, 2014. During the regulatory conference, Entergy presented information related to the facts and assumptions used by the NRC in arriving at its preliminary finding of "yellow with substantial safety significance." The NRC can consider this information as it works to finalize its assessment of the safety significance of the flood barrier issue.

If the NRC's final assessment of the flood barrier issue remains yellow, ANO would likely be placed into the "multiple/repetitive degraded cornerstone column" of the NRC's reactor oversight process action matrix. Placement into this column would 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 issue, 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.

Baxter Wilson Plant Event

On September 11, 2013, Entergy Mississippi's Baxter Wilson (Unit 1) power plant experienced a significant unplanned outage event. Entergy Mississippi completed the process of assessing the nature and extent of the damage to the unit and repairs are in progress. The current estimate of costs to return the unit to service is in the range of $45 million to $60 million. This estimate may change as restorative activities occur. The costs necessary to return the plant to service are expected to be incurred into late 2014. Entergy Mississippi believes that the damage is covered by its property insurance policy, subject to a $20 million deductible. In the third quarter 2014, Entergy Mississippi recorded an insurance receivable of $18 million based on the minimum amount it currently expects to receive from its insurance policy based on total spending of $38 million as of September 30, 2014. This $18 million receivable offset approximately $8 million of capital spending and $10 million of operation and maintenance expenses through September 30, 2014. In June 2014, Entergy Mississippi filed a rate case with the MPSC, which includes recovery of the costs associated with Baxter Wilson (Unit 1) repair activities, net of applicable insurance proceeds. On October 14, 2014 and October 31, 2014, Entergy Mississippi and the Mississippi Public Utilities Staff entered into and filed joint stipulations that provide for a deferral of $6 million in other operation and maintenance expenses associated with the Baxter Wilson outage and that the regulatory asset should accrue carrying costs, with amortization of the regulatory asset to occur over two years. The final accounting of costs to return the unit to service and insurance proceeds will be addressed in Entergy Mississippi's next formula rate plan filing. The joint stipulations also provide that the capital costs associated with the return to service of Baxter Wilson (Unit 1) will be reflected in rate base and will be reduced to reflect the application of insurance proceeds. The joint stipulations are subject to review and approval by the MPSC.

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.

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Entergy Corporation and Subsidiaries
Notes to Financial Statements

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

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

Fuel and purchased power cost recovery

Entergy Arkansas

In May 2014, Entergy Arkansas filed its annual redetermination of the production cost allocation rider to recover the $3 million unrecovered retail balance as of December 31, 2013 and the $68 million System Agreement bandwidth remedy payment made in May 2014 as a result of the compliance filing pursuant to the FERC's February 2014 orders related to the bandwidth payments/receipts for the June - December 2005 period. In June 2014 the APSC suspended the annual redetermination of the production cost allocation rider and scheduled a hearing in September 2014. Upon a joint motion of the parties, the APSC canceled the September 2014 hearing and will enter an order based on the evidence and legal briefs in the record.

Entergy Gulf States Louisiana

In July 2014 the LPSC authorized its staff to initiate an audit of Entergy Gulf States Louisiana's fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed by Entergy Gulf States Louisiana through its fuel adjustment clause for the period from 2010 through 2013. Discovery has yet to commence.

Entergy Louisiana

In July 2014 the LPSC authorized its staff to initiate an audit of Entergy Louisiana's fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed by Entergy Louisiana through its fuel adjustment clause for the period from 2010 through 2013. Discovery has yet to commence.

Entergy Mississippi

Entergy Mississippi had a deferred fuel balance of $60.4 million as of March 31, 2014. In May 2014, Entergy Mississippi filed for an interim adjustment under its energy cost recovery rider. The interim adjustment proposed a net energy cost factor designed to collect over a six-month period the under-recovered deferred fuel balance as of March 31, 2014 and also reflected a natural gas price of $4.50 per MMBtu. In May 2014, Entergy Mississippi and the Public Utilities Staff entered into a joint stipulation in which Entergy Mississippi agreed to a revised net energy cost factor that reflected the proposed interim adjustment with a reduction in costs recovered through the energy cost recovery rider associated with the suspension of the DOE nuclear waste storage fee. In June 2014 the MPSC approved the joint stipulation and allowed Entergy Mississippi's interim adjustment. The revised net energy cost factor will remain in effect through the end of 2014.

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

See Note 2 to the financial statements in the Form 10-K for a discussion of Entergy Arkansas's 2013 base rate filing. In January 2014, Entergy Arkansas filed a petition for rehearing or clarification of several aspects of the APSC's order, including the 9.3% authorized return on common equity. In February 2014 the APSC granted Entergy Arkansas's petition for the purpose of considering the additional evidence identified by Entergy Arkansas. In August 2014 the APSC issued an order amending certain aspects of the original order, including providing for a 9.5% authorized return on common equity. The revised rates are effective for all bills rendered after December 31, 2013 and were implemented in the first billing cycle of October 2014.

Filings with the LPSC

Retail Rates - Electric

(Entergy Gulf States Louisiana)

See Note 2 to the financial statements in the Form 10-K for a discussion of the base rate case filed by Entergy Gulf States Louisiana in February 2013. Pursuant to the rate case settlement approved by the LPSC in December 2013, Entergy Gulf States Louisiana submitted a compliance filing in May 2014 reflecting the effects of the estimated MISO cost recovery mechanism revenue requirement and adjustment of the additional capacity mechanism requiring a net increase of approximately $3.8 million in formula rate plan revenue to be implemented over nine months commencing with the first billing cycle of December 2014. Before rates are implemented in December 2014, an updated compliance filing will be made in November 2014 to further refine the estimated MISO cost recovery mechanism revenue requirement component of the May 2014 compliance filing to then-available actual data. The compliance filings will be subject to the review of the parties to the proceeding generally in accordance with the review process set forth in Entergy Gulf States Louisiana's formula rate plan.

(Entergy Louisiana)

See Note 2 to the financial statements in the Form 10-K for a discussion of the base rate case filed by Entergy Louisiana in February 2013. Pursuant to the rate case settlement approved by the LPSC in December 2013, Entergy Louisiana submitted a compliance filing in May 2014 reflecting the effects of the $10 million agreed-upon increase in formula rate plan revenue, the estimated MISO cost recovery mechanism revenue requirement, and the adjustment of the additional capacity mechanism requiring a net increase of approximately $39 million in formula rate plan revenue to be implemented over nine months commencing with the first billing cycle of December 2014. Before rates are implemented in December 2014, an updated compliance filing will be made in November 2014 to further refine the estimated MISO cost recovery mechanism revenue requirement component of the May 2014 compliance filing to then-available actual data. The compliance filings will be subject to the review of the parties to the proceeding generally in accordance with the review process set forth in Entergy Louisiana's formula rate plan.

As discussed in the Form 10-K, the LPSC is conducting a prudence review of the Waterford 3 replacement steam generator project with regard to Entergy Louisiana's actions concerning the following aspects of the project: 1) project management; 2) cost controls; 3) success in achieving stated objectives; 4) the costs of the replacement project; and 5) the outage length and replacement power costs. In July 2014 the LPSC Staff filed testimony recommending potential project and replacement power cost disallowances of up $71 million, citing a need for further explanation or documentation from Entergy Louisiana. An intervenor filed testimony recommending disallowance of $141 million of incremental project costs, claiming the steam generator fabricator was imprudent. Entergy Louisiana believes that the replacement steam generator costs were prudently incurred and applicable legal principles support their recovery in rates. Entergy Louisiana provided further documentation and explanation requested by the LPSC staff. An evidentiary hearing is scheduled for December 2014.

Retail Rates - Gas (Entergy Gulf States Louisiana)

In January 2014, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2013. The filing showed an earned return on common equity of 5.47%, which results in a $1.5 million rate increase. In April 2014 the LPSC Staff issued a report indicating "that Entergy Gulf States Louisiana has properly determined its earnings for the test year ended September 30, 2013." The $1.5 million rate increase was implemented effective with the first billing cycle of April 2014.

Filings with the MPSC (Entergy Mississippi)

In June 2014, Entergy Mississippi filed its first general rate case before the MPSC in almost 12 years. The rate filing lays out Entergy Mississippi's plans for improving reliability, modernizing the grid, maintaining its workforce, stabilizing rates, utilizing new technologies, and attracting new industry to its service territory. Entergy Mississippi requested a net increase in revenue of $49 million for bills rendered during calendar year 2015, including $30 million resulting from new depreciation rates to update the estimated service life of assets. In addition, the filing proposed, among other things: 1) realigning cost recovery of the Attala and Hinds power plant acquisitions from the power management rider to base rates; 2) including certain MISO-related revenues and expenses in the power management rider; 3) power management rider changes that reflect the changes in costs and revenues that will accompany Entergy Mississippi's withdrawal from participation in the System Agreement; and 4) a formula rate plan forward test year to allow for known changes in expenses and revenues for the rate effective period. Entergy Mississippi proposed maintaining the current authorized return on common equity of 10.59%.

On October 14, 2014 and October 31, 2014, Entergy Mississippi and the Mississippi Public Utilities Staff entered into and filed joint stipulations that addressed the majority of issues in the proceeding. The stipulations provide for an approximate $16 million net increase in revenues, which reflects an agreed upon 10.07% return on common equity. The stipulations also revise Entergy Mississippi's formula rate plan (FRP) by providing Entergy Mississippi with the ability to reflect known and measurable changes to historical rate base and certain expense amounts, resolve uncertainty around and obviate the need for an additional rate filing in connection with Entergy Mississippi's withdrawal from participation in the System Agreement, update depreciation rates, and move costs associated with the Attala and Hinds generating plants from the power management rider to base rates. The stipulations also provide for recovery of non-fuel MISO-related costs through a separate rider for that purpose. The joint stipulations are subject to

MPSC approval. The schedule in the proceeding calls for the rates ultimately approved by the MPSC to be effective January 30, 2015.

Filings with the City Council (Entergy Louisiana)

In March 2013, Entergy Louisiana filed a rate case for the Algiers area, which is in New Orleans and is regulated by the City Council. Entergy Louisiana requested a rate increase of $13 million over three years, including a 10.4% return on common equity and a formula rate plan mechanism identical to its LPSC request made in February 2013. In January 2014 the City Council advisors filed direct testimony recommending a rate increase of $5.56 million over three years, including an 8.13% return on common equity. In June 2014 the City Council unanimously approved a settlement that includes the following:

- a $9.3 million base rate revenue increase to be phased in on a levelized basis over four years;
- recovery of an additional $853 thousand annually through a MISO recovery rider; and
- the adoption of a four-year formula rate plan requiring the filing of annual evaluation reports in May of each year, commencing May 2015, with resulting rates being implemented in October of each year. The formula rate plan includes a midpoint target authorized return on common equity of 9.95% with a +/- 40 basis point bandwidth.

The rate increase was effective with bills rendered on and after the first billing cycle of July 2014.

Filings with the PUCT (Entergy Texas)

In September 2013, Entergy Texas filed a rate case requesting a $38.6 million base rate increase reflecting a 10.4% return on common equity based on an adjusted test year ending March 31, 2013. The rate case also proposed (1) a rough production cost equalization adjustment rider recovering Entergy Texas's payment to Entergy New Orleans to achieve rough production cost equalization based on calendar year 2012 production costs and (2) a rate case expense rider recovering the cost of the 2013 rate case and certain costs associated with previous rate cases. The rate case filing also included a request to reconcile $0.9 billion of fuel and purchased power costs and fuel revenues covering the period July 2011 through March 2013. The fuel reconciliation also reflects special circumstances fuel cost recovery of approximately $22 million of purchased power capacity costs. In January 2014 the PUCT staff filed direct testimony recommending a retail rate reduction of $0.3 million and a 9.2% return on common equity. In March 2014, Entergy Texas filed an Agreed Motion for Interim Rates. The motion explained that the parties to this proceeding have agreed that Entergy Texas should be allowed to implement new rates reflecting an $18.5 million base rate increase, effective for usage on and after April 1, 2014, as well as recovery of charges for rough production cost equalization and rate case expenses. In March 2014 the State Office of Administrative Hearings, the body assigned to hear the case, approved the motion. In April 2014, Entergy Texas filed a unanimous stipulation in this case. Among other things, the stipulation provides for an $18.5 million base rate increase, recovery over three years of the calendar year 2012 rough production cost equalization charges and rate case expenses, and states a 9.8% return on common equity. In addition, the stipulation finalizes the fuel and purchased power reconciliation covering the period July 2011 through March 2013, with the parties stipulating an immaterial fuel disallowance. No special circumstances recovery of purchased power capacity costs was allowed. In April 2014 the State Office of Administrative Hearings remanded the case back to the PUCT for final processing. In May 2014 the PUCT approved the stipulation. No motions for rehearing were filed during the statutory rehearing period.

In September 2014, Entergy Texas filed for a distribution cost recovery factor rider based on a law that was passed in 2011 allowing for the recovery of increases in capital costs associated with distribution plant. Entergy Texas is requesting collection of approximately $7 million annually from retail customers. The PUCT has not yet acted on this filing.

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Entergy Louisiana and Entergy Gulf States Louisiana Business Combination

In June 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed a business combination study report with the LPSC. The report contained a preliminary analysis of the potential combination of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility. Though not a formal application, the report provided an overview of the combination and identified its potential customer benefits. Although not part of the business combination, Entergy Louisiana provided notice to the City Council in June 2014 that it anticipates it will seek authorization to transfer to Entergy New Orleans the assets that currently support Entergy Louisiana's customers in Algiers. In the summer of 2014, Entergy Louisiana and Entergy Gulf States Louisiana held technical conferences and face-to-face meetings with LPSC staff and other stakeholders to discuss potential effects of the combination, solicit suggestions and concerns, and identify areas in which additional information might be needed.

On September 30, 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed an application with the LPSC seeking authorization to undertake the transactions that would result in the combination of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility.

The combination is subject to regulatory review and approval of the LPSC, the FERC, and the NRC. In June 2014, Entergy submitted an application to the NRC for approval of River Bend and Waterford 3 license transfers as part of the steps to complete the business combination. The combination also could be subject to regulatory review of the City Council if Entergy Louisiana continues to own the assets that currently support Entergy Louisiana's customers in Algiers at the time the combination is effectuated. In November 2014, Entergy Louisiana filed an application with the City Council seeking authorization to undertake the combination. The application provides that if the City Council approves the Algiers asset transfer before the business combination occurs, the City Council may not need to issue a public interest finding regarding the combination. If approvals are obtained from the LPSC, the FERC, the NRC, and, if required, the City Council, Entergy Louisiana and Entergy Gulf States Louisiana expect the combination will be effected in the second half of 2015.

It is currently contemplated that Entergy Louisiana and Entergy Gulf States Louisiana will undertake multiple steps to effectuate the combination, which steps would include the following:

- Each of Entergy Louisiana and Entergy Gulf States Louisiana will redeem or repurchase all of their respective outstanding preferred membership interests (which interests have a $100 million liquidation value in the case of Entergy Louisiana and $10 million liquidation value in the case of Entergy Gulf States Louisiana).
- Entergy Gulf States Louisiana will convert from a Louisiana limited liability company to a Texas limited liability company.
- Under the Texas Business Organizations Code (TXBOC), Entergy Louisiana will allocate substantially all of its assets to a new subsidiary (New Entergy Louisiana) and New Entergy Louisiana will assume all of the liabilities of Entergy Louisiana, in a transaction regarded as a merger under the TXBOC. Entergy Louisiana will remain in existence and hold the membership interests in New Entergy Louisiana.
- Under the TXBOC, Entergy Gulf States Louisiana will allocate substantially all of its assets to a new subsidiary (New Entergy Gulf States Louisiana) and New Entergy Gulf States Louisiana will assume all of the liabilities of Entergy Gulf States Louisiana, in a transaction regarded as a merger under the TXBOC. Entergy Gulf States Louisiana will remain in existence and hold the membership interests in New Entergy Gulf States Louisiana.
- Entergy Louisiana and Entergy Gulf States Louisiana will contribute the membership interests in New Entergy Louisiana and New Entergy Gulf States Louisiana to an affiliate the common membership interests of which will be owned by Entergy Louisiana, Entergy Gulf States Louisiana and Entergy Corporation.
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New Entergy Gulf States Louisiana will merge into New Entergy Louisiana with New Entergy Louisiana surviving the merger.

Upon the completion of the steps, New Entergy Louisiana will hold substantially all of the assets, and will have assumed all of the liabilities, of Entergy Louisiana and Entergy Gulf States Louisiana. Entergy Louisiana and Entergy Gulf States Louisiana may modify or supplement the steps to be taken to effect the combination.

Algiers Asset Transfer (Entergy Louisiana and Entergy New Orleans)

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 support Entergy Louisiana's customers in Algiers. The transaction is expected to result in the transfer of net assets of approximately $60 million. The Algiers asset transfer is also subject to regulatory review and approval of the FERC. As discussed previously, Entergy Louisiana also filed an application with the City Council seeking authorization to undertake the Entergy Louisiana and Entergy Gulf States Louisiana business combination. The application provides that if the City Council approves the Algiers asset transfer before the business combination occurs, the City Council may not need to issue a public interest finding regarding the business combination. If the necessary approvals are obtained from the City Council and the FERC, Entergy Louisiana expects to transfer the Algiers assets to Entergy New Orleans in the second half of 2015.

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 and Entergy's December 2011 compliance filing in response to that order. In February 2014 the FERC issued a rehearing order addressing its October 2011 order. The FERC denied the LPSC's request for rehearing on the issues of whether the bandwidth remedy should be made effective earlier than June 1, 2005, and whether refunds should be ordered for the 20-month refund effective period. The FERC granted the LPSC's rehearing request on the issue of interest on the bandwidth payments/receipts for the June - December 2005 period, requiring that interest be accrued from June 1, 2006 until the date those bandwidth payments/receipts are made. Also in February 2014 the FERC issued an order rejecting the December 2011 compliance filing that calculated the bandwidth payments/receipts for the June - December 2005 period. The FERC order required a new compliance filing that calculates the bandwidth payments/receipts for the June - December 2005 period based on monthly data for the seven individual months and that includes interest pursuant to the February 2014 rehearing order. Entergy has sought rehearing of the February 2014 orders with respect to the FERC's determinations regarding interest. In April 2014 the LPSC filed a petition for review of the FERC's October 2011 and February 2014 orders with the U.S. Court of Appeals for the D.C. Circuit.

In April and May 2014, Entergy filed with the FERC an updated compliance filing that provides the payments and receipts among the Utility operating companies pursuant to the FERC's February 2014 orders. The filing shows the following net payments and receipts, including interest, among the Utility operating companies:

	Payments (Receipts) (In Millions)
Entergy Arkansas	$68
Entergy Gulf States Louisiana	($10)
Entergy Louisiana	$—
Entergy Mississippi	($11)
Entergy New Orleans	$2
Entergy Texas	($49)

These payments were made in May 2014. The LPSC, City Council, and APSC have filed protests.

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 July 2014 the FERC issued an order accepting Entergy Services' November 2013 compliance filing. The FERC directed Entergy Services to make a comprehensive bandwidth recalculation report by September 15, 2014 showing all the updated payment/receipt amounts based on the 2006 calendar year data in compliance with all bandwidth formula and bandwidth calculation adjustments that the FERC has accepted or ordered for those years. The FERC also directed the Entergy Operating Companies to make any true-up bandwidth payments associated with the 2006 bandwidth recalculation report with interest following the filing of the comprehensive recalculation report. See discussion below regarding the comprehensive bandwidth recalculation and filings made with the FERC in connection with this proceeding.

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 July 2014 the FERC issued an order denying Entergy's rehearing request and decided that it is appropriate to allow interest to be paid on the bandwidth recalculation amounts. The FERC also directed Entergy to file a comprehensive bandwidth recalculation report by September 15, 2014 showing all the updated payment/receipt amounts based on the 2007 calendar year data in compliance with all bandwidth formula and bandwidth calculation adjustments that the FERC has accepted or ordered for that year. The FERC also directed the Entergy Operating Companies to make any true-up bandwidth payments associated with the 2007 bandwidth recalculation report with interest following the filing of the comprehensive recalculation report. In August 2014 the Fifth Circuit issued its opinion dismissing the LPSC petition for review of the FERC's order. In October 2014, Entergy filed a petition for review with the U.S. Court of Appeals for the D.C. Circuit seeking appellate review of the FERC's interest determination. See discussion below regarding the comprehensive bandwidth recalculation and filings made with the FERC in connection with this proceeding.

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 August 2014, the FERC issued an order accepting the November 2013 compliance filing that was made in response to the FERC's October 2013 order. The LPSC has appealed to the U.S. Court of Appeals for the Fifth Circuit the FERC's May 2012 and October 2013 orders. Briefs have been filed and oral argument was held in October 2014. See discussion below regarding the comprehensive bandwidth recalculation and filings made with the FERC in connection with this proceeding.

Comprehensive Bandwidth Recalculation for 2007, 2008, and 2009 Rate Filing Proceedings

See Note 2 to the financial statements in the Form 10-K for a discussion of this comprehensive bandwidth recalculation. In July 2014 the FERC issued four orders in connection with various Service Schedule MSS-3 rough production cost equalization formula compliance filings and rehearing requests. Specifically, the FERC accepted Entergy Services' revised methodologies for calculating certain cost components of the formula and affirmed its prior ruling requiring interest on the true-up amounts. The FERC directed that a comprehensive recalculation of the formula be performed for the filing years 2007 and 2008 based on calendar years 2006 and 2007 production costs. In September 2014, Entergy filed with the FERC its compliance filing that provides the payments and receipts among the Utility operating companies pursuant to the FERC's orders for the 2007, 2008, and 2009 rate filing proceedings. The filing shows the following payments/receipts among the Utility operating companies:

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	Payments (Receipts) (In Millions)
Entergy Arkansas	$38
Entergy Gulf States Louisiana	($22)
Entergy Louisiana	($16)
Entergy Mississippi	$16
Entergy New Orleans	($1)
Entergy Texas	($15)

Entergy Arkansas and Entergy Mississippi made the payments in September and October 2014. The updated compliance filings in the 2008 and 2009 rate filing proceedings have not been protested, and one protest was filed at the FERC related to the 2007 rate filing proceeding. The filings are pending at the FERC.

2010 Rate Filing Based on Calendar Year 2009 Production Costs

See Note 2 to the financial statements in the Form 10-K for a discussion of this proceeding. The hearing was held in March 2014 and the presiding ALJ issued an initial decision in September 2014. Briefs on exception were filed in October 2014, and the case is pending before the FERC.

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 March 2014 the Fifth Circuit rejected the LPSC's petition for a writ of mandamus.

2014 Rate Filing Based on Calendar Year 2013 Production Costs

In May 2014, Entergy filed with the FERC the 2014 rates in accordance with the FERC's orders in the System Agreement proceeding. The filing shows the following payments and receipts among the Utility operating companies for 2014, based on calendar year 2013 production costs, commencing for service in June 2014, are necessary to achieve rough production cost equalization under the FERC's orders:

	Payments (Receipts) (In Millions)
Entergy Gulf States Louisiana	$—
Entergy Louisiana	$—
Entergy Mississippi	$—
Entergy New Orleans	($15)
Entergy Texas	$15

The LPSC protested the filing and the PUCT and City Council filed comments regarding the filing.

Storm Cost Recovery Filings with Retail Regulators

Entergy Gulf States Louisiana and Entergy Louisiana

As discussed in the Form 10-K, Entergy Gulf States Louisiana and Entergy Louisiana sought to recover restoration costs for the repair and replacement of electric facilities damaged by Hurricane Isaac, as well as replenishment of storm escrow accounts for prior storms, in the amount of $73.8 million for Entergy Gulf States Louisiana and $247.7 million for Entergy Louisiana. In January 2013, Entergy Gulf States Louisiana and Entergy Louisiana drew $65 million and $187 million, respectively, from their funded storm reserve escrow accounts. In April 2013, Entergy Gulf States Louisiana and Entergy Louisiana filed a joint application with the LPSC relating to Hurricane Isaac system restoration costs. Following an evidentiary hearing and recommendations by the ALJ, the LPSC voted in June 2014 to approve a series of orders which (i) quantify the amount of Hurricane Isaac system restoration costs prudently incurred ($66.5 million for Entergy Gulf States Louisiana and $224.3 million for Entergy Louisiana); (ii) determine the level of storm reserves to be re-established ($90 million for Entergy Gulf States Louisiana and $200 million for Entergy Louisiana); (iii) authorize Entergy Gulf States Louisiana and Entergy Louisiana to utilize Louisiana Act 55 financing for Hurricane Isaac system restoration costs; and (iv) grant other requested relief associated with storm reserves and Act 55 financing of Hurricane Isaac system restoration costs. Entergy Gulf States Louisiana committed to pass on to customers a minimum of $6.9 million of customer benefits through annual customer credits of approximately $1.4 million for five years. Entergy Louisiana committed to pass on to customers a minimum of $23.9 million of customer benefits through annual customer credits of approximately $4.8 million for five years. Approvals for the Act 55 financings were obtained from the Louisiana Utilities Restoration Corporation (LURC) and the Louisiana State Bond Commission.

In August 2014 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $71 million in bonds under Act 55 of the Louisiana Legislature. From the $69 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $3 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $66 million directly to Entergy Gulf States Louisiana. Entergy Gulf States Louisiana used the $66 million received from the LURC to acquire 662,426.80 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

In August 2014 the LCDA issued another $243.85 million in bonds under Act 55 of the Louisiana Legislature. From the $240 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $13 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $227 million directly to Entergy Louisiana. Entergy Louisiana used the $227 million received from the LURC to acquire 2,272,725.89 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

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

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Entergy New Orleans

As discussed in the Form 10-K, total restoration costs for the repair and replacement of Entergy New Orleans's electric facilities damaged by Hurricane Isaac were $47.3 million. Entergy New Orleans withdrew $17.4 million from the storm reserve escrow account to partially offset these costs. In February 2014, Entergy New Orleans made a filing with the City Council seeking certification of the Hurricane Isaac costs. In July 2014 the City Council adopted a procedural schedule that provides for hearings on the merits in September 2015.

New Nuclear Generation Development Costs

Entergy Mississippi

See the Form 10-K for discussion of Entergy Mississippi's developing and preserving a project option for new nuclear generation at Grand Gulf Nuclear Station. On October 14, 2014, Entergy Mississippi and the Mississippi Public Utilities Staff entered into and filed a joint stipulation in Entergy Mississippi's general rate case proceeding, which is discussed above. In consideration of the comprehensive terms for settlement in that rate case proceeding, the Mississippi Public Utilities Staff and Entergy Mississippi agreed that Entergy Mississippi will request consolidation of the new nuclear generation development costs proceeding with the rate case proceeding for hearing purposes and will not further pursue, except as noted below, recovery of the costs deferred by MPSC order in the new nuclear generation development docket. The stipulation states, however, that, if Entergy Mississippi decides to move forward with nuclear development in Mississippi, it can at that time re-present for consideration by the MPSC only those costs directly associated with the existing early site permit (ESP), to the extent that the costs are verifiable and prudent and the ESP is still valid and relevant to any such option pursued. After considering the progress of the new nuclear generation costs proceeding in light of the joint stipulation, Entergy Mississippi recorded in the third quarter 2014 a $60.9 million pre-tax charge to recognize that the regulatory assets associated with new nuclear generation development are no longer probable of recovery. If the MPSC does not ultimately approve all of the provisions agreed to in the October 2014 joint stipulation, however, Entergy Mississippi would continue to pursue recovery of the new nuclear development costs.

Texas Power Price Lawsuit

See the Form 10-K for discussion of this proceeding. In November 2014 the Texas Court of Appeals - First District reversed the state district court's class certification order and dismissed the case holding that the state district court lacked subject matter jurisdiction to address the issues. Plaintiffs can file a motion for rehearing and/or a petition for review at the Supreme Court of Texas.

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 September 30,					
	2014			2013		
	(In Millions, Except Per Share Data)					
Basic earnings per share	Income	Shares	$/share	Income	Shares	$/share
Net income attributable to Entergy Corporation	$230.0	179.6	$1.28	$239.9	178.3	$1.35
Average dilutive effect of:						
Stock options		0.3	—		0.1	—
Other equity plans		0.6	(0.01)		0.3	(0.01)
Diluted earnings per share	$230.0	180.5	$1.27	$239.9	178.7	$1.34

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 5.2 million for the three months ended September 30, 2014 and approximately 8.8 million for the three months ended September 30, 2013.

	For the Nine Months Ended September 30,					
	2014			2013		
	(In Millions, Except Per Share Data)					
Basic earnings per share	Income	Shares	$/share	Income	Shares	$/share
Net income attributable to Entergy Corporation	$820.6	179.3	$4.58	$565.0	178.2	$3.17
Average dilutive effect of:						
Stock options		0.2	(0.01)		0.1	—
Other equity plans		0.4	(0.01)		0.2	(0.01)
Diluted earnings per share	$820.6	179.9	$4.56	$565.0	178.5	$3.16

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 6.6 million for the nine months ended September 30, 2014 and approximately 8.9 million for the nine months ended September 30, 2013.

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 nine months ended September 30, 2014, Entergy Corporation issued 1,527,010 shares of its previously repurchased common stock to satisfy stock option exercises, vesting of shares of restricted stock, and other stock-based awards. During the nine months ended September 30, 2014, Entergy Corporation repurchased 248,190 shares of its common stock for a total purchase price of $18.3 million.

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Retained Earnings

On October 31, 2014, Entergy Corporation's Board of Directors declared a common stock dividend of $0.83 per share, payable on December 1, 2014 to holders of record as of November 13, 2014.

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 September 30, 2014 by component:

	Cash flow hedges net unrealized gain (loss)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
	(In Thousands)				
Beginning balance, June 30, 2014	($74,767)	($297,460)	$399,480	$3,815	$31,068
Other comprehensive income (loss) before reclassifications	5,783	—	(9,475)	(662)	(4,354)
Amounts reclassified from accumulated other comprehensive income (loss)	(8,271)	2,956	(1,015)	—	(6,330)
Net other comprehensive income (loss) for the period	(2,488)	2,956	(10,490)	(662)	(10,684)
Ending balance, September 30, 2014	($77,255)	($294,504)	$388,990	$3,153	$20,384

The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the three months ended September 30, 2013 by component:

	Cash flow hedges net unrealized gain (loss)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
	(In Thousands)				
Beginning balance, June 30, 2013	$31,520	($571,138)	$262,891	$2,424	($274,303)
Other comprehensive income (loss) before reclassifications	(9,838)	—	45,647	706	36,515
Amounts reclassified from accumulated other comprehensive income (loss)	(21,825)	15,430	653	—	(5,742)
Net other comprehensive income (loss) for the period	(31,663)	15,430	46,300	706	30,773
Ending balance, September 30, 2013	($143)	($555,708)	$309,191	$3,130	($243,530)

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The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the nine months ended September 30, 2014 by component:

	Cash flow hedges net unrealized gain (loss)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
	(In Thousands)				
Beginning balance, December 31, 2013	($81,777)	($288,223)	$337,256	$3,420	($29,324)
Other comprehensive income (loss) before reclassifications	(114,587)	—	56,056	(267)	(58,798)
Amounts reclassified from accumulated other comprehensive income (loss)	119,109	(6,281)	(4,322)	—	108,506
Net other comprehensive income (loss) for the period	4,522	(6,281)	51,734	(267)	49,708
Ending balance, September 30, 2014	($77,255)	($294,504)	$388,990	$3,153	$20,384

The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the nine months ended September 30, 2013 by component:

	Cash flow hedges net unrealized gain (loss)	Pension and other postretirement liabilities	Net unrealized investment gain (loss)	Foreign currency translation	Total Accumulated Other Comprehensive Income (Loss)
	(In Thousands)				
Beginning balance, December 31, 2012	$79,905	($590,712)	$214,547	$3,177	($293,083)
Other comprehensive income (loss) before reclassifications	(57,376)	—	95,843	(47)	38,420
Amounts reclassified from accumulated other comprehensive income (loss)	(22,672)	35,004	(1,199)	—	11,133
Net other comprehensive income (loss) for the period	(80,048)	35,004	94,644	(47)	49,553
Ending balance, September 30, 2013	($143)	($555,708)	$309,191	$3,130	($243,530)

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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 September 30, 2014:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance June 30, 2014	($27,943)	($10,224)
Amounts reclassified from accumulated other comprehensive income (loss)	137	(287)
Net other comprehensive income (loss) for the period	137	(287)
Ending balance, September 30, 2014	($27,806)	($10,511)

The following table presents changes in accumulated other comprehensive income (loss) for Entergy Gulf States Louisiana and Entergy Louisiana for the three months ended September 30, 2013:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance June 30, 2013	($63,312)	($44,771)
Amounts reclassified from accumulated other comprehensive income (loss)	963	684
Net other comprehensive income (loss) for the period	963	684
Ending balance, September 30, 2013	($62,349)	($44,087)

The following table presents changes in accumulated other comprehensive income (loss) for Entergy Gulf States Louisiana and Entergy Louisiana for the nine months ended September 30, 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)	396	(876)
Net other comprehensive income (loss) for the period	396	(876)
Ending balance, September 30, 2014	($27,806)	($10,511)

The following table presents changes in accumulated other comprehensive income (loss) for Entergy Gulf States Louisiana and Entergy Louisiana for the nine months ended September 30, 2013:

	Pension and Other Postretirement Liabilities	
	Entergy Gulf States Louisiana	Entergy Louisiana
	(In Thousands)	
Beginning balance, December 31, 2012	($65,229)	($46,132)
Amounts reclassified from accumulated other comprehensive income (loss)	2,880	2,045
Net other comprehensive income (loss) for the period	2,880	2,045
Ending balance, September 30, 2013	($62,349)	($44,087)

Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy for the three months ended September 30, 2014 are as follows:

	Amounts reclassified from AOCI	Income Statement Location
	(In Thousands)	
Cash flow hedges net unrealized gain (loss)		
Power contracts	$13,000	Competitive business operating revenues
Interest rate swaps	(275)	Miscellaneous - net
Total realized gain (loss) on cash flow hedges	12,725	
	(4,454)	Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	$8,271	
Pension and other postretirement liabilities		
Amortization of prior-service costs	$5,074	(a)
Amortization of loss	(8,952)	(a)
Settlement loss	(423)	(a)
Total amortization	(4,301)	
	1,345	Income taxes
Total amortization (net of tax)	($2,956)	
Net unrealized investment gain (loss)		
Realized gain (loss)	$1,990	Interest and investment income
	(975)	Income taxes
Total realized investment gain (loss) (net of tax)	$1,015	
Total reclassifications for the period (net of tax)	$6,330	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 September 30, 2013 are as follows:

	Amounts reclassified from AOCI (In Thousands)		Income Statement Location
Cash flow hedges net unrealized gain (loss)			
Power contracts	$35,325		Competitive business operating revenues
Interest rate swaps	(389	)	Miscellaneous - net
Total realized gain (loss) on cash flow hedges	34,936		
	(13,111	)	Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	$21,825		
Pension and other postretirement liabilities			
Amortization of prior-service costs	$2,414		(a)
Amortization of loss	(17,179	)	(a)
Curtailment loss	(1,304	)	(a)
Settlement loss	(9,662	)	(a)
Total amortization	(25,731	)	
	10,301		Income taxes
Total amortization (net of tax)	($15,430	)	
Net unrealized investment gain (loss)			
Realized gain (loss)	($1,280	)	Interest and investment income
	627		Income taxes
Total realized investment gain (loss) (net of tax)	($653	)	
Total reclassifications for the period (net of tax)	$5,742		

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 nine months ended September 30, 2014 are as follows:

	Amounts reclassified from AOCI (In Thousands)	Income Statement Location
Cash flow hedges net unrealized gain (loss)		
Power contracts	($182,275)	Competitive business operating revenues
Interest rate swaps	(970)	Miscellaneous - net
Total realized gain (loss) on cash flow hedges	(183,245)	
	64,136	Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	($119,109)	
Pension and other postretirement liabilities		
Amortization of prior-service costs	$15,227	(a)
Amortization of loss	(26,903)	(a)
Settlement loss	(2,971)	(a)
Total amortization	(14,647)	
	20,928	Income taxes
Total amortization (net of tax)	$6,281	
Net unrealized investment gain (loss)		
Realized gain (loss)	$8,474	Interest and investment income
	(4,152)	Income taxes
Total realized investment gain (loss) (net of tax)	$4,322	
Total reclassifications for the period (net of tax)	($108,506)	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 nine months ended September 30, 2013 are as follows:

	Amounts reclassified from AOCI (In Thousands)	Income Statement Location
Cash flow hedges net unrealized gain (loss)		
Power contracts	$37,518	Competitive business operating revenues
Interest rate swaps	(1,193)	Miscellaneous - net
Total realized gain (loss) on cash flow hedges	36,325	
	(13,653)	Income taxes
Total realized gain (loss) on cash flow hedges (net of tax)	$22,672	
Pension and other postretirement liabilities		
Amortization of prior-service costs	$7,175	(a)
Amortization of loss	(53,268)	(a)
Curtailment loss	(1,304)	(a)
Settlement loss	(9,662)	(a)
Total amortization	(57,059)	
	22,055	Income taxes
Total amortization (net of tax)	($35,004)	
Net unrealized investment gain (loss)		
Realized gain (loss)	$2,351	Interest and investment income
	(1,152)	Income taxes
Total realized investment gain (loss) (net of tax)	$1,199	
Total reclassifications for the period (net of tax)	($11,133)	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 September 30, 2014 are as follows:

	Amounts reclassified from AOCI Entergy Gulf States Louisiana (In Thousands)	Entergy Louisiana	Income Statement Location
Pension and other postretirement liabilities			
Amortization of prior-service costs	$559	$844	(a)
Amortization of loss	(782)	(378)	(a)
Total amortization	(223)	466	
	86	(179)	Income tax expense (benefit)
Total amortization (net of tax)	(137)	287	
Total reclassifications for the period (net of tax)	($137)	$287	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 September 30, 2013 are as follows:

	Amounts reclassified from AOCI Entergy Gulf States Louisiana (In Thousands)	Entergy Louisiana	Income Statement Location
Pension and other postretirement liabilities			
Amortization of prior-service costs	$206	$62	(a)
Amortization of loss	(1,947)	(1,288)	(a)
Total amortization	(1,741)	(1,226)	
	778	542	Income tax expense
Total amortization (net of tax)	(963)	(684)	
Total reclassifications for the period (net of tax)	($963)	($684)	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 nine months ended September 30, 2014 are as follows:

	Amounts reclassified from AOCI		
	Entergy Gulf States Louisiana	Entergy Louisiana	Income Statement Location
	(In Thousands)		
Pension and other postretirement liabilities			
Amortization of prior-service costs	$1,677	$2,533	(a)
Amortization of loss	(2,345)	(1,134)	(a)
Total amortization	(668)	1,399	
	272	(523)	Income tax expense (benefit)
Total amortization (net of tax)	(396)	876	
Total reclassifications for the period (net of tax)	($396)	$876	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 nine months ended September 30, 2013 are as follows:

	Amounts reclassified from AOCI		
	Entergy Gulf States Louisiana	Entergy Louisiana	Income Statement Location
	(In Thousands)		
Pension and other postretirement liabilities			
Amortization of prior-service costs	$617	$186	(a)
Amortization of loss	(5,839)	(3,862)	(a)
Total amortization	(5,222)	(3,676)	
	2,342	1,631	Income taxes
Total amortization (net of tax)	(2,880)	(2,045)	
Total reclassifications for the period (net of tax)	($2,880)	($2,045)	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension 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 nine months ended September 30, 2014 was 1.91% on the drawn portion of the facility. Following is a summary of the borrowings outstanding and capacity available under the facility as of September 30, 2014.

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
$3,500	$245	$8	$3,247

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 September 30, 2014, Entergy Corporation had $776 million of commercial paper outstanding. The weighted-average interest rate for the nine months ended September 30, 2014 was 0.89%.

Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of September 30, 2014 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of September 30, 2014
Entergy Arkansas	April 2015	$20 million (b)	1.65%	$—
Entergy Arkansas	March 2019	$150 million (c)	1.65%	$—
Entergy Gulf States Louisiana	March 2019	$150 million (d)	1.40%	$—
Entergy Louisiana	March 2019	$200 million (e)	1.40%	$—
Entergy Mississippi	May 2015	$37.5 million (f)	1.65%	$—
Entergy Mississippi	May 2015	$35 million (f)	1.65%	$—
Entergy Mississippi	May 2015	$20 million (f)	1.65%	$—
Entergy Mississippi	May 2015	$10 million (f)	1.65%	$—
Entergy New Orleans	November 2014	$25 million	1.90%	$—
Entergy Texas	March 2019	$150 million (g)	1.65%	$—

(a) The interest rate is the rate as of September 30, 2014 that would most likely apply to outstanding borrowings under the facility.
(b) Borrowings under the Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable at Entergy Arkansas’s option.
(c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of September 30, 2014, $4 million in letters of credit were outstanding.

(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 September 30, 2014, $17.9 million in 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 September 30, 2014, $16.4 million in letters of credit were outstanding.
(f) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable at Entergy Mississippi's option.
(g) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility. As of September 30, 2014, $31.4 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 Mississippi and Entergy New Orleans each entered into an uncommitted letter of credit facility in 2013 as a means to post collateral to support its obligations related to MISO. As of September 30, 2014, a $21.8 million letter of credit was outstanding under Entergy Mississippi's letter of credit facility and an $11.8 million letter of credit was outstanding under Entergy New Orleans's letter of credit facility. As of September 30, 2014, the letter of credit fee on outstanding letters of credit under the Entergy Mississippi and Entergy New Orleans letter of credit facilities was 1.50%.

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 September 30, 2014 (aggregating both money pool and external short-term borrowings) for the Registrant Subsidiaries:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	$250	$64
Entergy Gulf States Louisiana	$200	$—
Entergy Louisiana	$250	$8
Entergy Mississippi	$175	$—
Entergy New Orleans	$100	$—
Entergy Texas	$200	$—
System Energy	$200	$—

Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy Texas, and System Energy have obtained long-term financing authorizations from the FERC that extend through October 2015. Entergy Arkansas has obtained long-term financing authorization from the APSC that extends through December 2015. Entergy New Orleans has obtained long-term financing authorization from the City Council that extends through July 2016.

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 September 30, 2014:

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Company	Expiration Date	Amount of Facility	Weighted Average Interest Rate on Borrowings (a)	Amount Outstanding as of September 30, 2014
		(Dollars in Millions)		
Entergy Arkansas VIE	June 2016	$85	1.58%	$8.0
Entergy Gulf States Louisiana VIE	June 2016	$100	n/a	$—
Entergy Louisiana VIE	June 2016	$90	1.46%	$66.4
System Energy VIE	June 2016	$125	1.60%	$40.9

(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 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.

The nuclear fuel company variable interest entities had notes payable that are included in debt on the respective balance sheets as of September 30, 2014 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	$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

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.

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Debt Issuances and Redemptions

(Entergy Arkansas)

In March 2014, Entergy Arkansas issued $375 million of 3.70% Series first mortgage bonds due June 2024. Entergy Arkansas used the proceeds to pay, prior to maturity, its $250 million term loan, to pay, prior to maturity, its $115 million of 5.0% Series first mortgage bonds due July 2018, and for general corporate purposes.

In July 2014 the Entergy Arkansas nuclear fuel trust variable interest entity issued $90 million of 3.65% Series L notes due July 2021. The Entergy Arkansas nuclear fuel trust variable interest entity used the proceeds to pay, at maturity, its $70 million of 5.69% Series I notes due July 2014 and to purchase additional nuclear fuel.

(Entergy Gulf States Louisiana)

In July 2014, Entergy Gulf States Louisiana issued $110 million of 3.78% Series first mortgage bonds due April 2025. Entergy Gulf States Louisiana used the proceeds to re-establish and replenish its storm damage escrow reserves and for general corporate purposes.

(Entergy Louisiana)

In February 2014 the Entergy Louisiana nuclear fuel company variable interest entity issued $40 million of 3.92% Series H Notes due February 2021. The Entergy Louisiana nuclear fuel company variable interest entity used the proceeds to purchase additional nuclear fuel.

In June 2014, Entergy Louisiana issued $170 million of 5% Series first mortgage bonds due July 2044. Entergy Louisiana used the proceeds to pay, prior to maturity, its $70 million of 6.4% Series first mortgage bonds due October 2034 and to pay, prior to maturity, its $100 million of 6.3% Series first mortgage bonds due September 2035.

In July 2014, Entergy Louisiana issued $190 million of 3.78% Series first mortgage bonds due April 2025. Entergy Louisiana used the proceeds to re-establish and replenish its storm damage escrow reserves and for general corporate purposes.

In July 2014 the Entergy Louisiana nuclear fuel company variable interest entity redeemed, at maturity, its $50 million of 5.69% Series E Notes.

(Entergy Mississippi)

In March 2014, Entergy Mississippi issued $100 million of 3.75% Series first mortgage bonds due July 2024. Entergy Mississippi used the proceeds to pay, prior to maturity, its $95 million of 4.95% Series first mortgage bonds due June 2018 and for general corporate purposes.

(Entergy Texas)

In May 2014, Entergy Texas issued $135 million of 5.625% Series first mortgage bonds due June 2064. Entergy Texas used the proceeds to pay, prior to maturity, a portion of its $150 million of 7.875% Series first mortgage bonds due June 2039.

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Fair Value

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of September 30, 2014 are as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a) (b)
	(In Thousands)	
Entergy	$12,748,708	$12,872,518
Entergy Arkansas	$2,429,578	$2,244,612
Entergy Gulf States Louisiana	$1,622,755	$1,746,041
Entergy Louisiana	$3,368,934	$3,414,414
Entergy Mississippi	$1,058,806	$1,098,397
Entergy New Orleans	$225,886	$226,115
Entergy Texas	$1,490,216	$1,641,839
System Energy	$710,777	$672,972

(a) The values exclude lease obligations of $128 million at Entergy Louisiana and $51 million at System Energy, long-term DOE obligations of $181 million at Entergy Arkansas, and the note payable to NYPA of $97 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.

The book value and the fair value of long-term debt for Entergy Corporation and the Registrant Subsidiaries as of December 31, 2013 were as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a) (b)
	(In Thousands)	
Entergy	$12,596,244	$12,439,785
Entergy Arkansas	$2,405,802	$2,142,527
Entergy Gulf States Louisiana	$1,527,465	$1,631,308
Entergy Louisiana	$3,219,516	$3,148,877
Entergy Mississippi	$1,053,670	$1,067,006
Entergy New Orleans	$225,944	$217,692
Entergy Texas	$1,556,939	$1,726,623
System Energy	$757,436	$664,890

(a) The values exclude lease obligations of $149 million at Entergy Louisiana and $97 million at System Energy, long-term DOE obligations of $181 million at Entergy Arkansas, and the note payable to NYPA of $95 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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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 611,700 stock options during the first quarter 2014 with a weighted-average fair value of $8.71 per option. At September 30, 2014, there are 8,785,130 stock options outstanding with a weighted-average exercise price of $81.23. 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 September 30, 2014. Because Entergy's stock price at September 30, 2014 is less than the weighted average exercise price, the aggregate intrinsic value of the stock options outstanding as of September 30, 2014 is zero. The intrinsic value of "in the money" stock options is $4.8 million as of September 30, 2014.

The following table includes financial information for stock options for the third quarters of 2014 and 2013:

	2014	2013
	(In Millions)	
Compensation expense included in Entergy's net income	$1.0	$1.0
Tax benefit recognized in Entergy's net income	$0.4	$0.4
Compensation cost capitalized as part of fixed assets and inventory	$0.2	$0.2

The following table includes financial information for stock options for the nine months ended September 30, 2014 and 2013:

	2014	2013
	(In Millions)	
Compensation expense included in Entergy's net income	$3.1	$3.2
Tax benefit recognized in Entergy's net income	$1.2	$1.3
Compensation cost capitalized as part of fixed assets and inventory	$0.5	$0.6

Other Equity Plans

In January 2014 the Board approved and Entergy granted 352,600 restricted stock awards and 226,792 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 30, 2014 and were valued at $63.17 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 30, 2014 and were valued at $67.16 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 third quarters of 2014 and 2013:

	2014	2013
	(In Millions)	
Compensation expense included in Entergy’s net income	$7.6	$5.7
Tax benefit recognized in Entergy’s net income	$2.9	$2.2
Compensation cost capitalized as part of fixed assets and inventory	$1.2	$0.9

The following table includes financial information for other equity plans for the nine months ended September 30, 2014 and 2013:

	2014	2013
	(In Millions)	
Compensation expense included in Entergy’s net income	$22.7	$17.5
Tax benefit recognized in Entergy’s net income	$8.8	$6.8
Compensation cost capitalized as part of fixed assets and inventory	$3.5	$2.7

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 third quarters of 2014 and 2013, included the following components:

	2014	2013
	(In Thousands)	
Service cost - benefits earned during the period	$35,109	$43,542
Interest cost on projected benefit obligation	72,519	65,464
Expected return on assets	(90,366)	(81,898)
Amortization of prior service cost	400	531
Amortization of loss	36,274	54,156
Curtailment loss	—	1,304
Net pension costs	$53,936	$83,099

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Entergy's qualified pension cost, including amounts capitalized, for the nine months ended September 30, 2014 and 2013, included the following components:

	2014	2013
	(In Thousands)	
Service cost - benefits earned during the period	$105,327	$131,644
Interest cost on projected benefit obligation	217,557	195,996
Expected return on assets	(271,098)	(245,394)
Amortization of prior service cost	1,200	1,665
Amortization of loss	108,822	164,058
Curtailment loss	—	1,304
Special termination benefit	732	—
Net pension costs	$162,540	$249,273

The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for their employees for the third quarters of 2014 and 2013, included the following components:

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

2013	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	$6,371	$3,599	$4,334	$1,842	$832	$1,637	$1,836
Interest cost on projected benefit obligation	13,550	6,657	8,644	3,930	1,849	4,055	3,016
Expected return on assets	(16,717)	(8,734)	(10,454)	(5,279)	(2,270)	(5,566)	(4,299)
Amortization of prior service cost	6	2	21	2	—	2	3
Amortization of loss	12,544	5,933	8,727	3,344	2,011	3,373	2,429
Net pension cost	$15,754	$7,457	$11,272	$3,839	$2,422	$3,501	$2,985

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The Registrant Subsidiaries' qualified pension cost, including amounts capitalized, for their employees for the nine months ended September 30, 2014 and 2013, included the following components:

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	$15,069	$8,643	$10,638	$4,569	$1,998	$3,855	$4,338
Interest cost on projected benefit obligation	44,652	21,834	28,401	12,954	6,123	13,311	10,170
Expected return on assets	(54,915)	(28,464)	(34,347)	(17,094)	(7,515)	(17,793)	(12,465)
Amortization of loss	26,967	11,943	18,393	7,062	4,347	7,017	7,125
Net pension cost	$31,773	$13,956	$23,085	$7,491	$4,953	$6,390	$9,168

2013	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	$19,113	$10,797	$13,002	$5,526	$2,496	$4,911	$5,508
Interest cost on projected benefit obligation	40,650	19,971	25,932	11,790	5,547	12,165	9,048
Expected return on assets	(50,151)	(26,202)	(31,362)	(15,837)	(6,810)	(16,698)	(12,897)
Amortization of prior service cost	18	6	63	6	—	6	9
Amortization of loss	37,631	17,800	26,181	10,032	6,033	10,118	7,286
Net pension cost	$47,261	$22,372	$33,816	$11,517	$7,266	$10,502	$8,954

Non-Qualified Net Pension Cost

Entergy recognized $6.5 million and $33.1 million in pension cost for its non-qualified pension plans in the third quarters of 2014 and 2013, respectively. Reflected in the pension cost for non-qualified pension plans in the third quarters of 2014 and 2013, respectively, is a $2.3 million and a $28.1 million settlement charge related to the payment of lump sum benefits out of the plan. Entergy recognized $25.6 million and $44.1 million in pension cost for its non-qualified pension plans for the nine months ended September 30, 2014 and 2013, respectively. Reflected in the pension costs for non-qualified pension plans for the nine months ended September 30, 2014 and 2013, respectively, is a $12.5 million and a $28.1 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 third quarters of 2014 and 2013:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost	$377	$32	$1	$47	$24	$129

third quarter 2014						
Non-qualified pension cost third quarter 2013	$121	$38	$3	$46	$22	$560

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The Registrant Subsidiaries recognized the following pension cost for their employees for their non-qualified pension plans for the nine months ended September 30, 2014 and 2013:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)					
Non-qualified pension cost nine months ended September 30, 2014	$657	$98	$4	$143	$70	$373
Non-qualified pension cost nine months ended September 30, 2013	$326	$113	$9	$139	$68	$857

Reflected in Entergy Arkansas's non-qualified pension costs in the third quarters of 2014 and 2013, respectively, are $274 thousand and$19 thousand in settlement charges related to the payment of lump sum benefits out of the plan. Reflected in Entergy Arkansas's non-qualified pension costs for the nine months ended September 30, 2014 and 2013, respectively, are $337 thousand and $19 thousand in settlement charges related to the payment of lump sum benefits out of the plan. Reflected in Entergy Texas's non-qualified pension costs in the third quarters of 2014 and 2013, respectively, are $10 thousand and $415 thousand in settlement charges related to the payment of lump sum benefits out of the plan. Reflected in Entergy Texas's non-qualified pension costs for the nine months ended September 30, 2014 and 2013, respectively, are $16 thousand and $415 thousand in settlement charges related to the payment of lump sum benefits out of the plan.

Components of Net Other Postretirement Benefit Cost

Entergy's other postretirement benefit cost, including amounts capitalized, for the third quarters of 2014 and 2013, included the following components:

	2014	2013
	(In Thousands)	
Service cost - benefits earned during the period	$10,873	$18,917
Interest cost on accumulated postretirement benefit obligation (APBO)	17,960	19,766
Expected return on assets	(11,197)	(9,950)
Amortization of prior service credit	(7,898)	(3,334)
Amortization of loss	2,786	11,304
Net other postretirement benefit cost	$12,524	$36,703

Entergy's other postretirement benefit cost, including amounts capitalized, for the nine months ended September 30, 2014 and 2013, included the following components:

	2014	2013
	(In Thousands)	
Service cost - benefits earned during the period	$32,619	$56,751
Interest cost on accumulated postretirement benefit obligation (APBO)	53,880	59,298
Expected return on assets	(33,591)	(29,850)
Amortization of prior service credit	(23,694)	(10,002)
Amortization of loss	8,358	33,912
Net other postretirement benefit cost	$37,572	$110,109

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The Registrant Subsidiaries’ other postretirement benefit cost, including amounts capitalized, for their employees for the third quarters of 2014 and 2013, included the following components:

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

2013	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	$2,414	$2,001	$2,172	$819	$447	$950	$907
Interest cost on APBO	3,360	2,226	2,349	1,074	785	1,515	729
Expected return on assets	(4,149)	—	—	(1,317)	(1,014)	(2,321)	(825)
Amortization of prior service cost/(credit)	(133)	(206)	(62)	(35)	10	(107)	(16)
Amortization of loss	2,041	1,173	1,288	662	396	976	479
Net other postretirement benefit cost	$3,533	$5,194	$5,747	$1,203	$624	$1,013	$1,274

The Registrant Subsidiaries’ other postretirement benefit cost, including amounts capitalized, for their employees for the nine months ended September 30, 2014 and 2013, included the following components:

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	$4,467	$3,672	$3,390	$1,425	$651	$1,785	$1,545
Interest cost on APBO	9,195	6,285	6,198	2,742	2,103	4,239	1,959
Expected return on assets	(14,352)	—	—	(4,329)	(3,357)	(7,770)	(2,796)
Amortization of prior service credit	(1,830)	(1,677)	(2,532)	(687)	(531)	(975)	(618)

Amortization of loss	951	909	1,134	111	42	600	333
Net other postretirement benefit cost	($1,569)	$9,189	$8,190	($738)	($1,092)	($2,121)	$423

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2013	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	$7,242	$6,003	$6,516	$2,457	$1,341	$2,850	$2,721
Interest cost on APBO	10,080	6,678	7,047	3,222	2,355	4,545	2,187
Expected return on assets	(12,447)	—	—	(3,951)	(3,042)	(6,963)	(2,475)
Amortization of prior service cost/(credit)	(399)	(618)	(186)	(105)	30	(321)	(48)
Amortization of loss	6,124	3,520	3,862	1,987	1,189	2,927	1,437
Net other postretirement benefit cost	$10,600	$15,583	$17,239	$3,610	$1,873	$3,038	$3,822

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 third quarters of 2014 and 2013:

2014	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
	(In Thousands)			
Entergy				
Amortization of prior service cost	($389)	$5,570	($107)	$5,074
Amortization of loss	(6,734)	(1,673)	(545)	(8,952)
Settlement loss	—	—	(423)	(423)
	($7,123)	$3,897	($1,075)	($4,301)
Entergy Gulf States Louisiana				
Amortization of prior service cost	$—	$559	$—	$559
Amortization of loss	(478)	(303)	(1)	(782)
	($478)	$256	($1)	($223)
Entergy Louisiana				
Amortization of prior service cost	$—	$844	$—	$844
Amortization of loss	—	(378)	—	(378)
	$—	$466	$—	$466

2013	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
	(In Thousands)			
Entergy				
Amortization of prior service cost	($466)	$3,007	($127)	$2,414
Amortization of loss	(11,050)	(5,485)	(644)	(17,179)
Curtailment loss	(1,304)	—	—	(1,304)
Settlement loss	—	—	(9,662)	(9,662)
	($12,820)	($2,478)	($10,433)	($25,731)
Entergy Gulf States Louisiana				
Amortization of prior service cost	$—	$206	$—	$206
Amortization of loss	(772)	(1,173)	(2)	(1,947)
	($772)	($967)	($2)	($1,741)
Entergy Louisiana				
Amortization of prior service cost	$—	$62	$—	$62
Amortization of loss	—	(1,288)	—	(1,288)
	$—	($1,226)	$—	($1,226)

Entergy and the Registrant Subsidiaries reclassified the following costs out of accumulated other comprehensive income (before taxes and including amounts capitalized) for the nine months ended September 30, 2014 and 2013:

2014	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
	(In Thousands)			
Entergy				
Amortization of prior service cost	($1,167)	$16,711	($317)	$15,227
Amortization of loss	(20,202)	(5,019)	(1,682)	(26,903)
Settlement loss	—	—	(2,971)	(2,971)
	($21,369)	$11,692	($4,970)	($14,647)
Entergy Gulf States Louisiana				
Amortization of prior service cost	$—	$1,677	$—	$1,677
Amortization of loss	(1,433)	(909)	(3)	(2,345)
	($1,433)	$768	($3)	($668)
Entergy Louisiana				
Amortization of prior service cost	$—	$2,533	$—	$2,533
Amortization of loss	—	(1,134)	—	(1,134)
	$—	$1,399	$—	$1,399

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2013	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
	(In Thousands)			
Entergy				
Amortization of prior service cost	($1,472)	$9,022	($375)	$7,175
Amortization of loss	(34,740)	(16,455)	(2,073)	(53,268)
Curtailment loss	(1,304)	—	—	(1,304)
Settlement loss	—	—	(9,662)	(9,662)
	($37,516)	($7,433)	($12,110)	($57,059)
Entergy Gulf States Louisiana				
Amortization of prior service cost	($1)	$618	$—	$617
Amortization of loss	(2,314)	(3,520)	(5)	(5,839)
	($2,315)	($2,902)	($5)	($5,222)
Entergy Louisiana				
Amortization of prior service cost	$—	$186	$—	$186
Amortization of loss	—	(3,862)	—	(3,862)
	$—	($3,676)	$—	($3,676)

Employer Contributions

Based on current assumptions, Entergy expects to contribute $399 million to its qualified pension plans in 2014. As of September 30, 2014, Entergy had contributed $320 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 2014:

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)						
Expected 2014 pension contributions	$95,464	$30,176	$54,549	$21,839	$10,509	$17,072	$21,158
Pension contributions made through September 2014	$76,371	$24,217	$43,475	$17,455	$8,408	$13,793	$16,989
Remaining estimated pension contributions to be made in 2014	$19,093	$5,959	$11,074	$4,384	$2,101	$3,279	$4,169

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 September 30, 2014 are Utility and Entergy Wholesale Commodities. Utility includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Louisiana, Mississippi, and Texas, and natural gas utility service in portions of Louisiana. Entergy Wholesale Commodities includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. Entergy Wholesale Commodities

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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 third quarters of 2014 and 2013 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Entergy
	(In Thousands)				
2014					
Operating revenues	$2,852,088	$605,740	$275	$7	$3,458,110
Income taxes (benefit)	$172,188	$2,303	($12,726)	$—	$161,765
Consolidated net income (loss)	$315,263	($32,678)	($14,793)	($32,876)	$234,916
2013					
Operating revenues	$2,732,482	$623,321	$787	($4,631)	$3,351,959
Income taxes (benefit)	$170,816	($107,337)	($38,926)	$—	$24,553
Consolidated net income (loss)	$352,303	($92,828)	$11,102	($26,395)	$244,182

Entergy's segment financial information for the nine months ended September 30, 2014 and 2013 is as follows:

	Utility	Entergy Wholesale Commodities*	All Other	Eliminations	Entergy
	(In Thousands)				
2014					
Operating revenues	$7,566,187	$2,095,752	$1,765	($101)	$9,663,603
Income taxes (benefit)	$410,135	$140,777	($43,438)	$—	$507,474
Consolidated net income (loss)	$732,838	$236,255	($47,869)	($85,974)	$835,250
2013					
Operating revenues	$6,948,258	$1,770,577	$2,775	($22,569)	$8,699,041
Income taxes (benefit)	$340,817	($64,968)	($61,647)	$—	$214,202
Consolidated net income (loss)	$680,694	$818	($23,107)	($79,185)	$579,220

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.

Registrant Subsidiaries

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

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NOTE 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 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. The maximum length of time over which Entergy is currently hedging the variability in future cash flows with derivatives for forecasted power transactions at September 30, 2014 is approximately 2.25 years. Planned generation currently under contract from Entergy Wholesale Commodities nuclear power plants is 75% for the remainder of 2014, of which approximately 60% is sold under financial derivatives and the remainder under normal purchase/normal sale contracts. Total planned generation for the remainder of 2014 is 10 TWh.

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 September 30, 2014 is 19,999,000 MMBtu for Entergy, 9,400,000 MMBtu for Entergy Gulf States Louisiana, 6,690,000 MMBtu for Entergy Louisiana, 2,670,000 MMBtu for Entergy Mississippi, and 1,239,000 MMBtu for Entergy New Orleans. Credit support for these natural gas swaps is covered by master agreements that do not require collateralization based on mark-to-market value, but do carry adequate assurance language that may lead to collateralization requests.

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 September 30, 2014 is 73,378 GWh for Entergy, including 15,935 GWh for Entergy Arkansas, 16,199 GWh for Entergy Gulf States Louisiana, 16,991 GWh for Entergy Louisiana, 9,032 GWh for Entergy Mississippi, 5,846 GWh for Entergy New Orleans, and 9,264 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 September 30, 2014, no cash collateral was required to be posted.

The fair values of Entergy's derivative instruments in the consolidated balance sheet as of September 30, 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)	$118	($117)	$1	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	$21	($16)	$5	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	$206	($145)	$61	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	$33	($14)	$19	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	$93	($82)	$11	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	$8	($8)	$—	Entergy Wholesale Commodities
FTRs	Prepayments and other	$92	($9)	$83	Utility and Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities(current portion)	$78	($54)	$24	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	$14	($10)	$4	Entergy Wholesale Commodities
Natural gas swaps	Other current liabilities	$1	$—	$1	Utility

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The fair values of Entergy's derivative instruments in the consolidated balance sheet as of December 31, 2013 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	($99)	$19	Entergy Wholesale Commodities
Electricity swaps and options	Other deferred debits and other assets (non-current portion)	$17	($17)	$—	Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	$197	($131)	$66	Entergy Wholesale Commodities
Electricity swaps and options	Other non-current liabilities (non-current portion)	$46	($17)	$29	Entergy Wholesale Commodities
Derivatives not designated as hedging instruments					
Assets:					
Electricity swaps and options	Prepayments and other (current portion)	$177	($122)	$55	Entergy Wholesale Commodities
Natural gas swaps	Prepayments and other	$6	$—	$6	Utility
FTRs	Prepayments and other	$36	($2)	$34	Utility and Entergy Wholesale Commodities
Liabilities:					
Electricity swaps and options	Other current liabilities (current portion)	$201	($89)	$112	Entergy Wholesale Commodities

(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 $4 million posted as of September 30, 2014 and $47 million posted and $4 million held as of December 31, 2013, respectively

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the three months ended September 30, 2014 and 2013 are as follows:

Instrument	Amount of gain (loss) recognized in other comprehensive income (In Millions)	Income Statement location	Amount of gain reclassified from AOCI into income (In Millions)
2014			
Electricity swaps and options	$8	Competitive businesses operating revenues	$13
2013			
Electricity swaps and options	($4)	Competitive businesses operating revenues	$35

The effect of Entergy's derivative instruments designated as cash flow hedges on the consolidated income statements for the nine months ended September 30, 2014 and 2013 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 (In Millions)
2014			
Electricity swaps and options	($177)	Competitive businesses operating revenues	($182)
2013			
Electricity swaps and options	($78)	Competitive businesses operating revenues	$38

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. Unrealized gains or losses recorded in other comprehensive income result from hedging power output at the Entergy Wholesale Commodities power plants. The related gains or losses from hedging power are included in operating revenues when realized. Gains totaling approximately $13 million and $35 million were realized on the maturity of cash flow hedges, before taxes of $5 million and $13 million, for the three months ended September 30, 2014 and 2013, respectively. Gains (losses) totaling approximately ($182) million and $38 million were realized on the maturity of cash flow hedges, before taxes (benefit) of ($64) million and $14 million, for the nine months ended September 30, 2014 and 2013, respectively. The change in fair value of Entergy's cash flow hedges due to ineffectiveness during the three months ended September 30, 2014 and 2013 was ($1.0) million and ($1.8) million, respectively. The change in fair value of Entergy's cash flow hedges due to ineffectiveness during the nine months ended September 30, 2014 and 2013 was $0.8 million and ($2.3) million, respectively. The ineffective portion of cash flow hedges is recorded in competitive businesses operating revenues.

Based on market prices as of September 30, 2014, unrealized losses recorded in AOCI on cash flow hedges relating to power sales totaled ($113) million of net unrealized losses. Approximately ($96) 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.

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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 September 30, 2014, derivative contracts with nine counterparties were in a liability position (approximately $96 million total). In addition to the corporate guarantee, $4 million in cash collateral was required to be posted. As of September 30, 2013, derivative contracts with five counterparties were in a liability position (approximately $32 million total), but were significantly below the amount of the guarantee provided under the contract and no cash collateral was required. If the Entergy Corporation credit rating falls below investment grade, the 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 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.

The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the three months ended September 30, 2014 and 2013 is as follows:

Instrument	Amount of gain (loss) recognized in AOCI (In Millions)	Income Statement location		Amount of gain (loss) recorded in the income statement (In Millions)
2014				
Natural gas swaps	$—	Fuel, fuel-related expenses, and gas purchased for resale	(a)	($8)
FTRs	$—	Purchased power expense	(b)	$47
Electricity swaps and options de-designated as hedged items	($9)	Competitive business operating revenues		($5)
2013				
Natural gas swaps	$—	Fuel, fuel-related expenses, and gas purchased for resale	(a)	($1)
Electricity swaps and options de-designated as hedged items	$4	Competitive business operating revenues		$12

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The effect of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the nine months ended September 30, 2014 and 2013 is as follows:

Instrument	Amount of gain (loss) recognized in AOCI (In Millions)	Income Statement location		Amount of gain recorded in the income statement (In Millions)
2014				
Natural gas swaps	$—	Fuel, fuel-related expenses, and gas purchased for resale	(a)	$13
FTRs	$—	Purchased power expense	(b)	$182
Electricity swaps and options de-designated as hedged items	($2)	Competitive business operating revenues		$20
2013				
Natural gas swaps	$—	Fuel, fuel-related expenses, and gas purchased for resale	(a)	$8
Electricity swaps and options de-designated as hedged items	$4	Competitive business operating revenues		$2

(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 September 30, 2014 are as follows:

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Registrant
Assets:			
FTRs	Prepayments and other	$0.5	Entergy Arkansas
FTRs	Prepayments and other	$26.8	Entergy Gulf States Louisiana
FTRs	Prepayments and other	$14.7	Entergy Louisiana
FTRs	Prepayments and other	$6.1	Entergy Mississippi
FTRs	Prepayments and other	$6.0	Entergy New Orleans
FTRs	Prepayments and other	$27.5	Entergy Texas
Liabilities:			
Natural gas swaps	Other current liabilities	$0.5	Entergy Gulf States Louisiana
Natural gas swaps	Other current liabilities	$0.3	Entergy Louisiana
Natural gas swaps	Other current liabilities	$0.1	Entergy Mississippi
Natural gas swaps	Other current liabilities	$0.1	Entergy New Orleans

The fair values of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their balance sheets as of December 31, 2013 are as follows:

Instrument	Balance Sheet Location	Fair Value (a) (In Millions)	Registrant
Assets:			
Natural gas swaps	Gas hedge contracts	$2.2	Entergy Gulf States Louisiana
Natural gas swaps	Gas hedge contracts	$2.9	Entergy Louisiana
Natural gas swaps	Prepayments and other	$0.7	Entergy Mississippi
Natural gas swaps	Prepayments and other	$0.1	Entergy New Orleans
FTRs	Prepayments and other	$6.7	Entergy Gulf States Louisiana
FTRs	Prepayments and other	$5.7	Entergy Louisiana
FTRs	Prepayments and other	$1.0	Entergy Mississippi
FTRs	Prepayments and other	$2.0	Entergy New Orleans
FTRs	Prepayments and other	$18.4	Entergy Texas

(a) No cash collateral was required to be posted as of September 30, 2014 and December 31, 2013, respectively.

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the three months ended September 30, 2014 and 2013 are as follows:

Instrument	Income Statement Location	Amount of gain (loss) recorded in the income statement (In Millions)	Registrant
2014			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($3.4)	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($3.7)	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($1.6)	Entergy Mississippi
FTRs	Purchased power expense	$4.9	Entergy Arkansas
FTRs	Purchased power expense	$10.6	Entergy Gulf States Louisiana
FTRs	Purchased power expense	$13.4	Entergy Louisiana
FTRs	Purchased power expense	$3.3	Entergy Mississippi
FTRs	Purchased power expense	$5.1	Entergy New Orleans
FTRs	Purchased power expense	$9.8	Entergy Texas
2013			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($0.4)	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($0.7)	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($0.3)	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($0.1)	Entergy New Orleans

The effects of the Registrant Subsidiaries' derivative instruments not designated as hedging instruments on their income statements for the nine months ended September 30, 2014 and 2013 are as follows:

Instrument	Income Statement Location	Amount of gain (loss) recorded in the income statement (In Millions)	Registrant
2014			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$4.8	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$6.5	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$0.6	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$0.7	Entergy New Orleans
FTRs	Purchased power expense	$16.7	Entergy Arkansas
FTRs	Purchased power expense	$45.7	Entergy Gulf States Louisiana
FTRs	Purchased power expense	$33.8	Entergy Louisiana
FTRs	Purchased power expense	$15.6	Entergy Mississippi
FTRs	Purchased power expense	$11.4	Entergy New Orleans
FTRs	Purchased power expense	$56.0	Entergy Texas
2013			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$2.4	Entergy Gulf States Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$3.2	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	$2.2	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	($0.2)	Entergy New Orleans

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using historical prices, bid prices, market quotes, and financial modeling. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments other than those instruments held by the Entergy Wholesale Commodities business are reflected in future rates and therefore do not affect net income. Entergy considers the carrying amounts of most financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments.

Accounting standards define fair value as an exit price, or the price that would be received to sell an asset or the amount that would be paid to transfer a liability in an orderly transaction between knowledgeable market participants at the date of measurement. Entergy and the Registrant Subsidiaries use assumptions or market input data that market participants would use in pricing assets or liabilities at fair value. The inputs can be readily observable, corroborated by market data, or generally unobservable. Entergy and the Registrant Subsidiaries endeavor to use the best available information to determine fair value.

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Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy establishes the highest priority for unadjusted market quotes in an active market for the identical asset or liability and the lowest priority for unobservable inputs. The three levels of the fair value hierarchy are:

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents (temporary cash investments, securitization recovery trust account, and escrow accounts), debt instruments, and gas hedge contracts. Cash equivalents includes all unrestricted highly liquid debt instruments with an original or remaining maturity of three months or less at the date of purchase.

- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by Entergy if it is believed such would be more reflective of fair value. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually-owned debt instruments or shares in common trusts. Common trust funds are stated at estimated fair value based on the fair market value of the underlying investments.

- Level 3 - Level 3 inputs are pricing inputs that are generally less observable or unobservable from objective sources. These inputs are used with internally developed methodologies to produce management's best estimate of fair value for the asset or liability. Level 3 consists primarily of FTRs and derivative power contracts used as cash flow hedges of power sales at merchant power plants.

The values for power contract assets or liabilities are based on both observable inputs including public market prices and interest rates, and unobservable inputs such as implied volatilities, unit contingent discounts, expected basis differences, and credit adjusted counterparty interest rates. They are classified as Level 3 assets and liabilities. The valuations of these assets and liabilities are performed by the Entergy Wholesale Commodities Risk Control group and the Entergy Wholesale Commodities Accounting Policy and External Reporting group. The primary functions of the Entergy Wholesale Commodities Risk Control group include: gathering, validating and reporting market data, providing market risk analyses and valuations in support of Entergy Wholesale Commodities' commercial transactions, developing and administering protocols for the management of market risks, and implementing and maintaining controls around changes to market data in the energy trading and risk management system. The Risk Control group is also responsible for managing the energy trading and risk management system, forecasting revenues, forward positions and analysis. The Entergy Wholesale Commodities Accounting Policy and External Reporting group performs functions related to market and counterparty settlements, revenue reporting and analysis and financial accounting. The Entergy Wholesale Commodities Risk Control group reports to the Vice President, Treasury while the Entergy Wholesale Commodities Accounting Policy and External Reporting group reports to the Vice President, Accounting Policy and External Reporting.

The amounts reflected as the fair value of electricity swaps are based on the estimated amount that the contracts are in-the-money at the balance sheet date (treated as an asset) or out-of-the-money at the balance sheet date (treated as a liability) and would equal the estimated amount receivable to or payable by Entergy if the contracts were settled at that date. These derivative contracts include cash flow hedges that swap fixed for floating cash flows for sales of the output from the Entergy Wholesale Commodities business. The fair values are based on the mark-to-market comparison between the fixed contract prices and the floating prices determined each period from quoted forward power market prices. The differences between the fixed price in the swap contract and these market-related prices multiplied by the volume specified in the contract and discounted at the counterparties' credit adjusted risk free rate are recorded as derivative contract assets or liabilities. For contracts that have unit contingent terms, a further discount is applied based on the historical relationship between contract and market prices for similar contract terms.

The amounts reflected as the fair values of electricity options are valued based on a Black Scholes model, and are calculated at the end of each month for accounting purposes. Inputs to the valuation include end of day forward market prices for the period when the transactions will settle, implied volatilities based on market volatilities provided by a third party data aggregator, and US Treasury rates for a risk-free return rate. As described further below, prices and implied volatilities are reviewed and can be adjusted if it is determined that there is a better representation of fair value.

On a daily basis, Entergy Wholesale Commodities Risk Control group calculates the mark-to-market for electricity swaps and options. Entergy Wholesale Commodities Risk Control group also validates forward market prices by comparing them to other sources of forward market prices or to settlement prices of actual market transactions. Significant differences are analyzed and potentially adjusted based on these other sources of forward market prices or settlement prices of actual market transactions. Implied volatilities used to value options are also validated using actual counterparty quotes for Entergy Wholesale Commodities transactions when available, and uses multiple sources of market implied volatilities. Moreover, on at least a monthly basis, the Office of Corporate Risk Oversight confirms the mark-to-market calculations and prepares price scenarios and credit downgrade scenario analysis. The scenario analysis is communicated to senior management within Entergy and within Entergy Wholesale Commodities. Finally, for all proposed derivative transactions, an analysis is completed to assess the risk of adding the proposed derivative to Entergy Wholesale Commodities's portfolio. In particular, the credit, liquidity, and financial metrics impacts are calculated for this analysis. This analysis is communicated to senior management within Entergy and Entergy Wholesale Commodities.

The values of FTRs are based on unobservable inputs, including estimates of future congestion costs in MISO between applicable generation and load pricing nodes based on prices published by MISO. They are classified as Level 3 assets and liabilities. The valuations of these assets and liabilities are performed by the Entergy Wholesale Commodities Risk Control group for the unregulated business and by the System Planning and Operations Risk Control group for the Utility operating companies. Entergy's Accounting Policy group reviews these valuations for reasonableness, with the assistance of others within the organization with knowledge of the various inputs and assumptions used in the valuation. The System Planning and Operations Risk Control group reports to the Vice President, Treasury. The Accounting Policy group reports to the Vice President, Accounting Policy and External Reporting.

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The following tables set forth, by level within the fair value hierarchy, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of September 30, 2014 and December 31, 2013. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

2014	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$978	$—		$—	$978
Decommissioning trust funds (a):					
Equity securities	435	2,739	(b)	—	3,174
Debt securities	856	1,150		—	2,006
Power contracts	—	—		17	17
Securitization recovery trust account	51	—		—	51
Escrow accounts	360	—		—	360
FTRs	—	—		83	83
	$2,680	$3,889		$100	$6,669
Liabilities:					
Power contracts	$—	$—		$108	$108
Gas hedge contracts	1	—		—	1
	$1	$—		$108	$109

2013	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$609	$—		$—	$609
Decommissioning trust funds (a):					
Equity securities	472	2,601	(b)	—	3,073
Debt securities	783	1,047		—	1,830
Power contracts	—	—		74	74
Securitization recovery trust account	46	—		—	46
Escrow accounts	115	—		—	115
Gas hedge contracts	6	—		—	6
FTRs	—	—		34	34
	$2,031	$3,648		$108	$5,787
Liabilities:					
Power contracts	$—	$—		$207	$207

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental and corporate securities. See Note 9 to the financial statements herein for additional information on the investment portfolios.

(b) Commingled equity funds may be redeemed bi-monthly.

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The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the three months ended September 30, 2014 and 2013:

	2014 Power Contracts	FTRs	2013 Power Contracts
	(In Millions)		
Balance as of July 1,	($88)	$144	$83
Realized losses included in earnings	(10)	—	(5)
Unrealized gains included in earnings	4	1	11
Unrealized gains (losses) included in OCI	37	—	(4)
Unrealized losses included as a regulatory liability/asset	—	(14)	—
Purchases	7	—	—
Settlements	(41)	(48)	(36)
Balance as of September 30,	($91)	$83	$49

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the nine months ended September 30, 2014 and 2013:

	2014 Power Contracts	FTRs	2013 Power Contracts
	(In Millions)		
Balance as of January 1,	($133)	$34	$178
Realized losses included in earnings	(69)	—	(27)
Unrealized gains included in earnings	90	3	14
Unrealized losses included in OCI	(182)	—	(78)
Unrealized gains included as a regulatory liability/asset	—	108	—
Issuances of FTRs	—	121	—
Purchases	15	—	—
Settlements	188	(183)	(38)
Balance as of September 30,	($91)	$83	$49

The following table sets forth a description of the types of transactions classified as Level 3 in the fair value hierarchy and significant unobservable inputs to each which cause that classification as of September 30, 2014:

Transaction Type	Fair Value as of September 30, 2014	Significant Unobservable Inputs	Range from Average %	Effect on Fair Value
	(In Millions)			(In Millions)
Electricity swaps	($120)	Unit contingent discount	+/- 3%	($4)
Electricity options	$29	Implied volatility	+/- 69%	$30

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The following table sets forth an analysis of each of the types of unobservable inputs impacting the fair value of items classified as Level 3 within the fair value hierarchy, and the sensitivity to changes to those inputs:

Significant Unobservable Input	Transaction Type	Position	Change to Input	Effect on Fair Value
Unit contingent discount	Electricity swaps	Sell	Increase (Decrease)	Decrease (Increase)
Implied volatility	Electricity options	Sell	Increase (Decrease)	Increase (Decrease)
Implied volatility	Electricity options	Buy	Increase (Decrease)	Increase (Decrease)

The following table sets forth, by level within the fair value hierarchy, the Registrant Subsidiaries' assets that are accounted for at fair value on a recurring basis as of September 30, 2014 and December 31, 2013. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels.

Entergy Arkansas

2014	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Decommissioning trust funds (a):					
Equity securities	$4.9	$457.9	(b)	$—	$462.8
Debt securities	67.0	215.3		—	282.3
Securitization recovery trust account	8.3	—		—	8.3
Escrow accounts	12.2	—		—	12.2
FTRs	—	—		0.5	0.5
	$92.4	$673.2		$0.5	$766.1

2013	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$122.8	$—		$—	$122.8
Decommissioning trust funds (a):					
Equity securities	13.6	449.7	(b)	—	463.3
Debt securities	58.6	189.0		—	247.6
Securitization recovery trust account	3.8	—		—	3.8
Escrow accounts	26.0	—		—	26.0
	$224.8	$638.7		$—	$863.5

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Entergy Gulf States Louisiana

2014	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$121.4	$—		$—	$121.4
Decommissioning trust funds (a):					
Equity securities	12.1	367.4	(b)	—	379.5
Debt securities	78.6	155.6		—	234.2
Escrow accounts	90.0	—		—	90.0
FTRs	—	—		26.8	26.8
	$302.1	$523.0		$26.8	$851.9
Liabilities:					
Gas hedge contracts	$0.5	$—		$—	$0.5

2013	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$13.8	$—		$—	$13.8
Decommissioning trust funds (a):					
Equity securities	27.6	343.2	(b)	—	370.8
Debt securities	71.7	131.2		—	202.9
Escrow accounts	21.5	—		—	21.5
Gas hedge contracts	2.2	—		—	2.2
FTRs	—	—		6.7	6.7
	$136.8	$474.4		$6.7	$617.9

Entergy Louisiana

2014	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$2.6	$—		$—	$2.6
Decommissioning trust funds (a):					
Equity securities	7.5	223.4	(b)	—	230.9
Debt securities	64.4	73.0		—	137.4
Escrow accounts	200.0	—		—	200.0
Securitization recovery trust account	10.4	—		—	10.4
FTRs	—	—		14.7	14.7
	$284.9	$296.4		$14.7	$596.0
Liabilities:					
Gas hedge contracts	$0.3	$—		$—	$0.3

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2013	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$123.6	$—		$—	$123.6
Decommissioning trust funds (a):					
Equity securities	13.5	210.7	(b)	—	224.2
Debt securities	61.7	61.4		—	123.1
Securitization recovery trust account	4.5	—		—	4.5
Gas hedge contacts	2.9	—		—	2.9
FTRs	—	—		5.7	5.7
	$206.2	$272.1		$5.7	$484.0

Entergy Mississippi

2014	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	$30.3	$—	$—	$30.3
Escrow accounts	41.8	—	—	41.8
FTRs	—	—	6.1	6.1
	$72.1	$—	$6.1	$78.2
Liabilities:				
Gas hedge contracts	$0.1	$—	$—	$0.1

2013	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Escrow accounts	$51.8	$—	$—	$51.8
Gas hedge contracts	0.7	—	—	0.7
FTRs	—	—	1.0	1.0
	$52.5	$—	$1.0	$53.5

Entergy New Orleans

2014	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	$37.7	$—	$—	$37.7
Escrow accounts	16.2	—	—	16.2
FTRs	—	—	6.0	6.0
	$53.9	$—	$6.0	$59.9
Liabilities:				
Gas hedge contracts	$0.1	$—	$—	$0.1

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2013	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	$33.2	$—	$—	$33.2
Escrow accounts	10.5	—	—	10.5
Gas hedge contracts	0.1	—	—	0.1
FTRs	—	—	2.0	2.0
	$43.8	$—	$2.0	$45.8

Entergy Texas

2014	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	$38.0	$—	$—	$38.0
Securitization recovery trust account	32.1	—	—	32.1
FTRs	—	—	27.5	27.5
	$70.1	$—	$27.5	$97.6

2013	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	$44.1	$—	$—	$44.1
Securitization recovery trust account	37.5	—	—	37.5
FTRs	—	—	18.4	18.4
	$81.6	$—	$18.4	$100.0

System Energy

2014	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$134.3	$—		$—	$134.3
Decommissioning trust funds (a):					
Equity securities	2.5	401.9	(b)	—	404.4
Debt securities	188.2	58.1		—	246.3
	$325.0	$460.0		$—	$785.0

2013	Level 1	Level 2		Level 3	Total
	(In Millions)				
Assets:					
Temporary cash investments	$64.6	$—		$—	$64.6
Decommissioning trust funds (a):					
Equity securities	2.2	377.8	(b)	—	380.0
Debt securities	152.9	71.0		—	223.9
	$219.7	$448.8		$—	$668.5

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental

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and corporate securities. See Note 9 to the financial statements herein for additional information on the investment portfolios.
(b) Commingled equity funds may be redeemed bi-monthly.

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the three months ended September 30, 2014.

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Millions)					
Balance as of July 1,	$3.0	$47.2	$23.6	$12.7	$8.5	$47.8
Unrealized gains (losses) included as a regulatory liability/asset	2.4	(9.8)	4.5	(3.3)	2.6	(10.5)
Settlements	(4.9)	(10.6)	(13.4)	(3.3)	(5.1)	(9.8)
Balance as of September 30,	$0.5	$26.8	$14.7	$6.1	$6.0	$27.5

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of derivatives classified as Level 3 in the fair value hierarchy for the nine months ended September 30, 2014.

	Entergy Arkansas	Entergy Gulf States Louisiana	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Millions)					
Balance as of January 1,	$—	$6.7	$5.7	$1.0	$2.0	$18.4
Issuances of FTRs	4.2	37.3	21.5	15.2	8.3	33.2
Unrealized gains included as a regulatory liability/asset	13.0	28.5	21.3	5.5	7.1	31.9
Settlements	(16.7)	(45.7)	(33.8)	(15.6)	(11.4)	(56.0)
Balance as of September 30,	$0.5	$26.8	$14.7	$6.1	$6.0	$27.5

NOTE 9. DECOMMISSIONING TRUST FUNDS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy)

Entergy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The NRC requires Entergy subsidiaries to maintain trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, Grand Gulf, Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades (NYPA currently retains the decommissioning trusts and liabilities for Indian Point 3 and FitzPatrick). The funds are invested primarily in equity securities, fixed-rate debt securities, and cash and cash equivalents.

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, the Registrant Subsidiaries have recorded an offsetting amount of unrealized gains/(losses) on investment securities in other regulatory liabilities/assets. For the nonregulated portion of River Bend, Entergy Gulf States Louisiana has recorded an offsetting amount of unrealized gains/(losses) in other deferred credits. Decommissioning trust funds for Pilgrim, Indian Point 1 and 2, Vermont Yankee, and Palisades do not meet the criteria for regulatory accounting treatment. Accordingly, unrealized gains recorded on the assets in these trust

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funds are recognized in the accumulated other comprehensive income component of shareholders' equity because these assets are classified as available-for-sale. Unrealized losses (where cost exceeds fair market value) on the assets in these trust funds are also recorded in the accumulated other comprehensive income component of shareholders' equity unless the unrealized loss is other than temporary and therefore recorded in earnings. Generally, Entergy records realized gains and losses on its debt and equity securities using the specific identification method to determine the cost basis of its securities.

The securities held as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2014			
Equity Securities	$3,174	$1,385	$1
Debt Securities	2,006	61	10
Total	$5,180	$1,446	$11

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2013			
Equity Securities	$3,073	$1,260	$—
Debt Securities	1,830	47	29
Total	$4,903	$1,307	$29

Deferred taxes on unrealized gains/(losses) are recorded in other comprehensive income for the decommissioning trusts which do not meet the criteria for regulatory accounting treatment as described above. Unrealized gains/(losses) above are reported before deferred taxes of $361 million and $329 million as of September 30, 2014 and December 31, 2013, respectively. The amortized cost of debt securities was $1,957 million as of September 30, 2014 and $1,843 million as of December 31, 2013. As of September 30, 2014, the debt securities have an average coupon rate of approximately 3.27%, an average duration of approximately 5.40 years, and an average maturity of approximately 8.11 years. The equity securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of September 30, 2014:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$23	$1	$427	$3
More than 12 months	—	—	211	7
Total	$23	$1	$638	$10

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2013:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$—	$—	$892	$24
More than 12 months	—	—	60	5
Total	$—	$—	$952	$29

The unrealized losses in excess of twelve months on equity securities above relate to Entergy’s Utility operating companies and System Energy.

The fair value of debt securities, summarized by contractual maturities, as of September 30, 2014 and December 31, 2013 are as follows:

	2014	2013
	(In Millions)	
less than 1 year	$45	$83
1 year - 5 years	818	752
5 years - 10 years	666	620
10 years - 15 years	166	169
15 years - 20 years	70	52
20 years+	241	154
Total	$2,006	$1,830

During the three months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $465 million and $284 million, respectively. During the three months ended September 30, 2014 and 2013, gross gains of $11 million and $3 million, respectively, and gross losses of $2 million and $4 million, respectively, were reclassified out of other comprehensive income or other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $1,447 million and $1,064 million, respectively. During the nine months ended September 30, 2014 and 2013, gross gains of $23 million and $25 million, respectively, and gross losses of $5 million and $7 million, respectively, were reclassified out of other comprehensive income or other regulatory liabilities/assets into earnings.

Entergy Arkansas

Entergy Arkansas holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2014			
Equity Securities	$462.8	$227.4	$—
Debt Securities	282.3	5.3	2.1
Total	$745.1	$232.7	$2.1
2013			
Equity Securities	$463.3	$214.0	$—
Debt Securities	247.6	5.3	5.2
Total	$710.9	$219.3	$5.2

The amortized cost of debt securities was $279.1 million as of September 30, 2014 and $248.9 million as of December 31, 2013. As of September 30, 2014, the debt securities have an average coupon rate of approximately 2.62%, an average duration of approximately 4.82 years, and an average maturity of approximately 5.43 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of September 30, 2014:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$4.5	$—	$94.5	$0.6
More than 12 months	—	—	52.0	1.5
Total	$4.5	$—	$146.5	$2.1

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2013:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$—	$—	$153.2	$4.8
More than 12 months	—	—	6.9	0.4
Total	$—	$—	$160.1	$5.2

The fair value of debt securities, summarized by contractual maturities, as of September 30, 2014 and December 31, 2013 are as follows:

	2014	2013
	(In Millions)	
less than 1 year	$11.5	$8.1
1 year - 5 years	122.6	110.9
5 years - 10 years	136.4	118.0
10 years - 15 years	3.3	3.9
15 years - 20 years	1.0	0.9
20 years+	7.5	5.8
Total	$282.3	$247.6

During the three months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $85.1 million and $30.3 million, respectively. During the three months ended September 30, 2014 and 2013, gross gains of $8.1 million and $0.6 million, respectively, and gross losses of $13 thousand and $0.1 million, respectively were reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $155.4 million and $173.4 million, respectively. During the nine months ended September 30, 2014 and 2013, gross gains of $8.5 million and $9.3 million, respectively, and gross losses of $0.3 million and $0.2 million, respectively were reclassified out of other regulatory liabilities/assets into earnings.

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Entergy Gulf States Louisiana

Entergy Gulf States Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2014			
Equity Securities	$379.5	$161.0	$—
Debt Securities	234.2	10.8	0.7
Total	$613.7	$171.8	$0.7
2013			
Equity Securities	$370.8	$141.8	$—
Debt Securities	202.9	7.4	3.5
Total	$573.7	$149.2	$3.5

The amortized cost of debt securities was $225 million as of September 30, 2014 and $199.1 million as of December 31, 2013. As of September 30, 2014, the debt securities have an average coupon rate of approximately 4.40%, an average duration of approximately 5.81 years, and an average maturity of approximately 10.22 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor’s 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of September 30, 2014:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$0.6	$—	$16.7	$0.1
More than 12 months	—	—	21.8	0.6
Total	$0.6	$—	$38.5	$0.7

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2013:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$—	$—	$91.9	$3.1
More than 12 months	—	—	4.6	0.4
Total	$—	$—	$96.5	$3.5

The fair value of debt securities, summarized by contractual maturities, as of September 30, 2014 and December 31, 2013 are as follows:

	2014	2013
	(In Millions)	
less than 1 year	$6.1	$7.9
1 year - 5 years	57.0	51.2
5 years - 10 years	74.1	75.5
10 years - 15 years	45.1	55.8
15 years - 20 years	13.8	4.6
20 years+	38.1	7.9
Total	$234.2	$202.9

During the three months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $52.5 million and $19.5 million, respectively. During the three months ended September 30, 2014 and 2013, gross gains of $0.5 million and $0.3 million, respectively, and gross losses of $0.1 million and $0.02 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $127.9 million and $66.2 million, respectively. During the nine months ended September 30, 2014 and 2013, gross gains of $1.2 million and $6.6 million, respectively, and gross losses of $0.3 million and $0.03 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

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Entergy Louisiana

Entergy Louisiana holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2014			
Equity Securities	$230.9	$106.3	$—
Debt Securities	137.4	5.5	0.7
Total	$368.3	$111.8	$0.7
2013			
Equity Securities	$224.2	$96.1	$—
Debt Securities	123.1	4.7	1.9
Total	$347.3	$100.8	$1.9

The amortized cost of debt securities was $132.6 million as of September 30, 2014 and $120.6 million as of December 31, 2013. As of September 30, 2014, the debt securities have an average coupon rate of approximately 3.04%, an average duration of approximately 5.06 years, and an average maturity of approximately 8.05 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of September 30, 2014:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$0.4	$—	$25.0	$0.1
More than 12 months	—	—	17.4	0.6
Total	$0.4	$—	$42.4	$0.7

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2013:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$—	$—	$38.3	$1.7
More than 12 months	—	—	1.7	0.2
Total	$—	$—	$40.0	$1.9

The fair value of debt securities, summarized by contractual maturities, as of September 30, 2014 and December 31, 2013 are as follows:

	2014	2013
	(In Millions)	
less than 1 year	$5.0	$14.8
1 year - 5 years	57.9	41.9
5 years - 10 years	41.9	37.0
10 years - 15 years	6.2	6.6
15 years - 20 years	8.3	6.2
20 years+	18.1	16.6
Total	$137.4	$123.1

During the three months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $6.2 million and $2.7 million, respectively. During the three months ended September 30, 2014 and 2013, gross gains of $0.03 million and $0.01 million, respectively, and gross losses of $3.7 thousand and $0.01 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $35.9 million and $12.2 million, respectively. During the nine months ended September 30, 2014 and 2013, gross gains of $0.2 million and $0.06 million, respectively, and gross losses of $7.8 thousand and $0.03 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

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System Energy

System Energy holds debt and equity securities, classified as available-for-sale, in nuclear decommissioning trust accounts. The securities held as of September 30, 2014 and December 31, 2013 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2014			
Equity Securities	$404.4	$169.2	$—
Debt Securities	246.3	4.2	0.6
Total	$650.7	$173.4	$0.6
2013			
Equity Securities	$380.0	$150.8	$—
Debt Securities	223.9	3.5	1.8
Total	$603.9	$154.3	$1.8

The amortized cost of debt securities was $242.7 million as of September 30, 2014 and $223.4 million as of December 31, 2013. As of September 30, 2014, the debt securities have an average coupon rate of approximately 2.03%, an average duration of approximately 4.31 years, and an average maturity of approximately 5.76 years. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of September 30, 2014:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$0.9	$—	$92.2	$0.4
More than 12 months	—	—	7.8	0.2
Total	$0.9	$—	$100.0	$0.6

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The fair value and gross unrealized losses of available-for-sale equity and debt securities, summarized by investment type and length of time that the securities have been in a continuous loss position, are as follows as of December 31, 2013:

	Equity Securities		Debt Securities	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	$—	$—	$121.7	$1.7
More than 12 months	—	—	0.9	0.1
Total	$—	$—	$122.6	$1.8

The fair value of debt securities, summarized by contractual maturities, as of September 30, 2014 and December 31, 2013 are as follows:

	2014	2013
	(In Millions)	
less than 1 year	$6.3	$5.5
1 year - 5 years	164.0	144.9
5 years - 10 years	50.7	44.3
10 years - 15 years	1.3	9.3
15 years - 20 years	2.8	1.6
20 years+	21.2	18.3
Total	$246.3	$223.9

During the three months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $101.4 million and $53.4 million, respectively. During the three months ended September 30, 2014 and 2013, gross gains of $0.2 million and $0.1 million, respectively, and gross losses of $0.2 million and $0.8 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2014 and 2013, proceeds from the dispositions of securities amounted to $333.0 million and $144.6 million, respectively. During the nine months ended September 30, 2014 and 2013, gross gains of $1.6 million and $0.9 million, respectively, and gross losses of $0.5 million and $1.2 million, respectively, were reclassified out of other regulatory liabilities/assets into earnings.

Other-than-temporary impairments and unrealized gains and losses

Entergy, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, and System Energy evaluate unrealized losses at the end of each period to determine whether an other-than-temporary impairment has occurred. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. Further, if Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). Entergy did not have any material other-than-temporary impairments relating to credit losses on debt securities for the three and nine months ended September 30, 2014 and 2013. The assessment of whether an investment in an equity security has suffered an other-than-temporary impairment continues to be based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. Entergy did not record material charges to other income in the three and nine months ended September 30, 2014 and 2013, respectively, resulting from the recognition of the other-than-temporary impairment of certain equity securities held in its decommissioning trust funds.

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

See "Income Tax Litigation", "Income Tax Audits", and "Other Tax Matters" in Note 3 to the financial statements in the Form 10-K for a discussion of income tax proceedings, income tax audits, and other income tax matters involving Entergy. Following is an update to that disclosure.

On March 31, 2014, New York enacted budget legislation that substantially modifies various aspects of New York tax law. The most significant effect of the legislation on Entergy is the adoption of full water's-edge unitary combined reporting, meaning that all of Entergy's domestic entities will be included in New York's combined filing group. The effect of the tax law change resulted in a deferred state income tax reduction of approximately $21.5 million.

NOTE 11. PROPERTY, PLANT, AND EQUIPMENT (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Construction Expenditures in Accounts Payable

Construction expenditures included in accounts payable at September 30, 2014 are $136.3 million for Entergy, $24.0 million for Entergy Arkansas, $18.7 million for Entergy Gulf States Louisiana, $11.7 million for Entergy Louisiana, $3.7 million for Entergy Mississippi, $0.1 million for Entergy New Orleans, $6.9 million for Entergy Texas, and $9.7 million for System Energy. Construction expenditures included in accounts payable at December 31, 2013 are $166 million for Entergy, $61.9 million for Entergy Arkansas, $13.1 million for Entergy Gulf States Louisiana, $31.1 million for Entergy Louisiana, $2.8 million for Entergy Mississippi, $1.7 million for Entergy New Orleans, $10.9 million for Entergy Texas, and $6.7 million for System Energy.

Impairment of Long-Lived Assets

See "Impairment of Long-Lived Assets" in Note 1 to the financial statements in the Form 10-K for a discussion of the periodic reviews that Entergy performs whenever events or changes in circumstances indicate that the recoverability of long-lived assets is uncertain. Following are updates to that discussion regarding the Vermont Yankee nuclear power plant.

As discussed in the Form 10-K, in December 2013, Entergy and Vermont entered into a settlement agreement, with an accompanying memorandum of understanding that was filed with the Vermont Public Service Board (VPSB), under which Vermont agreed to support Entergy's request to operate Vermont Yankee until the end of 2014. The settlement agreement provided for Entergy to make $10 million in economic transition payments, $5 million in clean energy development support, and a transitional $5 million payment to Vermont. Entergy will also set aside a new $25 million fund to ensure the Vermont Yankee site is restored after decommissioning. These terms were contingent upon the VPSB issuing by March 31, 2014 a Certificate of Public Good authorizing Vermont Yankee's operation through 2014, and otherwise conforming to the terms of the settlement agreement. The settlement agreement also provided for the dismissal or discontinuation of other litigation between Entergy and Vermont; in the case of Entergy's appeal of the VPSB's March and November 2012 orders, such dismissal was contingent upon the VPSB's issuance of such a Certificate of Public Good. On March 28, 2014, the VPSB approved the memorandum of understanding and issued a Certificate of Public Good authorizing Vermont Yankee to operate until December 31, 2014. In May 2014 the VPSB denied a motion that had been filed by one of the intervenors to amend its approval order. In the settlement agreement, Entergy Vermont Yankee agreed to complete and shall provide to the Vermont parties by December 31, 2014, a site assessment study of the costs and tasks of radiological decommissioning, spent nuclear fuel management, and site restoration of Vermont Yankee. Entergy Vermont Yankee also agreed that it shall file its Post-Shutdown Decommissioning Activities Report (PSDAR) for Vermont Yankee with the NRC no sooner than sixty days after completing the site assessment study. As part of the development of the site assessment study and PSDAR, Entergy obtained a revised decommissioning cost study in the third quarter 2014. The revised estimate, along with reassessment of the assumptions regarding the timing of decommissioning cash flows, resulted in a $101.6 million increase in the decommissioning cost liability and a corresponding impairment charge, recorded in September 2014. Impairment charges are recorded as a separate line item in Entergy's consolidated statements of income for 2014 and 2013 and this impairment charge is included within the results of the Entergy Wholesale Commodities segment.

NOTE 12. VARIABLE INTEREST ENTITIES (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See Note 18 to the financial statements in the Form 10-K for a discussion of variable interest entities. See Note 4 to the financial statements herein for details of the nuclear fuel companies' credit facilities and commercial paper borrowings and long-term debt.

Entergy Louisiana and System Energy are each considered to hold a variable interest in the lessors from which they lease, respectively, undivided interests representing approximately 9.3% of the Waterford 3 and 11.5% of the Grand Gulf nuclear plants. Entergy Louisiana and System Energy are the lessees under these arrangements, which are described in more detail in Note 10 to the financial statements in the Form 10-K. Entergy Louisiana made payments on its lease, including interest, of $8.3 million and $7.8 million in the three months ended September 30, 2014 and 2013, respectively. Entergy Louisiana made payments on its lease, including interest, of $31 million and $26.3 million in the nine months ended September 30, 2014 and 2013, respectively. System Energy made payments on its lease, including interest, of $3.7 million in the three months ended September 30, 2013. System Energy made payments on its lease, including interest, of $51.6 million and $50.5 million in the nine months ended September 30, 2014 and 2013, respectively.

NOTE 13. ASSET RETIREMENT OBLIGATIONS (Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See Note 9 to the financial statements in the Form 10-K for a discussion of asset retirement obligations. Following are updates to that discussion.

In the first quarter 2014, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and ANO 2 as a result of a revised decommissioning cost study. The revised estimates resulted in a $43.6 million increase in the decommissioning cost liabilities, along with a corresponding increase in the related asset retirement cost assets that will be depreciated over the remaining lives of the units.

In the third quarter 2014, Entergy Wholesale Commodities recorded a revision to its estimated decommissioning cost liability for Vermont Yankee. As part of the development of the site assessment study and PSDAR, Entergy obtained a revised decommissioning cost study in the third quarter 2014. The revised estimate, along with reassessment of the assumptions regarding the timing of decommissioning cash flows, resulted in a $101.6 million increase in the decommissioning cost liability and a corresponding impairment charge, recorded in September 2014. See Note 1 to the financial statements in the Form 10-K and Note 11 to the financial statements herein for further discussion of the Vermont Yankee plant.

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

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Part I, Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2014, evaluations were performed under the supervision and with the participation of Entergy Corporation, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy (individually "Registrant" and collectively the "Registrants") management, including their respective Principal Executive Officers (PEO) and Principal Financial Officers (PFO). The evaluations assessed the effectiveness of the Registrants' disclosure controls and procedures. Based on the evaluations, each PEO and PFO has concluded that, as to the Registrant or Registrants for which they serve as PEO or PFO, the Registrant's or Registrants' disclosure controls and procedures are effective to ensure that information required to be disclosed by each Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms; and that the Registrant's or Registrants' disclosure controls and procedures are also effective in reasonably assuring that such information is accumulated and communicated to the Registrant's or Registrants' management, including their respective PEOs and PFOs, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

Under the supervision and with the participation of each Registrants' management, including its respective PEO and PFO, each Registrant evaluated changes in internal control over financial reporting that occurred during the quarter ended September 30, 2014 and found no change that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Third Quarter 2014 Compared to Third Quarter 2013

Net income decreased by $19.6 million primarily due to higher other operation and maintenance expenses and lower net revenue, partially offset by higher other income.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Net income decreased by $17.4 million primarily due to higher other operation and maintenance expenses and higher depreciation and amortization expenses, partially offset by higher net revenue.

Net Revenue

Third Quarter 2014 Compared to Third Quarter 2013

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the third quarter 2014 to the third quarter 2013:

	Amount (In Millions)
2013 net revenue	$407.8
Volume/weather	(17.9)
Asset retirement obligation	(9.6)
Reserve equalization	3.7
Transmission revenue	5.7
Retail electric price	11.8
Other	(4.9)
2014 net revenue	$396.6

The volume/weather variance is primarily due to a decrease of 159 GWh, or 3%, in billed electricity usage primarily due to the effect of less favorable weather on residential and commercial sales as compared to the same period in prior year.

The asset retirement obligation affects net revenue because Entergy Arkansas records a regulatory charge for the difference between the trust earnings plus asset retirement obligation-related costs collected in revenue and asset retirement obligation-related expenses. The variance for the third quarter 2014 compared to the third quarter 2013 is primarily caused by an increase in the regulatory charge because of an increase in decommissioning trust earnings.

The reserve equalization variance is primarily due to the absence of reserve equalization expenses as compared to the same period in 2013 resulting from Entergy Arkansas's exit from the System Agreement.

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The transmission revenue variance is primarily due to changes as a result of participation in the MISO RTO in 2014.

The retail electric price variance is primarily due to an increase in the energy efficiency rider, as approved by the APSC, effective July 2014, and the effect of the APSC's order in the 2013 rate case, including a MISO rider to provide customers credits in rates for transmission revenue received through MISO offset by an annual base rate increase effective January 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have minimal effect on net income. See Note 2 to the financial statements in the Form 10-K for further discussion of the rate case.

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

Gross operating revenues decreased primarily due to:

- a decrease of $37.3 million in rider revenues due to the absence of System Agreement production cost equalization revenue as compared to the same period in 2013. These revenues are offset in deferred fuel expenses. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of the FERC orders in the System Agreement production cost equalization proceedings;
- the decrease in volume/weather, as discussed above; and
- a decrease of $11.9 million in gross wholesale revenues due to decreased sales to municipal customers and affiliated customers as a result of contract changes and Entergy Arkansas's exit from the System Agreement, partially offset by higher wholesale revenue due to higher average price and sales in the MISO market in 2014.

The decrease was partially offset by an increase of $13.6 million in fuel cost recovery revenues as a result of higher fuel rates and the increase in retail electric price, as discussed above.

Fuel and purchased power expenses decreased primarily due to:

- a decrease in the recovery from customers of deferred fuel costs due to System Agreement production cost equalization revenues in 2013; and
- a higher volume of lower-priced nuclear generation in 2014 as a result of the ANO extended outage in 2013.

The decrease was substantially offset by an increase in deferred fuel expense due to an increase in the recovery of fuel costs and increases in the average market prices of natural gas and purchased power.

Other regulatory charges increased primarily due to higher deferred gains in 2014 on decommissioning trust fund investments.

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Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory credits. Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013:

	Amount (In Millions)
2013 net revenue	$1,022.2
Retail electric price	24.6
Reserve equalization	17.9
Transmission revenue	10.9
MISO deferral	(11.1)
Volume/weather	(14.2)
Net wholesale revenue	(15.5)
Other	(4.3)
2014 net revenue	$1,030.5

The retail electric price variance is primarily due to an increase in the energy efficiency rider, as approved by the APSC, effective July 2013 and July 2014, and the effect of the APSC's order in the 2013 rate case, including a MISO rider to provide customers credits in rates for transmission revenue received through MISO offset by an annual base rate increase effective January 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have minimal effect on net income. See Note 2 to the financial statements in the Form 10-K for further discussion of the rate case.

The reserve equalization variance is primarily due to the absence of reserve equalization expenses as compared to the same period in 2013 resulting from Entergy Arkansas's exit from the System Agreement.

The transmission revenue variance is primarily due to changes as a result of participation in the MISO RTO in 2014.

The MISO deferral variance is due to the deferral in April 2013, as approved by the APSC, of costs incurred from March 2010 through December 2012 related to the transition and implementation of joining the MISO RTO.

The volume/weather variance is primarily due to a decrease in sales volume in the unbilled sales period, partially offset by an increase of 213 GWh, or 1%, in billed electricity usage primarily in the residential sector.

The net wholesale variance is primarily due to lower margins on co-owner contracts due to contract changes.

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

Gross operating revenues decreased primarily due to:

- a decrease of $94 million in rider revenues due to the absence of System Agreement production cost equalization revenue as compared to the same period in 2013. These revenues are offset in deferred fuel expenses. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of the FERC orders in the System Agreement production cost equalization proceedings;
- a decrease of $29.6 million in gross wholesale revenues due to decreased sales to municipal customers and affiliated customers as a result of contract changes and Entergy Arkansas's exit from the System Agreement, partially offset by

- higher wholesale revenue due to higher average price and sales in the MISO market in 2014; and
- the decrease in volume/weather, as discussed above.

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The decrease was partially offset by:

- the increase in retail electric price, as discussed above;
- an increase of $5.7 million in fuel cost recovery revenues as a result of higher fuel rates; and
- an increase of $5 million in rider revenues primarily due to an increase in the Grand Gulf rate effective January 2014.

Fuel and purchased power expenses decreased primarily due to:

- a decrease in the recovery from customers of deferred fuel costs due to System Agreement production cost equalization revenues in 2013; and
- a higher volume of lower-priced nuclear generation in 2014 as a result of the ANO extended outage in 2013.

The decrease was partially offset by increases in the average market prices of purchased power and natural gas.

Other regulatory credits decreased primarily due to the deferral of prior period MISO costs in April 2013, as discussed above.

Other Income Statement Variances

Third Quarter 2014 Compared to Third Quarter 2013

Other operation and maintenance expenses increased primarily due to:

- an increase of $10.7 million in energy efficiency costs. These costs are recovered through the energy efficiency rider and have a minimal effect on net income;
- an increase of $7.8 million in nuclear generation expenses primarily due to higher nuclear labor costs, including contract labor, higher NRC fees, and higher materials costs;
- an increase of $3.4 million due to an increase in storm damage accruals effective January 2014, as approved by the APSC;
- an increase of $2 million due to administration fees in 2014 related to participation in the MISO RTO;
- an increase of $1.8 million due to the amortization in 2014 of costs deferred in 2013 related to the transition and implementation of joining the MISO RTO, as discussed above; and
- an increase of $1.8 million due to the amortization in 2014 of human capital management costs that were deferred in 2013, as approved by the APSC. See Note 2 to the financial statements in the Form 10-K for further discussion of the deferral of these costs.

The increase was partially offset by:

- a decrease of $3.8 million in compensation and benefits costs primarily due to an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, fewer employees, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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 $2.8 million resulting from costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility’s transmission business.

Other income increased due to higher earnings in 2014 on decommissioning trust fund investments. There is no effect on net income as the trust fund earnings are offset by a corresponding amount of regulatory charges.

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Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Other operation and maintenance expenses increased primarily due to:

- an increase of $23.5 million in energy efficiency costs. These costs are recovered through the energy efficiency rider and have a minimal effect on net income;
- an increase of $19 million in nuclear generation expenses primarily due to higher nuclear labor costs, including contract labor, and higher NRC fees;
- an increase of $10.5 million due to an increase in storm damage accruals effective January 2014, as approved by the APSC;
- an increase of $5.6 million due to administration fees in 2014 related to participation in the MISO RTO;
- an increase of $5.3 million due to the amortization in 2014 of human capital management costs that were deferred in 2013, as approved by the APSC. See Note 2 to the financial statements in the Form 10-K for further discussion of the deferral of these costs;
- an increase of $4.2 million due to the amortization in 2014 of costs deferred in 2013 related to the transition and implementation of joining the MISO RTO, as discussed above; and
- the effects in 2013 of recording the final court decision in the Entergy Arkansas lawsuit against the U.S. Department of Energy related to spent nuclear fuel disposal. The damages awarded include the reimbursement of approximately $3.2 million of spent nuclear fuel storage costs previously recorded as other operation and maintenance expense.

The increase was partially offset by:

- a decrease of $14.4 million in compensation and benefits costs primarily due to an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, fewer employees, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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;
- a decrease of $11 million resulting from costs incurred in 2013 related to the generator stator incident at ANO, including an offset for insurance proceeds. See “ANO Damage and Outage” below for further discussion of the incident;
- a decrease of $7.5 million resulting from costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility’s transmission business; and
- a decrease of $4.3 million related to a true-up to the 2013 energy efficiency filing for fixed costs collected from customers.

Depreciation and amortization expenses increased primarily due to additions to plant in service and higher depreciation rates in 2014.

Income Taxes

The effective income tax rate was 41.4% for the third quarter 2014 and 42.3% for the nine months ended September 30, 2014. The differences in the effective income tax rates for the third quarter 2014 and the nine months ended September 30, 2014 versus the federal statutory rate of 35% were primarily due to state income taxes, certain book and tax differences related to utility plant items, and the provision for uncertain tax positions, partially offset by book and tax differences related to the allowance for equity funds used during construction.

The effective income tax rate was 40.6% for the third quarter 2013 and 42.3% for the nine months ended September 30, 2013. The differences in the effective income tax rates for the third quarter 2013 and the nine months ended September 30, 2013 versus the federal statutory rate of 35% were due to state income taxes, certain book and tax differences related to utility plant items, and the provision for uncertain tax positions, partially offset by book and tax differences related to the allowance for equity funds used during construction.

ANO Damage, Outage, and NRC Reviews

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - ANO Damage and Outage" in the Form 10-K for a discussion of the ANO stator incident. The total cost of assessment, restoration of off-site power, site restoration, debris removal, and replacement of damaged property and equipment was approximately $95 million. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and incurred incremental replacement power costs for ANO 1 power because the outage extended beyond the originally-planned duration of the refueling outage. In February 2014 the APSC approved Entergy Arkansas’s request to exclude from the calculation of its revised energy cost rate $65.9 million of deferred fuel and purchased energy costs incurred in 2013 as a result of the ANO stator incident. The APSC authorized Entergy Arkansas to retain the $65.9 million in its deferred fuel balance with recovery to be reviewed in a later period after more information regarding various claims associated with the ANO stator incident is available.

Entergy Arkansas is pursuing its options for recovering damages that resulted from the stator drop, including its insurance coverage and legal action. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members’ nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a $50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL’s position and is evaluating its options for enforcing its rights under the policy. On July 12, 2013, Entergy Arkansas filed a complaint in the Circuit Court in Pope County, Arkansas against the owner of the heavy-lifting apparatus that collapsed, an engineering firm, a contractor, and certain individuals asserting claims of breach of contract, negligence, and gross negligence in connection with their responsibility for the stator drop. During 2014, Entergy Arkansas collected $40 million from NEIL and is pursuing additional recoveries due under the policy.

Shortly after the stator incident, the NRC deployed an augmented inspection team to review the plant's response. In July 2013 a second team of NRC inspectors visited ANO to evaluate certain items that were identified as requiring follow-up inspection to determine whether performance deficiencies existed. In March 2014 the NRC issued an inspection report on the follow-up inspection that discussed two preliminary findings, one that was preliminarily determined to be “red with high safety significance” for Unit 1 and one that was preliminarily determined to be “yellow with substantial safety significance” for Unit 2, with the NRC indicating further that these preliminary findings may warrant additional regulatory oversight. This report also noted that one additional item related to flood barrier effectiveness was still under review.

In May 2014 the NRC met with Entergy during a regulatory conference to discuss the preliminary red and yellow findings and Entergy's response to the findings. During the regulatory conference, Entergy presented information on the facts and assumptions the NRC used to assess the potential findings. The NRC used the information provided by Entergy at the regulatory conference to finalize its decision regarding the inspection team’s findings. In a letter dated June 23, 2014, the NRC classified both findings as “yellow with substantial safety significance.” In an assessment follow-up letter for ANO dated July 29, 2014, the NRC stated that given the two yellow findings, it determined that the performance at ANO is in the “degraded cornerstone column,” or column 3, of the NRC’s reactor oversight process action matrix beginning the first quarter 2014. Corrective actions in response to the NRC’s findings have been taken and remain ongoing at ANO. The NRC plans to conduct supplemental inspection activity to review the actions taken to address the yellow findings. Entergy will continue to interact with the NRC to address the NRC’s findings.

In September 2014 the NRC issued an inspection report on the flood barrier effectiveness issue that was still under review at the time of the March 2014 inspection report. While Entergy believes that the flood barrier issue that led to the finding have been addressed at ANO, the NRC will still assess the safety significance of the deficiencies. In its September 2014 inspection report, the NRC discussed a preliminary finding of “yellow with substantial safety significance” for the Unit 1 and Unit 2 auxiliary and emergency diesel fuel storage buildings. The NRC indicated that

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these preliminary findings may warrant additional regulatory oversight. Entergy requested a public regulatory conference regarding the inspection, and the conference was held on October 28, 2014. During the regulatory conference, Entergy presented information related to the facts and assumptions used by the NRC in arriving at its preliminary finding of “yellow with substantial safety significance.” The NRC can consider this information as it works to finalize its assessment of the safety significance of the flood barrier issue.

If the NRC’s final assessment of the flood barrier issue remains yellow, ANO would likely be placed into the “multiple/repetitive degraded cornerstone column” of the NRC’s reactor oversight process action matrix. Placement into this column would 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 issue, 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.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2014 and 2013 were as follows:

	2014	2013
	(In Thousands)	
Cash and cash equivalents at beginning of period	$127,022	$34,533
Cash flow provided by (used in):		
Operating activities	199,435	201,757
Investing activities	(401,834)	(435,244)
Financing activities	87,204	244,017
Net increase (decrease) in cash and cash equivalents	(115,195)	10,530
Cash and cash equivalents at end of period	$11,827	$45,063

Operating Activities

Net cash flow provided by operating activities decreased $2.3 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- a decrease in the recovery of fuel and purchased power costs including a $68 million System Agreement bandwidth remedy payment made in May 2014 as a result of the compliance filing pursuant to the FERC’s February 2014 orders related to the bandwidth payments/receipts for the June - December 2005 period and a $33.7 million System Agreement bandwidth remedy payment made in September 2014 as a result of the compliance filing pursuant to the FERC’s orders related to the bandwidth payments/receipts for the comprehensive recalculation for 2007, 2008, and 2009. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of the System Agreement bandwidth remedy payment;
- an increase of $54.6 million in pension contributions in 2014. See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS – Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding;
- proceeds of $38 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel; and
- the timing of payments to vendors.

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The decrease was partially offset by:

- a decrease of $209.7 million in income tax payments. Entergy Arkansas made income tax payments of $211.4 million in 2013 in accordance with the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement. The income tax payments in 2013 resulted primarily from the reversal of temporary differences for which Entergy Arkansas had previously claimed a tax deduction;
- approximately $27 million in spending in 2013 related to the generator stator incident at ANO, as discussed above;
- $10.7 million in insurance proceeds received in 2014 for property damages related to the generator stator incident at ANO, as discussed above;
- a decrease of $8.2 million in interest paid in 2014;
- the timing of collections from customers; and
- $22.6 million in storm restoration spending in 2013 resulting from the December 2012 winter storm which caused significant damage to Entergy Arkansas's distribution lines, equipment, poles and other facilities.

Investing Activities

Net cash flow used in investing activities decreased $33.4 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- approximately $68 million in spending in 2013 related to the generator stator incident at ANO, as discussed above;
- money pool activity; and
- $29.3 million in insurance proceeds received in 2014 for property damages related to the generator stator incident at ANO, as discussed above.

The decrease was partially offset by:

- fluctuations in nuclear fuel activity because of variations from year to year in the timing and pricing of fuel reload requirements in the Utility business, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle;
- an increase in construction expenditures, including an increase in storm spending in 2014 of approximately $15 million; and
- proceeds of $10.3 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel.

Decreases in Entergy Arkansas's receivable from the money pool are a source of cash flow, and Entergy Arkansas's receivable from the money pool decreased by $17.5 million for the nine months ended September 30, 2014 compared to increasing by $45.3 million for the nine months ended September 30, 2013. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries' need for external short-term borrowings.

Financing Activities

Net cash flow provided by financing activities decreased by $156.8 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to the net issuance of $20.2 million of long-term debt in 2014 compared to the net issuance of $280.8 million of long-term debt in 2013.

The decrease was partially offset by:

- money pool activity;
- the net borrowings of $8 million on the Entergy Arkansas nuclear fuel company variable interest entity credit facility in 2014 compared to net repayments of $16.6 million in 2013; and

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- common stock dividends of $15 million paid in 2013.

Increases in Entergy Arkansas’s payable to the money pool are a source of cash flow, and Entergy Arkansas’s payable to the money pool increased by $63.7 million for the nine months ended September 30, 2014.

See Note 5 to the financial statements in the Form 10-K and Note 4 to the financial statements herein for more details on long-term debt.

Capital Structure

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

	September 30, 2014	December 31, 2013
Debt to capital	55.5%	56.7%
Effect of excluding the securitization bonds	(0.8%)	(0.9%)
Debt to capital, excluding securitization bonds (a)	54.7%	55.8%
Effect of subtracting cash	(0.1%)	(1.4%)
Net debt to net capital, excluding securitization bonds (a)	54.6%	54.4%

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

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings and long-term debt, including the currently maturing portion. Capital consists of debt, preferred stock without sinking fund, and common equity. Net capital consists of capital less cash and cash equivalents. Entergy Arkansas 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 Arkansas’s financial condition because the securitization bonds are non-recourse to Entergy Arkansas, as more fully described in Note 5 to the financial statements in the Form 10-K. Entergy Arkansas 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 Arkansas’s financial condition because net debt indicates Entergy Arkansas’s outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Arkansas’s uses and sources of capital. Following are additional updates to the information provided in the Form 10-K. Entergy Arkansas is developing its capital investment plan for 2015 through 2017 and currently anticipates making $1.8 billion in capital investments during that period. The preliminary estimate includes amounts associated with specific investments such as environmental compliance spending, transmission upgrades, resource planning, generation projects, system improvements, and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

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

September 30, 2014	December 31, 2013	September 30, 2013	December 31, 2012

(In Thousands)

($63,677)	$17,531	$53,375	$8,035

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

Entergy Arkansas has a credit facility in the amount of $150 million scheduled to expire in March 2019. The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility. As of September 30, 2014, there were no cash borrowings and $4 million of letters of credit outstanding under the credit facility. Entergy Arkansas also has a $20 million credit facility scheduled to expire in April 2015. No borrowings were outstanding under the credit facility as of September 30, 2014. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

The Entergy Arkansas nuclear fuel company variable interest entity has a credit facility in the amount of $85 million scheduled to expire in June 2016. As of September 30, 2014, $8.0 million in letters of credit were outstanding under the credit facility to support a like amount of commercial paper issued by the Entergy Arkansas nuclear fuel company variable interest entity. See Note 4 to the financial statements herein for additional discussion of the nuclear fuel company variable interest entity credit facility.

In March 2014, Entergy Arkansas issued $375 million of 3.70% Series first mortgage bonds due June 2024. Entergy Arkansas used the proceeds to pay, prior to maturity, its $250 million term loan, to pay, prior to maturity, its $115 million of 5.0% Series first mortgage bonds due July 2018, and for general corporate purposes.

In July 2014 the Entergy Arkansas nuclear fuel trust variable interest entity issued $90 million of 3.65% Series L notes due July 2021. The Entergy Arkansas nuclear fuel trust variable interest entity used the proceeds to pay, at maturity, its $70 million of 5.69% Series I notes due July 2014 and to purchase additional nuclear fuel.

State and Local Rate Regulation and Fuel-Cost Recovery

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation and Fuel-Cost Recovery" in the Form 10-K for a discussion of state and local rate regulation and fuel cost recovery. The following are updates to that discussion.

Retail Rates

As discussed in the Form 10-K, the APSC issued an order in Entergy Arkansas’s 2013 base rate filing in December 2013. In January 2014, Entergy Arkansas filed a petition for rehearing or clarification of several aspects of the APSC’s order, including the 9.3% authorized return on common equity. In February 2014 the APSC granted Entergy Arkansas's petition for the purpose of considering the additional evidence identified by Entergy Arkansas. In August 2014 the APSC issued an order amending certain aspects of the original order, including providing for a 9.5% authorized return on common equity. The revised rates are effective for all bills rendered after December 31, 2013 and were implemented in the first billing cycle of October 2014.

Production Cost Allocation Rider

In May 2014, Entergy Arkansas filed its annual redetermination of the production cost allocation rider to recover the $3 million unrecovered retail balance as of December 31, 2013 and the $68 million System Agreement bandwidth remedy payment made in May 2014 as a result of the compliance filing pursuant to the FERC’s February 2014 orders related to the bandwidth payments/receipts for the June - December 2005 period. In June 2014 the APSC suspended the annual redetermination of the production cost allocation rider and scheduled a hearing in September 2014. Upon a joint motion of the parties, the APSC canceled the September 2014 hearing and will enter an order based on the evidence and legal briefs in the record.

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Federal Regulation

See “Entergy’s Integration Into the MISO Regional Transmission Organization” and “System Agreement” in the “Rate, Cost-recovery, and Other Regulation – Federal Regulation” section of Entergy Corporation and Subsidiaries Management’s Financial Discussion and Analysis for updates to the Federal Regulation discussion in the Form 10-K.

Nuclear Matters

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

Environmental Risks

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Arkansas’s accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits. Following is an update to that discussion.

Nuclear Decommissioning Costs

In the first quarter 2014, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and ANO 2 as a result of a revised decommissioning cost study. The revised estimates resulted in a $43.6 million increase in the decommissioning cost liabilities, along with a corresponding increase in the related asset retirement cost assets that will be depreciated over the remaining lives of the units.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2014	2013	2014	2013
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	$627,153	$647,671	$1,653,656	$1,698,716
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	86,932	113,523	196,007	321,373
Purchased power	141,042	131,736	433,513	369,643
Nuclear refueling outage expenses	12,541	9,403	30,717	29,031
Other operation and maintenance	170,868	147,513	468,124	438,021
Decommissioning	11,938	10,847	34,853	32,044
Taxes other than income taxes	26,081	24,303	69,515	69,073
Depreciation and amortization	59,805	58,083	176,634	172,059
Other regulatory charges (credits) - net	2,589	(5,418)	(6,394)	(14,465)
TOTAL	511,796	489,990	1,402,969	1,416,779
OPERATING INCOME	115,357	157,681	250,687	281,937
OTHER INCOME				
Allowance for equity funds used during construction	1,816	2,902	5,229	7,852
Interest and investment income	12,812	1,525	20,425	18,411
Miscellaneous - net	(30)	(629)	(761)	(2,573)
TOTAL	14,598	3,798	24,893	23,690
INTEREST EXPENSE				
Interest expense	23,342	23,253	69,863	69,290
Allowance for borrowed funds used during construction	(942)	(744)	(2,728)	(2,473)
TOTAL	22,400	22,509	67,135	66,817
INCOME BEFORE INCOME TAXES	107,555	138,970	208,445	238,810
Income taxes	44,575	56,393	88,090	101,031
NET INCOME	62,980	82,577	120,355	137,779
Preferred dividend requirements	1,718	1,718	5,155	5,155
EARNINGS APPLICABLE TO COMMON STOCK	$61,262	$80,859	$115,200	$132,624

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	$120,355	$137,779
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	285,824	263,176
Deferred income taxes, investment tax credits, and non-current taxes accrued	119,305	99,442
Changes in assets and liabilities:		
Receivables	(19,754)	(70,219)
Fuel inventory	13,014	16,740
Accounts payable	(102,234)	(12,996)
Prepaid taxes and taxes accrued	(40,576)	(222,118)
Interest accrued	(1,029)	(9,760)
Deferred fuel costs	(155,571)	26,672
Other working capital accounts	61,711	(12,324)
Provisions for estimated losses	(911)	200
Other regulatory assets	(8,307)	2,515
Pension and other postretirement liabilities	(84,298)	(25,332)
Other assets and liabilities	11,906	7,982
Net cash flow provided by operating activities	199,435	201,757
INVESTING ACTIVITIES		
Construction expenditures	(397,055)	(365,511)
Allowance for equity funds used during construction	7,701	10,587
Nuclear fuel purchases	(123,358)	(73,151)
Proceeds from sale of nuclear fuel	75,860	36,478
Proceeds from nuclear decommissioning trust fund sales	155,403	173,431
Investment in nuclear decommissioning trust funds	(162,916)	(178,516)
Changes in money pool receivable - net	17,531	(45,340)
Changes in securitization account	(4,480)	(3,493)
Insurance proceeds	29,280	—
Litigation proceeds for reimbursement of spent nuclear fuel storage costs	—	10,271
Other	200	—
Net cash flow used in investing activities	(401,834)	(435,244)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	461,553	716,670
Retirement of long-term debt	(441,318)	(435,896)
Changes in short-term borrowings - net	8,036	(16,602)
Change in money pool payable - net	63,677	—
Dividends paid:		
Common stock	—	(15,000)
Preferred stock	(5,155)	(5,155)
Other	411	—
Net cash flow provided by financing activities	87,204	244,017

Net increase (decrease) in cash and cash equivalents	(115,195)	10,530
Cash and cash equivalents at beginning of period	127,022	34,533
Cash and cash equivalents at end of period	$11,827	$45,063
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	$66,838	$75,022
Income taxes	$1,714	$211,415

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2014 and December 31, 2013
(Unaudited)

	2014	2013
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$11,749	$4,181
Temporary cash investments	78	122,841
Total cash and cash equivalents	11,827	127,022
Securitization recovery trust account	8,315	3,835
Accounts receivable:		
Customer	133,118	102,328
Allowance for doubtful accounts	(30,463)	(30,113)
Associated companies	32,870	68,875
Other	103,306	94,256
Accrued unbilled revenues	91,794	82,298
Total accounts receivable	330,625	317,644
Accumulated deferred income taxes	—	33,556
Deferred fuel costs	158,367	68,696
Fuel inventory - at average cost	28,490	41,504
Materials and supplies - at average cost	161,561	152,429
Deferred nuclear refueling outage costs	38,489	31,135
System agreement costs equalization	—	30,000
Prepaid taxes	30,597	—
Prepayments and other	22,378	58,911
TOTAL	790,649	864,732
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	745,144	710,913
Non-utility property - at cost (less accumulated depreciation)	1,756	1,664
Other	15,381	29,181
TOTAL	762,281	741,758
UTILITY PLANT		
Electric	9,080,352	8,798,458
Property under capital lease	988	1,064
Construction work in progress	215,255	209,036
Nuclear fuel	297,658	321,901
TOTAL UTILITY PLANT	9,594,253	9,330,459
Less - accumulated depreciation and amortization	4,147,088	4,034,880
UTILITY PLANT - NET	5,447,165	5,295,579
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Regulatory asset for income taxes - net	68,714	73,864
	1,027,849	1,014,392

Other regulatory assets (includes securitization property of $70,604 as of September 30, 2014 and $80,963 as of December 31, 2013)		
Deferred fuel costs	65,900	—
Other	45,804	44,565
TOTAL	1,208,267	1,132,821
TOTAL ASSETS	$8,208,362	$8,034,890

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2014 and December 31, 2013
(Unaudited)

	2014	2013
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	$—	$70,000
Short-term borrowings	8,036	—
Accounts payable:		
Associated companies	162,164	149,802
Other	142,733	228,160
Customer deposits	113,750	86,512
Taxes accrued	—	9,979
Accumulated deferred income taxes	20,586	9,231
Interest accrued	21,007	22,036
Other	39,704	55,656
TOTAL	507,980	631,376
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	1,976,404	1,906,562
Accumulated deferred investment tax credits	38,020	38,958
Other regulatory liabilities	235,804	219,370
Decommissioning	806,232	723,771
Accumulated provisions	4,835	5,746
Pension and other postretirement liabilities	234,929	319,211
Long-term debt (includes securitization bonds of $82,657 as of September 30, 2014 and $88,961 as of December 31, 2013)	2,429,578	2,335,802
Other	23,312	18,026
TOTAL	5,749,114	5,567,446
Commitments and Contingencies		
Preferred stock without sinking fund	116,350	116,350
COMMON EQUITY		
Common stock, $0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2014 and 2013	470	470
Paid-in capital	588,471	588,471
Retained earnings	1,245,977	1,130,777
TOTAL	1,834,918	1,719,718
TOTAL LIABILITIES AND EQUITY	$8,208,362	$8,034,890

See Notes to Financial Statements.

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ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN COMMON EQUITY
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Common Equity			
	Common Stock	Paid-in Capital	Retained Earnings	Total
	(In Thousands)			
Balance at December 31, 2012	$470	$588,444	$990,702	$1,579,616
Net income	—	—	137,779	137,779
Common stock dividends	—	—	(15,000)	(15,000)
Preferred stock dividends	—	—	(5,155)	(5,155)
Balance at September 30, 2013	$470	$588,444	$1,108,326	$1,697,240
Balance at December 31, 2013	$470	$588,471	$1,130,777	$1,719,718
Net income	—	—	120,355	120,355
Preferred stock dividends	—	—	(5,155)	(5,155)
Balance at September 30, 2014	$470	$588,471	$1,245,977	$1,834,918

See Notes to Financial Statements.

ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

Description	Three Months Ended 2014	2013	Increase/ (Decrease)	%
	(Dollars In Millions)			
Electric Operating Revenues:				
Residential	$234	$248	($14)	(6)
Commercial	140	141	(1)	(1)
Industrial	133	131	2	2
Governmental	5	5	—	—
Total retail	512	525	(13)	(2)
Sales for resale:				
Associated companies	36	89	(53)	(60)
Non-associated companies	59	19	40	211
Other	20	15	5	33
Total	$627	$648	($21)	(3)
Billed Electric Energy Sales (GWh):				
Residential	2,233	2,367	(134)	(6)
Commercial	1,730	1,767	(37)	(2)
Industrial	1,920	1,906	14	1
Governmental	65	67	(2)	(3)
Total retail	5,948	6,107	(159)	(3)
Sales for resale:				
Associated companies	387	2,094	(1,707)	(82)
Non-associated companies	1,788	181	1,607	888
Total	8,123	8,382	(259)	(3)

Description	Nine Months Ended 2014	2013	Increase/ (Decrease)	%
	(Dollars In Millions)			
Electric Operating Revenues:				
Residential	$592	$608	($16)	(3)
Commercial	350	358	(8)	(2)
Industrial	317	328	(11)	(3)
Governmental	13	15	(2)	(13)
Total retail	1,272	1,309	(37)	(3)
Sales for resale:				
Associated companies	97	267	(170)	(64)
Non-associated companies	195	56	139	248
Other	90	67	23	34
Total	$1,654	$1,699	($45)	(3)
Billed Electric Energy Sales (GWh):				
Residential	6,361	6,164	197	3

Commercial	4,519	4,503	16	—
Industrial	5,071	5,068	3	—
Governmental	179	182	(3)	(2)
Total retail	16,130	15,917	213	1
Sales for resale:				
Associated companies	1,232	6,202	(4,970)	(80)
Non-associated companies	5,211	539	4,672	867
Total	22,573	22,658	(85)	—

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ENTERGY GULF STATES LOUISIANA, L.L.C.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy Louisiana and Entergy Gulf States Louisiana Business Combination

In June 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed a business combination study report with the LPSC. The report contained a preliminary analysis of the potential combination of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility. Though not a formal application, the report provided an overview of the combination and identified its potential customer benefits. Although not part of the business combination, Entergy Louisiana provided notice to the City Council in June 2014 that it anticipates it will seek authorization to transfer to Entergy New Orleans the assets that currently support Entergy Louisiana's customers in Algiers. In the summer of 2014, Entergy Louisiana and Entergy Gulf States Louisiana held technical conferences and face-to-face meetings with LPSC staff and other stakeholders to discuss potential effects of the combination, solicit suggestions and concerns, and identify areas in which additional information might be needed.

On September 30, 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed an application with the LPSC seeking authorization to undertake the transactions that would result in the combination of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility.

The combination is subject to regulatory review and approval of the LPSC, the FERC, and the NRC. In June 2014, Entergy submitted an application to the NRC for approval of River Bend and Waterford 3 license transfers as part of the steps to complete the business combination. The combination also could be subject to regulatory review of the City Council if Entergy Louisiana continues to own the assets that currently support Entergy Louisiana's customers in Algiers at the time the combination is effectuated. In November 2014, Entergy Louisiana filed an application with the City Council seeking authorization to undertake the combination. The application provides that if the City Council approves the Algiers asset transfer before the business combination occurs, the City Council may not need to issue a public interest finding regarding the combination. If approvals are obtained from the LPSC, the FERC, the NRC, and, if required, the City Council, Entergy Louisiana and Entergy Gulf States Louisiana expect the combination will be effected in the second half of 2015.

It is currently contemplated that Entergy Louisiana and Entergy Gulf States Louisiana will undertake multiple steps to effectuate the combination, which steps would include the following:

- Each of Entergy Louisiana and Entergy Gulf States Louisiana will redeem or repurchase all of their respective outstanding preferred membership interests (which interests have a $100 million liquidation value in the case of Entergy Louisiana and $10 million liquidation value in the case of Entergy Gulf States Louisiana).
- Entergy Gulf States Louisiana will convert from a Louisiana limited liability company to a Texas limited liability company.
- Under the Texas Business Organizations Code (TXBOC), Entergy Louisiana will allocate substantially all of its assets to a new subsidiary (New Entergy Louisiana) and New Entergy Louisiana will assume all of the liabilities of Entergy Louisiana, in a transaction regarded as a merger under the TXBOC. Entergy Louisiana will remain in existence and hold the membership interests in New Entergy Louisiana.
- Under the TXBOC, Entergy Gulf States Louisiana will allocate substantially all of its assets to a new subsidiary (New Entergy Gulf States Louisiana) and New Entergy Gulf States Louisiana will assume all of the liabilities of Entergy Gulf States Louisiana, in a transaction regarded as a merger under the TXBOC. Entergy Gulf States Louisiana will remain in existence and hold the membership interests in New Entergy Gulf States Louisiana.
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Entergy Louisiana and Entergy Gulf States Louisiana will contribute the membership interests in New Entergy Louisiana and New Entergy Gulf States Louisiana to an affiliate the common membership interests of which will be owned by Entergy Louisiana, Entergy Gulf States Louisiana and Entergy Corporation.

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Entergy Gulf States Louisiana, L.L.C.
Management's Financial Discussion and Analysis

- New Entergy Gulf States Louisiana will merge into New Entergy Louisiana with New Entergy Louisiana surviving the merger.

Upon the completion of the steps, New Entergy Louisiana will hold substantially all of the assets, and will have assumed all of the liabilities, of Entergy Louisiana and Entergy Gulf States Louisiana. Entergy Louisiana and Entergy Gulf States Louisiana may modify or supplement the steps to be taken to effect the combination.

Results of Operations

Net Income

Third Quarter 2014 Compared to Third Quarter 2013

Net income decreased $7.1 million primarily due to a higher effective income tax rate and higher interest expense, partially offset by higher net revenue and lower other operation and maintenance expenses.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Net income increased $18.7 million primarily due to higher net revenue and lower other operation and maintenance expenses, partially offset by higher interest expense, lower other income and a higher effective income tax rate.

Net Revenue

Third Quarter 2014 Compared to Third Quarter 2013

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the third quarter 2014 to the third quarter 2013:

	Amount (In Millions)
2013 net revenue	$258.9
MISO deferral	3.8
Asset retirement obligation	3.3
Retail electric price	2.5
Volume/weather	(2.1)
Other	2.3
2014 net revenue	$268.7

The MISO deferral variance is due to the deferral in 2014 of the non-fuel MISO-related charges, as approved by the LPSC. 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.

The asset retirement obligation affects net revenue because Entergy Gulf States Louisiana records a regulatory credit for the difference between asset retirement obligation-related expenses and trust earnings plus asset retirement obligation-related costs collected in revenue. The variance for the third quarter 2014 compared to the third quarter 2013 is primarily caused by an increase in the regulatory credits to realign the asset retirement obligation regulatory asset with regulatory treatment.

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Entergy Gulf States Louisiana, L.L.C.
Management's Financial Discussion and Analysis

The retail electric price variance is primarily due to an increase in purchased power capacity costs that are recovered through base rates set in the annual formula rate plan mechanism. Entergy Gulf States Louisiana’s formula rate plan is discussed in Note 2 to the financial statements in the Form 10-K.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales, partially offset by higher industrial usage primarily in the chemicals industry.

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

Gross operating revenues increased primarily due to an increase of $33.4 million in electric fuel cost recovery revenues primarily due to higher fuel rates and an increase of $24.3 million in gross wholesale revenues primarily due to System Agreement receipts as a result of the comprehensive bandwidth recalculation filing made in connection with the 2007, 2008, and 2009 rate filing proceedings, and sales in the MISO market. See Note 2 to the financial statements in the Form 10-K for additional discussion of Entergy Gulf States Louisiana’s fuel and purchased power recovery mechanism. See Note 2 to the financial statements in the Form 10-K and herein for a discussion of this comprehensive bandwidth recalculation.

Fuel and purchased power expenses increased primarily due to:

- an increase in demand for gas-fired generation;
- an increase in the average market price of purchased power; and
- an increase in deferred fuel expense due to higher fuel cost recovery revenues as compared to prior year and the timing of System Agreement receipts and credits to customers.

Other regulatory charges decreased primarily due to:

- the deferral in 2014 of non-fuel MISO-related charges, as approved by the LPSC. The deferral of non-fuel MISO-related charges is partially offset in 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; and
- regulatory credits recorded in the third quarter 2014 to realign the asset retirement obligation regulatory asset with regulatory treatment, as previously discussed.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Net revenue consists of operating revenues net of: 1) fuel, fuel-related expenses, and gas purchased for resale, 2) purchased power expenses, and 3) other regulatory charges (credits). Following is an analysis of the change in net revenue comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013:

	Amount (In Millions)
2013 net revenue	$691.8
Volume/weather	17.9
Retail electric price	10.6
Asset retirement obligation	10.0
MISO deferral	5.7
Other	6.0
2014 net revenue	$742.0

The volume/weather variance is primarily due to an increase of 834 GWh, or 6%, in billed electricity usage, including the effect of more favorable weather on residential sales, and higher industrial usage primarily in the chemicals industry.

The retail electric price variance is primarily due to an increase in purchased power capacity costs that are recovered through base rates set in the annual formula rate plan mechanism. Entergy Gulf States Louisiana’s formula rate plan is discussed in Note 2 to the financial statements in the Form 10-K.

The asset retirement obligation affects net revenue because Entergy Gulf States Louisiana records a regulatory credit for the difference between asset retirement obligation-related expenses and trust earnings plus asset retirement obligation-related costs collected in revenue. The variance for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 is primarily caused by an increase in the regulatory credits because of a decrease in decommissioning trust earnings and an increase in the regulatory credits to realign the asset retirement obligation regulatory asset with regulatory treatment.

The MISO deferral variance is due to the deferral in 2014 of the non-fuel MISO-related charges, as approved by the LPSC. 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.

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

Gross operating revenues increased primarily due to:

- an increase of $124.9 million in electric fuel cost recovery revenues primarily due to higher fuel rates. See Note 2 to the financial statements in the Form 10-K for additional discussion of Entergy Gulf States Louisiana’s fuel and purchased power recovery mechanism;
- an increase of $55.4 million in gross wholesale revenues primarily due to System Agreement receipts as a result of the comprehensive bandwidth recalculation filing made in connection with the 2007, 2008, and 2009 rate filing proceedings and sales in the MISO market. See Note 2 to the financial statements in the Form 10-K and herein for a discussion of this comprehensive bandwidth recalculation;
- the increase related to volume/weather, as discussed above; and
- an increase of $10.5 million in natural gas fuel cost recovery revenues primarily due to higher fuel rates.

Fuel and purchased power expenses increased primarily due to:

- an increase in the average market price of natural gas and purchased power; and
- an increase in deferred fuel expense due to higher fuel cost recovery revenues as compared to prior year and the timing of System Agreement receipts and credits to customers.

Other regulatory charges decreased primarily due to:

- the deferral of investment gains from the River Bend decommissioning trust in 2013 in accordance with regulatory treatment. The gains resulted in an increase in 2013 in other income and a corresponding increase in regulatory charges with no effect on net income;
- regulatory credits recorded in the third quarter 2014 to realign the asset retirement obligation regulatory asset with regulatory treatment, as previously discussed; and
- the deferral in 2014 of non-fuel MISO-related charges, as approved by the LPSC. The deferral of non-fuel MISO-related charges is partially offset in 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.

Other Income Statement Variances

Third Quarter 2014 Compared to Third Quarter 2013

Other operation and maintenance expenses decreased primarily due to:

- a decrease of $4.8 million in compensation and benefits costs primarily due to an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, fewer employees, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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 $2.1 million due to costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility’s transmission business.

The decrease was partially offset by an increase of $1.9 million due to administration fees in 2014 related to participation in the MISO RTO. The LPSC approved deferral of these expenses resulting in no net income effect.

Interest expense increased primarily due to $3.6 million of carrying charges recorded in 2014 on storm restoration costs related to Hurricane Isaac as approved by the LPSC.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Other operation and maintenance expenses decreased primarily due to:

- a decrease of $12.2 million in compensation and benefits costs primarily due to an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, fewer employees, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. 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;
- a decrease of $6.1 million due to costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility’s transmission business; and
- a decrease of $5.3 million in nuclear generation expenses primarily due to lower nuclear labor costs.

The decrease was partially offset by an increase of $5.1 million due to administration fees in 2014 related to participation in the MISO RTO. The LPSC approved deferral of these expenses resulting in no net income effect.

Taxes other than income taxes increased primarily due to an increase in local franchise taxes resulting from higher residential and commercial revenues compared to prior year and an increase in ad valorem taxes resulting from higher assessments.

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

Interest expense increased primarily due to $3.6 million of carrying charges recorded in 2014 on storm restoration costs related to Hurricane Isaac as approved by the LPSC.

Other income decreased primarily due to higher realized gains in 2013 on the River Bend decommissioning trust fund investments. There is no effect on net income as these investment gains are offset by a corresponding amount of regulatory charges.

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Entergy Gulf States Louisiana, L.L.C.
Management's Financial Discussion and Analysis

Income Taxes

The effective income tax rate was 34.1% for the third quarter 2014 and 35.4% for the nine months ended September 30, 2014. The difference in the effective income tax rate for the third quarter 2014 versus the federal statutory rate of 35% was primarily due to book and tax differences related to the non-taxable income distributions earned on preferred membership interests partially offset by state income taxes and certain book and tax differences related to utility plant items. The difference in the effective income tax rate for the nine months ended September 30, 2014 versus the federal statutory rate of 35% was primarily due to state income taxes and certain book and tax differences related to utility plant items partially offset by book and tax differences related to the non-taxable income distributions earned on preferred membership interests.

The effective income tax rate was 15.6% for the third quarter 2013 and 27.3% for the nine months ended September 30, 2013. The differences in the effective income tax rates for the third quarter 2013 and the nine months ended September 30, 2013 versus the federal statutory rate of 35% were due to the reversal of a portion of the provision for uncertain tax positions and book and tax differences related to the non-taxable income distributions earned on preferred membership interests, partially offset by state income taxes.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2014 and 2013 were as follows:

	2014	2013
	(In Thousands)	
Cash and cash equivalents at beginning of period	$15,581	$35,686
Cash flow provided by (used in):		
Operating activities	478,414	270,298
Investing activities	(333,712)	(261,281)
Financing activities	(8,195)	(43,933)
Net increase (decrease) in cash and cash equivalents	136,507	(34,916)
Cash and cash equivalents at end of period	$152,088	$770

Operating Activities

Net cash flow provided by operating activities increased $208.1 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- proceeds of $69 million received from the Louisiana Utilities Restoration Corporation as a result of the Louisiana Act 55 storm cost financing. See Note 2 to the financial statements herein and in the Form 10-K and “Hurricane Isaac” below for a discussion of the Act 55 storm cost financing;
- a decrease of $41.7 million in income tax payments for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013. Entergy Gulf States Louisiana had income tax payments of $62.4 million in 2013 in accordance with the Entergy Corporation and Subsidiary Companies Intercompany Income Tax Allocation Agreement. The 2013 payments resulted primarily from the reversal of temporary differences for which Entergy Gulf States Louisiana had previously claimed a tax deduction;
-

lower nuclear refueling outage spending at River Bend. River Bend had a refueling outage in 2013 and did not have one in 2014; and

- an increase in the recovery of fuel and purchased power costs including System Agreement bandwidth remedy payments of $10.1 million received in the second quarter 2014 and $19 million received in the third quarter 2014. As of September 30 2014, Entergy Gulf States Louisiana customers were credited $10.3 million. See

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

The increase was partially offset by an increase of $17.1 million in pension contributions in 2014. See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

Investing Activities

Net cash flow used in investing activities increased $72.4 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to:

- the investment in 2014 of $66.2 million in affiliate securities as a result of the Act 55 storm cost financing. See Note 2 to the financial statements herein and in the Form 10-K and “Hurricane Isaac” below for a discussion of the Act 55 storm cost financing;
- the deposit in 2014 of $68.5 million into the storm escrow account;
- the withdrawal of $65.5 million from the storm reserve escrow account in 2013;
- an increase in fossil-fueled generation expenditures as a result of an increased scope of work in 2014; and
- money pool activity.

The increase was partially offset by:

- fluctuations in nuclear fuel activity because of variations from year to year in the timing and pricing of fuel reload requirements in the Utility business, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle;
- a decrease in nuclear construction expenditures as a result of spending on nuclear projects during the River Bend refueling outage in 2013. River Bend had a refueling outage in 2013 and did not have one in 2014; and
- a decrease in transmission construction expenditures due to a decreased scope of work performed in 2014.

Increases in Entergy Gulf States Louisiana’s receivable from the money pool are a use of cash flow, and Entergy Gulf States Louisiana’s receivable from the money pool increased by $19.5 million for the nine months ended September 30, 2014. The money pool is an inter-company borrowing arrangement designed to reduce the Utility subsidiaries’ need for external short-term borrowings.

Financing Activities

Net cash flow used in financing activities decreased $35.7 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily due to the issuance of $110 million of 3.78% Series first mortgage bonds in July 2014 and the retirement, at maturity, of $75 million of 5.56% Series N notes by the nuclear fuel company variable interest entity in May 2013.

The decrease was partially offset by:

- the issuance of $70 million of 3.38% Series R notes by the nuclear fuel company variable interest entity in February 2013;
-

payments of $14.8 million on credit borrowings for the nine months ended September 30, 2014 compared to an increase of $31 million in credit borrowings for the nine months ended September 30, 2013 against the nuclear fuel company variable interest entity credit facility; and

- money pool activity.

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Increases in Entergy Gulf States Louisiana’s payable to the money pool are a source of cash flow, and Entergy Gulf States Louisiana’s payable to the money pool increased by $50.8 million for the nine months ended September 30, 2013.

See Note 5 to the financial statements in the Form 10-K and Note 4 to the financial statements herein for more details on long-term debt.

Capital Structure

Entergy Gulf States Louisiana’s capitalization is balanced between equity and debt, as shown in the following table. The increase in the debt to capital ratio for Entergy Gulf States Louisiana is primarily due to an increase in long-term debt as a result of the issuance of $110 million of 3.78% Series first mortgage bonds in July 2014.

	September 30, 2014		December 31, 2013	
Debt to capital	52.4	%	51.1	%
Effect of subtracting cash	(2.5	%)	(0.2	%)
Net debt to net capital	49.9	%	50.9	%

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings and long-term debt, including the currently maturing portion. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. Entergy Gulf States Louisiana uses the debt to capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Gulf States Louisiana’s financial condition. Entergy Gulf States Louisiana uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Gulf States Louisiana’s financial condition because net debt indicates Entergy Gulf States Louisiana’s outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources" in the Form 10-K for a discussion of Entergy Gulf States Louisiana’s uses and sources of capital. Following are additional updates to the information provided in the Form 10-K. Entergy Gulf States Louisiana is developing its capital investment plan for 2015 through 2017 and currently anticipates making $1.9 billion in capital investments during that period. The preliminary estimate includes amounts associated with specific investments such as environmental compliance spending, transmission upgrades, resource planning, generation projects, system improvements, and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

Entergy Gulf States Louisiana’s receivables from or (payables to) the money pool were as follows:

September 30, 2014	December 31, 2013	September 30, 2013	December 31, 2012
(In Thousands)			
$21,446	$1,925	($57,835)	($7,074)

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

Entergy Gulf States Louisiana has a credit facility in the amount of $150 million scheduled to expire in March 2019. The credit facility allows Entergy Gulf States Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility. As of September 30, 2014, there were no cash borrowings and $17.9 million of letters of credit outstanding under the credit facility. See Note 4 to the financial statements herein for additional discussion of the credit facility.

The Entergy Gulf States Louisiana nuclear fuel company variable interest entity has a credit facility in the amount of $100 million scheduled to expire in June 2016. No borrowings were outstanding on the variable interest entity credit facility as of September 30, 2014. See Note 4 to the financial statements herein for additional discussion of the variable interest entity credit facility.

In July 2014, Entergy Gulf States Louisiana issued $110 million of 3.78% Series first mortgage bonds due April 2025. Entergy Gulf States Louisiana used the proceeds to re-establish and replenish its storm damage escrow reserves and for general corporate purposes.

Hurricane Isaac

As discussed in the Form 10-K, Entergy Gulf States Louisiana sought to recover restoration costs for the repair and replacement of electric facilities damaged by Hurricane Isaac, as well as replenishment of storm escrow accounts for prior storms, in the amount of $73.8 million. In January 2013, Entergy Gulf States Louisiana drew $65 million from its funded storm reserve escrow accounts. In April 2013, Entergy Gulf States Louisiana and Entergy Louisiana filed a joint application with the LPSC relating to Hurricane Isaac system restoration costs. Following an evidentiary hearing and recommendations by the ALJ, the LPSC voted in June 2014 to approve a series of orders which (i) quantify the amount of Hurricane Isaac system restoration costs prudently incurred ($66.5 million for Entergy Gulf States Louisiana and $224.3 million for Entergy Louisiana); (ii) determine the level of storm reserves to be re-established ($90 million for Entergy Gulf States Louisiana and $200 million for Entergy Louisiana); (iii) authorize Entergy Gulf States Louisiana and Entergy Louisiana to utilize Louisiana Act 55 financing for Hurricane Isaac system restoration costs; and (iv) grant other requested relief associated with storm reserves and Act 55 financing of Hurricane Isaac system restoration costs. Entergy Gulf States Louisiana committed to pass on to customers a minimum of $6.9 million of customer benefits through annual customer credits of approximately $1.4 million for five years. Approvals for the Act 55 financings were obtained from the Louisiana Utilities Restoration Corporation (LURC) and the Louisiana State Bond Commission.

In August 2014 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $71 million in bonds under Act 55 of the Louisiana Legislature. From the $69 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $3 million in a restricted escrow account as a storm damage reserve for Entergy Gulf States Louisiana and transferred $66 million directly to Entergy Gulf States Louisiana. Entergy Gulf States Louisiana used the $66 million received from the LURC to acquire 662,426.80 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

Entergy Gulf States Louisiana does not report the bonds on its balance sheet because the bonds are the obligation of the LCDA and there is no recourse against Entergy Gulf States Louisiana in the event of a bond default. To service the bonds, Entergy Gulf States Louisiana collects a system restoration charge on behalf of the LURC, and remits the collections to the bond indenture trustee. Entergy Gulf States Louisiana does not report the collections as revenue because it is merely acting as the billing and collection agent for the state.

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Entergy Louisiana’s Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana’s construction of a combined-cycle gas turbine generating facility (Ninemile 6) at its existing Ninemile Point electric generating station. The Ninemile 6 capacity and energy will be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. Under terms approved by the LPSC, non-fuel costs may be recovered through Entergy Louisiana’s and Entergy Gulf States Louisiana’s formula rate plans beginning in the month after the unit is placed in service. In July 2014, Entergy Louisiana and Entergy Gulf States Louisiana filed an unopposed stipulation with the LPSC that estimates a first year revenue requirement associated with Ninemile 6 and provides a mechanism to update the revenue requirement as the in-service date approaches, which was subsequently approved by the LPSC. In September 2014 an updated revenue requirement of $51.5 million for Entergy Louisiana and $27 million for Entergy Gulf States Louisiana was filed. The unit is expected to be placed in service by the end of 2014.

State and Local Rate Regulation and Fuel-Cost Recovery

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation and Fuel-Cost Recovery" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. The following are updates to that discussion.

Retail Rates - Electric

As discussed in the Form 10-K, Entergy Gulf States Louisiana filed a base rate case in February 2013. Pursuant to the rate case settlement approved by the LPSC in December 2013, Entergy Gulf States Louisiana submitted a compliance filing in May 2014 reflecting the effects of the estimated MISO cost recovery mechanism revenue requirement and adjustment of the additional capacity mechanism requiring a net increase of approximately $3.8 million in formula rate plan revenue to be implemented over nine months commencing with the first billing cycle of December 2014. Before rates are implemented in December 2014, an updated compliance filing will be made in November 2014 to further refine the estimated MISO cost recovery mechanism revenue requirement component of the May 2014 compliance filing to then-available actual data. The compliance filings will be subject to the review of the parties to the proceeding generally in accordance with the review process set forth in Entergy Gulf States Louisiana’s formula rate plan.

Retail Rates - Gas

In January 2014, Entergy Gulf States Louisiana filed with the LPSC its gas rate stabilization plan for the test year ended September 30, 2013. The filing showed an earned return on common equity of 5.47% which results in a $1.5 million rate increase. In April 2014 the LPSC Staff issued a report indicating "that Entergy Gulf States Louisiana has properly determined its earnings for the test year ended September 30, 2013." The $1.5 million rate increase was implemented effective with the first billing cycle of April 2014.

Fuel and purchased power recovery

In July 2014 the LPSC authorized its staff to initiate an audit of Entergy Gulf States Louisiana’s fuel adjustment clause filings. The audit includes a review of the reasonableness of charges flowed by Entergy Gulf States Louisiana through its fuel adjustment clause for the period from 2010 through 2013. Discovery has yet to commence.

Industrial and Commercial Customers

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Industrial and Commercial Customers" in the Form 10-K for a discussion of industrial and commercial customers.

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Federal Regulation

See “Entergy’s Integration Into the MISO Regional Transmission Organization” and “System Agreement” in the “Rate, Cost-recovery, and Other Regulation – Federal Regulation” section of Entergy Corporation and Subsidiaries Management’s Financial Discussion and Analysis for updates to the Federal Regulation discussion in the Form 10-K.

Nuclear Matters

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

Environmental Risks

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks" in the Form 10-K for a discussion of environmental risks.

Critical Accounting Estimates

See "MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Gulf States Louisiana’s accounting for nuclear decommissioning costs, unbilled revenue, and qualified pension and other postretirement benefits.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2014	2013	2014	2013
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	$600,208	$549,123	$1,622,236	$1,428,155
Natural gas	10,285	9,208	55,586	42,492
TOTAL	610,493	558,331	1,677,822	1,470,647
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	141,354	104,932	289,030	213,270
Purchased power	206,360	194,455	659,275	560,531
Nuclear refueling outage expenses	5,419	5,419	16,024	14,955
Other operation and maintenance	100,908	105,107	283,584	300,012
Decommissioning	4,240	4,005	12,542	11,845
Taxes other than income taxes	22,393	21,346	64,139	60,729
Depreciation and amortization	39,068	37,703	116,042	113,002
Other regulatory charges (credits) - net	(5,947)	80	(12,438)	5,080
TOTAL	513,795	473,047	1,428,198	1,279,424
OPERATING INCOME	96,698	85,284	249,624	191,223
OTHER INCOME				
Allowance for equity funds used during construction	2,099	2,171	5,440	5,630
Interest and investment income	11,565	9,428	29,058	34,239
Miscellaneous - net	(2,477)	(2,822)	(7,844)	(7,861)
TOTAL	11,187	8,777	26,654	32,008
INTEREST EXPENSE				
Interest expense	24,783	20,498	65,353	60,971
Allowance for borrowed funds used during construction	(1,207)	(690)	(3,128)	(2,041)
TOTAL	23,576	19,808	62,225	58,930
INCOME BEFORE INCOME TAXES	84,309	74,253	214,053	164,301
Income taxes	28,774	11,611	75,875	44,773
NET INCOME	55,535	62,642	138,178	119,528
Preferred distribution requirements and other	206	206	621	619
EARNINGS APPLICABLE TO COMMON EQUITY	$55,329	$62,436	$137,557	$118,909

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2014	2013	2014	2013
	(In Thousands)		(In Thousands)	
Net Income	$55,535	$62,642	$138,178	$119,528
Other comprehensive income				
Pension and other postretirement liabilities				
(net of tax expense of $86, $778, $272, and $2,342)	137	963	396	2,880
Other comprehensive income	137	963	396	2,880
Comprehensive Income	$55,672	$63,605	$138,574	$122,408

See Notes to Financial Statements.

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ENTERGY GULF STATES LOUISIANA, L.L.C.
STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	$138,178	$119,528
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	174,240	165,684
Deferred income taxes, investment tax credits, and non-current taxes accrued	75,344	78,265
Changes in working capital:		
Receivables	(46,839)	(59,583)
Fuel inventory	7,128	(1,868)
Accounts payable	36,104	13,921
Prepaid taxes and taxes accrued	18,147	(61,290)
Interest accrued	5,943	5,302
Deferred fuel costs	30,317	(8,867)
Other working capital accounts	2,589	(24,029)
Changes in provisions for estimated losses	67,521	(60,205)
Changes in other regulatory assets	7,110	31,754
Changes in pension and other postretirement liabilities	(18,212)	4,877
Other	(19,156)	66,809
Net cash flow provided by operating activities	478,414	270,298
INVESTING ACTIVITIES		
Construction expenditures	(198,569)	(205,162)
Allowance for equity funds used during construction	5,440	5,630
Nuclear fuel purchases	(28,357)	(132,083)
Proceeds from the sale of nuclear fuel	54,642	19,401
Payment to storm reserve escrow account	(68,508)	(25)
Receipts from storm reserve escrow account	—	65,475
Investment in affiliates	(66,243)	—
Proceeds from nuclear decommissioning trust fund sales	127,903	66,152
Investment in nuclear decommissioning trust funds	(140,499)	(80,669)
Change in money pool receivable - net	(19,521)	—
Net cash flow used in investing activities	(333,712)	(261,281)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	108,491	69,782
Retirement of long-term debt	—	(75,000)
Change in money pool payable - net	—	50,761
Changes in credit borrowings - net	(14,800)	31,000
Distributions paid:		