ENTERGY ARKANSAS INC
Form 10-Q
May 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2012

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	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 981-2000 61-1435798

74-0662730

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 þ 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 þ 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	Ö			
Entergy Arkansas, Inc.			Ö	
Entergy Gulf States Louisiana, L.L.C.			Ö	
Entergy Louisiana, LLC			Ö	
Entergy Mississippi, Inc.			Ö	
Entergy New Orleans, Inc.			Ö	
Entergy Texas, Inc.			Ö	
System Energy Resources, Inc.			Ö	

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

Common Stock Outstanding		Outstanding at April 30, 2012
Entergy Corporation	($0.01 par value)	177,159,198

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, 2011, 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," "continue," "potential," "plan," "predict," "forecast," and other similar words or expressions are intended to identify forward-looking statements but are not the only means to identify these statements. Although each of these registrants believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Any forward-looking statement is based on information current as of the date of this combined report and speaks only as of the date on which such statement is made. Except to the extent required by the federal securities laws, these registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including those factors discussed or incorporated by reference in (a) Item 1A. Risk Factors 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 and Entergy Mississippi's participation in the System Agreement in December 2013 and November 2015, respectively;
- regulatory and operating challenges and uncertainties associated with the Utility operating companies' proposal to move to the MISO RTO, the operations of the independent coordinator of transmission for Entergy's utility service territory, and the scheduled expiration of the current independent coordinator of transmission arrangement in November 2012;
- risks associated with the proposed spin-off and subsequent merger of Entergy's electric transmission business into a subsidiary of ITC Holdings Corp., including the risk that Entergy and the Utility operating companies may not be able to timely satisfy the conditions or obtain the approvals required to complete such transaction or such approvals may contain material restrictions or conditions, and the risk that if completed, the transaction may not achieve its anticipated results;
- 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 regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those owned or operated by the Entergy Wholesale Commodities business, and the effects of new or existing safety concerns regarding nuclear power plants and nuclear fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license renewals or modifications of nuclear generating facilities;
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at its nuclear generating facilities;
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- prices for power generated by Entergy's merchant generating facilities and the ability to hedge, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Entergy Wholesale Commodities nuclear plants;

- the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts;

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FORWARD-LOOKING INFORMATION (Concluded)

- volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities;
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;
- changes in environmental, tax, and other laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, and other substances, and changes in costs of compliance with environmental and other laws and regulations;
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal;
- 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;
- Entergy's ability to manage its capital projects and operation and maintenance costs;
- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms;
- the economic climate, and particularly economic conditions in Entergy's Utility service territory and the Northeast United States and events that could influence economic conditions in those areas;
- the effects of Entergy's strategies to reduce tax payments;
- changes in the financial markets, particularly those affecting the availability of capital and Entergy's ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria;
- changes in inflation and interest rates;
- the effect of litigation and government investigations or proceedings;
- advances in technology;
- the potential effects of threatened or actual terrorism, cyber attacks or data security breaches, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;
- Entergy's ability to attract and retain talented management and directors;
- changes in accounting standards and corporate governance;
- declines in the market prices of marketable securities and resulting funding requirements for Entergy's defined benefit pension and other postretirement benefit plans;
- changes in decommissioning trust fund values or earnings or in the timing of or cost to decommission nuclear plant sites;
- factors that could lead to impairment of long-lived assets; 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
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
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 created in connection with 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 created in connection with 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, 2011 filed with the SEC by Entergy Corporation and its Registrant Subsidiaries
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Indian Point 3	Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment

IRS	Internal Revenue Service
ISO	Independent System Operator

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DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
MISO	Midwest Independent Transmission 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 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
SPP	Southwest Power Pool
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources
System Energy	System Energy Resources, Inc.
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 operates a small natural gas distribution business. As discussed in more detail in "Plan to Spin Off the Utility's Transmission Business," in the Form 10-K, in December 2011, Entergy entered into an agreement to spin off its transmission business and merge it with a newly-formed subsidiary of ITC Holdings Corp.
- The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

Results of Operations

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing the first quarter 2012 to the first quarter 2011 showing how much the line item increased or (decreased) in comparison to the prior period:

	Utility	Entergy Wholesale Commodities	Parent & Other (1)	Entergy
		(In Thousands)		
1st Qtr 2011 Consolidated Net Income (Loss)	$168,653	$123,233	($38,208)	$253,678
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	(42,398)	(72,981)	(1,155)	(116,534)
Other operation and maintenance expenses	42,025	23,597	265	65,887
Asset impairment	-	355,524	-	355,524
Taxes other than income taxes	3,508	8,357	71	11,936
Depreciation and amortization	7,481	7,840	9	15,330
Other income	10,335	4,850	(2,513)	12,672
Interest expense	5,565	2,403	1,786	9,754
Other expenses	1,296	1,241	-	2,537
Income taxes (benefit)	9,503	(175,348)	1,433	(164,412)
1st Qtr 2012 Consolidated Net Income (Loss)	$67,212	($168,512)	($45,440)	($146,740)

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

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

As discussed in more detail in Note 11 to the financial statements, first quarter 2012 results of operations include a $355.5 million ($223.5 million after-tax) impairment charge to write down the carrying values of Vermont Yankee and related assets to their fair values.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing the first quarter 2012 to the first quarter 2011.

	Amount (In Millions)
2011 net revenue	$1,148
Volume/weather	(48)
Net gas revenue	(8)
Retail electric price	12
Other	2
2012 net revenue	$1,106

The volume/weather variance is primarily due to the effect of milder weather on residential and commercial sales. This was partially offset by an increase of 748 GWh in weather-adjusted usage, primarily in the industrial sector. Industrial sales growth was largely due to expansions. This sector had growth from both large and small industrial customers. Improvements in chemicals were partially offset by declines in refineries and pipelines.

The net gas revenue variance is primarily due to milder weather compared to the same period in the prior year.

The retail electric price variance is primarily due to:

- a special formula rate plan rate increase at Entergy Louisiana effective May 2011 in accordance with a previous LPSC order relating to the acquisition of Unit 2 of the Acadia Energy Center; and
- a base rate increase at Entergy Texas beginning May 2011 as a result of the settlement of the December 2009 rate case.

These increases were partially offset by a formula rate plan decrease at Entergy New Orleans effective October 2011. See Note 2 to the financial statements in the Form 10-K for further discussion of these proceedings.

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Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing the first quarter 2012 to the first quarter 2011.

	Amount (In Millions)
2011 net revenue	$525
Realized price changes	(63)
Volume	(7)
Other	(3)
2012 net revenue	$452

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by $73 million, or 14%, in the first quarter 2012 compared to the first quarter 2011 primarily due to lower pricing in its contracts to sell power and lower volume in its nuclear fleet resulting from more planned and unplanned outage days in 2012 compared to the same period in 2011.

Following are key performance measures for Entergy Wholesale Commodities for the first quarter 2012 and 2011:

	2012	2011
Owned capacity	6,612	6,016
GWh billed	11,193	10,519
Average realized price per MWh	$49.68	$56.98
Entergy Wholesale Commodities Nuclear Fleet		
Capacity factor	88%	91%
GWh billed	9,838	9,913
Average realized revenue per MWh	$50.32	$57.46
Refueling Outage Days:		
Indian Point 2	27	-
Indian Point 3	-	23

Realized Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants

See the Form 10-K for a discussion of Entergy Wholesale Commodities nuclear business's average realized price per MWh, including the factors that influence it and the decrease in the annual average realized price per MWh to $54.73 in 2011 from $59.16 in 2010. Entergy Wholesale Commodities' nuclear business is likely to continue to experience a decrease again in 2012 from 2011 because, as shown in the contracted sale of energy table in "Market and Credit Risk Sensitive Instruments," Entergy Wholesale Commodities has sold forward 89% of its planned nuclear energy output for the remainder of 2012 for an average contracted energy price of $48 per MWh. In addition, Entergy Wholesale Commodities has sold forward 84% of its planned nuclear energy output for 2013 for an average contracted energy price of $45-50 per MWh.

Management's Financial Discussion and Analysis

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Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $448 million for the first quarter 2011 to $490 million for the first quarter 2012 primarily due to:

- an increase of $14 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. 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;
- an increase of $13 million in fossil-fueled generation expenses resulting from higher outage costs primarily because the scope of outages was greater than the same period in the prior year and the timing of the outages;
- $6 million of costs incurred in 2012 related to the planned spin-off and merger of the Utility's transmission business;
- an increase of $6 million in nuclear generation expenses primarily due to higher labor costs, including higher contract labor;
- nuclear insurance refunds of $5 million received in 2011; and
- an increase of $4 million in contract costs due to the transition and implementation of joining the MISO RTO.

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

Other income increased primarily due to an increase of $6 million in realized earnings on decommissioning trust fund investments and AFUDC accrued on projects under construction, primarily from the Grand Gulf uprate project.

Interest expense increased primarily due to net debt issuances by certain of the Utility operating companies.

Entergy Wholesale Commodities

Other operation and maintenance expenses increased from $209 million for the first quarter 2011 to $233 million for the first quarter 2012 primarily due to:

- an increase of $12 million in compensation and benefits costs primarily due to decreasing discount rates and changes in certain actuarial assumptions resulting from a recent experience study. 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;
- an increase of $4 million due to the operations of the Rhode Island State Energy Center, which was acquired in December 2011; and
- several individually insignificant items.

The asset impairment variance is due to a $355.5 million ($223.5 million after-tax) impairment charge to write down the carrying values of Vermont Yankee and related assets to their fair values. See Note 11 to the financial statements for further discussion of this charge.

Taxes other than income taxes increased primarily due to increased property taxes at FitzPatrick. Previously, Fitzpatrick was granted an exemption from property taxation and paid taxes according to a payment in lieu of property taxes agreement. This agreement expired on June 30, 2011 and FitzPatrick is now being taxed under the current property tax system.

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Depreciation expense increased primarily due to an increase in plant in service, including the acquisition of the Rhode Island State Energy Center in December 2011.

Income Taxes

The effective income tax rates for the first quarters 2012 and 2011 were 0.11% and 39.3%, respectively. The difference in the effective income tax rate versus the statutory rate of 35% for the first quarter 2012 was primarily because the expected tax benefit of the pre-tax loss that Entergy incurred in the first quarter 2012 was partially offset by the write-off of a portion of the regulatory asset for income taxes that is discussed in Note 2 to the financial statements. The difference in the effective income tax rate versus the statutory rate of 35% for the first quarter 2011 was primarily due to state income taxes and certain book and tax differences for utility plant items.

Plan to Spin Off the Utility's Transmission Business

See the Form 10-K for a discussion of Entergy's plan to spin off its transmission business and merge it with a newly formed subsidiary of ITC Holdings Corp.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

The NRC operating licenses for Pilgrim, Indian Point 2, and Indian Point 3 expire in June 2012, September 2013, and December 2015, respectively. NRC license renewal applications are pending for each plant. Under federal law, nuclear power plants may continue to operate beyond their license expiration dates while their renewal applications are pending NRC approval. In addition, in March 2011 the NRC renewed Vermont Yankee's operating license for an additional 20 years, as a result of which the license now expires in 2032. For additional discussion regarding activity in Vermont and the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 11 to the financial statements herein.

In the Pilgrim license renewal proceeding, there remain pending two matters that could present an obstacle to the NRC staff's issuance of a renewed license. First, the NRC referred to the Atomic Safety and Licensing Board (ASLB) an intervenor request to reopen the record to admit a new contention with a request for decision on admissibility by May 29, 2012. Second, while four intervenor appeals of ASLB decisions were denied by the NRC during the first quarter 2012, one such appeal remains pending. On April 23, 2012, the NRC staff issued a request to the NRC Commissioner asking for authorization to issue a renewed Pilgrim license notwithstanding the pendency of these matters. The NRC Staff asked that the NRC act by May 8, 2012. Outside of the NRC license renewal process, intervenors have taken steps to slow or block license renewal. Such steps include the Commonwealth of Massachusetts's appeal to the U.S. Court of Appeals for the First Circuit of an NRC decision affirming the ASLB's decision not to admit a late-filed contention and an April 2012 letter sent by certain parties to the Massachusetts Office of Coastal Zone Management (OCZM) requesting that OCZM suspend its 2006 consistency determination issued for Pilgrim license renewal.

In April 2007, Entergy submitted an application to the NRC to renew the operating licenses for Indian Point 2 and 3 for an additional 20 years. The ASLB has admitted 21 contentions raised by the State of New York or other parties, which were combined into 16 discrete issues. Two of the issues have been resolved, leaving 14 issues that are currently subject to ASLB hearings. In July 2011, the ASLB granted the State of New York's motion for summary disposition of an admitted contention challenging the adequacy of a section of Indian Point's environmental analysis as incorporated in the Final Supplemental Environmental Impact Statement (FSEIS) (discussed below). That section provided cost estimates for Severe Accident Mitigation Alternatives (SAMAs), which are hardware and procedural changes that could be implemented to mitigate estimated impacts of off-site radiological releases in case of a hypothesized severe accident. In addition to finding that the SAMA cost analysis was insufficient, the ASLB directed the NRC staff to explain why cost-beneficial SAMAs should not be required to be implemented. Entergy appealed the ASLB's decision to the NRC and the NRC staff supported Entergy's appeal, while the State of New York opposed it. In December 2011 the NRC denied Entergy's appeal as premature, stating that the appeal could be renewed at the conclusion of the ASLB proceedings.

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In November 2011 the ASLB issued an order establishing deadlines for the submission of several rounds of testimony on most of the contentions pending before the ASLB and for the filing of motions to limit or exclude testimony. Most of the testimony on those contentions has now been completed and filed, and the ASLB has scheduled the commencement of hearings for October 15, 2012. Hearings on the remaining issues will follow the submission of testimony on dates yet to be set.

The NRC staff currently is also performing its technical and environmental reviews of the application. The NRC staff issued a Final Safety Evaluation Report (FSER) in August 2009, a supplement to the FSER in August 2011, and a FSEIS in December 2010. The NRC staff has stated its intent to issue a draft supplemental FSEIS in May 2012 and, following an opportunity for comment, to issue a final supplement FSEIS later in 2012. The NRC staff also plans to issue a supplemental SER in August 2012.

The New York State Department of Environmental Conservation has taken the position that Indian Point must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. In addition, the consistency of Indian Point's operations with New York State's coastal management policies must be resolved as required by the Coastal Zone Management Act. Entergy Wholesale Commodities' efforts to obtain these certifications and determinations continue in 2012.

The hearing process is an integral component of the NRC's regulatory framework, and evidentiary hearings on license renewal applications are not uncommon. Entergy intends to participate fully in the hearing process as permitted by the NRC's hearing rules. As noted in Entergy's responses to the various intervenor filings, Entergy believes the contentions proposed by the intervenors are unsupported and without merit. Entergy will continue to work with the NRC staff as it completes its technical and environmental reviews of the license renewal application.

Liquidity and Capital Resources

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

Capital Structure

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

	March 31, 2012	December 31, 2011
Debt to capital	57.8 %	57.3 %
Effect of excluding the securitization bonds	(2.1)%	(2.3)%
Debt to capital, excluding securitization bonds (1)	55.7 %	55.0 %
Effect of subtracting cash	(1.5)%	(1.5)%
Net debt to net capital, excluding securitization bonds (1)	54.2 %	53.5 %

(1) 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, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the net debt to net capital ratio and the 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.

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Entergy Corporation has in place a credit facility that has a borrowing capacity of $3.5 billion and expires in March 2017. 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 March 31, 2012.

Capacity	Borrowings	Letters of Credit	Capacity Available
	(In Millions)		
$3,500	$1,465	$8	$2,027

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.

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 2012 through 2014. Following are updates to the discussion in the Form 10-K.

Grand Gulf Uprate

As discussed in more detail in the Form 10-K, the estimated capital investments for 2012-2014 include System Energy's planned approximate 178 MW uprate of the Grand Gulf nuclear plant. Considering the progress of the uprate project during Grand Gulf's spring 2012 refueling outage, including additional work scope that has emerged during the outage; additional information from the project's engineering, procurement and construction contractor; the costs required to install instrumentation in the steam dryer in response to evolving guidance from the NRC staff; and delays in obtaining NRC approval; System Energy now estimates the total capital investment to be made in the course of the implementation of the Grand Gulf uprate project is approximately $874 million, including SMEPA's share. Implementation of the uprate and the NRC's review continues. System Energy expects to complete the project during the summer of 2012.

Ninemile Point Unit 6 Self-Build Project

See the Form 10-K for a discussion of Entergy Louisiana's Ninemile Point Unit 6 self-build project. The Ninemile 6 capacity and energy is proposed to be allocated 55% to Entergy Louisiana, 25% to Entergy Gulf States Louisiana, and 20% to Entergy New Orleans. In February 2012 the City Council passed a resolution authorizing Entergy New Orleans to purchase 20% of the Ninemile 6 energy and capacity. In June 2011, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by Entergy

Louisiana's construction of the facility. Entergy Gulf States Louisiana joined in the application, seeking certification of its purchase under a life-of-unit power purchase agreement of its allocated share of the capacity and energy generated by Ninemile 6. In March 2012 the LPSC unanimously voted to grant the certifications requested by Entergy Louisiana and Entergy Gulf States Louisiana, and Entergy Louisiana has given the contractor a full notice to proceed with the construction. Under the terms approved by the LPSC, costs may be recovered through Entergy Louisiana's and Entergy Gulf States Louisiana's formula rate plans, if one is in effect when the project is placed in service; alternatively, Entergy Louisiana and Entergy Gulf States Louisiana's must file rate cases approximately 12 months prior to the expected in-service date.

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Hot Spring Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Arkansas's agreement to acquire the Hot Spring Energy Facility. The parties have satisfied their obligations under the Hart-Scott-Rodino Act, and the U.S. Department of Justice's review of the transaction is ongoing.

In July 2011, Entergy Arkansas filed its application with the APSC requesting approval of the acquisition and full cost recovery. In January 2012, Entergy Arkansas, the APSC General Staff, and the Arkansas Attorney General filed a Motion to Suspend the Procedural Schedule and Joint Stipulation and Settlement for consideration by the APSC. Under the settlement, the parties agreed that the acquisition costs may be recovered through a capacity acquisition rider and agreed that the level of the return on equity reflected in the rider would be submitted to the APSC for resolution. Because the transmission upgrade costs remained uncertain, the parties requested that the APSC suspend the procedural schedule and cancel the hearing scheduled for January 24, 2012, pending resolution of the transmission costs. The APSC issued an order accepting the settlement as part of the record and directing Entergy Arkansas to file the transmission studies when available and directing the parties to propose a procedural schedule to address the results of those studies.

On April 6, 2012, facilities studies were issued indicating that long-term transmission service is available for the Hot Spring facility provided that supplemental transmission upgrades estimated at approximately $440,000 are made. In addition, the studies noted that surveys of two lines should be conducted, which may result in additional upgrade requirements not expected to exceed $25 million. On April 16, 2012, Entergy Arkansas filed the facilities studies with the APSC and reiterated its request for a public interest finding and timely cost recovery. Assuming timely regulatory approvals and the satisfaction of all other closing conditions, closing is targeted for around mid-2012.

Hinds Energy Facility Purchase Agreement

See the Form 10-K for a discussion of Entergy Mississippi's agreement to acquire the Hinds Energy Facility. In July 2011, Entergy Mississippi filed with the MPSC requesting approval of the acquisition and full cost recovery. The parties have satisfied their obligations under the Hart-Scott-Rodino Act, and the U.S. Department of Justice's review of the transaction is ongoing. In February 2012 the MPSC granted a certificate of public convenience and necessity and approved the estimated acquisition cost. In April 2012, facilities studies were issued indicating that long-term transmission service is available for the Hinds facility provided that supplemental transmission upgrades estimated at approximately $580,000 are made and assuming that various projects already included in the transmission construction plan are completed. The retail cost recovery proceeding remains pending before the MPSC. Assuming timely regulatory approvals and the satisfaction of all other closing conditions, closing is targeted for around mid-2012.

Dividends and Stock Repurchases

Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon Entergy's earnings, financial strength, and future investment opportunities. At its April 2012 meeting, the Board declared a dividend of $0.83 per share, which is the same quarterly dividend per share that Entergy has paid since second quarter 2010.

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Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the three months ended March 31, 2012 and 2011 were as follows:

	2012	2011
	(In Millions)	
Cash and cash equivalents at beginning of period	$694	$1,294
Cash flow provided by (used in):		
Operating activities	601	323
Investing activities	(749)	(897)
Financing activities	139	6
Net decrease in cash and cash equivalents	(9)	(568)
Cash and cash equivalents at end of period	$685	$726

Operating Activities

Entergy's cash flow provided by operating activities increased by $278 million for the three months ended March 31, 2012 compared to the three months ended March 31, 2011 primarily due to a decrease of $172 million in pension contributions and an increase in deferred fuel cost collections. Partially offsetting these factors were the decreases in net revenue that are discussed above. 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 used in investing activities decreased by $148 million for the three months ended March 31, 2012 compared to the three months ended March 31, 2011 primarily due to:

- a decrease in nuclear fuel purchases because of 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;
- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statements of Cash Flows, as Entergy received $95 million in net deposits from Entergy Wholesale Commodities' counterparties during 2012 and returned net deposits of $21 million in 2011. Entergy Wholesale Commodities' forward sales contracts are discussed in the Market and Credit Risk Sensitive Instruments section below; and
- an increase in construction expenditures, primarily in the Utility business resulting from spending on the power uprate project at Grand Gulf. Entergy's construction spending plans for 2012 through 2014 are discussed in the Form 10-K and are updated in the Capital Expenditure Plans and Other Uses of Capital section in this report.

Financing Activities

Net cash provided by financing activities increased by $133 million for the three months ended March 31, 2012 compared to the three months ended March 31, 2011 primarily due to the following:

·

Entergy repurchased $54 million of its common stock in the three months ended March 31, 2011. Entergy’s share repurchase programs are discussed in the Form 10-K.

- $51 million in proceeds from the sale in 2012 of a portion of Entergy Gulf States Louisiana’s investment in Entergy Holdings Company’s Class A preferred membership interests to a third party.

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- Long-term debt activity provided approximately $175 million of cash in 2012 compared to $133 million of cash in 2011. For details of Entergy's long-term debt activity in 2012 see Note 4 to the financial statements herein.

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

Entergy's Proposal to Join the MISO RTO

See the Form 10-K for a discussion of the Utility operating companies proposal to join the MISO RTO. Following are updates to that discussion.

On March 14, 2012, the LPSC Staff and intervenors filed direct testimony in Entergy Louisiana's and Entergy Gulf States Louisiana's joint change of control proceeding. In Entergy Arkansas's proceeding, the APSC Staff and intervenors filed direct testimony on March 16, 2012. Intervenors began filing direct testimony in the Entergy New Orleans and Entergy Mississippi proceedings on March 23, 2012 and April 23, 2012, respectively. Most parties were conditionally supportive of or did not oppose certifying the move to MISO as in the public interest. Several parties, including the LPSC Staff, proposed various conditions. The APSC Staff argued Entergy Arkansas has not proven that it is in the public interest to join MISO and noted that Entergy Arkansas should maintain the option to join SPP. On April 13, 2012, Entergy Arkansas filed rebuttal testimony addressing the claims made by parties challenging the MISO proposal, and on April 19, 2012, Entergy Gulf States Louisiana and Entergy Louisiana filed responsive testimony to the prefiled testimony of the LPSC Staff and intervenors. The LPSC hearing on the merits was completed on May 2, 2012. The APSC has established a procedural schedule with hearing the hearing on the merits commencing May 30, 2012. The MPSC has scheduled a hearing in July 2012. The City Council has scheduled a hearing in September 2012. Entergy Texas submitted its change of control filing on April 30, 2012.

In June 2011, MISO filed with the FERC a request for a transitional waiver of provisions of its open access transmission, energy, and operating reserve markets tariff regarding allocation of transmission network upgrade costs, in order to establish a transition for the integration of the Utility operating companies. In September 2011 the FERC issued an order denying on procedural grounds MISO's request, further advising MISO that submitting modified tariff sheets is the appropriate method for implementing the transition that MISO seeks for the Utility operating companies. The FERC did not address the merits of any transition arrangements that may be appropriate to integrate the Utility operating companies into MISO. MISO worked with its stakeholders to prepare the appropriate changes to its tariff and filed the proposed tariff changes with the FERC in November 2011. On April 19, 2012, the FERC conditionally accepted MISO's proposal related to the allocation of transmission upgrade costs in connection with the transition and integration of the Utility operating companies into MISO.

Entergy Corporation and Subsidiaries
Management's Financial Discussion and Analysis

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In addition, the Utility operating companies have agreed to give authority to the Entergy Regional State Committee (E-RSC), upon unanimous vote and within the first five years after the Utility operating companies join the MISO RTO, (i) to direct the allocation of certain transmission upgrade costs among the Utility operating companies' transmission pricing zones in a manner that differs from the allocation that would occur under the MISO OATT and (ii) to direct the Utility operating companies as transmission owners to add projects to MISO's transmission expansion plan.

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 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 fixed price 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 fixed price physical power contracts, Entergy Wholesale Commodities also uses financial contracts to hedge a portion of its commodity price risk. The following is a summary of the amount of Entergy Wholesale Commodities' planned energy output that is currently sold forward under physical or financial contracts (2012 represents the remainder of the year):

Entergy Wholesale Commodities Nuclear Portfolio

	2012	2013	2014	2015	2016
Energy					
Percent of planned generation sold forward (a):					
Unit-contingent (b)	60%	41%	14%	12%	12%
Unit-contingent with guarantee of availability (c)	18%	19%	15%	13%	13%
Firm LD (d)	24%	24%	20%	-%	-%
Offsetting positions (e)	(13)%	-%	-%	-%	-%
Total energy sold forward	89%	84%	49%	25%	25%
Planned generation (TWh) (f) (g)	31	40	41	41	40
Average revenue under contract per MWh (h)	$48	$45-50	$47-51	$49-57	$50-59
Capacity					
Percent of capacity sold forward (i):					
Bundled capacity and energy contracts (j)	16%	16%	16%	16%	16%
Capacity contracts (k)	43%	31%	25%	17%	5%
Total capacity sold forward	59%	47%	41%	33%	21%

Planned net MW in operation (g) (l)	5,011	5,011	5,011	5,011	5,011
Average revenue under contract per kW per month (applies to capacity contracts only) (h)	$2.3	$2.9	$3.1	$3.2	$3.4
Blended Capacity and Energy Recap (based on revenues)					
% of planned generation and capacity sold forward	92%	85%	54%	31%	30%
Average revenue under contract per MWh (h)	$50	$46	$48	$52	$51

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Entergy Wholesale Commodities Non-Nuclear Portfolio

	2012	2013	2014	2015	2016
Energy					
Percent of planned generation sold forward (a):					
Cost-based contracts (m)	41%	36%	30%	35%	32%
Firm LD (d)	5%	5%	5%	6%	6%
Total energy sold forward	46%	41%	35%	41%	38%
Planned generation (TWh) (f) (n)	5	7	7	6	6
Capacity					
Percent of capacity sold forward (i):					
Cost-based contracts (m)	35%	29%	24%	24%	24%
Bundled capacity and energy contracts (j)	8%	8%	8%	8%	8%
Capacity contracts (k)	52%	47%	47%	48%	20%
Total capacity sold forward	95%	84%	79%	80%	52%
Planned net MW in operation (l) (n)	1,052	1,052	1,052	1,052	1,052

(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

(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 effect dispatch

(g) Assumes NRC license renewal for plants whose current licenses expire within five years and uninterrupted normal operation at all plants. NRC license renewal applications are in process for three units, as follows (with current license expirations in parentheses): Pilgrim (June 2012), Indian Point 2 (September 2013), and Indian Point 3 (December 2015). For a discussion regarding the continued operation of the Vermont Yankee plant, see "Impairment of Long-Lived Assets" in Note 1 to the financial statements in the Form

10-K and “Vermont Yankee” in Note 11 to the financial statements herein.

(h) Revenue on a per unit basis at which generation output, capacity, or a combination of both is expected to be sold to third parties (including offsetting positions), given existing contract or option exercise prices based on expected dispatch or capacity, excluding the revenue associated with the amortization of the below-market PPA for Palisades. Revenue may fluctuate due to factors including positive or negative basis differentials, option premiums and market prices at time of option expiration, costs to convert firm LD to unit-contingent, and other risk management costs. Also, average revenue under contract excludes payments owed under the value sharing agreement with NYPA.

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

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

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

(l) Amount of capacity to be available to generate power and/or sell capacity considering uprates planned to be completed during the year. The increased capacity figure for the nuclear portfolio from the 10-K reflects the final testing and confirmation of a small incremental increase in output associated with equipment replacements at Palisades.

(m) 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 service territory, which do not operate under market-based rate authority. The percentage sold assumes approval of long-term transmission rights. Includes sales to the Utility through 2013 of 121 MW of capacity and energy from Entergy Power sourced from Independence Steam Electric Station Unit 2.

(n) 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 accounted for under the equity method of accounting and from the 544 MW Ritchie plant that is not planned to operate.

Entergy estimates that a $10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on March 31, 2012 market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax net income of $41 million in 2012.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' power plants contain provisions that require an Entergy subsidiary to provide collateral to secure its obligations under the agreements. The Entergy subsidiary is required to provide collateral based upon the difference between the current market and contracted power prices in the regions where Entergy Wholesale Commodities sells power. The primary form of collateral to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of collateral. At March 31, 2012, based on power prices at that time, Entergy had liquidity exposure of $271 million under the guarantees in place supporting Entergy Wholesale Commodities transactions, $20 million of guarantees that support letters of credit, and $6 million of posted cash collateral to the ISOs. As of March 31, 2012, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements would increase by $71 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 March 31, 2012, Entergy would have been required to provide approximately $45 million of additional cash or letters of credit under some of the agreements.

As of March 31, 2012, substantially all of the counterparties or their guarantors for 100% of the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2016 have public investment grade credit ratings.

Nuclear Matters

After the nuclear incident in Japan resulting from the March 2011 earthquake and tsunami, the NRC established a task force to conduct a review of processes and regulations relating to nuclear facilities in the United States. The task force issued a near term (90-day) report in July 2011 that made initial recommendations, which were subsequently refined and prioritized after input from stakeholders. The task force then issued a second report in September 2011. Based upon the task force's recommendations, the NRC issued three orders effective on March 12, 2012. The three orders require U.S. nuclear operators, including Entergy, to undertake plant modifications or perform additional analyses that will, among other things, result in increased operating and capital costs associated with operating Entergy's nuclear plants. The orders are being analyzed and an estimate of the increased costs cannot be made at this time.

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With the issuance of the three orders, the NRC also provided members of the public an opportunity to request a hearing. Two established anti-nuclear groups, Pilgrim Watch and Beyond Nuclear, have filed hearing requests, focused on Pilgrim, regarding two of the three orders. These requests seek to have the NRC impose expanded remedial requirements to address the issues raised by the NRC's orders. Entergy has filed oppositions to these hearing requests.

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. For updates of the impairment of long-lived assets discussion regarding Vermont Yankee see Note 11 to the financial statements herein.

New Accounting Pronouncements

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

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the Three Months Ended March 31, 2012 and 2011
(Unaudited)

	2012	2011
	(In Thousands, Except Share Data)	
OPERATING REVENUES		
Electric	$1,784,841	$1,865,899
Natural gas	46,008	71,123
Competitive businesses	552,810	604,186
TOTAL	2,383,659	2,541,208
OPERATING EXPENSES		
Operating and Maintenance:		
Fuel, fuel-related expenses, and		
gas purchased for resale	538,837	507,693
Purchased power	284,966	362,618
Nuclear refueling outage expenses	63,884	63,985
Asset impairment	355,524	-
Other operation and maintenance	721,635	655,748
Decommissioning	57,903	55,265
Taxes other than income taxes	137,170	125,234
Depreciation and amortization	280,215	264,885
Other regulatory charges (credits) - net	382	(5,111)
TOTAL	2,440,516	2,030,317
OPERATING INCOME (LOSS)	(56,857)	510,891
OTHER INCOME		
Allowance for equity funds used during construction	24,307	17,289
Interest and investment income	40,992	26,747
Miscellaneous - net	(17,990)	(9,399)
TOTAL	47,309	34,637
INTEREST EXPENSE		
Interest expense	146,745	136,134
Allowance for borrowed funds used during construction	(9,391)	(8,534)
TOTAL	137,354	127,600
INCOME (LOSS) BEFORE INCOME TAXES	(146,902)	417,928
Income tax expense (benefit)	(162)	164,250
CONSOLIDATED NET INCOME (LOSS)	(146,740)	253,678
Preferred dividend requirements of subsidiaries	4,943	5,015

NET INCOME (LOSS) ATTRIBUTABLE TO ENTERGY CORPORATION	$(151,683)	$248,663
Earnings (loss) per average common share:		
Basic	$(0.86)	$1.39
Diluted	$(0.86)	$1.38
Dividends declared per common share	$0.83	$0.83
Basic average number of common shares outstanding	176,865,363	178,834,342
Diluted average number of common shares outstanding	177,388,045	180,083,830

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2012 and 2011
(Unaudited)

	2012	2011
	(In Thousands)	
Net Income (loss)	$(146,740)	$253,678
Other comprehensive income (loss)		
Cash flow hedges net unrealized gain (loss) (net of tax expense (benefit) of $75,494 and ($34,635))	145,435	(58,208)
Pension and other postretirement liabilities (net of tax expense of $3,876 and $1,093)	6,266	4,259
Net unrealized investment gains (net of tax expense of $49,138 and $25,340)	50,107	24,685
Foreign currency translation (net of tax expense of $167 and $161)	311	299
Other comprehensive income (loss)	202,119	(28,965)
Comprehensive Income	55,379	224,713
Preferred dividend requirements of subsidiaries	4,943	5,015
Comprehensive Income Attributable to Entergy Corporation	$50,436	$219,698

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2012 and 2011
(Unaudited)

	2012	2011
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income (loss)	$(146,740)	$253,678
Adjustments to reconcile consolidated net income (loss) to net cash flow		
provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	450,009	422,411
Deferred income taxes, investment tax credits, and non-current taxes accrued	38,858	173,784
Asset impairment	355,524	-
Changes in working capital:		
Receivables	156,202	102,711
Fuel inventory	(20,213)	(12,508)
Accounts payable	(145,599)	(154,398)
Prepaid taxes and taxes accrued	(89,583)	(63,918)
Interest accrued	(32,194)	(67,978)
Deferred fuel	77,405	(66,548)
Other working capital accounts	(34,753)	(102,294)
Changes in provisions for estimated losses	(15,030)	(779)
Changes in other regulatory assets	60,857	48,889
Changes in pensions and other postretirement liabilities	(4,764)	(190,958)
Other	(49,479)	(18,991)
Net cash flow provided by operating activities	600,500	323,101
INVESTING ACTIVITIES		
Construction/capital expenditures	(563,539)	(486,561)
Allowance for equity funds used during construction	25,448	17,289
Nuclear fuel purchases	(201,059)	(300,975)
Changes in securitization account	940	6,360
NYPA value sharing payment	(72,000)	(72,000)
Payments to storm reserve escrow account	(1,483)	(1,736)
Receipts from storm reserve escrow account	861	-
Decrease (increase) in other investments	93,786	(21,212)
Proceeds from nuclear decommissioning trust fund sales	535,551	492,682
Investment in nuclear decommissioning trust funds	(567,780)	(530,672)
Net cash flow used in investing activities	(749,275)	(896,825)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2012 and 2011
(Unaudited)

	2012	2011
	(In Thousands)	
FINANCING ACTIVITIES		
Proceeds from the issuance of:		
Long-term debt	1,034,945	411,444
Preferred stock	51,000	-
Common stock and treasury stock	32,826	12,280
Retirement of long-term debt	(859,648)	(278,084)
Repurchase of common stock	-	(54,404)
Changes in credit borrowings - net	32,782	68,244
Dividends paid:		
Common stock	(146,674)	(148,678)
Preferred stock	(5,582)	(5,015)
Net cash flow provided by financing activities	139,649	5,787
Effect of exchange rates on cash and cash equivalents	(310)	(298)
Net decrease in cash and cash equivalents	(9,436)	(568,235)
Cash and cash equivalents at beginning of period	694,438	1,294,472
Cash and cash equivalents at end of period	$685,002	$726,237
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	$134,655	$164,563
Income taxes	$35,992	$(4,380)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
March 31, 2012 and December 31, 2011
(Unaudited)

	2012	2011
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$63,117	$81,468
Temporary cash investments	621,885	612,970
Total cash and cash equivalents	685,002	694,438
Securitization recovery trust account	49,364	50,304
Accounts receivable:		
Customer	452,926	568,558
Allowance for doubtful accounts	(30,079)	(31,159)
Other	145,677	166,186
Accrued unbilled revenues	260,539	298,283
Total accounts receivable	829,063	1,001,868
Deferred fuel costs	69,924	209,776
Accumulated deferred income taxes	4,650	9,856
Fuel inventory - at average cost	222,345	202,132
Materials and supplies - at average cost	896,633	894,756
Deferred nuclear refueling outage costs	230,514	231,031
System agreement cost equalization	36,800	36,800
Prepayments and other	452,042	291,742
TOTAL	3,476,337	3,622,703
OTHER PROPERTY AND INVESTMENTS		
Investment in affiliates - at equity	45,769	44,876
Decommissioning trust funds	4,039,319	3,788,031
Non-utility property - at cost (less accumulated depreciation)	259,867	260,436
Other	419,661	416,423
TOTAL	4,764,616	4,509,766
PROPERTY, PLANT AND EQUIPMENT		
Electric	39,300,676	39,385,524
Property under capital lease	808,790	809,449
Natural gas	345,981	343,550
Construction work in progress	2,025,005	1,779,723
Nuclear fuel	1,499,219	1,546,167
TOTAL PROPERTY, PLANT AND EQUIPMENT	43,979,671	43,864,413
Less - accumulated depreciation and amortization	18,392,874	18,255,128
PROPERTY, PLANT AND EQUIPMENT - NET	25,586,797	25,609,285
DEFERRED DEBITS AND OTHER ASSETS		

Regulatory assets:		
Regulatory asset for income taxes - net	730,467	799,006
Other regulatory assets (includes securitization property of $989,503 as of March 31, 2012 and $1,009,103 as of December 31, 2011)	4,577,018	4,636,871
Deferred fuel costs	258,534	172,202
Goodwill	377,172	377,172
Accumulated deferred income taxes	31,271	19,003
Other	1,128,012	955,691
TOTAL	7,102,474	6,959,945
TOTAL ASSETS	$40,930,224	$40,701,699

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
March 31, 2012 and December 31, 2011
(Unaudited)

	2012	2011
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	$315,275	$2,192,733
Notes payable	141,113	108,331
Accounts payable	916,248	1,069,096
Customer deposits	354,178	351,741
Taxes accrued	188,652	278,235
Accumulated deferred income taxes	94,126	99,929
Interest accrued	151,318	183,512
Deferred fuel costs	279,723	255,839
Obligations under capital leases	3,692	3,631
Pension and other postretirement liabilities	46,341	44,031
System agreement cost equalization	74,207	80,090
Other	345,781	283,531
TOTAL	2,910,654	4,950,699
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	8,163,494	8,096,452
Accumulated deferred investment tax credits	282,140	284,747
Obligations under capital leases	37,471	38,421
Other regulatory liabilities	809,729	728,193
Decommissioning and asset retirement cost liabilities	3,352,820	3,296,570
Accumulated provisions	370,761	385,512
Pension and other postretirement liabilities	3,126,583	3,133,657
Long-term debt (includes securitization bonds of $1,048,894 as of March 31, 2012 and $1,070,556 as of December 31, 2011)	12,121,105	10,043,713
Other	560,697	501,954
TOTAL	28,824,800	26,509,219
Commitments and Contingencies		
Subsidiaries' preferred stock without sinking fund	186,510	186,511
EQUITY		
Common Shareholders' Equity:		
Common stock, $.01 par value, authorized 500,000,000 shares; issued 254,752,788 shares in 2012 and in 2011	2,548	2,548
Paid-in capital	5,352,256	5,360,682
Retained earnings	9,148,262	9,446,960
Accumulated other comprehensive income (loss)	33,667	(168,452)

Less - treasury stock, at cost (77,601,080 shares in 2012 and 78,396,988 shares in 2011)	5,622,473	5,680,468
Total common shareholders' equity	8,914,260	8,961,270
Subsidiaries' preferred stock without sinking fund	94,000	94,000
TOTAL	9,008,260	9,055,270
TOTAL LIABILITIES AND EQUITY	$40,930,224	$40,701,699
See Notes to Financial Statements.		

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2012 and 2011
(Unaudited) (In Thousands)

		Common Shareholders' Equity					
	Subsidiaries' Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2010	$ 94,000	$ 2,548	$ (5,524,811)	$ 5,367,474	$ 8,689,401	$ (38,212)	$ 8,590,400
Consolidated net income (a)	5,015	-	-	-	248,663	-	253,678
Other comprehensive loss	-	-	-	-	-	(28,965)	(28,965)
Common stock repurchases	-	-	(54,404)	-	-	-	(54,404)
Common stock issuances related to stock plans	-	-	22,930	(956)	-	-	21,974
Common stock dividends declared	-	-	-	-	(148,530)	-	(148,530)
Preferred dividend requirements of subsidiaries (a)	(5,015)	-	-	-	-	-	(5,015)
Balance at March 31, 2011	$ 94,000	$ 2,548	$ (5,556,285)	$ 5,366,518	$ 8,789,534	$ (67,177)	$ 8,629,138
Balance at December 31, 2011	$ 94,000	$ 2,548	$ (5,680,468)	$ 5,360,682	$ 9,446,960	$ (168,452)	$ 9,055,270
Consolidated net income (loss) (a)	4,943	-	-	-	(151,683)	-	(146,740)
Other comprehensive income	-	-	-	-	-	202,119	202,119