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Steven K. Strickland
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T.R.A. DOCKET ROOM

September 29, 2006

Ms. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

PAID T.R.A.	
Chk #	2453
Amount	25.00
Rcvd By	SS
Date	10/2/06

Re: Tennessee Regulatory Authority Docket No. 06-00253
Entergy Arkansas, Inc. Request for Approval to enter
into certain financing transactions during the years 2007
through 2009

Dear Chairman Kyle:

Attached for filing with the Tennessee Regulatory Authority (TRA) are the original and four hard copies along with a compact disc containing a copy of the following documents supporting Entergy Arkansas, Inc.'s request for approval to enter into certain proposed financing transactions during 2007 through 2009:

- 1) EAI's Application and supporting Direct Testimony of EAI witness Steven C. McNeal filed July 12, 2006, in Arkansas Public Service Commission (APSC) Docket No. 06-096-U for approval to enter into certain financing transactions during the years 2007 through 2009;
- 2) APSC Designation Order No. 1 issued July 17, 2006;
- 3) EAI's Amended Application and supporting Supplemental Testimony of EAI witness Steven C. McNeal filed September 19, 2006;
- 4) Prepared Testimony of APSC Staff witness Donna Gray filed September 22, 2006, recommending approval of EAI's Amended Application and her recommended reporting requirements on the financial transactions; and
- 5) APSC Order No. 2 issued September 29, 2006, approving EAI's Amended Application and adoption of reporting requirements as stated in Ms. Gray's September 22, 2006 testimony.

EAI is requesting that the TRA issue an order approving or concurring with the APSC Order as expeditiously as possible which will allow EAI the authority to enter into these proposed financial transactions pursuant to TENN. CODE ANN. § 65-4-109. The bond underwriters require APSC and TRA approval of the

proposed financing transactions described in EAI's Application. The bond underwriters also require that the 60-day period following the issuance of the TRA Order be completed prior to EAI entering into these proposed financial transactions described in its Amended Application. Therefore, EAI requests that the TRA act to consider this request and issue an order by October 31, 2006 to allow for the 60-day period to be completed by December 31, 2006.

Attached is a check in the amount of \$25.00 for EAI's filing fee.

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-4457 or Mr. Will Morgan at (501) 377-5489.

Sincerely,

A handwritten signature in black ink, appearing to read "SKS/tj", written in a cursive style.

SKS/tj
Attachments

ARK. P.S.C.
JUL 12 2 56 PM '06

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO)
CERTAIN FINANCING TRANSACTIONS)
BETWEEN JANUARY 1, 2007, AND)
DECEMBER 31, 2009)

DOCKET NO. 06-096-U

APPLICATION

COMES NOW ENTERGY ARKANSAS, INC. ("EAI" or the "Company"),
and for its Application states:

1. This Application is filed pursuant to Ark. Code Ann. § 23-3-103, et. seq. and Rules 4 and 5 of the Rules of Practice and Procedure ("RPP") of the Arkansas Public Service Commission ("APSC" or the "Commission"). EAI is subject to the jurisdiction of the Commission and is also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") as an electric utility subsidiary of Entergy Corporation, which is a public utility holding company. The Tennessee Regulatory Authority ("TRA") also regulates the issuances of securities by EAI. EAI must, therefore, comply with applicable rules and regulations promulgated by the FERC and the TRA and, as hereinafter described in greater detail, secure certain approvals of the TRA in connection with the

proposed transactions described in herein, in addition to those approvals it must obtain from this Commission.

2. EAI is a corporation organized under the laws of the State of Arkansas and is a public utility as defined by Ark. Code Ann. § 23-1-101, et. seq. The Company's principal office is located at the Metropolitan Bank Building, 425 West Capitol Avenue, Little Rock, Arkansas 72201. The Company's property consists of facilities for the generation, transmission, and distribution of electric power and energy to the public and of other property necessary to repair, maintain, and operate those facilities. These properties and facilities are located principally in the State of Arkansas. Certain distribution and transmission facilities for wholesale customers are located in the State of Missouri, and distribution lines for retail customers situated wholly on the west side of the main channel of the Mississippi River are located in a small portion of the State of Tennessee and served by EAI.

I. ISSUANCE AND SALE OF FIRST MORTGAGE BONDS

3. Pursuant to Ark. Code Ann. § 23-3-104, EAI hereby applies to the Commission for an order authorizing it from time to time not earlier than January 1, 2007, and not later than December 31, 2009, to issue and sell one or more series of its first mortgage bonds (the "Bonds" or "First Mortgage Bonds") in such principal amounts as EAI may elect, which combined amounts, in the aggregate, shall not exceed the sum of \$900 million. The Bonds of each series

will be due not less than one year nor more than 50 years after their respective dates of issuance.

4. The combined principal amounts of the Company's outstanding First Mortgage Bonds that mature or are otherwise redeemable over the next three years are \$900 million.

5. Each series of Bonds will be sold at such price, will bear interest at such rate (which may be an adjustable rate), and will mature on such date as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Bonds will be by means of competitive bidding or a negotiated public offering or private placement with institutional investors in order to secure the advantage of an advanced marketing effort and the best available terms. Because the markets for the Bonds are constantly fluctuating, it is not possible to forecast the precise interest rate for any series of the Bonds at this time.

6. Each series of Bonds is to be issued as a new series of First Mortgage Bonds under EAI's Mortgage and Deed of Trust, dated as of October 1, 1944, to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and Henry A. Theis (Stanley Burg, successor), Co-Trustee, and Marvin A. Mueller (The Bank of New York Trust Company, National Association, successor), Co-Trustee as to certain Missouri property, as Trustees, as heretofore supplemented and as proposed to be further supplemented by

additional supplemental indentures thereto (the "Mortgage"). A copy of the Mortgage, as supplemented, has previously been filed with the Commission. A copy of the proposed form of supplemental indenture relating to each series of the Bonds is attached hereto as EAI Exhibit A.

7. The Mortgage constitutes a first mortgage lien on all of the properties presently owned by EAI (except as stated below), subject to (a) leases of minor portions of the Company's property to others for uses that do not interfere with the conduct of the Company's business, (b) leases of certain EAI property not used in its electric utility business, and (c) excepted encumbrances. There are excepted from the lien of the Mortgage all cash and securities; certain equipment, fuel, materials or supplies; automobiles and other vehicles and aircraft, timber, minerals, mineral rights, and royalties; receivables, contracts, leases and operating agreements; and certain unimproved lands sold or to be sold. The Mortgage contains provisions for encumbering after-acquired property by the lien thereof, subject to limitation in the case of consolidation, merger, or sale of substantially all of EAI's assets.

8. EAI is obligated to make annual payments into sinking or improvement funds with respect to its First Mortgage Bonds of certain prior series, but, at the Company's election, one or more series of the Bonds may be issued without such requirements. If EAI elects to issue a series of Bonds subject to such requirements, or to similar requirements, such annual payments

may be made in cash, by principal amount of Bonds of such series that are outstanding, or with property additions.

9. The Mortgage does not limit the aggregate principal amount of First Mortgage Bonds that may be outstanding at any one time. The stockholders of EAI have consented to the issuance under the Mortgage of First Mortgage Bonds not exceeding an aggregate amount outstanding at any one time of \$5 billion. The aggregate amount of First Mortgage Bonds which was issued and outstanding under the Mortgage as of June 30, 2006, is approximately \$975 million (including \$74.9 million of Collateral Bonds, as defined below), all of which is secured by the lien of the Mortgage.

10. The net proceeds that EAI will receive from the issuance and sale of the Bonds will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal, or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through redemptions, tender offers, open market or negotiated purchase, or otherwise; and for other corporate purposes.

II. PREFERRED STOCK

11. EAI also requests authorization to create, issue, and sell, from time to time but not earlier than January 1, 2007, and not later December 31, 2009, one or more series of its \$100 Par Value, \$25 Par Value or Class A Preferred Stock, or any combination thereof, each such series consisting of such number of shares as EAI shall elect, provided however that the total number of such shares shall not exceed the number of shares authorized by the Company's Amended and Restated Articles of Incorporation (Articles of Incorporation), which is on file with the APSC and is hereby incorporated by reference. Such shares shall not have an aggregate par value or involuntary liquidation value, as the case may be, in excess of \$120 million. Each new series of the Preferred Stock shall have the same rank and relative rights as, and shall otherwise be identical to, each series of EAI's Preferred Stock presently issued and outstanding, except as follows: (i) the par value and/or involuntary liquidation value of each such new series may differ; (ii) the resolutions authorizing the creation of each such new series of the Preferred Stock may provide for different dividend rates, dates from which dividends shall commence to accumulate, redemption rates, and redemption restrictions, if any; and (iii) the holders of the \$25 Preferred Stock will not have the right to vote, consent to, or otherwise restrict EAI's ability to issue or assume unsecured indebtedness.

12. Each series of Preferred Stock will be sold at such price and have such dividend rate as will be determined at the time of sale. EAI anticipates that

the issuance and sale of each series of Preferred Stock will be by means of competitive bidding or a negotiated public offering or private placement with institutional investors to secure the advantage of an advanced marketing effort and/or the best available terms. Because the market for the Preferred Stock is constantly fluctuating, it is not possible to forecast the precise dividend rate for any series of the Preferred Stock at this time.

13. The Preferred Stock will be issued in accordance with EAI's Articles of Incorporation, which currently authorize the issuance of 3,730,000 shares of its \$100 Par Value Preferred Stock, 9,000,000 shares of its \$25 Par Value Preferred Stock, and 15,000,000 shares of its Class A Preferred Stock, of which 413,500 shares of the \$100 Par Value Preferred Stock and 3,000,000 shares of the \$25 Par Value Preferred Stock were issued and outstanding as of June 30, 2006.

14. The net proceeds that EAI will receive from the issuance and sale of the Preferred Stock will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through redemptions, tender offers, open market repurchase, or otherwise; and for other corporate purposes.

III. COMMON STOCK

15. EAI also requests authorization to issue and sell to Entergy Corporation, an aggregate amount of its common stock, \$0.01 par value per share ("Common Stock") not exceeding 8,000,000 shares, at a minimum price of \$12.50 per share, in one or more separate transactions occurring at such times as the Company deems appropriate, but not earlier than January 1, 2007, and not later than December 31, 2009, for an aggregate maximum consideration of \$200 million. EAI will enter into such agreements with Entergy Corporation for the sale and purchase of the Common Stock, to occur in such installments and at such times before December 31, 2009, as EAI and Entergy Corporation shall determine.

16. The Common Stock will be issued in accordance with the Company's Articles of Incorporation, which currently authorize the issuance of 325,000,000 shares of its Common Stock, of which 46,980,196 shares were issued and outstanding as of June 30, 2006.

17. The net proceeds that EAI will receive from the issuance and sale of the Common Stock will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through

redemptions, tender offers, open market repurchase, or otherwise; and for other corporate purposes.

IV. TAX-EXEMPT BONDS, COLLATERAL BONDS AND RELATED TRANSACTIONS

18. EAI proposes to enter into arrangements for the issuance and sale, by one or more governmental authorities (each an "Issuer"), of one or more series of tax-exempt bonds in an aggregate principal amount not to exceed \$240 million ("Tax-Exempt Bonds") at one time or from time to time not earlier than January 1, 2007, and not later than December 31, 2009. The Company would enter into one or more leases, installment sales, refunding, loan, or similar agreements and/or one or more supplements or amendments thereto (collectively, the "Facilities Agreement") contemplating the issuance and sale by the Issuer(s) of one or more series of Tax-Exempt Bonds pursuant to one or more trust indentures and/or one or more supplements thereto (collectively, the "Indenture") between the Issuer and one or more trustees (collectively, the "Trustee"). The proceeds of the sale of Tax-Exempt Bonds, net of any underwriters' discounts or other expenses payable from proceeds, will be applied to acquire and construct certain pollution control or sewage and solid waste disposal facilities at EAI's generating plants ("Facilities") or to refinance outstanding Tax-Exempt Bonds issued for that purpose.

19. Payments made by EAI under the Facilities Agreement will be in amounts sufficient (together with any other moneys held by the Trustee under the Indenture and available for such purpose) to pay the principal of, and the premium, if any, thereon, together with interest accrued or to accrue on, the related series of Tax-Exempt Bonds as the same become due and payable, and such payments will be made directly to the Trustee pursuant to an assignment and pledge thereof by the Issuer to the Trustee as set forth in the Indenture. Under the Facilities Agreement, EAI also will be obligated to pay (a) the fees and charges of the Trustee and any registrar or paying agent under the Indenture, (b) all expenses necessarily incurred by the Issuer in connection with its rights and obligations under the Facilities Agreement, (c) all expenses necessarily incurred by the Issuer or the Trustee under the Indenture in connection with the transfer or exchange of Tax-Exempt Bonds, and (d) all other payments that the Company agrees to pay under the Facilities Agreement.

20. The Indenture may provide that, upon the occurrence of certain events relating to the operation of all or a portion of the Facilities financed, the Tax-Exempt Bonds will be redeemable by the Issuer, at the direction of EAI. Any series of Tax-Exempt Bonds may be made subject to a mandatory cash sinking fund under which stated portions of the Tax-Exempt Bonds may be subject to mandatory redemption in other cases. The payments by EAI under the Facilities Agreement in such circumstances shall be sufficient (together with any other moneys held by the Trustee under the Indenture and available therefor) to pay

the principal of all the Tax-Exempt Bonds to be redeemed or retired and the premium, if any, thereon, together with interest accrued or to accrue to the redemption date on such Tax-Exempt Bonds.

21. The Tax-Exempt Bonds will mature not less than one year from the first day of the month of issuance nor later than 40 years from the date of issuance. Tax-Exempt Bonds will be subject to optional redemption, at the direction of EAI, in whole or in part, at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the redemption date, and at times, set forth in the Indenture.

22. The Facilities Agreement and the Indenture may provide for a fixed interest rate or for an adjustable interest rate for each series of Tax-Exempt Bonds as hereinafter described. No series of Tax-Exempt Bonds will be sold if the fixed interest rate or initial adjustable rate thereon would exceed the maximum interest rate permitted by applicable law. If the series of Tax-Exempt Bonds has an adjustable interest rate, the interest rate during the initial Rate Period would be determined in discussions between EAI and the purchasers thereof from the Issuer and would be based on the current market rate for comparable Tax-Exempt Bonds having a maturity comparable to the length of the initial Rate Period. Thereafter, for each subsequent Rate Period, the interest rate on such Tax-Exempt Bonds would be that rate (subject to a specified maximum rate) which will be sufficient to permit the remarketing of Tax-Exempt Bonds of

such series at their principal amount. Such interest rates would be determined based on the market rates for Tax-Exempt Bonds of comparable maturity and quality. The following subparagraphs (a) through (d) relate to Tax-Exempt Bonds having an adjustable interest rate:

(a) The term "Rate Period," as used herein, means a period during which the interest rate on such Tax-Exempt Bonds bearing an adjustable rate (or method of determination of such interest rate) is fixed. The initial Rate Period would commence on the date as of which interest begins to accrue on such Tax-Exempt Bonds. The length of each Rate Period would be not less than one day nor more than the remaining term to maturity of the Tax-Exempt Bonds.

(b) The Facilities Agreement and Indenture would provide that holders of Tax-Exempt Bonds would have the right to tender or would be required to tender their Tax-Exempt Bonds and have them purchased at a price equal to the principal amount thereof, plus any accrued and unpaid interest thereon, on dates specified in, or established in accordance with, the Indenture. A Tender Agent may be appointed to facilitate the tender of any Tax-Exempt Bonds by holders. Any holders of Tax-Exempt Bonds wishing to have their Tax-Exempt Bonds purchased may be required to deliver their Tax-Exempt Bonds during a specified period of time preceding such purchase date to the Tender Agent, if one shall be appointed, or to the Remarketing Agent appointed to offer such tendered Tax-Exempt Bonds for sale.

(c) The Facilities Agreement would obligate EAI to pay amounts equal to the amounts to be paid by the Remarketing Agent or the Tender Agent pursuant to the Indentures for the purchases of Tax-Exempt Bonds as tendered by holders. Such amounts shall be paid by the Company on the dates payments by the Remarketing Agent or the Tender Agent are to be made. However, the obligation of EAI to make any such payment under the Agreement would be reduced by the amount of any other moneys available therefor, including the proceeds of the sale of such tendered Tax-Exempt Bonds by the Remarketing Agent.

(d) Upon the delivery of such Tax-Exempt Bonds by holders to the Remarketing Agent or the Tender Agent for purchase, the Remarketing Agent would use its best efforts to sell such Tax-Exempt Bonds at a price equal to the stated principal amount of such Tax-Exempt Bonds.

23. In order to obtain a more favorable rating on one or more series of the Tax-Exempt Bonds, and, thereby improve the marketability thereof, EAI may arrange for an irrevocable letter of credit from a bank (the "Bank") in favor of the Trustee. In such event, payments with respect to principal, premium, if any, interest, and purchase obligations in connection with any such Tax-Exempt Bonds coming due during the term of such letter of credit would be secured by, and payable from funds drawn under, the letter of credit. In order to induce the Bank to issue such letter of credit, the Company would enter into a Letter of Credit Reimbursement Agreement ("Reimbursement Agreement") with the Bank

pursuant to which EAI would agree to reimburse the Bank for all amounts drawn under such letter of credit within a specified period after the date of the draw and with interest thereon.

24. It is anticipated that the Reimbursement Agreement would require the payment by EAI to the Bank of annual letter-of-credit fees and perhaps an up-front fee. Any such letter of credit may expire or be terminated prior to the maturity date of any such Tax-Exempt Bonds, and, in connection with such expiration or termination, such Tax-Exempt Bonds may be made subject to mandatory redemption or purchase on or prior to the date of expiration or termination of such letter of credit, possibly subject to the right of owners of such Tax-Exempt Bonds not to have their Tax-Exempt Bonds redeemed or purchased. Provision may be made for extension of the term of such letter of credit or for the replacement thereof, upon its expiration or termination, by another letter of credit from the Bank or a different bank.

25. In addition, or as an alternative, to the security provided by a letter of credit, in order to obtain a more favorable rating on one or more series of Tax-Exempt Bonds, and consequently improve the marketability thereof, EAI may determine (a) to provide an insurance policy for the payment of the principal of and/or premium on such Tax-Exempt Bonds, and/or (b) to provide security for holders of such Tax-Exempt Bonds and/or the Bank equivalent to the security afforded to holders of first mortgage bonds outstanding under the Company's

Mortgage by obtaining the authentication of and pledging one or more new series of EAI's First Mortgage Bonds ("Collateral Bonds") under the Mortgage as it may be supplemented.

26. Collateral Bonds would be issued on the basis of unfunded net property additions and/or previously-retired first mortgage bonds, and would be delivered to the Trustee under the Indenture and/or to the Bank in order to evidence and secure EAI's obligation to pay the purchase price of the related Facilities or repay the loan made by the Issuer under the Facilities Agreement, and/or in order to evidence and secure the Company's obligation to reimburse the Bank under the Reimbursement Agreement. Collateral Bonds could be issued in several ways. First, if the Tax-Exempt Bonds bear a fixed interest rate, Collateral Bonds could be issued in a principal amount equal to the principal amount of such Tax-Exempt Bonds and bear interest at a rate equal to the rate of interest on such Tax-Exempt Bonds. Second, they could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds plus an amount equal to interest thereon for a specified period. In such a case, such Collateral Bonds would bear no interest. Third, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or in such amount plus an amount equal to interest thereon for a specified period, but carry a fixed interest rate that would be lower than the fixed rate of such Tax-Exempt Bonds. Fourth, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds at an

adjustable rate of interest, varying with the rate of such Tax-Exempt Bonds but having a "cap" above which the interest on Collateral Bonds could not rise. The terms of any Collateral Bonds relating to maturity, interest payment dates, if any, redemption provisions, and acceleration will correspond to the terms of the related Tax-Exempt Bonds. Upon issuance, the terms of any Collateral Bonds will not vary during the life of such series, except for the interest rate in the event such Collateral Bonds bear interest at an adjustable rate. The maximum aggregate principal amount of Collateral Bonds shall be \$270 million (which \$270 million of Collateral Bonds is not included in the \$900 million of Bonds for which authorization is sought pursuant to Section I above).

27. In one or more Facilities Agreements, EAI may grant, or promise to grant in the future, a subordinated lien on some or all of its property, or some other form of collateral, to the Trustee under the Indenture for that series of Tax-Exempt Bonds to provide security for the Company's obligation under the Facilities Agreements.

28. It is contemplated that the Tax-Exempt Bonds will be sold by the Issuer pursuant to arrangements with an underwriter or a group of underwriters or by private placement in a negotiated sale or sales. EAI will not be a party to the underwriting or placement arrangements. However, the Facilities Agreement will provide that the terms of the Tax-Exempt Bonds, and their sale by the Issuer, shall be satisfactory to the Company. EAI expects that interest payable on the

Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Federal income tax purposes under the provisions of Section 103 of the Internal Revenue Code of 1986, as amended to the date of issuance of Tax-Exempt Bonds (except for interest on any Tax-Exempt Bond during a period in which it is held by a person who is a "substantial user" of the Facilities or a "related person" within the meaning of Section 147(a) of such Code). EAI also expects that interest payable on the Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Arkansas income tax purposes under Ark. Code Ann. § 14-267-112.

V. GENERAL INFORMATION

29. The Company's Application, together with the financing plan proposed herein, was approved by the Company's Board of Directors by unanimous written consent effective as of June 30, 2006. Excerpts from the consent setting forth the resolutions approving the Application and the financing plan are attached hereto as EAI Exhibit B.

30. EAI estimates its aggregate expenses in connection with the issuance and sale of the initial series and any subsequent series of the First Mortgage Bonds, and the Preferred Stock, the Common Stock, and the Tax-Exempt Bonds and Collateral Bonds will be as reflected in EAI Exhibit C attached hereto.

31. EAI states that after the issuance of the First Mortgage Bonds, the Preferred Stock, the Common Stock and Tax-Exempt Bonds, the aggregate amount of all of its outstanding stock, bonds, notes and other evidences of indebtedness will not exceed the fair value of EAI's properties and the reasonable cost of the issuance and sale of the First Mortgage Bonds, the Preferred Stock, the Common Stock and the Tax-Exempt Bonds.

32. Attached hereto is EAI Exhibit D, consisting of the following:

- (1) Balance Sheet per books as of March 31, 2006, and Pro Forma after giving effect to the proposed transactions.
- (2) Earnings Statement for the 12 months ended March 31, 2006, per books, and Pro Forma after giving effect to the proposed transactions.

33. In its Order No. 2 in Docket No. 03-139-U, the APSC provided EAI with a three-year authorization subject to the restrictions and limits in the Company's application. EAI requests in this current application the continuation of a three-year financing period to facilitate its long-range planning and to achieve the administrative efficiency of a three-year term.

34. In order to take advantage of favorable capital market conditions, it is essential that EAI be able to proceed with the authority requested herein when presented with opportunities to enhance its financial flexibility and/or reduce its

capital cost. EAI's current authorization to engage in certain financing transactions, granted by Order No. 2 and affirmed in Order No. 3 and clarified in Order No. 5 in Docket No. 03-139-U, expires on December 31, 2006. However, EAI's financing transactions must also be approved by the TRA, which usually will not act on an application until it has been approved by the APSC. The Company would expect to receive a final order from the TRA approximately 90 days after this Commission has approved EAI's Application. Therefore, EAI requests that the Commission consider and act on this Application expeditiously and enter an order on or before September 1, 2006.

35. EAI requests that the following individuals be shown on the service list of this Docket:

Steve Strickland,
Vice President, Regulatory Affairs
Entergy Arkansas, Inc.
P. O. Box 551
Little Rock, Arkansas 72203
Telephone: (501) 377-4457

Tucker Raney,
Assistant General Counsel
Entergy Services, Inc.
P. O. Box 551
Little Rock, Arkansas 72203
Telephone: (501) 377-4372

WHEREFORE, ENTERGY ARKANSAS, INC. respectfully requests that the Commission enter its order on or before September 1, 2006:

(a) authorizing the Company to issue and sell in one or more series, from time to time not earlier than January 1, 2007, and not later December 31, 2009, in each case in a manner described herein: (i) First Mortgage Bonds in an aggregate principal amount not to exceed \$900 million; (ii) the Preferred Stock, in an aggregate par value or involuntary liquidation value, as the case may be, not to exceed \$120 million; (iii) Common Stock, not to exceed 8,000,000 shares, at a minimum price of \$12.50 per share, for an aggregate maximum consideration of \$200 million; and (iv) the Tax-Exempt Bonds in an aggregate principal amount not to exceed \$240 million, and Collateral Bonds in an aggregate principal amount not to exceed \$270 million (separate and apart from the authorization requested herein relating to the issuance and sale of First Mortgage Bonds); and, in connection therewith, the Company requests authorization to enter into the Facilities Agreement related thereto as contemplated hereby;


(b) authorizing the Company to apply the proceeds from the sale of the First Mortgage Bonds, the Preferred Stock, the Common Stock and the Tax-Exempt Bonds for the purposes set forth herein;

(c) authorizing the Company to take all other action and to enter into all other agreements necessary therefor; and

(d) granting all other proper relief.

DATED this 12th day of July, 2006.

ENTERGY ARKANSAS, INC.

By: 

Steven K. Strickland
Vice President, Regulatory Affairs
Entergy Arkansas, Inc.
P. O. Box 551
Little Rock, AR 72203
Telephone: (501) 377-4457

ENTERGY ARKANSAS, INC.

TO

DEUTSCHE BANK TRUST COMPANY AMERICAS

(successor to Guaranty Trust Company of New York)

AND

STANLEY BURG

(successor to Henry A. Theis)

AND

(as to property, real or personal, situated or being in Missouri)

THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION

(successor to Marvin A. Mueller)

**As Trustees under Entergy Arkansas, Inc.'s Mortgage and Deed of Trust,
Dated as of October 1, 1944**

SUPPLEMENTAL INDENTURE

**Providing among other things for
First Mortgage Bonds, ____% Series due ____ (____ Series)**

Dated as of _____

SUPPLEMENTAL INDENTURE

INDENTURE, dated as of ___, between ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas, whose post office address is 425 West Capitol, Little Rock, Arkansas 72201 (hereinafter sometimes called the "Company"), and DEUTSCHE BANK TRUST COMPANY AMERICAS (successor to Guaranty Trust Company of New York), a corporation of the State of New York, whose post office address is 60 Wall Street, MS NYC 60-2515, New York, New York 10005 (hereinafter sometimes called the "Corporate Trustee"), and STANLEY BURG (successor to Henry A. Theis), and (as to property, real or personal, situated or being in Missouri) THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION (successor to Marvin A. Mueller), whose mailing address is 911 Washington Avenue, St. Louis, Missouri 63101 (said Stanley Burg being hereinafter sometimes called the "Co-Trustee", and said The Bank of New York Trust Company, National Association being hereinafter sometimes called the "Missouri Co-Trustee", and the Corporate Trustee, the Co-Trustee and the Missouri Co-Trustee being hereinafter together sometimes called the "Trustees"), as Trustees under the Mortgage and Deed of Trust, dated as of October 1, 1944 (hereinafter sometimes called the "Mortgage"), which Mortgage was executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this indenture (hereinafter called the " Supplemental Indenture") being supplemental thereto.

WHEREAS, the Mortgage was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of July 7, 1949, was executed by the Company appointing Herbert E. Twyeffort as Co-Trustee in succession to Henry A. Theis (resigned) under the Mortgage, and by Herbert E. Twyeffort accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of March 1, 1960, was executed by the Company appointing Grainger S. Greene as Co-Trustee in succession to Herbert E. Twyeffort (resigned) under the Mortgage, and by Grainger S. Greene accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Twenty-first Supplemental Indenture mentioned below, the Company, among other things, appointed John W. Flaherty as Co-Trustee in succession to Grainger S. Greene (resigned) under the Mortgage, and John W. Flaherty accepted said appointment; and

WHEREAS, by the Thirty-third Supplemental Indenture mentioned below, the Company, among other things, appointed Marvin A. Mueller as Missouri Co-Trustee under the Mortgage, and Marvin A. Mueller accepted said appointment; and

WHEREAS, by the Thirty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed The Boatmen's National Bank of St. Louis as Missouri Co-Trustee in succession to Marvin A. Mueller (resigned) under the Mortgage, and The Boatmen's National Bank of St. Louis accepted said appointment; and

WHEREAS, an instrument, dated as of September 1, 1994, was executed by the Company appointing Bankers Trust Company as Trustee, and Stanley Burg as Co-Trustee, in succession to Morgan Guaranty Trust Company of New York (resigned) and John W. Flaherty (resigned), respectively, under the Mortgage and Bankers Trust Company and Stanley Burg accepted said appointments, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Fifty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed Peter D. Van Cleve as Missouri Co-Trustee in succession to The Boatmen's National Bank of St. Louis (resigned) under the Mortgage, and Peter D. Van Cleve accepted said appointment; and

WHEREAS, by an instrument, dated as of May 31, 2000, the Company appointed BNY Trust Company of Missouri as Missouri Co-Trustee in succession to Peter D. Van Cleve (resigned) under the Mortgage, and BNY Trust Company of Missouri accepted said appointment, and said instrument was appropriately filed or recorded in various official records in the State of Missouri; and

WHEREAS, by an instrument, dated as of April 15, 2002, filed with the Banking Department of the State of New York, Bankers Trust Company, Trustee, effected a corporate name change pursuant to which, effective such date, it is known as Deutsche Bank Trust Company Americas; and

WHEREAS, by an instrument dated November 1, 2004, filed with the Office of the Comptroller of the Currency in Colorado, BNY Trust Company of Missouri merged into BNY Missouri Interim Trust Company, National Association, and by an instrument dated November 1, 2004, filed with the Office of the Comptroller of the Currency in Colorado, BNY Missouri Interim Trust Company, National Association, merged into The Bank of New York Trust Company, National Association; and

WHEREAS, by the Sixty-third Supplemental Indenture mentioned below, the Company, the Corporate Trustee, Stanley Burg, as Co-Trustee, and The Bank of New York Trust Company, National Association, as Missouri Co-Trustee, appointed Jeffrey Schroeder to serve as a Missouri Co-Trustee under the Mortgage, and Jeffrey Schroeder accepted such appointment; and

WHEREAS, by an instrument effective as of February 28, 2005, Jeffrey Schroeder resigned as a Missouri Co-Trustee; and

WHEREAS, by the Mortgage the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do

such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired and intended to be subject to the lien thereof; and

WHEREAS, the Company executed and delivered to the Trustees the following supplemental indentures:

<u>Designation</u>	<u>Dated as of</u>
First Supplemental Indenture.....	July 1, 1947
Second Supplemental Indenture	August 1, 1948
Third Supplemental Indenture	October 1, 1949
Fourth Supplemental Indenture.....	June 1, 1950
Fifth Supplemental Indenture	October 1, 1951
Sixth Supplemental Indenture.....	September 1, 1952
Seventh Supplemental Indenture	June 1, 1953
Eighth Supplemental Indenture.....	August 1, 1954
Ninth Supplemental Indenture	April 1, 1955
Tenth Supplemental Indenture.....	December 1, 1959
Eleventh Supplemental Indenture.....	May 1, 1961
Twelfth Supplemental Indenture.....	February 1, 1963
Thirteenth Supplemental Indenture.....	April 1, 1965
Fourteenth Supplemental Indenture.....	March 1, 1966
Fifteenth Supplemental Indenture.....	March 1, 1967
Sixteenth Supplemental Indenture	April 1, 1968
Seventeenth Supplemental Indenture.....	June 1, 1968
Eighteenth Supplemental Indenture.....	December 1, 1969
Nineteenth Supplemental Indenture.....	August 1, 1970
Twentieth Supplemental Indenture	March 1, 1971
Twenty-first Supplemental Indenture	August 1, 1971
Twenty-second Supplemental Indenture.....	April 1, 1972
Twenty-third Supplemental Indenture	December 1, 1972
Twenty-fourth Supplemental Indenture.....	June 1, 1973
Twenty-fifth Supplemental Indenture.....	December 1, 1973
Twenty-sixth Supplemental Indenture.....	June 1, 1974
Twenty-seventh Supplemental Indenture	November 1, 1974
Twenty-eighth Supplemental Indenture.....	July 1, 1975
Twenty-ninth Supplemental Indenture	December 1, 1977
Thirtieth Supplemental Indenture	July 1, 1978
Thirty-first Supplemental Indenture	February 1, 1979
Thirty-second Supplemental Indenture.....	December 1, 1980
Thirty-third Supplemental Indenture	January 1, 1981
Thirty-fourth Supplemental Indenture	August 1, 1981
Thirty-fifth Supplemental Indenture	February 1, 1982
Thirty-sixth Supplemental Indenture	December 1, 1982
Thirty-seventh Supplemental Indenture.....	February 1, 1983
Thirty-eighth Supplemental Indenture.....	December 1, 1984

<u>Designation</u>	<u>Dated as of</u>
Thirty-ninth Supplemental Indenture.....	December 1, 1985
Fortieth Supplemental Indenture.....	July 1, 1986
Forty-first Supplemental Indenture.....	July 1, 1989
Forty-second Supplemental Indenture	February 1, 1990
Forty-third Supplemental Indenture.....	October 1, 1990
Forty-fourth Supplemental Indenture	November 1, 1990
Forty-fifth Supplemental Indenture	January 1, 1991
Forty-sixth Supplemental Indenture	August 1, 1992
Forty-seventh Supplemental Indenture.....	November 1, 1992
Forty-eighth Supplemental Indenture	June 15, 1993
Forty-ninth Supplemental Indenture.....	August 1, 1993
Fiftieth Supplemental Indenture	October 1, 1993
Fifty-first Supplemental Indenture.....	October 1, 1993
Fifty-second Supplemental Indenture	June 15, 1994
Fifty-third Supplemental Indenture.....	March 1, 1996
Fifty-fourth Supplemental Indenture	March 1, 1997
Fifty-fifth Supplemental Indenture	March 1, 2000
Fifty-sixth Supplemental Indenture	July 1, 2001
Fifty-seventh Supplemental Indenture.....	March 1, 2002
Fifty-eighth Supplemental Indenture	November 1, 2002
Fifty-ninth Supplemental Indenture.....	May 1, 2003
Sixtieth Supplemental Indenture.....	June 1, 2003
Sixty-first Supplemental Indenture.....	June 15, 2003
Sixty-second Supplemental Indenture	October 1, 2004
Sixty-third Supplemental Indenture.....	January 1, 2005
Sixty-fourth Supplemental Indenture.....	March 1, 2005
Sixty-fifth Supplemental Indenture	May 1, 2005
Sixty-sixth Supplemental Indenture	June 1, 2006

which supplemental indentures were appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming, as applicable; and

WHEREAS, in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, as supplemented, the following series of First Mortgage Bonds:

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
3 1/8% Series due 1974.....	\$30,000,000	None

2 7/8% Series due 1977.....	11,000,000	None
3 1/8% Series due 1978.....	7,500,000	None
2 7/8% Series due 1979.....	8,700,000	None
2 7/8% Series due 1980.....	6,000,000	None
3 5/8% Series due 1981.....	8,000,000	None
3 1/2% Series due 1982.....	15,000,000	None
4 1/4% Series due 1983.....	18,000,000	None
3 1/4% Series due 1984.....	7,500,000	None
3 3/8% Series due 1985.....	18,000,000	None
5 5/8% Series due 1989.....	15,000,000	None
4 7/8% Series due 1991.....	12,000,000	None
4 3/8% Series due 1993.....	15,000,000	None
4 5/8% Series due 1995.....	25,000,000	None
5 3/4% Series due 1996.....	25,000,000	None
5 7/8% Series due 1997.....	30,000,000	None
7 3/8% Series due 1998.....	15,000,000	None
9 1/4% Series due 1999.....	25,000,000	None
9 5/8% Series due 2000.....	25,000,000	None
7 5/8% Series due 2001.....	30,000,000	None
8 % Series due August 1, 2001	30,000,000	None
7 3/4% Series due 2002.....	35,000,000	None
7 1/2% Series due December 1, 2002	15,000,000	None
8 % Series due 2003.....	40,000,000	None
8 1/8% Series due December 1, 2003	40,000,000	None
10 1/2% Series due 2004.....	40,000,000	None
9 1/4% Series due November 1, 1981.....	60,000,000	None
10 1/8% Series due July 1, 2005.....	40,000,000	None
9 1/8% Series due December 1, 2007	75,000,000	None
9 7/8% Series due July 1, 2008.....	75,000,000	None
10 1/4% Series due February 1, 2009	60,000,000	None
16 1/8% Series due December 1, 1986	70,000,000	None
4 1/2% Series due September 1, 1983	\$1,202,000	None
5 1/2% Series due January 1, 1988	598,310	None
5 5/8% Series due May 1, 1990	1,400,000	None
6 1/4% Series due December 1, 1996	3,560,000	None
9 3/4% Series due September 1, 2000	4,600,000	None
8 3/4% Series due March 1, 1998	9,800,000	None
17 3/8% Series due August 1, 1988	75,000,000	None
16 1/2% Series due February 1, 1991	80,000,000	None
13 3/8% Series due December 1, 2012	75,000,000	None
13 1/4% Series due February 1, 2013	25,000,000	None
14 1/8% Series due December 1, 2014.....	100,000,000	None
Pollution Control Series A.....	128,800,000	None
10 1/4% Series due July 1, 2016.....	50,000,000	None
9 3/4% Series due July 1, 2019.....	75,000,000	None
10% Series due February 1, 2020	150,000,000	None

10 3/8% Series due October 1, 2020.....	175,000,000	None
Solid Waste Disposal Series A	21,066,667	None
Solid Waste Disposal Series B.....	28,440,000	None
7 1/2% Series due August 1, 2007	100,000,000	None
7.90% Series due November 1, 2002.....	25,000,000	None
8.70% Series due November 1, 2022.....	25,000,000	None
Pollution Control Series B	46,875,000	46,875,000
6.65% Series due August 1, 2005	115,000,000	None
6 % Series due October 1, 2003.....	155,000,000	None
7 % Series due October 1, 2023	175,000,000	None
Pollution Control Series C	20,319,000	20,319,000
Pollution Control Series D.....	9,586,400	9,586,400
8 3/4% Series due March 1, 2026	85,000,000	None
7% Series due March 1, 2002	85,000,000	None
7.72 % Series due March 1, 2003	100,000,000	None
6 1/8 % Series due July 1, 2005	100,000,000	None
6.70% Series due April 1, 2032	100,000,000	100,000,000
6.00% Series due November 1, 2032.....	100,000,000	100,000,000
5.40% Series due May 1, 2018	150,000,000	150,000,000
5.90% Series due June 1, 2033	100,000,000	100,000,000
5% Series due July 1, 2018.....	115,000,000	115,000,000
6.38% Series due November 1, 2034.....	60,000,000	60,000,000
5.66% Series due February 1, 2025	175,000,000	175,000,000
5% Pollution Control Series E.....	45,000,000	45,000,000
4.50 % Series due June 1, 2010	100,000,000	100,000,000
Pollution Control Series F	56,378,000	56,378,000

which bonds are also hereinafter sometimes called bonds of the First through ____ Series, respectively; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the

Company may cure any ambiguity contained therein or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds, hereinafter referred to as bonds of the _____ Series, which term shall include the Private Bonds of the _____ Series and the Exchange Bonds of the _____ Series (each as defined herein), unless the context otherwise requires, and (pursuant to the provisions of Section 120 of the Mortgage) to add to its covenants and agreements contained in the Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it and to alter and amend in certain respects the covenants and provisions contained in the Mortgage, as heretofore supplemented; and

WHEREAS, the execution and delivery by the Company of this Supplemental Indenture, and the terms of the bonds of the _____ Series, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Company, in consideration of the premises and of One Dollar to it duly paid by the Trustees at or before the enrolling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modifications made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, hypothecates, affects, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto The Bank of New York Trust Company, National Association (as to property, real or personal, situated or being in Missouri) and Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) to Deutsche Bank Trust Company Americas, as Trustees under the Mortgage, and to their successor or successors in said trust, and to them and their successors and assigns forever, all property, real, personal or mixed, of any kind or nature acquired by the Company after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this _____ Supplemental Indenture) all lands, power sites, flowage rights, water rights, water locations, water

appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto; all street and interurban railway and transportation lines and systems, terminal systems and facilities; all bridges, culverts, tracks, railways, sidings, spurs, wyes, roadbeds, trestles and viaducts; all overground and underground trolleys and feeder wires; all telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof, all machinery, engines, boilers, dynamos, electric, gas and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture and chattels; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments, prescriptions, servitudes and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) after the date hereof, except any herein or in the Mortgage, as heretofore supplemented, expressly excepted, shall be and are as fully granted and conveyed hereby and by the Mortgage and as fully embraced within the lien hereof and the lien of the Mortgage, as heretofore supplemented, as if such property, rights and franchises were now owned by the Company and were specifically described herein or in the Mortgage and conveyed hereby or thereby.

PROVIDED THAT the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged,

hypothecated, affected, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this ____ Supplemental Indenture and from the lien and operation of the Mortgage, as heretofore supplemented, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for the purpose of repairing or replacing (in whole or in part) any street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles or other vehicles or aircraft, and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles and other vehicles and all aircraft; (3) bills, notes and accounts receivable, judgments, demands and choses in action, and all contracts, leases and operating agreements not specifically pledged under the Mortgage, as heretofore supplemented, or covenanted so to be; the Company's contractual rights or other interest in or with respect to tires not owned by the Company; (4) the last day of the term of any lease or leasehold which may hereafter become subject to the lien of the Mortgage; (5) electric energy, gas, ice, and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties; (6) the Company's franchise to be a corporation; (7) the properties heretofore sold or in the process of being sold by the Company and heretofore released from the Mortgage and Deed of Trust dated as of October 1, 1926 from Arkansas Power & Light Company to Guaranty Trust Company of New York, trustee, and specifically described in a release instrument executed by Guaranty Trust Company of New York, as trustee, dated October 13, 1938, which release has heretofore been delivered by the said trustee to the Company and recorded by the Company in the office of the Recorder for Garland County, Arkansas, in Record Book 227, Page 1, all of said properties being located in Garland County, Arkansas; and (8) any property heretofore released pursuant to any provisions of the Mortgage and not heretofore disposed of by the Company; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage, as heretofore supplemented, and this ____ Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that any or all of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, hypothecated, affected, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto The Bank of New York Trust Company, National Association (as to property, real or personal, situated or being in Missouri), and unto Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) unto Deutsche Bank Trust Company Americas, as Trustees, and their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this _____ Supplemental Indenture being supplemental to the Mortgage.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors in the trust in the same manner and with the same effect as if said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustees, by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successors in said trust under the Mortgage, as follows:

ARTICLE I

____ SERIES OF BONDS

SECTION 1. There shall be a series of bonds designated “____% Series due _____” (herein sometimes called the “_____Series”), each of which shall also bear the descriptive title “First Mortgage Bond”, and the form thereof, which shall be established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the _____Series (which shall be initially issued in the aggregate principal amount of \$_____) shall mature on _____, shall be issued as fully registered bonds in the denomination of One Thousand Dollars and, at the option of the Company, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof), shall bear interest at the rate of _____% per annum, the first interest payment to be made on _____, for the period from _____to _____with subsequent interest payments payable semi-annually on _____and _____of each year (each an “Interest Payment Date”), shall be dated as in Section 10 of the Mortgage provided, and the principal of and interest on each said bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Interest on the bonds of the _____Series will be computed on the basis of a 360-day year of twelve 30-day months. In any case where any Interest Payment Date, redemption date or maturity of any bond of the _____Series shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect, and in the same amount, as if made on the corresponding Interest Payment Date or redemption date, or at maturity, as the case may be, and, if such payment is made or duly provided for on such

Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, redemption date or maturity, as the case may be, to such Business Day. "Business Day" means any day, other than a Saturday or a Sunday, or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Corporate Trustee is closed for business.

So long as all of the bonds of the ____ Series are held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest on the bonds of the ____ Series shall be the Business Day immediately preceding the corresponding Interest Payment Date; provided, however, that the record date for the payment of interest which is paid after such Interest Payment Date, shall be the Business Day immediately preceding the date on which such interest is paid. Interest on the bonds of the ____ Series shall be paid to the Person in whose name such bonds of the ____ Series are registered at the close of business on the record date for the corresponding Interest Payment Date.

(I) The Company has entered into a Registration Rights Agreement dated as of ____ (the "Registration Rights Agreement") with the initial purchasers of the Bonds of the ____ Series pursuant to which the Bonds of the ____ Series that are issued and sold without registration (the "Private Bonds of the ____ Series") under the Securities Act of 1933, as amended (the "Securities Act"), may be exchanged for Bonds of the ____ Series that will be registered under the Securities Act and that will otherwise have substantially the same terms as the Private Bonds of the ____ Series (the "Exchange Bonds of the ____ Series"), or, failing such exchange, the Company has agreed to file a shelf registration statement for the resale of the Private Bonds of the ____ Series. The Private Bonds of the ____ Series will be offered and sold by the Company in reliance on an exemption from registration under the Securities Act, and Private Bonds of the ____ Series will be exchanged for Exchange Bonds of the ____ Series only pursuant to an effective registration statement under the Securities Act and otherwise in accordance with the Registration Rights Agreement and the Mortgage. The Private Bonds of the ____ Series and the Exchange Bonds of the ____ Series will constitute a single series of bonds under the Mortgage. Exchange Bonds of the ____ Series shall be authenticated and delivered by the Trustee at one time or from time to time upon the written order or orders of the Company in principal amounts equal to the principal amounts of the Private Bonds of the ____ Series surrendered in exchange therefor.

(II) Form of Bonds of the ____ Series. The Bonds of the ____ Series, and the Corporate Trustee's authentication certificate to be executed on the Bonds of the ____ Series, shall be in substantially the following forms, respectively:

[FORM OF FACE OF BOND OF THE ____ SERIES]

[depository legend]

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[non-registration legend to be included on Private Bonds of the ____ Series]

THIS SECURITY (OR PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR PURSUANT TO AN APPLICABLE EXEMPTION THEREFROM OR A TRANSACTION NOT SUBJECT THERETO. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE THEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (I) TO THE COMPANY, (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN A TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, OR IN A TRANSACTION NOT SUBJECT TO, THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE

REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CLAUSES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER OF THIS SECURITY ACKNOWLEDGES THAT THE COMPANY RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER (1) PURSUANT TO CLAUSE (IV) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY.

[registration rights legend to be included on Private Bonds of the __Series]

BY ITS ACCEPTANCE OF THE SECURITIES EVIDENCED HEREBY OR A BENEFICIAL INTEREST IN SUCH SECURITIES, THE HOLDER OF, AND ANY PERSON THAT ACQUIRES A BENEFICIAL INTEREST IN, SUCH SECURITIES AGREES TO BE BOUND BY THE PROVISIONS OF THE REGISTRATION RIGHTS AGREEMENT (THE "REGISTRATION RIGHTS AGREEMENT") DATED AS OF ____ AND RELATING TO THE REGISTRATION UNDER THE SECURITIES ACT OF SECURITIES EXCHANGEABLE FOR THE SECURITIES EVIDENCED HEREBY AND REGISTRATION OF THE SECURITIES EVIDENCED HEREBY.

(TEMPORARY REGISTERED BOND)

No. TR-____
\$

CUSIP

ENTERGY ARKANSAS, INC.
FIRST MORTGAGE BOND, __% SERIES
DUE _____

ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas (hereinafter called the Company), for value received, hereby promises to pay to CEDE & CO. or registered assigns, on _____ at the office or agency of the Company in the Borough of Manhattan, The City of New York,

_____ DOLLARS

in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon from _____, if the date of this bond is prior to ____, or if the date of this bond is on or after ____, from the _____ next preceding the date of this bond to which interest has been paid (unless the date hereof is an interest payment date to which interest has been paid, in which case from the date hereof), at the rate of __% per annum in like coin or currency at said office or agency on _____ of each year, commencing _____, until the principal of this bond shall have become due and payable, and to pay interest on any overdue principal and (to the extent that payment of such interest is enforceable under the applicable law) on any overdue installment of interest at the rate of 6% per annum. [If the Company does not comply with certain of its obligations under the Registration Rights Agreement, this bond shall, in accordance with Section 2(e) of the Registration Rights Agreement, bear additional interest ("Additional Interest") in addition to the interest provided for in the immediately preceding sentence. For purposes of this bond, the term "interest" shall be deemed to include interest provided for in the second immediately preceding sentence and Additional Interest, if any.]* So long as this bond is held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest hereon shall be the Business Day (as defined in the _____ Supplemental Indenture referred to below) immediately preceding the date on which interest is due; provided, however, that the record date for the payment of interest which is paid after the date on which such interest is due, shall be the Business Day immediately preceding the date on which such interest is paid. Interest hereon shall be paid to the Person in whose name this bond is registered at the close of business on the record date for the payment of such interest. If any interest payment date for this bond falls on a day that is not a Business Day, the payment of interest will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such interest payment date. If the maturity date or any redemption date of this bond falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal being redeemed if on a redemption date) will be

* Include bracketed language only in a Private Bond of the _____ Series

made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

This bond is a temporary bond and is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, __% Series due __, all bonds of all series issued and to be issued under and equally secured (except insofar as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust (herein, together with any indenture supplemental thereto, including the ____ Supplemental Indenture dated as of __, called the Mortgage), dated as of October 1, 1944, executed by the Company to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and Henry A. Theis (Stanley Burg, successor) and, as to property, real or personal, situated or being in Missouri, Marvin A. Mueller (The Bank of New York Trust Company, National Association, successor), as Trustees. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by such affirmative vote or votes of the holders of bonds then outstanding as are specified in the Mortgage.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

In the manner prescribed in the Mortgage, this bond is transferable by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer duly executed by the registered owner or by his duly authorized attorney, and thereupon a new fully registered temporary or definitive bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustees shall be affected by any notice to the contrary.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

In the manner prescribed in the Mortgage, this temporary bond is exchangeable at the office or agency of the Company in the Borough of Manhattan, The City of New York, without charge, for a definitive bond or bonds of the same series of a like aggregate principal amount when such definitive bonds are prepared and ready for delivery.

As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten days next preceding any interest payment date for bonds of said series, or next preceding any designation of bonds of said series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

The bonds of this series are subject to redemption as provided in the _____ Supplemental Indenture.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall be construed in accordance with and governed by the laws of the State of New York.

This bond shall not become obligatory until Deutsche Bank Trust Company Americas, the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, by his signature or a facsimile thereof, on _____.

ENTERGY ARKANSAS, INC.

By _____
(Name)
(Title)

Attest:

(Name)
(Title)

CORPORATE TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

DEUTSCHE BANK TRUST
COMPANY AMERICAS,
as Corporate Trustee

By _____
Authorized Officer

(III) The bonds of the ____ Series shall be redeemable at the option of the Company, in whole or in part, on not less than 30 days nor more than 60 days notice prior to the date fixed for redemption, (a) at any time prior to ____, at a redemption price equal to the greater of (i) 100% of the principal amount of such bonds of the ____ Series to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of (x) the present value of the payment on _ of the principal amount of such bonds of the ____ Series to be redeemed plus (y) the sum of the present values of the remaining scheduled payments of interest on such bonds of the ____ Series to be redeemed to ____ (excluding the portion of any such interest accrued to such redemption date), discounted (for purposes of determining such present values) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus __%, and (b) at any time on or after ____, prior to maturity of the bonds of the ____ Series, at a redemption price equal to 100% of the principal amount of such bonds of the ____ Series to be redeemed, plus, in each case, accrued and unpaid interest thereon to the redemption date.

As used herein, the following defined terms shall have the respective meanings specified unless the context clearly requires otherwise:

The term "Adjusted Treasury Rate" shall mean, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after __, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

(2) if such release (or any successor release) is not published during the week preceding the calculation date for the Adjusted Treasury Rate or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

The term "Comparable Treasury Issue" shall mean the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to ____ 1, ____ that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to ____, 1, ____.

The term "Comparable Treasury Price" shall mean, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

The term "Independent Investment Banker" shall mean one of the Reference Treasury Dealers that the Company appoints to act as the Independent Investment Banker from time to time, or, if any of such firms is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

The term "Reference Treasury Dealer" shall mean (i) _____ and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Company.

The term "Reference Treasury Dealer Quotations" shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m. on the third Business Day preceding such redemption date.

(IV) At the option of the registered owner, any bonds of the ____ Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the _____ Series shall be transferable, upon the surrender thereof for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the ____ Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but the Company

hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of said Series.

Upon the delivery of this ____ Supplemental Indenture and upon compliance with the applicable provisions of the Mortgage, as heretofore supplemented, there shall be an initial issue of bonds of the ____ Series for the aggregate principal amount of \$ ____.

~~ARTICLE III~~ ARTICLE II

MISCELLANEOUS PROVISIONS

~~SECTION 3.~~ SECTION 2. The holders of the bonds of the ____ Series shall be deemed to have consented and agreed that the Company may, but shall not be obligated to, fix a record date for the purpose of determining the holders of the bonds of the ____ Series entitled to consent to any amendment or supplement to the Mortgage or the waiver of any provision thereof or any act to be performed thereunder. If a record date is fixed, those persons who were holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

~~SECTION 4.~~ SECTION 3. Subject to the amendments provided for in this ____ Supplemental Indenture, the terms defined in the Mortgage and the First through ____ Supplemental Indentures shall, for all purposes of this ____ Supplemental Indenture, have the meanings specified in the Mortgage and the First through ____ Supplemental Indentures.

~~SECTION 5.~~ SECTION 4. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions herein and in the Mortgage and in the First through ____ Supplemental Indentures set forth and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this ____ Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XVII of the Mortgage, as heretofore amended, shall apply to and form part of this ____ Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this ____ Supplemental Indenture.

~~SECTION 6.~~ SECTION 5. Whenever in this ____ Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, as heretofore amended, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this ____ Supplemental Indenture contained by or on behalf of the Company, or by or on

behalf of the Trustees, or any of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

| ~~SECTION 7.~~SECTION 6. Nothing in this _____ Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this _____ Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises or agreements Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

| ~~SECTION 8.~~SECTION 7. This _____ Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

| ~~SECTION 9.~~SECTION 8. This _____ Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK TRUST COMPANY AMERICAS has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by, one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Associates for and in its behalf, and STANLEY BURG has hereunto set his hand and affixed his seal, and THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Assistant Secretaries or one of its Assistant Treasurers or one of its Assistant Vice Presidents for and in its behalf, as of the day and year first above written.

ENTERGY ARKANSAS, INC.

By: _____
(Name)
(Title)

Attest:

(Name)
(Title)

Executed, sealed and delivered by
ENTERGY ARKANSAS, INC.
in the presence of:

DEUTSCHE BANK TRUST COMPANY
AMERICAS,
As Corporate Trustee

By: _____
(Title)

Attest:

(Title)

STANLEY BURG,
As Co-Trustee

_____ [L.S.]

Executed, sealed and delivered by
DEUTSCHE BANK TRUST COMPANY AMERICAS and STANLEY BURG
in the presence of:

THE BANK OF NEW YORK TRUST
COMPANY, NATIONAL ASSOCIATION
As Co-Trustee as to property, real or
personal, situated or being in Missouri

By: _____
(Title)

Attest:

(Title)

Executed, sealed and delivered by
THE BANK OF NEW YORK TRUST
COMPANY, NATIONAL ASSOCIATION
in the presence of:

STATE OF LOUISIANA)
) SS.:
PARISH OF ORLEANS)

On this _____ day of _____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said Parish and State, appeared in person the within named _____ and _____, to me personally well known, who stated that they were the _____ and _____, respectively, of ENTERGY ARKANSAS, INC., a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the _____ day of _____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that (s)he resides at _____, _____, _____; that (s)he is the _____ of ENTERGY ARKANSAS, INC., one of the corporations described in and which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that (s)he signed her/his name thereto by like order.

On the _____ day of _____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is the _____ of ENTERGY ARKANSAS, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said Parish and State the day and year last above written.

Notary Public
Parish of Orleans, State of Louisiana
My Commission is Issued For Life

S-5

[illegible]

On this _____ day of _____, before me, _____, the undersigned, personally appeared, STANLEY BURG, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

On the _____ day of _____, before me personally appeared STANLEY BURG, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, State of New Jersey
Qualified in Hudson County
Commission Expires _____

STATE OF _____)
) SS.:
CITY OF _____)

On this ___ day of ___, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said county and state, appeared _____ and _____, to me personally known, who stated that they were a _____ and _____, respectively, _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said Corporation; and further stated that they had so signed, executed and delivered the same for the consideration, uses and purposes therein mentioned and set forth.

On the ___ day of ___, before me personally appeared _____, to me personally known, who, being by me duly sworn, did depose and say that (s)he resided at _____; that (s)he is a _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, one of the corporations described in and which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that (s)he signed her/his name thereto by like authority.

On the ___ day of ___, before me appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is a _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said City and State the day and year last above written.

Notary Public, State of _____
Qualified in _____ County
Commission Expires _____

**Entergy Arkansas, Inc.
Excerpt from the Unanimous Written Consent
of the Board of Directors
dated June 30, 2006**

The undersigned, being all the Directors of Entergy Arkansas, Inc., an Arkansas corporation (the "Company"), do hereby waive all notice and the holding of a meeting, and pursuant to the provisions of Ark. Code Ann. § 4-27-821, do hereby take the following action without a meeting and consent to such action by our execution of this consent, intending it to have the same force and effect as a unanimous vote at a meeting:

RESOLVED, That subject to obtaining all requisite approvals, authorizations and consents, the Board of Directors hereby approves a new financing plan for the Company for the period January 1, 2007 through December 31, 2009, providing for (1) the issuance and sale by the Company, from time to time, of (a) one or more new series or sub-series of the Company's First Mortgage Bonds (the "Bonds") in a combined aggregate principal amount not to exceed \$900,000,000; (b) one or more new series of the Company's \$100 Preferred Stock, \$25 Preferred Stock or Class A Preferred Stock or any combination thereof (collectively, the "Preferred Stock") having an aggregate par and/or liquidation value not to exceed \$120,000,000; and (c) not in excess of 8,000,000 authorized but unissued additional shares of the Company's Common Stock, \$0.01 par value per share at a minimum per share price of \$12.50, which consideration the Board of Directors has determined is adequate, for an aggregate cash consideration not to exceed \$200,000,000, at such times and on such terms and conditions as the officers of the Company deem appropriate, subject to such further approvals of the Board of Directors and/or the Executive Committee as may be necessary or desirable; (2) the financing or refinancing, from time to time, of certain facilities, including but not limited to sewage and/or solid waste disposal or pollution control facilities regardless of whether such facilities have heretofore been the subject of such financing, to the greatest extent practicable, with the net proceeds of the issuance and sale of up to \$240,000,000 aggregate principal amount of tax-exempt bonds or notes (the "Tax-Exempt Bonds"), which may be secured by \$270,000,000 aggregate principal amount of the Company's first mortgage bonds, provided that the actual amount of such financing and structure of such arrangements shall be determined at a later date; (3) the renewal, extension or obtaining of new or replacement letters of credit or other credit facilities to support outstanding Tax-Exempt Bonds, and the purchase, redemption and/or remarketing of any such bonds, as provided for under existing arrangements and the fixing of interest rates or changing the interest rate determinations for any such bonds; (4) the negotiation

EAI Exhibit B

and execution of any loan, reimbursement, pledge, guaranty or indemnity agreements to support the financings contemplated in (1) through (3) above, (such financings being herein collectively referred to as the "New Financing Plan"); and (5) the acquisition (and retirement and cancellation), from time to time, by redemption (subject to any applicable mandatory or optional sinking fund provisions or not), tender offer, open market or negotiated purchases or otherwise, or refunding of all or a portion of one or more series of (a) the Company's outstanding First Mortgage Bonds, (b) the Company's outstanding Preferred Stock, (c) outstanding Tax-Exempt Bonds issued for the benefit of the Company, and/or (d) any other security heretofore or hereafter issued by the Company (the same being herein referred to collectively, as the "New Acquisition Program"), each and all with funds that are lawfully available for such purpose; and further

RESOLVED, That the officers of the Company, be, and each of them hereby is, subject to receipt of any necessary Board, Executive Committee or regulatory approvals and any contractual or legal restrictions, authorized and directed to implement the New Acquisition Program by effecting the retirement (by any methods or combination of methods specified in these resolutions) of any such outstanding First Mortgage Bonds, Tax-Exempt Bonds and any other security heretofore or hereafter issued by the Company as they, in their judgment, deem appropriate or desirable in the interests of the Company; and further

RESOLVED, That the officers of the Company be, and each of them hereby is, authorized to prepare, execute and file with the Arkansas Public Service Commission (the "APSC") and the Tennessee Regulatory Authority (the "TRA") applications and any and all amendments thereto together with any and all exhibits and other documents related thereto, as such officers may deem necessary or desirable for the purpose of obtaining the requisite authorizations of the APSC and the TRA for the New Financing Plan; and further

RESOLVED, That if any series of Bonds and/or the Preferred Stock is to be sold publicly, and is not otherwise the subject of a registration statement filed with the Securities and Exchange Commission (the "SEC"), the officers of the Company, be, and each of them hereby is, authorized to prepare, execute and file with the SEC one or more registration statements with respect thereto, each including a prospectus, on such form or forms as the officers of the Company determine to be advisable, and any and all amendments and supplements thereto, as such officers may deem necessary or desirable, together with any and all exhibits and documents related thereto, pursuant to the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder; and further

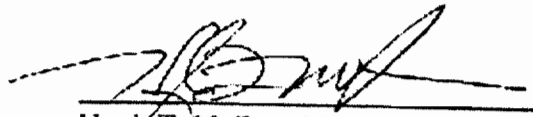
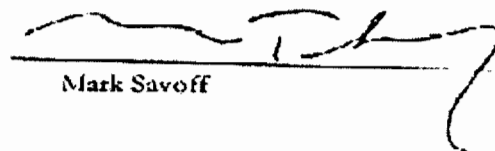
RESOLVED, That the Company, for the purposes of complying with the requirements of the blue sky laws of various states and/or other jurisdictions in connection with applications to register one or more new series or sub-series of the Bonds or Preferred Stock, does hereby irrevocably authorize the President or any Vice President, the Treasurer or any Assistant Treasurer and/or the Secretary or any Assistant

EAI Exhibit B

Secretary, or any of them, to execute for and on behalf of the Company, any necessary forms and/or other papers designated by the respective securities regulatory authorities of such states and/or jurisdictions, including consents to service of process, needed for the registration of such Bonds or Preferred Stock, and such officers of the Company, or any of them, are authorized to do everything necessary and proper to facilitate any public offering thereof in the various states and/or jurisdictions; and further

RESOLVED, That the officers of the Company be, and each of them hereby is, authorized and empowered, for and on behalf of the Company, to take or cause to be taken all steps and proceedings, and to do all such acts and things and to execute all such documents and instruments, as in their judgment may be necessary or appropriate to carry out and effectuate the purposes of the foregoing resolutions and the transactions contemplated thereby.

Effective Date: June 30, 2006


Hugh T. McDonald
Leo P. Denault
Mark Savoff
Richard J. Smith

ESTIMATE OF ISSUANCE EXPENSES*

	<u>INITIAL SERIES</u>	<u>EACH SUBSEQUENT SERIES</u>
FIRST MORTGAGE BONDS	\$480,000	\$130,000
PREFERRED STOCK	\$320,000	\$170,000
COMMON STOCK	\$30,000	\$20,000
TAX-EXEMPT BONDS, COLLATERAL BONDS	\$240,000	\$190,000

* The estimates of expenses in this exhibit were developed by category and reflect assumptions specific to each category. EAI Exhibit D-1 and EAI Exhibit D-2 reflect total expenses of issuance for all of the securities in the proposed plan. Total expenses were derived from these estimates. Total expenses are the sum of the Initial Series expenses listed above, plus an estimated number of subsequent issuances multiplied by the amount indicated in Each Subsequent Series above, plus an estimate of underwriting expenses.

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF MARCH 31, 2006
(IN THOUSANDS)

ASSETS	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT ASSETS				
Cash and cash equivalents:				
Cash	15,117			15,117
Temporary cash investments - at cost, which approximates market	29,246	(75,171)	88,397	42,472
Total cash and cash equivalents	44,363	(75,171)	88,397	57,589
Accounts receivable:				
Customer	100,500			100,500
Allowance for doubtful accounts	(15,490)			(15,490)
Associated companies	56,540			56,540
Other	66,373			66,373
Accrued unbilled revenues	53,681			53,681
Total accounts receivable	261,604	-	-	261,604
Deferred fuel costs	156,870			156,870
Fuel inventory - at average cost	27,211			27,211
Materials and supplies - at average cost	88,701			88,701
Deferred nuclear refueling outage costs	24,765			24,765
Prepayments and other	10,975			10,975
TOTAL	614,489	(75,171)	88,397	627,715
OTHER PROPERTY AND INVESTMENTS				
Investment in affiliates - at equity	11,206			11,206
Decommissioning trust funds	409,886			409,886
Non-utility property - at cost (less accumulated depreciation)	1,448			1,448
Other	2,976			2,976
TOTAL	425,516	-	-	425,516
UTILITY PLANT (AT ORIGINAL COST)				
Electric	6,391,536			6,391,536
Construction work in progress	143,189			143,189
Nuclear fuel	20,910			20,910
TOTAL UTILITY PLANT - EXCLUDING CAPITAL LEASES	6,555,635	-	-	6,555,635
Less - accumulated depreciation and amortization	2,882,779			2,882,779
NET UTILITY PLANT - EXCLUDING CAPITAL LEASES	3,672,856			3,672,856
Property under capital lease	8,943			8,943
Nuclear fuel under capital lease	79,109			79,109
UTILITY PLANT - NET	3,760,908	-	-	3,760,908
DEFERRED DEBITS AND OTHER ASSETS				
Regulatory assets:				
SFAS 109 regulatory asset - net	57,873			57,873
Other regulatory assets	463,501	682	16,681	480,864
Other	52,458			52,458
TOTAL	573,832	682	16,681	591,195
TOTAL ASSETS	5,374,745	(74,489)	105,078	5,405,334

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF MARCH 31, 2006
(IN THOUSANDS)

LIABILITIES AND SHAREHOLDERS' EQUITY	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT LIABILITIES				
Accounts payable:				
Associated companies	32,151			32,151
Other	124,063			124,063
Customer deposits	46,167			46,167
Taxes accrued	9,570			9,570
Accumulated deferred income taxes	35,615			35,615
Interest accrued	22,873			22,873
Obligations under capital leases	49,819			49,819
Other	23,140			23,140
TOTAL	343,398	-	-	343,398
NON-CURRENT LIABILITIES				
Accumulated deferred income taxes and taxes accrued	1,143,059			1,143,059
Accumulated deferred investment tax credits	62,959			62,959
Obligations under capital leases	38,233			38,233
Other regulatory liabilities	81,442			81,442
Decommissioning	449,598			449,598
Accumulated provisions	27,859			27,859
Long-term debt (schedule attached)	1,299,955	140	2,586	1,302,681
Other	297,371			297,371
TOTAL	3,400,476	140	2,586	3,403,202
Commitments and contingencies				
SHAREHOLDERS' EQUITY				
Preferred stock without sinking fund	191,350	(75,000)	3,650	120,000
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2006	470	-	80	550
Paid-in capital	589,547	-	96,090	685,637
Retained earnings	849,504	371	2,672	852,547
TOTAL	1,630,871	(74,629)	102,492	1,658,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,374,745	(74,489)	105,078	5,405,334

ENTERGY ARKANSAS, INC.
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MARCH 31, 2006
(IN THOUSANDS)

STATEMENT OF INCOME	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
OPERATING REVENUES				
Domestic Electric	\$1,869,317	\$ -	\$ -	\$1,869,317
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel and fuel-related expenses	87,819			87,819
Purchased power	766,575			766,575
Nuclear refueling outage expenses	28,930			28,930
Other operation and maintenance	398,703			398,703
Decommissioning	30,575			30,575
Taxes other than income taxes	38,794			38,794
Depreciation and amortization	204,877			204,877
Other regulatory credits	(3,773)			(3,773)
TOTAL	1,552,500	-	-	1,552,500
OPERATING INCOME	316,817	-	-	316,817
OTHER INCOME (DEDUCTIONS)				
Allowance for equity funds used during construction	9,557			9,557
Interest and dividend income	26,324			26,324
Miscellaneous - net	(2,661)			(2,661)
TOTAL	33,220	-	-	33,220
INTEREST AND OTHER CHARGES				
Interest on long-term debt	76,723	(612)	(488)	75,623
Other interest - net	6,579			6,579
Allowance for borrowed funds used during construction	(7,328)			(7,328)
TOTAL	75,974	(612)	(488)	74,874
INCOME BEFORE INCOME TAXES	274,063	612	488	275,163
Income taxes	102,436	241	192	102,869
NET INCOME	171,627	371	296	172,294
Preferred dividend requirements and other	7,870	-	(2,376)	5,494
EARNINGS APPLICABLE TO COMMON STOCK	\$163,757	\$ 371	\$ 2,672	\$166,800

ENTERGY ARKANSAS, INC.
DETAIL OF LONG-TERM DEBT
AS OF MARCH 31, 2006
(IN THOUSANDS)

LONG-TERM DEBT	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
First Mortgage Bonds				
4.50% Series due 2010	100,000	-	(100,000)	-
5.40% Series due 2018	150,000	-	(150,000)	-
5.00% Series due 2018	115,000	-	(115,000)	-
5.66% Series due 2025	175,000	-	(175,000)	-
6.70% Series due 2032	100,000	-	(100,000)	-
6.00% Series due 2032	100,000	-	(100,000)	-
5.90% Series due 2033	100,000	-	(100,000)	-
6.38% Series due 2034	60,000	-	(60,000)	-
Various series due at various dates (assumed 5.5% rate)	-	-	900,000	900,000
TOTAL FIRST MORTGAGE BONDS	900,000	-	-	900,000
Governmental Bonds				
Pope County, Arkansas 6.30% Series due 2016	19,500	-	(19,500)	-
Jefferson County, Arkansas 5.60% Series due 2017	45,500	(45,500)	-	-
Jefferson County, Arkansas 6.30% Series due 2018	9,200	(9,200)	-	-
Pope County, Arkansas 6.30% Series due 2020	120,000	-	(120,000)	-
Independence County, Arkansas 5.0% Series due 2021	45,000	-	(45,000)	-
Jefferson County, Arkansas 4.60% Series due 2017	-	54,700	(54,700)	-
Various series due at various dates (assumed 5% rate)	-	-	240,000	240,000
TOTAL GOVERNMENTAL BONDS	239,200	-	800	240,000
Nuclear Fuel Disposal Costs - DOE	162,726	-	-	162,726
Amount due within one year	-	-	-	-
Unamortized premium and discount on debt - net	(1,971)	140	1,786	(45)
TOTAL LONG-TERM DEBT	\$1,299,955	\$ 140	\$ 2,586	\$1,302,681

ADK
JUL 12 2 58 PM '06

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO)
CERTAIN FINANCING TRANSACTIONS)
BETWEEN JANUARY 1, 2007 AND)
DECEMBER 31, 2009)

DOCKET NO. 06- 096 -U

DIRECT TESTIMONY

OF

STEVEN C. MCNEAL

VICE PRESIDENT AND TREASURER

ENTERGY CORPORATION

ON BEHALF OF

ENTERGY ARKANSAS, INC.

JULY 12, 2006

1 **I. INTRODUCTION AND BACKGROUND**

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
3 OCCUPATION.

4 A. My name is Steven C. McNeal. My business address is 639 Loyola
5 Avenue, New Orleans, Louisiana, 70113. I am Vice President and
6 Treasurer of Entergy Corporation, Entergy Arkansas, Inc. ("EAI" or the
7 "Company"), Entergy Gulf States, Inc. ("EGSI"), Entergy Louisiana, LLC,
8 Entergy Mississippi, Inc., Entergy New Orleans, Inc., System Energy
9 Resources, Inc., Entergy Services, Inc. ("ESI"), and various other Entergy
10 affiliates.

11

12 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND,
13 PROFESSIONAL QUALIFICATIONS, AND PROFESSIONAL
14 EXPERIENCE.

15 A. I received a Bachelors of Science degree in Business and History from
16 Trinity University in San Antonio in 1979. I received an M.B.A. from
17 Tulane University in 1981.

18 I began my employment with ESI in January 1982. Since then, I
19 have held positions in Financial Planning, Risk Management, Corporate
20 Finance, and Treasury. I was named Vice President and Treasurer in
21 1998.

22 In my present position, I am responsible for treasury functions,
23 including executing financial strategies, arranging financings, performing

1 financial analyses, managing rating agency relations, managing
2 investment activities, overseeing cash management, managing bank
3 relations and managing financial liabilities.

4 I have oversight responsibilities for the execution of financings for
5 Entergy Corporation's domestic utilities and have executed certain
6 financings for other subsidiaries. As a part of this activity, I have regular
7 dialogue with capital market participants, including lenders, investment
8 bankers and institutional investors. I also have maintained active dialogue
9 with the bond rating agencies on behalf of Entergy Corporation and its
10 subsidiaries.

11

12 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

13 A. I am testifying on behalf of EAI.

14

15 Q. HAVE YOU EVER TESTIFIED IN A REGULATORY PROCEEDING?

16 A. Yes. I have submitted testimony to the Arkansas Public Service
17 Commission ("APSC" or the "Commission") in 1999, 2001, and 2003 in
18 connection with the application of EAI for authorization to enter into certain
19 financing transactions (APSC Docket No. 99-234-U, Docket No. 01-221-U,
20 Docket No. 03-093-U, and 03-139-U, respectively). I have also submitted
21 testimony to the Public Utility Commission of Texas ("PUCT") and the
22 Louisiana Public Service Commission ("LPSC") in connection with the
23 Business Separation Plan filing of EGSI (PUCT Docket No. 21957 and

1 LPSC Consolidated Docket Nos. U-21453, U-20925, and U-22092 Sub-
2 docket B, respectively) and, with respect to the PUCT, the Unbundled
3 Cost of Service filing of EGSI, (PUCT Docket No. 22356). In addition, I
4 have filed testimony with the APSC, the LPSC, the City Council of New
5 Orleans (the "Council") and the Mississippi Public Service Commission
6 ("MPSC") in connection with the proposal for an independent electric
7 transmission company (APSC Docket No. 00-383-U, LPSC Docket No. U-
8 25460, Council Docket No. UD-99-1, and MPSC Docket No. 01-UA-0059,
9 respectively). I have also filed testimony at the LPSC with respect to the
10 ninth earnings review of the merger with EGSI (LPSC Docket No. U-
11 26527).

12
13 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

14 A. The purpose of my Direct Testimony is to support EAI's Application in this
15 Docket requesting APSC authorization for EAI to issue certain securities
16 up to specified maximum limits. Specifically, I will describe the securities
17 that EAI proposes to issue and sell and the Company's reasons for
18 requesting the authorization.

19

1 **II. GENERAL INFORMATION REGARDING THE PROPOSED**
2 **TRANSACTIONS**

3 Q. WHY HAS EAI FILED AN APPLICATION SEEKING AUTHORIZATION
4 TO ISSUE THE PROPOSED SECURITIES IN THE AMOUNTS
5 REQUESTED?

6 A. This Application is intended to address EAI's general financing needs for
7 the next three years, beginning January 1, 2007, and ending
8 December 31, 2009. With the fluctuations in capital markets, EAI may
9 have opportunities to reduce its financing costs and increase its financial
10 flexibility. Thus, EAI is requesting authorization to issue and sell first
11 mortgage bonds, preferred stock, common stock, and tax-exempt bonds
12 up to certain specified amounts. The proceeds from such transactions
13 would, among other things, permit EAI to acquire, redeem, or refund
14 outstanding securities.

15
16 Q. WHY IS THE COMPANY SEEKING TO CONTINUE WITH A 3-YEAR
17 AUTHORIZATION PERIOD?

18 A. The APSC's Order No. 2 in Docket No. 03-139-U provided a three-year
19 financing authorization period. A three-year term permits the Company to
20 maintain financial flexibility in managing its debt structure as a vertically
21 integrated entity. As such, a three-year authorization period assists in
22 planning the Company's debt structure to take advantage of markets or
23 issue new debt as appropriate.

1

2 Q. WHAT IS MEANT BY THE TERM "FINANCIAL FLEXIBILITY"?

3 A. This term refers to the Company's ability to select the timing, terms and
4 conditions, and amounts of offerings of any of several types of securities.
5 Apart from the breadth and term of its regulatory authorization, the
6 Company's financial flexibility can be affected by several factors, including
7 the credit ratings of the Company, the amount of short-term debt
8 outstanding or available for issuance by the Company at any given point in
9 time, the coverage ratios associated with the sale of first mortgage bonds
10 or preferred stock, the capital structure of the Company, specifically the
11 ratio of debt to equity, the length of time required to obtain funds through a
12 particular financial market, and, of course, overall market conditions.

13 With adequate financial flexibility, EAI can take advantage of
14 favorable interest rate fluctuations to refund its higher cost debt. If the
15 authorization sought by the Application is granted, by "pre-registering" an
16 amount of securities greater than its immediate needs with the Securities
17 and Exchange Commission ("SEC"), EAI could, for example, sell a
18 particular series of bonds with a shorter lead-time than if an initial
19 registration of each series were required. This procedure affords EAI
20 financial flexibility that makes it possible to take advantage of desirable
21 interest rates, and to finance optimal amounts each time securities are
22 sold. The more financial flexibility the Company has, the better the
23 Company will be able to plan ahead, and for that reason and those

1 discussed above, EAI is seeking financing authority for the next three
2 years.

3

4 Q. ARE THERE SPECIFIC EXAMPLES OF BENEFITS THAT EAI HAS
5 ACHIEVED DUE TO FINANCIAL FLEXIBILITY OBTAINED BY HAVING A
6 MULTI-YEAR AUTHORIZATION?

7 A. Yes. Due to the financial flexibility that the previously authorized finance
8 plan provided, EAI was able to redeem higher cost securities by issuing
9 tax-exempt bonds and preferred stock at a lower rate when the market
10 conditions warranted. For example, during 2005, EAI issued \$45 million
11 5% Series 2005, due January 1, 2021, Independence County (PCRBs) to
12 redeem the 6.25% Series 1993, due Jan 1, 2021, Independence County
13 (PCRB). In 2006, EAI issued \$75 million 6.45% Preferred Stock series, to
14 redeem the \$15 million 7.88% Preferred Stock series, the \$15 million
15 7.84% Preferred Stock series, the \$15 million 7.80% Preferred Stock
16 series, the \$20 million 7.40% Preferred Stock series and the \$10 million
17 7.32% Preferred Stock series. These particular issuances led to annual
18 interest and dividend expense reductions at EAI.

19

20 Q. WHAT TYPES OF SECURITIES HAVE TRADITIONALLY BEEN USED
21 BY UTILITIES TO ADDRESS THEIR EXTERNAL FINANCING NEEDS?

22 A. Utilities have traditionally used four forms of long-term financing to fund
23 their cash requirements: common stock, preferred stock, first mortgage

1 bonds, and tax-exempt bonds, all of which will be discussed later in my
2 testimony.

3

4 Q. HOW WILL THE COMPANY USE THE CAPITAL RAISED BY THE
5 ISSUANCE OF THE SECURITIES DESCRIBED ABOVE?

6 A. The Company proposes to use the proceeds derived from the issuance
7 and sale of the securities, as proposed in the Application, for general
8 corporate purposes, including, but not limited to, the possible acquisition,
9 redemption, and refunding of certain outstanding securities, for both
10 economic refundings and reissuances of debt maturities; for restructuring
11 debt to provide more flexibility; to fund capital expenditures and working
12 capital needs; and to finance unanticipated events, such as emergency
13 restoration. The Company is requesting authorization for such securities
14 sales primarily to achieve the flexibility that will permit a timely response to
15 changing market conditions when it becomes beneficial for the Company
16 to refinance, refund or otherwise acquire outstanding higher cost
17 securities. Although EAI does not have any current plans to issue any
18 additional new debt, the Company has included an amount in its request
19 to cover such an issuance of new debt in case a need for capital should
20 arise.

21

22 Q. WHAT ARE THE AUTHORIZATION LIMITS FOR EACH TYPE OF
23 SECURITY SOUGHT BY THE COMPANY?

1 A. The Company seeks authorization to issue \$900 million of first mortgage
2 bonds, \$240 million of tax-exempt bonds, \$270 million of collateral bonds,
3 \$120 million of preferred stock, and \$200 million of common stock.

4
5 Q. ARE THESE AUTHORIZATION LIMITS CONSISTENT WITH PREVIOUS
6 FINANCING AUTHORIZATIONS GRANTED EAI BY THE APSC?

7 A. Yes, they are.

8

9 **III. FIRST MORTGAGE BONDS**

10 Q. IS ANY OF EAI'S PROPERTY SUBJECT TO A MORTGAGE?

11 A. Yes. The sale of first mortgage bonds (the "Bonds" or "First Mortgage
12 Bonds") is governed by the Company's Mortgage and Deed of Trust dated
13 October 1, 1944, to Guaranty Trust Company of New York (Deutsche
14 Bank Trust Company Americas, successor) and Henry A. Theis (Stanley
15 Burg, successor), Co-Trustee, and Marvin A. Mueller (The Bank of New
16 York Trust Company, National Association, successor), Co-Trustee as to
17 certain Missouri property, as Trustee, as heretofore supplemented and as
18 proposed to be further supplemented by appropriate supplemental
19 indentures thereto (the "Mortgage").

20 The Mortgage constitutes a first mortgage lien on all of the
21 properties presently owned by EAI (except as stated below), subject to
22 (a) leases of minor portions of the Company's property to others for uses
23 which do not interfere with the conduct of the Company's business,

1 (b) leases of certain EAI property not used in its electric utility business,
2 and (c) excepted encumbrances. There are excepted from the lien of the
3 Mortgage all cash and securities; certain equipment, fuel, materials, or
4 supplies; automobiles and other vehicles and aircraft; timber, minerals,
5 mineral rights, and royalties; receivables, contracts, leases and operating
6 agreements; and certain unimproved lands sold or to be sold. The
7 Mortgage contains provisions for encumbering after-acquired property by
8 the lien thereof, subject to limitation in the case of consolidation, merger,
9 or sale of substantially all of EAI's assets. The aggregate amount of First
10 Mortgage Bonds issued and outstanding under the Mortgage as of June
11 30, 2006, is \$975 million (including \$74.9 million of Collateral Bonds), all of
12 which is secured by the lien of the Mortgage.

13
14 Q. DOES EAI'S MORTGAGE IMPOSE ANY RESTRICTIONS ON THE
15 AMOUNT OF FIRST MORTGAGE BONDS THAT MAY BE ISSUED?

16 A. Yes. There are two principal restrictions, one of which relates to
17 maintaining adequate interest coverage and the other of which relates to
18 fundable property requirements. Pursuant to the Mortgage, additional
19 Bonds may not be issued unless EAI's adjusted net earnings for any 12
20 consecutive months within the 15 months immediately preceding the
21 issuance of the additional Bonds have been at least twice the amount of
22 the annual interest requirements on all outstanding Bonds, including the
23 annual interest on the additional Bonds being issued and any

1 indebtedness of prior rank. EAI's adjusted net earnings are accounted for
2 as "Net Utility Operating Income," excluding the effects of income taxes
3 while including a minor portion of "Other Income" that normally consists
4 primarily of Allowance for Funds Used During Construction.

5

6 Q. PLEASE EXPLAIN THE SECOND PRINCIPAL RESTRICTION OF THE
7 MORTGAGE TO WHICH YOU REFERRED EARLIER.

8 A. The Mortgage prohibits the issuance of First Mortgage Bonds in an
9 amount in excess of 60 percent of the value of specifically identified
10 fundable property, as determined in accordance with the Mortgage.
11 Fundable property is, essentially, real or personal property of the
12 Company subject to the lien of the Mortgage.

13

14 Q. ARE THERE OTHER RESTRICTIONS ON THE ISSUANCE OF FIRST
15 MORTGAGE BONDS BY THE COMPANY?

16 A. Yes. This Commission and the Tennessee Regulatory Authority ("TRA"),
17 regulate the issuance of all securities by the Company, including First
18 Mortgage Bonds.

19

1 **IV. PREFERRED STOCK**

2 Q. PLEASE DESCRIBE EAI'S PREFERRED STOCK AND THE NATURE
3 AND EXTENT OF ITS PREFERENCE OVER COMMON STOCK.

4 A. EAI's Amended and Restated Articles of Incorporation, (the "Charter")
5 provides for the issuance of three classes of preferred stock: Class A
6 Preferred Stock, \$100 Preferred Stock, and \$25 Preferred Stock
7 (collectively, "Preferred Stock"). No dividends are paid on EAI's common
8 stock until dividends have been paid to the preferred shareholders.
9 Dividends on the Preferred Stock are cumulative. Preferred Stock also
10 has a preference over common stock until an amount equal to the then
11 current redemption price shall have been paid in the event of voluntary
12 liquidation, dissolution, or winding up of the Company. In the event of an
13 involuntary liquidation, dissolution, or winding up of the Company,
14 Preferred Stock has a preference over common stock until payment of the
15 full par value in the case of \$100 Preferred Stock and \$25 Preferred
16 Stock, and the full liquidation value in the case of Class A Preferred Stock,
17 plus an amount equal to all accumulated and unpaid dividends.

18
19 Q. WHAT LIMITATIONS EXIST ON THE COMPANY'S ABILITY TO SELL
20 ADDITIONAL PREFERRED STOCK?

21 A. The Charter provides, among other things, that additional Preferred Stock
22 may not be issued unless the gross income of the Company for a period of
23 12 consecutive months within the 15 months immediately preceding the

1 issuance of the additional Preferred Stock is equal to at least one and
2 one-half times the aggregate of the Company's annual interest charges on
3 all bonds, debentures, notes, and other securities and annual preferred
4 dividend requirements for the outstanding shares of Preferred Stock,
5 including the dividends on the new Preferred Stock to be issued. Gross
6 income is approximately the net income of the Company plus interest
7 expense on any debt that the sale of the Preferred Stock is to displace.

8
9 **V. COMMON STOCK**

10 Q. PLEASE DESCRIBE THE PROCEDURES UTILIZED BY EAI TO SELL
11 ITS COMMON STOCK.

12 A. EAI is a wholly owned subsidiary of Entergy Corporation. As such,
13 Entergy Corporation owns all of the common stock ("Common Stock") of
14 EAI. Sales of Common Stock are made pursuant to a letter agreement
15 between the two companies. Regulatory approvals, including this
16 Commission's approval, are required to make such sales.

17

1 **VI. TAX-EXEMPT BONDS**

2 Q. WHAT ARE TAX-EXEMPT BONDS?

3 A. Tax-exempt bonds are bonds sold by governmental entities to finance the
4 construction of certain facilities that qualify for tax-exempt financing, as
5 determined by Internal Revenue Service ("IRS") rules and regulations
6 ("Tax-Exempt Bonds"). Under normal circumstances, these Tax-Exempt
7 Bonds generally bear a lower interest rate than First Mortgage Bonds
8 because the interest paid on these securities is exempt from Federal
9 income taxes. Under the Federal tax laws, the amount of tax-exempt
10 financing available to EAI is limited by the amount of EAI's property that
11 qualifies under the IRS rules.

12

13 Q. HOW ARE TAX-EXEMPT BONDS TYPICALLY ISSUED?

14 A. Typically, EAI sells the qualifying facilities to the county in which they are
15 located. The county then issues the Tax-Exempt Bonds to finance its
16 purchase of the facilities from the Company. The county then sells the
17 facilities back to the Company by means of an installment sale agreement
18 or loan agreement that requires the Company to pay the county an
19 amount equal to the accruing interest and principal installments on the
20 bonds sold by the county.

21

22 Q. IS EAI CONSIDERING ANY CREDIT ENHANCEMENTS IN
23 CONNECTION WITH TAX-EXEMPT BONDS?

1 A. Yes. There are several alternatives available whereby a more favorable
2 rating might be obtained for one or more series of the Tax-Exempt Bonds.
3 One alternative is to arrange for an irrevocable letter of credit to be issued
4 to the trustee for the Tax-Exempt Bonds. Other alternatives would include
5 the purchase of an insurance policy for the payment of the amounts due to
6 holders of the bonds; the issuance one or more new series of EAI's First
7 Mortgage Bonds that are pledged to the trustee to provide the holders with
8 security equivalent to the security afforded holders of First Mortgage
9 Bonds; or the granting of a subordinated lien on some or all of EAI's
10 property, or some other form of collateral. First Mortgage Bonds pledged
11 as a credit enhancement for Tax-Exempt Bonds are referred to as
12 Collateral Bonds.

13
14 **VII. SUMMARY AND CONCLUSION**

15 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

16 A. EAI's overall financing goal is to meet its liquidity and working capital
17 requirements and to achieve a low cost of capital. EAI believes that it can
18 best accomplish that goal by enhancing its financial flexibility. Capital
19 markets are constantly changing and economic conditions sometimes
20 offer opportunities to decrease costs and/or to issue securities with terms
21 more flexible to the issuer than at other times.

22 The Company's financial plan is designed to allow the Company to
23 issue securities primarily for the purpose of refunding outstanding

1 securities and for other corporate purposes as mentioned previously in
2 this testimony with the most cost effective and financially flexible structure
3 available at the time. Approval of this plan would provide the Company
4 with the continued financial flexibility to take advantage of opportunities to
5 reduce financing costs to the benefit of EAI and its customers. For these
6 reasons, the Company believes it to be in the public interest for this
7 Application to be approved by the Commission. I would ask that the
8 APSC issue an order by September 1, 2006 so that EAI can proceed to
9 secure approval by the TRA through a similar application. The TRA
10 usually does not act on an application by EAI until it has been approved by
11 the APSC. This timing should allow for EAI to have financing
12 authorization in place by the end of this year, when its current
13 authorization expires.

14

15 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

16 A. Yes.

ARKANSAS PUBLIC SERVICE COMMISSION

AR 06-096-U
1 23 PM '06

FILED

IN THE MATTER OF THE APPLICATION OF)
ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO CERTAIN)
FINANCING TRANSACTIONS BETWEEN)
JANUARY 1, 2007, AND DECEMBER 31, 2009)

DOCKET NO. 06-096-U
ORDER NO. 1

DESIGNATION ORDER

We hereby designate Burl C. Rotenberry as the presiding officer in the above-styled Docket, pursuant to Rule 3.06 of our Rules of Practice and Procedure and Order Nos. 4 and 5 of Docket A-80-032.

The designated presiding officer may establish any necessary schedule, rule upon all motions, and issue interlocutory and final orders in this docket. All final orders entered by the designated presiding officer shall represent the findings and conclusions of the Commission, subject to the following provisions:

1. Objections to a final order entered by the designated presiding officer.

(A) Objections to any final order entered by the designated presiding officer may be filed by any party, including Commission Staff, with the Secretary of the Commission within ten (10) days of the date said order was entered. Provided, that the Commission may extend the ten day objection period for good cause shown. The Commission will ordinarily not entertain objections to an interlocutory order entered by the designated presiding officer unless said order is in fact final as to one or more of the parties or unless there is a showing of extraordinary cause. Any objection to the

designated presiding officer's final order shall specifically set forth the grounds upon which the objection is based.

(B) Subsequent to the receipt of a timely objection to a final order entered by the designated presiding officer, the Commission will review the order and the objection thereto.

1. In response to a timely objection, the Commission may modify the designated presiding officer's final order, conduct supplemental proceedings, or permit further filings as it may deem appropriate. The Commission shall initiate such action, if any, in writing within thirty (30) days following the date of the final order entered by the designated presiding officer.

2. If the Commission does not act in writing upon a timely objection to a final order entered by the designated presiding officer within thirty days after the designated presiding officer has entered his or her final order, the Commission shall be deemed to have approved said order, over objection.

(C) If there are no timely objections to a final order entered by the designated presiding officer, said order shall be deemed to have been approved and adopted as its own by the Commission, unless the Commission shall, upon its own motion, extend the normal thirty day review period or modify the final order entered by the designated presiding officer within thirty days after it was entered, as provided in Section 2 below.

2. Commission modification of the designated presiding officer's final order in the absence of a timely objection by a party.

(A) The Commission may modify, upon its own motion, a final order entered by the designated presiding officer whether or not any of the parties file an

objection. Such modification shall be initiated by the Commission in writing within thirty days after the designated presiding officer enters his or her final order.

(B) Lack of Commission modification of the designated presiding officer's final order within thirty days after it was entered, in the absence of objections to said order from any party, shall be deemed to constitute Commission approval and adoption of said order.

3. Petitions for Rehearing.

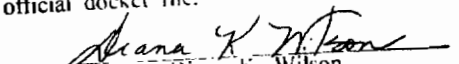
(A) Once the Commission has taken final action on any order entered by the designated presiding officer by approving the order or making a modification of its own, any party, including the Commission Staff, may file a Petition for Rehearing pursuant to Ark. Code Ann. §23-2-422 (1999 Supp.).

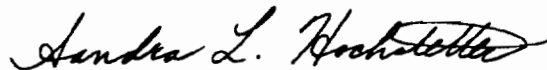
(B) If the Commission grants a Petition for Rehearing, it may redesignate the matter for further consideration and action. Absent such redesignation, the Commission shall conduct such rehearing proceedings as it may deem appropriate.


BY ORDER OF THE COMMISSION.


This 17th day of July, 2006.

I hereby certify that the following order issued by the Arkansas Public Service Commission has been served on all parties of record this date by U.S. mail with postage prepaid, using the address of each party as indicated in the official docket file.


Diana K. Wilson
Secretary of the Commission
Date 7-17-2006


Sandra L. Hochstetter, Chairman


Daryl E. Bassett, Commissioner


Randy Bynum, Commissioner


Patricia W. Bynum (acting)
Diana K. Wilson
Secretary of the Commission

SEP 19 3 24 PM '06

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION **FILED**

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 06-096-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN JANUARY 1, 2007, AND)	
DECEMBER 31, 2009)	

AMENDED APPLICATION

COMES NOW ENTERGY ARKANSAS, INC. ("EAI" or the "Company"),
and for its Amended Application states:

1. This Amended Application is filed pursuant to Ark. Code Ann. § 23-3-103, et. seq. and Rules 4 and 5 of the Rules of Practice and Procedure ("RPP") of the Arkansas Public Service Commission ("APSC" or the "Commission"). EAI is subject to the jurisdiction of the Commission and is also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") as an electric utility subsidiary of Entergy Corporation, which is a public utility holding company. The Tennessee Regulatory Authority ("TRA") also regulates the issuances of securities by EAI. EAI must, therefore, comply with applicable rules and regulations promulgated by the FERC and the TRA and, as hereinafter described in greater detail, secure certain approvals of the TRA in connection

with the proposed transactions described in herein, in addition to those approvals it must obtain from this Commission.

2. EAI is a corporation organized under the laws of the State of Arkansas and is a public utility as defined by Ark. Code Ann. § 23-1-101, et. seq. The Company's principal office is located at the Metropolitan Bank Building, 425 West Capitol Avenue, Little Rock, Arkansas 72201. The Company's property consists of facilities for the generation, transmission, and distribution of electric power and energy to the public and of other property necessary to repair, maintain, and operate those facilities. These properties and facilities are located principally in the State of Arkansas. Certain distribution and transmission facilities for wholesale customers are located in the State of Missouri, and distribution lines for retail customers situated wholly on the west side of the main channel of the Mississippi River are located in a small portion of the State of Tennessee and served by EAI.

I. ISSUANCE AND SALE OF FIRST MORTGAGE BONDS

3. Pursuant to Ark. Code Ann. § 23-3-104, EAI hereby applies to the Commission for an order authorizing it from time to time not earlier than January 1, 2007, and not later than December 31, 2009, to issue and sell one or more series of its first mortgage bonds (the "Bonds" or "First Mortgage Bonds") in such principal amounts as EAI may elect, which combined amounts, in the aggregate, shall not exceed the sum of \$900 million. The Bonds of each series

will be due not less than one year nor more than 50 years after their respective dates of issuance.

4. The combined principal amounts of the Company's outstanding First Mortgage Bonds that mature or are otherwise redeemable over the next three years are \$900 million.

5. Each series of Bonds will be sold at such price, will bear interest at such rate (which may be an adjustable rate), and will mature on such date as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Bonds will be by means of competitive bidding or a negotiated public offering or private placement with institutional investors in order to secure the advantage of an advanced marketing effort and the best available terms. Because the markets for the Bonds are constantly fluctuating, it is not possible to forecast the precise interest rate for any series of the Bonds at this time.

6. Each series of Bonds is to be issued as a new series of First Mortgage Bonds under EAI's Mortgage and Deed of Trust, dated as of October 1, 1944, to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and Henry A. Theis (Stanley Burg, successor), Co-Trustee, and Marvin A. Mueller (The Bank of New York Trust Company, National Association, successor), Co-Trustee as to certain Missouri property, as Trustees, as heretofore supplemented and as proposed to be further supplemented by

additional supplemental indentures thereto (the "Mortgage"). A copy of the Mortgage, as supplemented, has previously been filed with the Commission. A copy of the proposed form of supplemental indenture relating to each series of the Bonds is attached hereto as EAI Exhibit A.

7. The Mortgage constitutes a first mortgage lien on all of the properties presently owned by EAI (except as stated below), subject to (a) leases of minor portions of the Company's property to others for uses that do not interfere with the conduct of the Company's business, (b) leases of certain EAI property not used in its electric utility business, and (c) excepted encumbrances. There are excepted from the lien of the Mortgage all cash and securities; certain equipment, fuel, materials or supplies; automobiles and other vehicles and aircraft, timber, minerals, mineral rights, and royalties; receivables, contracts, leases and operating agreements; and certain unimproved lands sold or to be sold. The Mortgage contains provisions for encumbering after-acquired property by the lien thereof, subject to limitation in the case of consolidation, merger, or sale of substantially all of EAI's assets.

8. EAI is obligated to make annual payments into sinking or improvement funds with respect to its First Mortgage Bonds of certain prior series, but, at the Company's election, one or more series of the Bonds may be issued without such requirements. If EAI elects to issue a series of Bonds subject to such requirements, or to similar requirements, such annual payments

may be made in cash, by principal amount of Bonds of such series that are outstanding, or with property additions.

9. The Mortgage does not limit the aggregate principal amount of First Mortgage Bonds that may be outstanding at any one time. The stockholders of EAI have consented to the issuance under the Mortgage of First Mortgage Bonds not exceeding an aggregate amount outstanding at any one time of \$5 billion. The aggregate amount of First Mortgage Bonds which was issued and outstanding under the Mortgage as of June 30, 2006, is approximately \$975 million (including \$74.9 million of Collateral Bonds, as defined below), all of which is secured by the lien of the Mortgage.

10. The net proceeds that EAI will receive from the issuance and sale of the Bonds will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal, or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through redemptions, tender offers, open market or negotiated purchase, or otherwise; and for other EAI corporate purposes. Should the issuance of First Mortgage Bonds be used for any purpose other than retirement or refinancing of current bonds, then the Company respectfully requests that the Commission designate a sub-limit of \$450 million (of the overall \$900 million request for First Mortgage Bond

issuance) for the purposes of repaying short-term indebtedness and/or for other EAI corporate purposes.

II. PREFERRED STOCK

11. EAI also requests authorization to create, issue, and sell, from time to time but not earlier than January 1, 2007, and not later December 31, 2009, one or more series of its \$100 Par Value, \$25 Par Value or Class A Preferred Stock, or any combination thereof, each such series consisting of such number of shares as EAI shall elect, provided however that the total number of such shares shall not exceed the number of shares authorized by the Company's Amended and Restated Articles of Incorporation (Articles of Incorporation), which is on file with the APSC and is hereby incorporated by reference. Such shares shall not have an aggregate par value or involuntary liquidation value, as the case may be, in excess of \$120 million. Each new series of the Preferred Stock shall have the same rank and relative rights as, and shall otherwise be identical to, each series of EAI's Preferred Stock presently issued and outstanding, except as follows: (i) the par value and/or involuntary liquidation value of each such new series may differ; (ii) the resolutions authorizing the creation of each such new series of the Preferred Stock may provide for different dividend rates, dates from which dividends shall commence to accumulate, redemption rates, and redemption restrictions, if any; and (iii) the holders of the \$25 Preferred Stock will not have the right to vote, consent to, or otherwise restrict EAI's ability to issue or assume unsecured indebtedness.

12. Each series of Preferred Stock will be sold at such price and have such dividend rate as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Preferred Stock will be by means of competitive bidding or a negotiated public offering or private placement with institutional investors to secure the advantage of an advanced marketing effort and/or the best available terms. Because the market for the Preferred Stock is constantly fluctuating, it is not possible to forecast the precise dividend rate for any series of the Preferred Stock at this time.

13. The Preferred Stock will be issued in accordance with EAI's Articles of Incorporation, which currently authorize the issuance of 3,730,000 shares of its \$100 Par Value Preferred Stock, 9,000,000 shares of its \$25 Par Value Preferred Stock, and 15,000,000 shares of its Class A Preferred Stock, of which 413,500 shares of the \$100 Par Value Preferred Stock and 3,000,000 shares of the \$25 Par Value Preferred Stock were issued and outstanding as of June 30, 2006.

14. The net proceeds that EAI will receive from the issuance and sale of the Preferred Stock will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through redemptions, tender offers, open market repurchase, or otherwise; and for other EAI corporate purposes.

III. COMMON STOCK

15. EAI also requests authorization to issue and sell to Entergy Corporation, an aggregate amount of its common stock, \$0.01 par value per share ("Common Stock") not exceeding 8,000,000 shares, at a minimum price of \$12.50 per share, in one or more separate transactions occurring at such times as the Company deems appropriate, but not earlier than January 1, 2007, and not later than December 31, 2009, for an aggregate maximum consideration of \$200 million. EAI will enter into such agreements with Entergy Corporation for the sale and purchase of the Common Stock, to occur in such installments and at such times before December 31, 2009, as EAI and Entergy Corporation shall determine.

16. The Common Stock will be issued in accordance with the Company's Articles of Incorporation, which currently authorize the issuance of 325,000,000 shares of its Common Stock, of which 46,980,196 shares were issued and outstanding as of June 30, 2006.

17. The net proceeds that EAI will receive from the issuance and sale of the Common Stock will be used to pay all or a portion of the Company's short-term indebtedness outstanding from time to time; to provide funds for the retirement, subject to applicable refunding, legal or regulatory requirements, of a portion of the Company's outstanding securities at or prior to maturity through

redemptions, tender offers, open market repurchase, or otherwise; and for other EAI corporate purposes.

IV. TAX-EXEMPT BONDS, COLLATERAL BONDS AND RELATED TRANSACTIONS

18. EAI proposes to enter into arrangements for the issuance and sale, by one or more governmental authorities (each an "Issuer"), of one or more series of tax-exempt bonds in an aggregate principal amount not to exceed \$140 million ("Tax-Exempt Bonds") at one time or from time to time not earlier than January 1, 2007, and not later than December 31, 2009. The Company would enter into one or more leases, installment sales, refunding, loan, or similar agreements and/or one or more supplements or amendments thereto (collectively, the "Facilities Agreement") contemplating the issuance and sale by the Issuer(s) of one or more series of Tax-Exempt Bonds pursuant to one or more trust indentures and/or one or more supplements thereto (collectively, the "Indenture") between the Issuer and one or more trustees (collectively, the "Trustee"). The proceeds of the sale of Tax-Exempt Bonds, net of any underwriters' discounts or other expenses payable from proceeds, will be applied to acquire and construct certain pollution control or sewage and solid waste disposal facilities at EAI's generating plants ("Facilities") or to refinance outstanding Tax-Exempt Bonds issued for that purpose.

19. Payments made by EAI under the Facilities Agreement will be in amounts sufficient (together with any other moneys held by the Trustee under the Indenture and available for such purpose) to pay the principal of, and the premium, if any, thereon, together with interest accrued or to accrue on, the related series of Tax-Exempt Bonds as the same become due and payable, and such payments will be made directly to the Trustee pursuant to an assignment and pledge thereof by the Issuer to the Trustee as set forth in the Indenture. Under the Facilities Agreement, EAI also will be obligated to pay (a) the fees and charges of the Trustee and any registrar or paying agent under the Indenture, (b) all expenses necessarily incurred by the Issuer in connection with its rights and obligations under the Facilities Agreement, (c) all expenses necessarily incurred by the Issuer or the Trustee under the Indenture in connection with the transfer or exchange of Tax-Exempt Bonds, and (d) all other payments that the Company agrees to pay under the Facilities Agreement.

20. The Indenture may provide that, upon the occurrence of certain events relating to the operation of all or a portion of the Facilities financed, the Tax-Exempt Bonds will be redeemable by the Issuer, at the direction of EAI. Any series of Tax-Exempt Bonds may be made subject to a mandatory cash sinking fund under which stated portions of the Tax-Exempt Bonds may be subject to mandatory redemption in other cases. The payments by EAI under the Facilities Agreement in such circumstances shall be sufficient (together with any other moneys held by the Trustee under the Indenture and available therefor) to pay

the principal of all the Tax-Exempt Bonds to be redeemed or retired and the premium, if any, thereon, together with interest accrued or to accrue to the redemption date on such Tax-Exempt Bonds.

21. The Tax-Exempt Bonds will mature not less than one year from the first day of the month of issuance nor later than 40 years from the date of issuance. Tax-Exempt Bonds will be subject to optional redemption, at the direction of EAI, in whole or in part, at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the redemption date, and at times, set forth in the Indenture.

22. The Facilities Agreement and the Indenture may provide for a fixed interest rate or for an adjustable interest rate for each series of Tax-Exempt Bonds as hereinafter described. No series of Tax-Exempt Bonds will be sold if the fixed interest rate or initial adjustable rate thereon would exceed the maximum interest rate permitted by applicable law. If the series of Tax-Exempt Bonds has an adjustable interest rate, the interest rate during the initial Rate Period would be determined in discussions between EAI and the purchasers thereof from the Issuer and would be based on the current market rate for comparable Tax-Exempt Bonds having a maturity comparable to the length of the initial Rate Period. Thereafter, for each subsequent Rate Period, the interest rate on such Tax-Exempt Bonds would be that rate (subject to a specified maximum rate) which will be sufficient to permit the remarketing of Tax-Exempt Bonds of

such series at their principal amount. Such interest rates would be determined based on the market rates for Tax-Exempt Bonds of comparable maturity and quality. The following subparagraphs (a) through (d) relate to Tax-Exempt Bonds having an adjustable interest rate:

(a) The term "Rate Period," as used herein, means a period during which the interest rate on such Tax-Exempt Bonds bearing an adjustable rate (or method of determination of such interest rate) is fixed. The initial Rate Period would commence on the date as of which interest begins to accrue on such Tax-Exempt Bonds. The length of each Rate Period would be not less than one day nor more than the remaining term to maturity of the Tax-Exempt Bonds.

(b) The Facilities Agreement and Indenture would provide that holders of Tax-Exempt Bonds would have the right to tender or would be required to tender their Tax-Exempt Bonds and have them purchased at a price equal to the principal amount thereof, plus any accrued and unpaid interest thereon, on dates specified in, or established in accordance with, the Indenture. A Tender Agent may be appointed to facilitate the tender of any Tax-Exempt Bonds by holders. Any holders of Tax-Exempt Bonds wishing to have their Tax-Exempt Bonds purchased may be required to deliver their Tax-Exempt Bonds during a specified period of time preceding such purchase date to the Tender Agent, if one shall be appointed, or to the Remarketing Agent appointed to offer such tendered Tax-Exempt Bonds for sale.

(c) The Facilities Agreement would obligate EAI to pay amounts equal to the amounts to be paid by the Remarketing Agent or the Tender Agent pursuant to the Indentures for the purchases of Tax-Exempt Bonds as tendered by holders. Such amounts shall be paid by the Company on the dates payments by the Remarketing Agent or the Tender Agent are to be made. However, the obligation of EAI to make any such payment under the Agreement would be reduced by the amount of any other moneys available therefor, including the proceeds of the sale of such tendered Tax-Exempt Bonds by the Remarketing Agent.

(d) Upon the delivery of such Tax-Exempt Bonds by holders to the Remarketing Agent or the Tender Agent for purchase, the Remarketing Agent would use its best efforts to sell such Tax-Exempt Bonds at a price equal to the stated principal amount of such Tax-Exempt Bonds.

23. In order to obtain a more favorable rating on one or more series of the Tax-Exempt Bonds, and, thereby improve the marketability thereof, EAI may arrange for an irrevocable letter of credit from a bank (the "Bank") in favor of the Trustee. In such event, payments with respect to principal, premium, if any, interest, and purchase obligations in connection with any such Tax-Exempt Bonds coming due during the term of such letter of credit would be secured by, and payable from funds drawn under, the letter of credit. In order to induce the Bank to issue such letter of credit, the Company would enter into a Letter of Credit Reimbursement Agreement ("Reimbursement Agreement") with the Bank

pursuant to which EAI would agree to reimburse the Bank for all amounts drawn under such letter of credit within a specified period after the date of the draw and with interest thereon.

24. It is anticipated that the Reimbursement Agreement would require the payment by EAI to the Bank of annual letter-of-credit fees and perhaps an up-front fee. Any such letter of credit may expire or be terminated prior to the maturity date of any such Tax-Exempt Bonds, and, in connection with such expiration or termination, such Tax-Exempt Bonds may be made subject to mandatory redemption or purchase on or prior to the date of expiration or termination of such letter of credit, possibly subject to the right of owners of such Tax-Exempt Bonds not to have their Tax-Exempt Bonds redeemed or purchased. Provision may be made for extension of the term of such letter of credit or for the replacement thereof, upon its expiration or termination, by another letter of credit from the Bank or a different bank.

25. In addition, or as an alternative, to the security provided by a letter of credit, in order to obtain a more favorable rating on one or more series of Tax-Exempt Bonds, and consequently improve the marketability thereof, EAI may determine (a) to provide an insurance policy for the payment of the principal of and/or premium on such Tax-Exempt Bonds, and/or (b) to provide security for holders of such Tax-Exempt Bonds and/or the Bank equivalent to the security afforded to holders of first mortgage bonds outstanding under the Company's

Mortgage by obtaining the authentication of and pledging one or more new series of EAI's First Mortgage Bonds ("Collateral Bonds") under the Mortgage as it may be supplemented.

26. Collateral Bonds would be issued on the basis of unfunded net property additions and/or previously-retired first mortgage bonds, and would be delivered to the Trustee under the Indenture and/or to the Bank in order to evidence and secure EAI's obligation to pay the purchase price of the related Facilities or repay the loan made by the Issuer under the Facilities Agreement, and/or in order to evidence and secure the Company's obligation to reimburse the Bank under the Reimbursement Agreement. Collateral Bonds could be issued in several ways. First, if the Tax-Exempt Bonds bear a fixed interest rate, Collateral Bonds could be issued in a principal amount equal to the principal amount of such Tax-Exempt Bonds and bear interest at a rate equal to the rate of interest on such Tax-Exempt Bonds. Second, they could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds plus an amount equal to interest thereon for a specified period. In such a case, such Collateral Bonds would bear no interest. Third, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or in such amount plus an amount equal to interest thereon for a specified period, but carry a fixed interest rate that would be lower than the fixed rate of such Tax-Exempt Bonds. Fourth, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds at an

adjustable rate of interest, varying with the rate of such Tax-Exempt Bonds but having a "cap" above which the interest on Collateral Bonds could not rise. The terms of any Collateral Bonds relating to maturity, interest payment dates, if any, redemption provisions, and acceleration will correspond to the terms of the related Tax-Exempt Bonds. Upon issuance, the terms of any Collateral Bonds will not vary during the life of such series, except for the interest rate in the event such Collateral Bonds bear interest at an adjustable rate. The maximum aggregate principal amount of Collateral Bonds shall be \$157 million (which \$157 million of Collateral Bonds is not included in the \$900 million of Bonds for which authorization is sought pursuant to Section I above).

27. In one or more Facilities Agreements, EAI may grant, or promise to grant in the future, a subordinated lien on some or all of its property, or some other form of collateral, to the Trustee under the Indenture for that series of Tax-Exempt Bonds to provide security for the Company's obligation under the Facilities Agreements.

28. It is contemplated that the Tax-Exempt Bonds will be sold by the Issuer pursuant to arrangements with an underwriter or a group of underwriters or by private placement in a negotiated sale or sales. EAI will not be a party to the underwriting or placement arrangements. However, the Facilities Agreement will provide that the terms of the Tax-Exempt Bonds, and their sale by the Issuer, shall be satisfactory to the Company. EAI expects that interest payable on the

Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Federal income tax purposes under the provisions of Section 103 of the Internal Revenue Code of 1986, as amended to the date of issuance of Tax-Exempt Bonds (except for interest on any Tax-Exempt Bond during a period in which it is held by a person who is a "substantial user" of the Facilities or a "related person" within the meaning of Section 147(a) of such Code). EAI also expects that interest payable on the Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Arkansas income tax purposes under Ark. Code Ann. § 14-267-112.

V. GENERAL INFORMATION

29. The Company's Application, together with the financing plan proposed herein, was approved by the Company's Board of Directors by unanimous written consent effective as of June 30, 2006. Excerpts from the consent setting forth the resolutions approving the Application and the financing plan are attached hereto as EAI Exhibit B.

30. EAI estimates its aggregate expenses in connection with the issuance and sale of the initial series and any subsequent series of the First Mortgage Bonds, and the Preferred Stock, the Common Stock, and the Tax-Exempt Bonds and Collateral Bonds will be as reflected in EAI Exhibit C attached hereto.

31. EAI states that after the issuance of the First Mortgage Bonds, the Preferred Stock, the Common Stock and Tax-Exempt Bonds, the aggregate amount of all of its outstanding stock, bonds, notes and other evidences of indebtedness will not exceed the fair value of EAI's properties and the reasonable cost of the issuance and sale of the First Mortgage Bonds, the Preferred Stock, the Common Stock and the Tax-Exempt Bonds.

32. Attached hereto is EAI Exhibit D, consisting of the following:

- (1) Balance Sheet per books as of March 31, 2006, and Pro Forma after giving effect to the proposed transactions.
- (2) Earnings Statement for the 12 months ended March 31, 2006, per books, and Pro Forma after giving effect to the proposed transactions.

33. In its Order No. 2 in Docket No. 03-139-U, the APSC provided EAI with a three-year authorization subject to the restrictions and limits in the Company's application. EAI requests in this current application the continuation of a three-year financing period to facilitate its long-range planning and to achieve the administrative efficiency of a three-year term.

34. In order to take advantage of favorable capital market conditions, it is essential that EAI be able to proceed with the amended authority requested herein when presented with opportunities to enhance its financial flexibility and/or

reduce its capital cost. EAI's current authorization to engage in certain financing transactions, granted by Order No. 2 and affirmed in Order No. 3 and clarified in Order No. 5 in Docket No. 03-139-U, expires on December 31, 2006. However, EAI's financing transactions must also be approved by the TRA, which usually will not act on an application until it has been approved by the APSC. The Company would expect to receive a final order from the TRA approximately 90 days after this Commission has approved EAI's Application. Therefore, EAI requests that the Commission consider and act on this Application expeditiously and enter an order on or before October 1, 2006.

35. EAI requests that the following individuals be shown on the service list of this Docket:

Steve Strickland,
Vice President, Regulatory Affairs
Entergy Arkansas, Inc.
P. O. Box 551
Little Rock, Arkansas 72203
Telephone: (501) 377-4457

Tucker Raney,
Assistant General Counsel
Entergy Services, Inc.
P. O. Box 551
Little Rock, Arkansas 72203
Telephone: (501) 377-4372

WHEREFORE, ENTERGY ARKANSAS, INC. respectfully requests that the Commission enter its order on or before October 1, 2006:

(a) authorizing the Company to issue and sell in one or more series, from time to time not earlier than January 1, 2007, and not later December 31, 2009, in each case in a manner described herein: (i) First Mortgage Bonds in an aggregate principal amount not to exceed \$900 million with a sub-limit of \$450 million for bonds issued for EAI purposes other than the refinancing or retirement of current bonds; (ii) the Preferred Stock, in an aggregate par value or involuntary liquidation value, as the case may be, not to exceed \$120 million; (iii) Common Stock, not to exceed 8,000,000 shares, at a minimum price of \$12.50 per share, for an aggregate maximum consideration of \$200 million; and (iv) the Tax-Exempt Bonds in an aggregate principal amount not to exceed \$140 million, and Collateral Bonds in an aggregate principal amount not to exceed \$157 million (separate and apart from the authorization requested herein relating to the issuance and sale of First Mortgage Bonds); and, in connection therewith, the Company requests authorization to enter into the Facilities Agreement related thereto as contemplated hereby;

(b) authorizing the Company to apply the proceeds from the sale of the First Mortgage Bonds, the Preferred Stock, the Common Stock and the Tax-Exempt Bonds for the purposes set forth herein;

(c) authorizing the Company to take all other action and to enter into all other agreements necessary therefor; and

(d) granting all other proper relief.

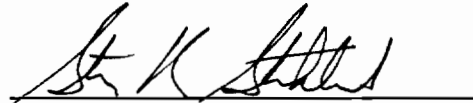
DATED this 19th day of September, 2006.

ENTERGY ARKANSAS, INC.

By: 
Steven K. Strickland
Vice President, Regulatory Affairs
Entergy Arkansas, Inc.
P. O. Box 551
Little Rock, AR 72203
Telephone: (501) 377-4457

CERTIFICATE OF SERVICE

I, Steven K. Strickland, do hereby certify that a copy of the foregoing has been served upon all parties of record this 19th day of September 2006.

A handwritten signature in black ink, appearing to read "S. K. Strickland", is written over a horizontal line.

Steven K. Strickland

ENTERGY ARKANSAS, INC.

TO

DEUTSCHE BANK TRUST COMPANY AMERICAS

(successor to Guaranty Trust Company of New York)

AND

STANLEY BURG

(successor to Henry A. Theis)

AND

(as to property, real or personal, situated or being in Missouri)

THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION

(successor to Marvin A. Mueller)

**As Trustees under Entergy Arkansas, Inc.'s Mortgage and Deed of Trust,
Dated as of October 1, 1944**

_____**SUPPLEMENTAL INDENTURE**

**Providing among other things for
First Mortgage Bonds, ____% Series due _____(____Series)**

Dated as of _____

SUPPLEMENTAL INDENTURE

INDENTURE, dated as of __, between ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas, whose post office address is 425 West Capitol, Little Rock, Arkansas 72201 (hereinafter sometimes called the "Company"), and DEUTSCHE BANK TRUST COMPANY AMERICAS (successor to Guaranty Trust Company of New York), a corporation of the State of New York, whose post office address is 60 Wall Street, MS NYC 60-2515, New York, New York 10005 (hereinafter sometimes called the "Corporate Trustee"), and STANLEY BURG (successor to Henry A. Theis), and (as to property, real or personal, situated or being in Missouri) THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION (successor to Marvin A. Mueller), whose mailing address is 911 Washington Avenue, St. Louis, Missouri 63101 (said Stanley Burg being hereinafter sometimes called the "Co-Trustee", and said The Bank of New York Trust Company, National Association being hereinafter sometimes called the "Missouri Co-Trustee", and the Corporate Trustee, the Co-Trustee and the Missouri Co-Trustee being hereinafter together sometimes called the "Trustees"), as Trustees under the Mortgage and Deed of Trust, dated as of October 1, 1944 (hereinafter sometimes called the "Mortgage"), which Mortgage was executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this indenture (hereinafter called the " Supplemental Indenture") being supplemental thereto.

WHEREAS, the Mortgage was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of July 7, 1949, was executed by the Company appointing Herbert E. Twyeffort as Co-Trustee in succession to Henry A. Theis (resigned) under the Mortgage, and by Herbert E. Twyeffort accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of March 1, 1960, was executed by the Company appointing Grainger S. Greene as Co-Trustee in succession to Herbert E. Twyeffort (resigned) under the Mortgage, and by Grainger S. Greene accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Twenty-first Supplemental Indenture mentioned below, the Company, among other things, appointed John W. Flaherty as Co-Trustee in succession to Grainger S. Greene (resigned) under the Mortgage, and John W. Flaherty accepted said appointment; and

WHEREAS, by the Thirty-third Supplemental Indenture mentioned below, the Company, among other things, appointed Marvin A. Mueller as Missouri Co-Trustee under the Mortgage, and Marvin A. Mueller accepted said appointment; and

WHEREAS, by the Thirty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed The Boatmen's National Bank of St. Louis as Missouri Co-Trustee in succession to Marvin A. Mueller (resigned) under the Mortgage, and The Boatmen's National Bank of St. Louis accepted said appointment; and

WHEREAS, an instrument, dated as of September 1, 1994, was executed by the Company appointing Bankers Trust Company as Trustee, and Stanley Burg as Co-Trustee, in succession to Morgan Guaranty Trust Company of New York (resigned) and John W. Flaherty (resigned), respectively, under the Mortgage and Bankers Trust Company and Stanley Burg accepted said appointments, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Fifty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed Peter D. Van Cleve as Missouri Co-Trustee in succession to The Boatmen's National Bank of St. Louis (resigned) under the Mortgage, and Peter D. Van Cleve accepted said appointment; and

WHEREAS, by an instrument, dated as of May 31, 2000, the Company appointed BNY Trust Company of Missouri as Missouri Co-Trustee in succession to Peter D. Van Cleve (resigned) under the Mortgage, and BNY Trust Company of Missouri accepted said appointment, and said instrument was appropriately filed or recorded in various official records in the State of Missouri; and

WHEREAS, by an instrument, dated as of April 15, 2002, filed with the Banking Department of the State of New York, Bankers Trust Company, Trustee, effected a corporate name change pursuant to which, effective such date, it is known as Deutsche Bank Trust Company Americas; and

WHEREAS, by an instrument dated November 1, 2004, filed with the Office of the Comptroller of the Currency in Colorado, BNY Trust Company of Missouri merged into BNY Missouri Interim Trust Company, National Association, and by an instrument dated November 1, 2004, filed with the Office of the Comptroller of the Currency in Colorado, BNY Missouri Interim Trust Company, National Association, merged into The Bank of New York Trust Company, National Association; and

WHEREAS, by the Sixty-third Supplemental Indenture mentioned below, the Company, the Corporate Trustee, Stanley Burg, as Co-Trustee, and The Bank of New York Trust Company, National Association, as Missouri Co-Trustee, appointed Jeffrey Schroeder to serve as a Missouri Co-Trustee under the Mortgage, and Jeffrey Schroeder accepted such appointment; and

WHEREAS, by an instrument effective as of February 28, 2005, Jeffrey Schroeder resigned as a Missouri Co-Trustee; and

WHEREAS, by the Mortgage the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do

such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired and intended to be subject to the lien thereof; and

WHEREAS, the Company executed and delivered to the Trustees the following supplemental indentures:

<u>Designation</u>	<u>Dated as of</u>
First Supplemental Indenture	July 1, 1947
Second Supplemental Indenture	August 1, 1948
Third Supplemental Indenture	October 1, 1949
Fourth Supplemental Indenture.....	June 1, 1950
Fifth Supplemental Indenture	October 1, 1951
Sixth Supplemental Indenture.....	September 1, 1952
Seventh Supplemental Indenture	June 1, 1953
Eighth Supplemental Indenture.....	August 1, 1954
Ninth Supplemental Indenture	April 1, 1955
Tenth Supplemental Indenture.....	December 1, 1959
Eleventh Supplemental Indenture	May 1, 1961
Twelfth Supplemental Indenture.....	February 1, 1963
Thirteenth Supplemental Indenture.....	April 1, 1965
Fourteenth Supplemental Indenture.....	March 1, 1966
Fifteenth Supplemental Indenture.....	March 1, 1967
Sixteenth Supplemental Indenture	April 1, 1968
Seventeenth Supplemental Indenture.....	June 1, 1968
Eighteenth Supplemental Indenture.....	December 1, 1969
Nineteenth Supplemental Indenture.....	August 1, 1970
Twentieth Supplemental Indenture	March 1, 1971
Twenty-first Supplemental Indenture	August 1, 1971
Twenty-second Supplemental Indenture.....	April 1, 1972
Twenty-third Supplemental Indenture	December 1, 1972
Twenty-fourth Supplemental Indenture.....	June 1, 1973
Twenty-fifth Supplemental Indenture.....	December 1, 1973
Twenty-sixth Supplemental Indenture.....	June 1, 1974
Twenty-seventh Supplemental Indenture	November 1, 1974
Twenty-eighth Supplemental Indenture.....	July 1, 1975
Twenty-ninth Supplemental Indenture	December 1, 1977
Thirtieth Supplemental Indenture	July 1, 1978
Thirty-first Supplemental Indenture	February 1, 1979
Thirty-second Supplemental Indenture.....	December 1, 1980
Thirty-third Supplemental Indenture	January 1, 1981
Thirty-fourth Supplemental Indenture	August 1, 1981
Thirty-fifth Supplemental Indenture	February 1, 1982
Thirty-sixth Supplemental Indenture	December 1, 1982
Thirty-seventh Supplemental Indenture.....	February 1, 1983
Thirty-eighth Supplemental Indenture.....	December 1, 1984

<u>Designation</u>	<u>Dated as of</u>
Thirty-ninth Supplemental Indenture.....	December 1, 1985
Fortieth Supplemental Indenture.....	July 1, 1986
Forty-first Supplemental Indenture.....	July 1, 1989
Forty-second Supplemental Indenture	February 1, 1990
Forty-third Supplemental Indenture.....	October 1, 1990
Forty-fourth Supplemental Indenture	November 1, 1990
Forty-fifth Supplemental Indenture	January 1, 1991
Forty-sixth Supplemental Indenture	August 1, 1992
Forty-seventh Supplemental Indenture	November 1, 1992
Forty-eighth Supplemental Indenture	June 15, 1993
Forty-ninth Supplemental Indenture	August 1, 1993
Fiftieth Supplemental Indenture	October 1, 1993
Fifty-first Supplemental Indenture.....	October 1, 1993
Fifty-second Supplemental Indenture	June 15, 1994
Fifty-third Supplemental Indenture.....	March 1, 1996
Fifty-fourth Supplemental Indenture	March 1, 1997
Fifty-fifth Supplemental Indenture	March 1, 2000
Fifty-sixth Supplemental Indenture	July 1, 2001
Fifty-seventh Supplemental Indenture.....	March 1, 2002
Fifty-eighth Supplemental Indenture	November 1, 2002
Fifty-ninth Supplemental Indenture.....	May 1, 2003
Sixtieth Supplemental Indenture.....	June 1, 2003
Sixty-first Supplemental Indenture	June 15, 2003
Sixty-second Supplemental Indenture	October 1, 2004
Sixty-third Supplemental Indenture.....	January 1, 2005
Sixty-fourth Supplemental Indenture.....	March 1, 2005
Sixty-fifth Supplemental Indenture	May 1, 2005
Sixty-sixth Supplemental Indenture	June 1, 2006

which supplemental indentures were appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming, as applicable; and

WHEREAS, in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, as supplemented, the following series of First Mortgage Bonds:

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
3 1/8% Series due 1974.....	\$30,000,000	None

2 7/8% Series due 1977.....	11,000,000	None
3 1/8% Series due 1978.....	7,500,000	None
2 7/8% Series due 1979.....	8,700,000	None
2 7/8% Series due 1980.....	6,000,000	None
3 5/8% Series due 1981.....	8,000,000	None
3 1/2% Series due 1982.....	15,000,000	None
4 1/4% Series due 1983.....	18,000,000	None
3 1/4% Series due 1984.....	7,500,000	None
3 3/8% Series due 1985.....	18,000,000	None
5 5/8% Series due 1989.....	15,000,000	None
4 7/8% Series due 1991.....	12,000,000	None
4 3/8% Series due 1993.....	15,000,000	None
4 5/8% Series due 1995.....	25,000,000	None
5 3/4% Series due 1996.....	25,000,000	None
5 7/8% Series due 1997.....	30,000,000	None
7 3/8% Series due 1998.....	15,000,000	None
9 1/4% Series due 1999.....	25,000,000	None
9 5/8% Series due 2000.....	25,000,000	None
7 5/8% Series due 2001.....	30,000,000	None
8 % Series due August 1, 2001	30,000,000	None
7 3/4% Series due 2002.....	35,000,000	None
7 1/2% Series due December 1, 2002	15,000,000	None
8 % Series due 2003.....	40,000,000	None
8 1/8% Series due December 1, 2003	40,000,000	None
10 1/2% Series due 2004.....	40,000,000	None
9 1/4% Series due November 1, 1981.....	60,000,000	None
10 1/8% Series due July 1, 2005	40,000,000	None
9 1/8% Series due December 1, 2007	75,000,000	None
9 7/8% Series due July 1, 2008.....	75,000,000	None
10 1/4% Series due February 1, 2009	60,000,000	None
16 1/8% Series due December 1, 1986	70,000,000	None
4 1/2% Series due September 1, 1983	\$1,202,000	None
5 1/2% Series due January 1, 1988	598,310	None
5 5/8% Series due May 1, 1990	1,400,000	None
6 1/4% Series due December 1, 1996	3,560,000	None
9 3/4% Series due September 1, 2000	4,600,000	None
8 3/4% Series due March 1, 1998	9,800,000	None
17 3/8% Series due August 1, 1988	75,000,000	None
16 1/2% Series due February 1, 1991	80,000,000	None
13 3/8% Series due December 1, 2012	75,000,000	None
13 1/4% Series due February 1, 2013	25,000,000	None
14 1/8% Series due December 1, 2014	100,000,000	None
Pollution Control Series A.....	128,800,000	None
10 1/4% Series due July 1, 2016.....	50,000,000	None
9 3/4% Series due July 1, 2019.....	75,000,000	None
10% Series due February 1, 2020	150,000,000	None

10 3/8% Series due October 1, 2020.....	175,000,000	None
Solid Waste Disposal Series A	21,066,667	None
Solid Waste Disposal Series B.....	28,440,000	None
7 1/2% Series due August 1, 2007	100,000,000	None
7.90% Series due November 1, 2002.....	25,000,000	None
8.70% Series due November 1, 2022.....	25,000,000	None
Pollution Control Series B	46,875,000	46,875,000
6.65% Series due August 1, 2005	115,000,000	None
6 % Series due October 1, 2003.....	155,000,000	None
7 % Series due October 1, 2023.....	175,000,000	None
Pollution Control Series C	20,319,000	20,319,000
Pollution Control Series D	9,586,400	9,586,400
8 3/4% Series due March 1, 2026	85,000,000	None
7% Series due March 1, 2002	85,000,000	None
7.72 % Series due March 1, 2003	100,000,000	None
6 1/8 % Series due July 1, 2005.....	100,000,000	None
6.70% Series due April 1, 2032	100,000,000	100,000,000
6.00% Series due November 1, 2032.....	100,000,000	100,000,000
5.40% Series due May 1, 2018	150,000,000	150,000,000
5.90% Series due June 1, 2033	100,000,000	100,000,000
5% Series due July 1, 2018	115,000,000	115,000,000
6.38% Series due November 1, 2034.....	60,000,000	60,000,000
5.66% Series due February 1, 2025	175,000,000	175,000,000
5% Pollution Control Series E	45,000,000	45,000,000
4.50 % Series due June 1, 2010	100,000,000	100,000,000
Pollution Control Series F	56,378,000	56,378,000

which bonds are also hereinafter sometimes called bonds of the First through ____ Series, respectively; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the

Company may cure any ambiguity contained therein or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds, hereinafter referred to as bonds of the _____ Series, which term shall include the Private Bonds of the _____ Series and the Exchange Bonds of the _____ Series (each as defined herein), unless the context otherwise requires, and (pursuant to the provisions of Section 120 of the Mortgage) to add to its covenants and agreements contained in the Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it and to alter and amend in certain respects the covenants and provisions contained in the Mortgage, as heretofore supplemented; and

WHEREAS, the execution and delivery by the Company of this Supplemental Indenture, and the terms of the bonds of the _____ Series, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Company, in consideration of the premises and of One Dollar to it duly paid by the Trustees at or before the enrolling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modifications made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, hypothecates, affects, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto The Bank of New York Trust Company, National Association (as to property, real or personal, situated or being in Missouri) and Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) to Deutsche Bank Trust Company Americas, as Trustees under the Mortgage, and to their successor or successors in said trust, and to them and their successors and assigns forever, all property, real, personal or mixed, of any kind or nature acquired by the Company after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this _____ Supplemental Indenture) all lands, power sites, flowage rights, water rights, water locations, water

appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto; all street and interurban railway and transportation lines and systems, terminal systems and facilities; all bridges, culverts, tracks, railways, sidings, spurs, wyes, roadbeds, trestles and viaducts; all overground and underground trolleys and feeder wires; all telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof, all machinery, engines, boilers, dynamos, electric, gas and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture and chattels; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments, prescriptions, servitudes and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) after the date hereof, except any herein or in the Mortgage, as heretofore supplemented, expressly excepted, shall be and are as fully granted and conveyed hereby and by the Mortgage and as fully embraced within the lien hereof and the lien of the Mortgage, as heretofore supplemented, as if such property, rights and franchises were now owned by the Company and were specifically described herein or in the Mortgage and conveyed hereby or thereby.

PROVIDED THAT the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged,

hypothecated, affected, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this ____ Supplemental Indenture and from the lien and operation of the Mortgage, as heretofore supplemented, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for the purpose of repairing or replacing (in whole or in part) any street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles or other vehicles or aircraft, and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles and other vehicles and all aircraft; (3) bills, notes and accounts receivable, judgments, demands and choses in action, and all contracts, leases and operating agreements not specifically pledged under the Mortgage, as heretofore supplemented, or covenanted so to be; the Company's contractual rights or other interest in or with respect to tires not owned by the Company; (4) the last day of the term of any lease or leasehold which may hereafter become subject to the lien of the Mortgage; (5) electric energy, gas, ice, and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties; (6) the Company's franchise to be a corporation; (7) the properties heretofore sold or in the process of being sold by the Company and heretofore released from the Mortgage and Deed of Trust dated as of October 1, 1926 from Arkansas Power & Light Company to Guaranty Trust Company of New York, trustee, and specifically described in a release instrument executed by Guaranty Trust Company of New York, as trustee, dated October 13, 1938, which release has heretofore been delivered by the said trustee to the Company and recorded by the Company in the office of the Recorder for Garland County, Arkansas, in Record Book 227, Page 1, all of said properties being located in Garland County, Arkansas; and (8) any property heretofore released pursuant to any provisions of the Mortgage and not heretofore disposed of by the Company; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage, as heretofore supplemented, and this ____ Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that any or all of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, hypothecated, affected, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto The Bank of New York Trust Company, National Association (as to property, real or personal, situated or being in Missouri), and unto Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) unto Deutsche Bank Trust Company Americas, as Trustees, and their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this _____Supplemental Indenture being supplemental to the Mortgage.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors in the trust in the same manner and with the same effect as if said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustees, by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successors in said trust under the Mortgage, as follows:

ARTICLE I

____ SERIES OF BONDS

SECTION 1. There shall be a series of bonds designated “____% Series due _____” (herein sometimes called the “____Series”), each of which shall also bear the descriptive title “First Mortgage Bond”, and the form thereof, which shall be established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the ____Series (which shall be initially issued in the aggregate principal amount of \$____) shall mature on _____, shall be issued as fully registered bonds in the denomination of One Thousand Dollars and, at the option of the Company, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof), shall bear interest at the rate of ____% per annum, the first interest payment to be made on _____, for the period from _____to _____with subsequent interest payments payable semi-annually on _____and _____of each year (each an “Interest Payment Date”), shall be dated as in Section 10 of the Mortgage provided, and the principal of and interest on each said bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Interest on the bonds of the ____Series will be computed on the basis of a 360-day year of twelve 30-day months. In any case where any Interest Payment Date, redemption date or maturity of any bond of the ____Series shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect, and in the same amount, as if made on the corresponding Interest Payment Date or redemption date, or at maturity, as the case may be, and, if such payment is made or duly provided for on such

Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, redemption date or maturity, as the case may be, to such Business Day. "Business Day" means any day, other than a Saturday or a Sunday, or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Corporate Trustee is closed for business.

So long as all of the bonds of the ____ Series are held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest on the bonds of the ____ Series shall be the Business Day immediately preceding the corresponding Interest Payment Date; provided, however, that the record date for the payment of interest which is paid after such Interest Payment Date, shall be the Business Day immediately preceding the date on which such interest is paid. Interest on the bonds of the ____ Series shall be paid to the Person in whose name such bonds of the ____ Series are registered at the close of business on the record date for the corresponding Interest Payment Date.

(I) The Company has entered into a Registration Rights Agreement dated as of ____ (the "Registration Rights Agreement") with the initial purchasers of the Bonds of the ____ Series pursuant to which the Bonds of the ____ Series that are issued and sold without registration (the "Private Bonds of the ____ Series") under the Securities Act of 1933, as amended (the "Securities Act"), may be exchanged for Bonds of the ____ Series that will be registered under the Securities Act and that will otherwise have substantially the same terms as the Private Bonds of the ____ Series (the "Exchange Bonds of the ____ Series"), or, failing such exchange, the Company has agreed to file a shelf registration statement for the resale of the Private Bonds of the ____ Series. The Private Bonds of the ____ Series will be offered and sold by the Company in reliance on an exemption from registration under the Securities Act, and Private Bonds of the ____ Series will be exchanged for Exchange Bonds of the ____ Series only pursuant to an effective registration statement under the Securities Act and otherwise in accordance with the Registration Rights Agreement and the Mortgage. The Private Bonds of the ____ Series and the Exchange Bonds of the ____ Series will constitute a single series of bonds under the Mortgage. Exchange Bonds of the ____ Series shall be authenticated and delivered by the Trustee at one time or from time to time upon the written order or orders of the Company in principal amounts equal to the principal amounts of the Private Bonds of the ____ Series surrendered in exchange therefor.

(II) Form of Bonds of the ____ Series. The Bonds of the ____ Series, and the Corporate Trustee's authentication certificate to be executed on the Bonds of the ____ Series, shall be in substantially the following forms, respectively:

[FORM OF FACE OF BOND OF THE ____ SERIES]

[depository legend]

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[non-registration legend to be included on Private Bonds of the ____ Series]

THIS SECURITY (OR PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR PURSUANT TO AN APPLICABLE EXEMPTION THEREFROM OR A TRANSACTION NOT SUBJECT THERETO. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE THEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (I) TO THE COMPANY, (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN A TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, OR IN A TRANSACTION NOT SUBJECT TO, THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE

REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CLAUSES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER OF THIS SECURITY ACKNOWLEDGES THAT THE COMPANY RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER (1) PURSUANT TO CLAUSE (IV) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY.

[registration rights legend to be included on Private Bonds of the __Series]

BY ITS ACCEPTANCE OF THE SECURITIES EVIDENCED HEREBY OR A BENEFICIAL INTEREST IN SUCH SECURITIES, THE HOLDER OF, AND ANY PERSON THAT ACQUIRES A BENEFICIAL INTEREST IN, SUCH SECURITIES AGREES TO BE BOUND BY THE PROVISIONS OF THE REGISTRATION RIGHTS AGREEMENT (THE "REGISTRATION RIGHTS AGREEMENT") DATED AS OF ____ AND RELATING TO THE REGISTRATION UNDER THE SECURITIES ACT OF SECURITIES EXCHANGEABLE FOR THE SECURITIES EVIDENCED HEREBY AND REGISTRATION OF THE SECURITIES EVIDENCED HEREBY.

(TEMPORARY REGISTERED BOND)

No. TR-____
\$

CUSIP

ENTERGY ARKANSAS, INC.
FIRST MORTGAGE BOND, ____% SERIES
DUE _____

ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas (hereinafter called the Company), for value received, hereby promises to pay to CEDE & CO. or registered assigns, on _____ at the office or agency of the Company in the Borough of Manhattan, The City of New York,

_____ DOLLARS

in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon from _____, if the date of this bond is prior to ____, or if the date of this bond is on or after ____, from the _____ next preceding the date of this bond to which interest has been paid (unless the date hereof is an interest payment date to which interest has been paid, in which case from the date hereof), at the rate of ____% per annum in like coin or currency at said office or agency on _____ of each year, commencing ____, until the principal of this bond shall have become due and payable, and to pay interest on any overdue principal and (to the extent that payment of such interest is enforceable under the applicable law) on any overdue installment of interest at the rate of 6% per annum. [If the Company does not comply with certain of its obligations under the Registration Rights Agreement, this bond shall, in accordance with Section 2(e) of the Registration Rights Agreement, bear additional interest ("Additional Interest") in addition to the interest provided for in the immediately preceding sentence. For purposes of this bond, the term "interest" shall be deemed to include interest provided for in the second immediately preceding sentence and Additional Interest, if any.]* So long as this bond is held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest hereon shall be the Business Day (as defined in the _____ Supplemental Indenture referred to below) immediately preceding the date on which interest is due; provided, however, that the record date for the payment of interest which is paid after the date on which such interest is due, shall be the Business Day immediately preceding the date on which such interest is paid. Interest hereon shall be paid to the Person in whose name this bond is registered at the close of business on the record date for the payment of such interest. If any interest payment date for this bond falls on a day that is not a Business Day, the payment of interest will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such interest payment date. If the maturity date or any redemption date of this bond falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal being redeemed if on a redemption date) will be

* Include bracketed language only in a Private Bond of the _____ Series

made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

This bond is a temporary bond and is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, __% Series due __, all bonds of all series issued and to be issued under and equally secured (except insofar as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust (herein, together with any indenture supplemental thereto, including the ____ Supplemental Indenture dated as of ____, called the Mortgage), dated as of October 1, 1944, executed by the Company to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and Henry A. Theis (Stanley Burg, successor) and, as to property, real or personal, situated or being in Missouri, Marvin A. Mueller (The Bank of New York Trust Company, National Association, successor), as Trustees. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by such affirmative vote or votes of the holders of bonds then outstanding as are specified in the Mortgage.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

In the manner prescribed in the Mortgage, this bond is transferable by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer duly executed by the registered owner or by his duly authorized attorney, and thereupon a new fully registered temporary or definitive bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustees shall be affected by any notice to the contrary.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

In the manner prescribed in the Mortgage, this temporary bond is exchangeable at the office or agency of the Company in the Borough of Manhattan, The City of New York, without charge, for a definitive bond or bonds of the same series of a like aggregate principal amount when such definitive bonds are prepared and ready for delivery.

As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten days next preceding any interest payment date for bonds of said series, or next preceding any designation of bonds of said series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

The bonds of this series are subject to redemption as provided in the _____ Supplemental Indenture.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall be construed in accordance with and governed by the laws of the State of New York.

This bond shall not become obligatory until Deutsche Bank Trust Company Americas, the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, by his signature or a facsimile thereof, on _____.

ENTERGY ARKANSAS, INC.

By _____
(Name)
(Title)

Attest:

(Name)
(Title)

CORPORATE TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

DEUTSCHE BANK TRUST
COMPANY AMERICAS,
as Corporate Trustee

By _____
Authorized Officer

(III) The bonds of the ____ Series shall be redeemable at the option of the Company, in whole or in part, on not less than 30 days nor more than 60 days notice prior to the date fixed for redemption, (a) at any time prior to ____, at a redemption price equal to the greater of (i) 100% of the principal amount of such bonds of the ____ Series to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of (x) the present value of the payment on ____ of the principal amount of such bonds of the ____ Series to be redeemed plus (y) the sum of the present values of the remaining scheduled payments of interest on such bonds of the ____ Series to be redeemed to ____ (excluding the portion of any such interest accrued to such redemption date), discounted (for purposes of determining such present values) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus __%, and (b) at any time on or after ____, prior to maturity of the bonds of the ____ Series, at a redemption price equal to 100% of the principal amount of such bonds of the ____ Series to be redeemed, plus, in each case, accrued and unpaid interest thereon to the redemption date.

As used herein, the following defined terms shall have the respective meanings specified unless the context clearly requires otherwise:

The term "Adjusted Treasury Rate" shall mean, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after __, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

(2) if such release (or any successor release) is not published during the week preceding the calculation date for the Adjusted Treasury Rate or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

The term "Comparable Treasury Issue" shall mean the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to _____ 1, _____ that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to _____, 1, _____.

The term "Comparable Treasury Price" shall mean, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

The term "Independent Investment Banker" shall mean one of the Reference Treasury Dealers that the Company appoints to act as the Independent Investment Banker from time to time, or, if any of such firms is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

The term "Reference Treasury Dealer" shall mean (i) _____ and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Company.

The term "Reference Treasury Dealer Quotations" shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m. on the third Business Day preceding such redemption date.

(IV) At the option of the registered owner, any bonds of the _____ Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the _____ Series shall be transferable, upon the surrender thereof for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the _____ Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but the Company

hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of said Series.

Upon the delivery of this ____ Supplemental Indenture and upon compliance with the applicable provisions of the Mortgage, as heretofore supplemented, there shall be an initial issue of bonds of the _____ Series for the aggregate principal amount of \$ ____.

ARTICLE III ~~ARTICLE II~~

MISCELLANEOUS PROVISIONS

~~SECTION 3.~~ SECTION 2. The holders of the bonds of the ____ Series shall be deemed to have consented and agreed that the Company may, but shall not be obligated to, fix a record date for the purpose of determining the holders of the bonds of the ____ Series entitled to consent to any amendment or supplement to the Mortgage or the waiver of any provision thereof or any act to be performed thereunder. If a record date is fixed, those persons who were holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

~~SECTION 4.~~ SECTION 3. Subject to the amendments provided for in this ____ Supplemental Indenture, the terms defined in the Mortgage and the First through ____ Supplemental Indentures shall, for all purposes of this ____ Supplemental Indenture, have the meanings specified in the Mortgage and the First through ____ Supplemental Indentures.

~~SECTION 5.~~ SECTION 4. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions herein and in the Mortgage and in the First through ____ Supplemental Indentures set forth and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this ____ Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XVII of the Mortgage, as heretofore amended, shall apply to and form part of this ____ Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this ____ Supplemental Indenture.

~~SECTION 6.~~ SECTION 5. Whenever in this ____ Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, as heretofore amended, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this ____ Supplemental Indenture contained by or on behalf of the Company, or by or on

behalf of the Trustees, or any of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

~~SECTION 7.~~SECTION 6. Nothing in this _____ Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this _____ Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises or agreements Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

~~SECTION 8.~~SECTION 7. This _____ Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

~~SECTION 9.~~SECTION 8. This _____ Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK TRUST COMPANY AMERICAS has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by, one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Associates for and in its behalf, and STANLEY BURG has hereunto set his hand and affixed his seal, and THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Assistant Secretaries or one of its Assistant Treasurers or one of its Assistant Vice Presidents for and in its behalf, as of the day and year first above written.

ENTERGY ARKANSAS, INC.

By: _____
(Name)
(Title)

Attest:

(Name)
(Title)

Executed, sealed and delivered by
ENTERGY ARKANSAS, INC.
in the presence of:

DEUTSCHE BANK TRUST COMPANY
AMERICAS,
As Corporate Trustee

By: _____
(Title)

Attest:

(Title)

STANLEY BURG,
As Co-Trustee

_____ [L.S.]

Executed, sealed and delivered by
DEUTSCHE BANK TRUST COMPANY AMERICAS and STANLEY BURG
in the presence of:

THE BANK OF NEW YORK TRUST
COMPANY, NATIONAL ASSOCIATION
As Co-Trustee as to property, real or
personal, situated or being in Missouri

By: _____
(Title)

Attest:

(Title)

Executed, sealed and delivered by
THE BANK OF NEW YORK TRUST
COMPANY, NATIONAL ASSOCIATION
in the presence of:

[illegible]

On this _____ day of _____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said Parish and State, appeared in person the within named _____ and _____, to me personally well known, who stated that they were the _____ and _____, respectively, of ENTERGY ARKANSAS, INC., a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the _____ day of _____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that (s)he resides at _____, _____, _____; that (s)he is the _____ of ENTERGY ARKANSAS, INC., one of the corporations described in and which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that (s)he signed her/his name thereto by like order.

On the _____ day of _____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is the _____ of ENTERGY ARKANSAS, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said Parish and State the day and year last above written.

Notary Public
Parish of Orleans, State of Louisiana
My Commission is Issued For Life

STATE OF NEW JERSEY)
) SS.:
COUNTY OF HUDSON)

On this _____ day of _____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said County and State, appeared _____ and _____, to me personally well known, who stated that they were a _____ and an _____, respectively, of DEUTSCHE BANK TRUST COMPANY AMERICAS, a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation; and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the _____ day of _____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that (s)he resides at _____, _____; that (s)he is a _____ of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that (s)he signed her/his name thereto by like authority.

On the _____ day of _____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is an _____ of DEUTSCHE BANK TRUST COMPANY AMERICAS, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

Notary Public, State of New Jersey
Qualified in Hudson County
Commission Expires _____

[illegible]

On this _____ day of _____, before me, _____, the undersigned, personally appeared, STANLEY BURG, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

On the _____ day of _____, before me personally appeared STANLEY BURG, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, State of New Jersey
Qualified in Hudson County
Commission Expires _____

STATE OF _____)
) SS.:
CITY OF _____)

On this ____ day of ____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said county and state, appeared _____ and _____, to me personally known, who stated that they were a _____ and _____, respectively, _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said Corporation; and further stated that they had so signed, executed and delivered the same for the consideration, uses and purposes therein mentioned and set forth.

On the ____ day of ____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did depose and say that (s)he resided at _____; that (s)he is a _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, one of the corporations described in and which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that (s)he signed her/his name thereto by like authority.

On the ____ day of ____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that (s)he is a _____ of THE BANK OF NEW YORK TRUST COMPANY, NATIONAL ASSOCIATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said City and State the day and year last above written.

Notary Public, State of _____
Qualified in _____ County
Commission Expires _____

**Entergy Arkansas, Inc.
Excerpt from the Unanimous Written Consent
of the Board of Directors
dated June 30, 2006**

The undersigned, being all the Directors of Entergy Arkansas, Inc., an Arkansas corporation (the "Company"), do hereby waive all notice and the holding of a meeting, and pursuant to the provisions of Ark. Code Ann. § 4-27-821, do hereby take the following action without a meeting and consent to such action by our execution of this consent, intending it to have the same force and effect as a unanimous vote at a meeting:

RESOLVED, That subject to obtaining all requisite approvals, authorizations and consents, the Board of Directors hereby approves a new financing plan for the Company for the period January 1, 2007 through December 31, 2009, providing for (1) the issuance and sale by the Company, from time to time, of (a) one or more new series or sub-series of the Company's First Mortgage Bonds (the "Bonds") in a combined aggregate principal amount not to exceed \$900,000,000; (b) one or more new series of the Company's \$100 Preferred Stock, \$25 Preferred Stock or Class A Preferred Stock or any combination thereof (collectively, the "Preferred Stock") having an aggregate par and/or liquidation value not to exceed \$120,000,000; and (c) not in excess of 8,000,000 authorized but unissued additional shares of the Company's Common Stock, \$0.01 par value per share at a minimum per share price of \$12.50, which consideration the Board of Directors has determined is adequate, for an aggregate cash consideration not to exceed \$200,000,000, at such times and on such terms and conditions as the officers of the Company deem appropriate, subject to such further approvals of the Board of Directors and/or the Executive Committee as may be necessary or desirable; (2) the financing or refinancing, from time to time, of certain facilities, including but not limited to sewage and/or solid waste disposal or pollution control facilities regardless of whether such facilities have heretofore been the subject of such financing, to the greatest extent practicable, with the net proceeds of the issuance and sale of up to \$240,000,000 aggregate principal amount of tax-exempt bonds or notes (the "Tax-Exempt Bonds"), which may be secured by \$270,000,000 aggregate principal amount of the Company's first mortgage bonds, provided that the actual amount of such financing and structure of such arrangements shall be determined at a later date; (3) the renewal, extension or obtaining of new or replacement letters of credit or other credit facilities to support outstanding Tax-Exempt Bonds, and the purchase, redemption and/or remarketing of any such bonds, as provided for under existing arrangements and the fixing of interest rates or changing the interest rate determinations for any such bonds; (4) the negotiation

EAI Exhibit B

and execution of any loan, reimbursement, pledge, guaranty or indemnity agreements to support the financings contemplated in (1) through (3) above, (such financings being herein collectively referred to as the "New Financing Plan"); and (5) the acquisition (and retirement and cancellation), from time to time, by redemption (subject to any applicable mandatory or optional sinking fund provisions or not), tender offer, open market or negotiated purchases or otherwise, or refunding of all or a portion of one or more series of (a) the Company's outstanding First Mortgage Bonds, (b) the Company's outstanding Preferred Stock, (c) outstanding Tax-Exempt Bonds issued for the benefit of the Company, and/or (d) any other security heretofore or hereafter issued by the Company (the same being herein referred to collectively, as the "New Acquisition Program"), each and all with funds that are lawfully available for such purpose; and further

RESOLVED, That the officers of the Company, be, and each of them hereby is, subject to receipt of any necessary Board, Executive Committee or regulatory approvals and any contractual or legal restrictions, authorized and directed to implement the New Acquisition Program by effecting the retirement (by any methods or combination of methods specified in these resolutions) of any such outstanding First Mortgage Bonds, Tax-Exempt Bonds and any other security heretofore or hereafter issued by the Company as they, in their judgment, deem appropriate or desirable in the interests of the Company; and further

RESOLVED, That the officers of the Company be, and each of them hereby is, authorized to prepare, execute and file with the Arkansas Public Service Commission (the "APSC") and the Tennessee Regulatory Authority (the "TRA") applications and any and all amendments thereto together with any and all exhibits and other documents related thereto, as such officers may deem necessary or desirable for the purpose of obtaining the requisite authorizations of the APSC and the TRA for the New Financing Plan; and further

RESOLVED, That if any series of Bonds and/or the Preferred Stock is to be sold publicly, and is not otherwise the subject of a registration statement filed with the Securities and Exchange Commission (the "SEC"), the officers of the Company, be, and each of them hereby is, authorized to prepare, execute and file with the SEC one or more registration statements with respect thereto, each including a prospectus, on such form or forms as the officers of the Company determine to be advisable, and any and all amendments and supplements thereto, as such officers may deem necessary or desirable, together with any and all exhibits and documents related thereto, pursuant to the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder; and further


RESOLVED, That the Company, for the purposes of complying with the requirements of the blue sky laws of various states and/or other jurisdictions in connection with applications to register one or more new series or sub-series of the Bonds or Preferred Stock, does hereby irrevocably authorize the President or any Vice President, the Treasurer or any Assistant Treasurer and/or the Secretary or any Assistant

EAI Exhibit B

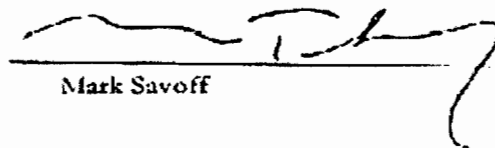
Secretary, or any of them, to execute for and on behalf of the Company, any necessary forms and/or other papers designated by the respective securities regulatory authorities of such states and/or jurisdictions, including consents to service of process, needed for the registration of such Bonds or Preferred Stock, and such officers of the Company, or any of them, are authorized to do everything necessary and proper to facilitate any public offering thereof in the various states and/or jurisdictions; and further


RESOLVED, That the officers of the Company be, and each of them hereby is, authorized and empowered, for and on behalf of the Company, to take or cause to be taken all steps and proceedings, and to do all such acts and things and to execute all such documents and instruments, as in their judgment may be necessary or appropriate to carry out and effectuate the purposes of the foregoing resolutions and the transactions contemplated thereby.

Effective Date: June 30, 2006



Hugh T. McDonald

Leo P. Denault

Mark Savoff

Richard J. Smith

ESTIMATE OF ISSUANCE EXPENSES*

	<u>INITIAL SERIES</u>	<u>EACH SUBSEQUENT SERIES</u>
FIRST MORTGAGE BONDS	\$480,000	\$130,000
PREFERRED STOCK	\$320,000	\$170,000
COMMON STOCK	\$30,000	\$20,000
TAX-EXEMPT BONDS, COLLATERAL BONDS	\$240,000	\$190,000

* The estimates of expenses in this exhibit were developed by category and reflect assumptions specific to each category. EAI Exhibit D-1 and EAI Exhibit D-2 reflect total expenses of issuance for all of the securities in the proposed plan. Total expenses were derived from these estimates. Total expenses are the sum of the Initial Series expenses listed above, plus an estimated number of subsequent issuances multiplied by the amount indicated in Each Subsequent Series above, plus an estimate of underwriting expenses.

ENTERGY ARKANSAS, INC.
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED MARCH 31, 2006
(IN THOUSANDS)

STATEMENT OF INCOME	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
OPERATING REVENUES				
Domestic Electric	\$1,869,317	\$ -	\$ -	\$1,869,317
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel and fuel-related expenses	87,819			87,819
Purchased power	766,575			766,575
Nuclear refueling outage expenses	28,930			28,930
Other operation and maintenance	398,703			398,703
Decommissioning	30,575			30,575
Taxes other than income taxes	38,794			38,794
Depreciation and amortization	204,877			204,877
Other regulatory credits	(3,773)			(3,773)
TOTAL	1,552,500	-	-	1,552,500
OPERATING INCOME	316,817	-	-	316,817
OTHER INCOME (DEDUCTIONS)				
Allowance for equity funds used during construction	9,557			9,557
Interest and dividend income	26,324			26,324
Miscellaneous - net	(2,661)			(2,661)
TOTAL	33,220	-	-	33,220
INTEREST AND OTHER CHARGES				
Interest on long-term debt	76,723	(612)	(488)	75,623
Other interest - net	6,579			6,579
Allowance for borrowed funds used during construction	(7,328)			(7,328)
TOTAL	75,974	(612)	(488)	74,874
INCOME BEFORE INCOME TAXES	274,063	612	488	275,163
Income taxes	102,436	241	192	102,869
NET INCOME	171,627	371	296	172,294
Preferred dividend requirements and other	7,870	-	(2,376)	5,494
EARNINGS APPLICABLE TO COMMON STOCK	\$163,757	\$ 371	\$ 2,672	\$166,800

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF MARCH 31, 2006
(IN THOUSANDS)

ASSETS	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT ASSETS				
Cash and cash equivalents:				
Cash	15,117			15,117
Temporary cash investments - at cost, which approximates market	29,246	(75,171)	88,097	42,172
Total cash and cash equivalents	44,363	(75,171)	88,097	57,289
Accounts receivable:				
Customer	100,500			100,500
Allowance for doubtful accounts	(15,490)			(15,490)
Associated companies	56,540			56,540
Other	66,373			66,373
Accrued unbilled revenues	53,681			53,681
Total accounts receivable	261,604	-	-	261,604
Deferred fuel costs	156,870			156,870
Fuel inventory - at average cost	27,211			27,211
Materials and supplies - at average cost	88,701			88,701
Deferred nuclear refueling outage costs	24,765			24,765
Prepayments and other	10,975			10,975
TOTAL	614,489	(75,171)	88,097	627,415
OTHER PROPERTY AND INVESTMENTS				
Investment in affiliates - at equity	11,206			11,206
Decommissioning trust funds	409,886			409,886
Non-utility property - at cost (less accumulated depreciation)	1,448			1,448
Other	2,976			2,976
TOTAL	425,516	-	-	425,516
UTILITY PLANT (AT ORIGINAL COST)				
Electric	6,391,536			6,391,536
Construction work in progress	143,189			143,189
Nuclear fuel	20,910			20,910
TOTAL UTILITY PLANT - EXCLUDING CAPITAL LEASES	6,555,635	-	-	6,555,635
Less - accumulated depreciation and amortization	2,882,779			2,882,779
NET UTILITY PLANT - EXCLUDING CAPITAL LEASES	3,672,856			3,672,856
Property under capital lease	8,943			8,943
Nuclear fuel under capital lease	79,109			79,109
UTILITY PLANT - NET	3,760,908	-	-	3,760,908
DEFERRED DEBITS AND OTHER ASSETS				
Regulatory assets:				
SFAS 109 regulatory asset - net	57,873			57,873
Other regulatory assets	463,501	682	16,681	480,864
Other	52,458			52,458
TOTAL	573,832	682	16,681	591,195
TOTAL ASSETS	5,374,745	(74,489)	104,778	5,405,034

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF MARCH 31, 2006
(IN THOUSANDS)

LIABILITIES AND SHAREHOLDERS' EQUITY	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT LIABILITIES				
Accounts payable:				
Associated companies	32,151			32,151
Other	124,063			124,063
Customer deposits	46,167			46,167
Taxes accrued	9,570			9,570
Accumulated deferred income taxes	35,615			35,615
Interest accrued	22,873			22,873
Obligations under capital leases	49,819			49,819
Other	23,140			23,140
TOTAL	343,398	-	-	343,398
NON-CURRENT LIABILITIES				
Accumulated deferred income taxes and taxes accrued	1,143,059			1,143,059
Accumulated deferred investment tax credits	62,959			62,959
Obligations under capital leases	38,233			38,233
Other regulatory liabilities	81,442			81,442
Decommissioning	449,598			449,598
Accumulated provisions	27,859			27,859
Long-term debt (schedule attached)	1,299,955	140	2,286	1,302,381
Other	297,371			297,371
TOTAL	3,400,476	140	2,286	3,402,902
Commitments and contingencies				
SHAREHOLDERS' EQUITY				
Preferred stock without sinking fund (schedule attached)	191,350	(75,000)	3,650	120,000
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2006	470	-	80	550
Paid-in capital	589,547	-	96,090	685,637
Retained earnings	849,504	371	2,672	852,547
TOTAL	1,630,871	(74,629)	102,492	1,658,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,374,745	(74,489)	104,778	5,405,034

ENTERGY ARKANSAS, INC.
DETAIL OF LONG-TERM DEBT AND PREFERRED STOCK WITHOUT SINKING FUND
AS OF MARCH 31, 2006
(IN THOUSANDS)

LONG-TERM DEBT	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
First Mortgage Bonds				
4.50% Series due 2010	100,000	-	(100,000)	-
5.40% Series due 2018	150,000	-	(150,000)	-
5.00% Series due 2018	115,000	-	(115,000)	-
5.66% Series due 2025	175,000	-	(175,000)	-
6.70% Series due 2032	100,000	-	(100,000)	-
6.00% Series due 2032	100,000	-	(100,000)	-
5.90% Series due 2033	100,000	-	(100,000)	-
6.38% Series due 2034	60,000	-	(60,000)	-
Various series due at various dates (assumed 5.5% rate)	-	-	900,000	900,000
TOTAL FIRST MORTGAGE BONDS	900,000	-	-	900,000
Governmental Bonds				
Pope County, Arkansas 6.30% Series due 2016	19,500	-	(19,500)	-
Jefferson County, Arkansas 5.60% Series due 2017	45,500	(45,500)	-	-
Jefferson County, Arkansas 6.30% Series due 2018	9,200	(9,200)	-	-
Pope County, Arkansas 6.30% Series due 2020	120,000	-	(120,000)	-
Independence County, Arkansas 5.0% Series due 2021	45,000	-	-	45,000
Jefferson County, Arkansas 4.60% Series due 2017	-	54,700	-	54,700
Various series due at various dates (assumed 5% rate)	-	-	140,000	140,000
TOTAL GOVERNMENTAL BONDS	239,200	-	500	239,700
Nuclear Fuel Disposal Costs - DOE	162,726	-	-	162,726
Amount due within one year	-	-	-	-
Unamortized premium and discount on debt - net	(1,971)	140	1,786	(45)
TOTAL LONG-TERM DEBT	\$1,299,955	\$ 140	\$ 2,286	\$1,302,381
PREFERRED STOCK WITHOUT SINKING FUND				
Cumulative, \$100 par value:				
4.32% Series	7,000	-	(7,000)	-
4.72% Series	9,350	-	(9,350)	-
4.56% Series	7,500	-	(7,500)	-
4.56% 1965 Series	7,500	-	(7,500)	-
6.08% Series	10,000	-	(10,000)	-
7.32% Series	10,000	(10,000)	-	-
7.80% Series	15,000	(15,000)	-	-
7.40% Series	20,000	(20,000)	-	-
7.88% Series	15,000	(15,000)	-	-
Various series (assumed 4.5% rate)	-	-	120,000	120,000
Cumulative, \$25 par value:				
6.45% Series	75,000	-	(75,000)	-
Cumulative, \$0.01 par value:				
\$1.96 Series	15,000	(15,000)	-	-
TOTAL PREFERRED STOCK W/ SINKING FUND	\$191,350	\$ (75,000)	\$ 3,650	\$120,000

ARK. PUBLIC SERVICE COMMISSION
DITTA K. J. HEN
SECRETARY OF COMM.

SEP 19 3 24 PM '06

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION **FILED**

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO)
CERTAIN FINANCING TRANSACTIONS)
BETWEEN JANUARY 1, 2007 AND)
DECEMBER 31, 2009)

DOCKET NO. 06-096-U

SUPPLEMENTAL DIRECT TESTIMONY

OF

STEVEN C. MCNEAL

VICE PRESIDENT AND TREASURER

ENTERGY CORPORATION

ON BEHALF OF

ENTERGY ARKANSAS, INC.

SEPTEMBER 19, 2006

1 **I. INTRODUCTION**

2 Q. PLEASE STATE YOUR NAME.

3 A. My name is Steven C. McNeal.

4

5 Q. ARE YOU THE SAME STEVEN C. MCNEAL WHO FILED DIRECT
6 TESTIMONY IN THIS DOCKET ON JULY 12, 2006?

7 A. Yes, I am.

8

9 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

10 A. I am testifying on behalf of Entergy Arkansas, Inc. ("EAI" or the
11 "Company").

12

13 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT
14 TESTIMONY IN THIS DOCKET?

15 A. The purpose of my Supplemental Direct Testimony is to support EAI's
16 Amended Application in this Docket requesting Arkansas Public Service
17 Commission ("APSC" or the "Commission") authorization for EAI to issue
18 certain securities up to specified maximum limits. Specifically, I will
19 discuss the amendments in requested limits for securities that EAI
20 proposes to issue and sell and the Company's reasons for requesting the
21 amended authorization.

1 **II. CHANGES IN REQUESTED AUTHORIZATION LIMITS**

2 Q. WILL YOU DESCRIBE THE AMENDED AUTHORIZATIONS YOU ARE
3 REQUESTING?

4 A. The Amended Application is intended to address EAI's general financing
5 needs for the next three years, beginning January 1, 2007, and ending
6 December 31, 2009. EAI is requesting amended authorization to set a
7 sub-limit on potential need to issue and sell First Mortgage Bonds. EAI
8 still requests authorization to issue \$900 million in First Mortgage Bonds,
9 but seeks to set a sub-limit of \$450 million for EAI purposes other than
10 refinancing or retiring current bonds.

11 Second, in its Amended Application, EAI removes from the
12 Application authorization to refinance those Tax-Exempt Bonds that will
13 not be callable during the authorization period from January 1, 2007
14 through December 31, 2009.

15

16 Q. WHY IS THE COMPANY AMENDING THE REQUESTED
17 AUTHORIZATION?

18 A. While EAI would like to retain flexibility in financing authorization limits,
19 after discussion with the APSC General Staff ("Staff"), I agree with Staff's
20 position that because the most recent issuances of First Mortgage Bonds
21 were at attractive interest rates and interest rates have risen, it is unlikely
22 that EAI could economically refinance the most recent issuances. There
23 is a possibility, however, that market conditions could favor refinancing

1 even for these securities. Additionally, EAI may need to issue new First
2 Mortgage Bonds, for example, for generation acquisition as proposed in its
3 general rate case in APSC Docket No. 06-101-U or for unusual
4 circumstances such as was required in the December 2000 ice storms.
5 Therefore, EAI proposes to retain financing flexibility and continues to
6 request the \$900 million authorization for First Mortgage Bonds, but
7 agrees with setting a sub-limit of \$450 million for First Mortgage Bonds to
8 be used to finance new debt.

9
10 Q. PLEASE DISCUSS THE AMENDED REQUEST FOR TAX-EXEMPT
11 BONDS AND COLLATERAL BONDS.

12 A. The Company made an oversight in the Application by requesting
13 authorization to refinance governmental bonds that are not callable during
14 the authorization period. Thus, the Amended Application reduces the
15 requested amount from \$240 million to \$140 million to include only those
16 Tax Exempt Bonds that could be called during the authorization period.
17 EAI seeks a corresponding reduction in the requested amount of
18 Collateral Bonds to \$157 million.

19
20 Q. PLEASE RESTATE THE AUTHORIZATION LIMITS FOR EACH TYPE
21 OF SECURITY SOUGHT BY THE COMPANY.

22 A. The Company seeks authorization to issue \$900 million of First Mortgage
23 Bonds with a sub-limit of \$450 million for EAI purposes other than

1 refinancing or retirement of existing first mortgage bonds, \$140 million of
2 tax-exempt bonds, \$157 million of collateral bonds, \$120 million of
3 preferred stock, and \$200 million of common stock.

4

5 Q. ARE THESE AUTHORIZATION LIMITS CONSISTENT WITH PREVIOUS
6 FINANCING AUTHORIZATIONS GRANTED EAI BY THE APSC?

7 A. Yes, they are.

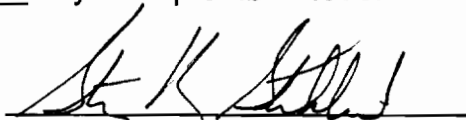
8

9 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY
10 AT THIS TIME?

11 A. Yes.

CERTIFICATE OF SERVICE

I, Steven K. Strickland, do hereby certify that a copy of the foregoing has been served upon all parties of record this 19th day of September 2006.

A handwritten signature in black ink, appearing to read 'S. K. Strickland', is written over a horizontal line.

Steven K. Strickland

ARK. PUBLIC SERVICE COM. STAFF
DIRECTOR GENERAL
SECRETARY OF COM. STAFF
SEP 22 2 09 PM '06

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO CERTAIN) DOCKET NO. 06-096-U
FINANCING TRANSACTIONS BETWEEN)
JANUARY 1, 2007 AND DECEMBER 31, 2009)

PREPARED TESTIMONY

OF

DONNA GRAY
DIRECTOR
FINANCIAL ANALYSIS SECTION

ON BEHALF OF THE GENERAL STAFF
OF THE ARKANSAS PUBLIC SERVICE COMMISSION

SEPTEMBER 22, 2006

6

INTRODUCTION

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Q. Please state your name and business address.

A. My name is Donna Gray. My business address is the Arkansas Public Service Commission (Commission or APSC), 1000 Center Street, Little Rock, Arkansas, 72201.

Q. What is your present position with the Arkansas Public Service Commission General Staff (Staff)?

A. I am Director of Financial Analysis.

Q. Please describe your education and experience.

A. I have over twenty-five years experience in utility regulation and rate matters. I joined the Staff as a Financial Analyst in 1981, and was promoted to Financial Analyst Supervisor in 1985. My duties included various economic and financial analyses, most specifically, the determination of the required rate of return for jurisdictional utilities. In 1986, I was promoted to Manager of the Electric Utilities Section and was responsible for the development of Staff's case in electric utility rate cases and other rate-related matters before the Commission, including the cost of capital for electric utilities. I was promoted to Director of Operations in 1987 and assumed responsibility for Management Audits, Fiscal Audits, Compliance Audits, Capital Recovery, Quality of Service, and Gas Pipeline Safety. My responsibilities were later expanded to include Consumer Services. I assumed my current position in 1989 serving as Staff Project Manager in various cases and assisting in the development of Staff's positions in other cases; serving as an expert witness on various capital requirement, revenue requirement, policy and ratemaking issues; and overseeing the development of Staff's position on finance, capital recovery,

1 and decommissioning issues.

2 My educational qualifications include a Bachelor of Science in Finance from
3 Missouri State University and a Master of Business Administration from the University
4 of Arkansas at Fayetteville. I have attended numerous regulatory training seminars,
5 including the National Association of Regulatory Utility Commissioners' (NARUC) two-
6 week Annual Regulatory Studies Program at Michigan State University, the University of
7 Toronto's Workshop on Public Utility Regulation - Cost of Capital to Public Utilities
8 under the direction of Dr. Myron Gordon, and Standard & Poor's Corporation's Electric
9 Utilities Bond Ratings and Risks.

10 I am a member of the Society of Utility and Regulatory Financial Analysts
11 (SURFA) and have served on the Board of Directors. I have been awarded the
12 professional designation Certified Rate of Return Analyst (CRRRA) by SURFA, a
13 designation awarded on the basis of experience and successful completion of a written
14 examination.

15 I have testified in numerous cases before the Commission concerning the cost of
16 capital, company-proposed debt and equity issuances, acquisitions, and various other
17 capital requirement, revenue requirement, policy, and ratemaking issues, and I have
18 assisted in the development of Staff's position in many more cases.

19 **PURPOSE**

20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. The purpose of my testimony is to address the Amended Application of Entergy
22 Arkansas, Inc. (EAI or the Company) filed on September 19, 2006 and the Direct

1 Testimony and Supplemental Direct Testimony of Steven C. McNeal filed on July 12 and
2 September 19, 2006, respectively.

3 **SUMMARY OF REQUEST**

4 **Q. Please summarize EAI's requested financing authorization.**

5 A. The Amended Application sets forth the Company's requested authorization to issue
6 and sell: (1) one or more series of first mortgage bonds as supplemental indenture(s)
7 under EAI's 1944 Mortgage and Deed of Trust in an aggregate amount not to exceed the
8 sum of \$900,000,000, with a sub-limit of \$450 million for EAI purposes other than
9 refinancing or retiring current Bonds; (2) \$100 par value, \$25 par value, or Class A
10 preferred stock (collectively, preferred stock), which in a combined amount would not
11 exceed \$120,000,000; (3) an aggregate amount of common stock, not to exceed
12 \$200,000,000; (4) one or more series of tax-exempt bonds in an aggregate principal
13 amount not to exceed \$140,000,000; and (5) one or more new series of collateral bonds in
14 an aggregate amount not to exceed \$157,000,000, separate and apart from the request for
15 issuance and sale of first mortgage bonds. The Company's requested period of
16 authorization is January 1, 2007 through December 31, 2009. The Company is
17 requesting an order be issued no later than October 1, 2006.

18 **ANALYSIS**

19 **Q. What is the primary basis for EAI's request for authorization to issue various types**
20 **and amounts of securities?**

21 A. EAI's last authorization to issue securities was granted by Order No. 2 in Docket No. 03-
22 139-U and expires December 31, 2006. The Company's Amended Application is

ENTERGY ARKANSAS, INC.
DOCKET NO. 06-096-U
PREPARED TESTIMONY OF DONNA GRAY- 4-

1 intended to address financing needs beginning January 1, 2007 and ending December 31,
2 2009. Mr. McNeal states, "With the fluctuations in capital markets, EAI may have
3 opportunities to reduce its financing costs and increase its financial flexibility."¹ He goes
4 on to say, "The Company is requesting authorization for such securities sales primarily to
5 achieve the flexibility that will permit a timely response to changing market conditions
6 when it becomes beneficial for the Company to refinance, refund, or otherwise acquire
7 outstanding higher cost securities."² By having this variety of issuance authorizations,
8 the Company's intent is to have the ability to select the timing, terms, conditions, and
9 amounts of offerings of several types of securities. The required financial statements
10 reflect the acquisition, redemption, and refunding of outstanding first mortgage bonds,
11 tax-exempt bonds and preferred stock. The Amended Application notes that \$900
12 million in first mortgage bonds mature or are otherwise redeemable over the next three
13 years, and \$140 million in tax-exempt bonds are callable over this period. The required
14 pro forma financial statements filed as EAI Exhibit D to the Amended Application do not
15 reflect a change in the total first mortgage bonds outstanding as of March 31, 2006 as
16 compared to the projected period ending on December 31, 2009. No significant change
17 in the total amount of tax-exempt financing is identified. Neither does Exhibit D reflect
18 an increase in outstanding amounts of preferred stock. While Mr. McNeal represents that
19 EAI does not have any current plans to issue any additional new debt³, he identifies that
20 EAI may need to issue new first mortgage bonds for such purposes as the capacity

¹ McNeal Direct Testimony, page 5, lines 8-10

² McNeal Direct Testimony, page 8, lines 13-17

³ McNeal Direct Testimony, page 8, lines 17-20

1 acquisition proposed in its general rate case in APSC Docket No. 06-101-U⁴ or other EAI
2 purposes. Based on these possible needs, the Company is requesting a sub-limit of \$450
3 million, for EAI purposes other than refinancing or retiring current bonds, as well as the
4 other security authorizations sought.

5 **Q. Is it reasonable in this case to provide a three-year authorization for issuing up to**
6 **specified maximum amounts of securities?**

7 A. In terms of refinancing, the primary objective is to afford full flexibility for the Company
8 to timely move in the financial markets to reduce its cost of capital as opportunities
9 present themselves. Approval of the Amended Application should facilitate this
10 objective. Additionally, a three-year authorization period is generally consistent with the
11 shelf-registration effective period for securities registered with the Securities and
12 Exchange Commission.⁵ As to the issuance of new amounts of securities, the Amended
13 Application and Mr. McNeal's testimonies identify the market benefits of financing
14 flexibility and clearly delineate that only EAI purposes will be served by such issuances.
15 Further, Commission authorization of security issuances does not guarantee rate
16 recovery. A review of the need for capital issuance(s) and any resultant rate recovery
17 implications can be made in the context of subsequent proceedings. To that end, I
18 recommend the Commission expressly reserve for future consideration the ratemaking
19 treatment of any security issuances.

⁴ Docket No. 06-101-U, Direct Testimony of J. David Wright page 8, lines 6-10, and MFR Schedule B-2 page 8 of 9 reflecting an increase in rate base of \$195,119,000 (Pro Forma adjustment #20)

⁵ At this time, the amounts of securities EAI has registered with the SEC are less than the amounts for which authorization is being sought in this docket.

RECOMMENDATIONS

1

2 **Q. What is your recommendation?**

3 A. Based on the specific representations made by the Company in the Amended Application
4 and in Mr. McNeal's testimonies and subject to certain reporting requirements, I
5 recommend the Amended Application be approved. It should be noted that nothing in
6 my testimony constitutes a recommendation of value for ratemaking purposes. The
7 appropriate ratemaking treatment of any of the security issuances which are the subject of
8 this docket should be expressly reserved for future consideration.

9 **Q. What specific reporting requirements do you recommend?**

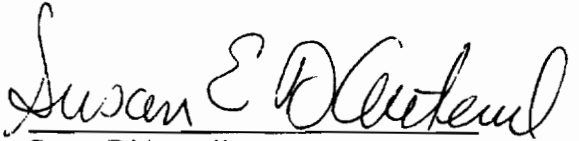
10 A. I recommend the Company be required to file a report providing the purpose of the
11 issuance and identifying the specific terms of each issuance, including the actual interest
12 rate and maturity date, all fees and other relevant facts, and the detailed accounting
13 entries to record the transactions. The reports should be filed in this docket within thirty
14 (30) days of the issuance or effective date, as applicable. Each report should also provide
15 a status of remaining authorization, including the amount authorized for the period, the
16 amount issued to date, and the remaining authorization after the instant issuance.

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 22nd day of September, 2006.


Susan D'Auteuil

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

2006 SEP 29 P 12: 58

FILED

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC. FOR)
AUTHORIZATION TO ENTER INTO)
CERTAIN FINANCING TRANSACTIONS)
BETWEEN JANUARY 1, 2007, AND)
DECEMBER 31, 2009)

DOCKET NO. 06-096-U

ORDER NO. 2

ORDER

On July 12, 2006, pursuant to Ark. Code Ann. § 23-3-103, *et seq.* and Rules 4 and 5 of the *Rules of Practice and Procedure* ("RPP") of the Arkansas Public Service Commission ("APSC" or the "Commission"), Entergy Arkansas, Inc. ("EAI" or the "Company") filed an Application for authorization to enter into certain financial transactions between January 1, 2007, and December 31, 2009. With its Application, EAI also filed the Direct Testimony of Steven C. McNeal. On July 17, 2006, the Commission, by Order No. 1, designated the undersigned Administrative Law Judge as the presiding officer in this docket. On September 19, 2006, EAI filed an Amended Application revising downward certain financing transaction limits and additionally proposing a sub-limit on the issuance of first mortgage bonds to be used for EAI purposes other than to retire or refinance currently issued bonds. With its Amended Application, EAI also filed the Supplemental Direct Testimony of Steven C. McNeal which explained the reasons for EAI's Amended Application. On September 22, 2006, Donna Gray, Director, Financial Analysis Section of the General Staff of the Commission ("Staff"), filed Prepared Testimony in response to EAI's Amended Application.

Based upon the Amended Application and exhibits thereto and testimony received, I make the following findings of fact and conclusions of law:

1. The Arkansas Public Service Commission has jurisdiction of this matter pursuant to Arkansas Code Annotated §§ 23-3-103 *et seq.*

2. Applicant is a corporation organized and existing under the laws of the State of Arkansas and is a public utility as defined by Arkansas Code Annotated § 23-1-101 *et seq.*

3. EAI requests authorization from the Commission to issue and sell, in one or more series, from time to time but not earlier than January 1, 2007, and not later than December 31, 2009: (i) first mortgage bonds in an aggregate principal amount not to exceed \$900 million with a sub-limit of \$450 million for bonds other than refinancing or retirement of current bonds; (ii) preferred stock in an aggregate par value or involuntary liquidation value, as the case may be, not to exceed \$120 million; (iii) common stock, not to exceed 8,000,000 shares, at a minimum price of \$12.50 per share, for an aggregate maximum consideration of \$200 million; and (iv) tax exempt bonds in an aggregate principal amount not to exceed \$140 million, and collateral bonds in an aggregate amount not to exceed \$157 million (separate and apart from the authorization requested herein for the issuance and sale of first mortgage bonds).

4. EAI states that its proposal would allow it the flexibility necessary to respond to changes in the market and reduce its financing costs through the refinancing of higher cost securities. EAI states that, "[t]he more financial flexibility the Company has, the better the Company will be able to plan ahead"¹ and therefore, is seeking financing authority for the next three years.

5. EAI states that the proceeds of the proposed first mortgage bonds, preferred stock, and common stock issuances will be used to pay all or a portion

¹ Steven C. McNeal Direct Testimony, page 6, lines 22-23.

of the Company's short-term indebtedness outstanding; to provide funds for the retirement of outstanding securities, and for other EAI corporate purposes. EAI further states the proceeds of the proposed tax-exempt bonds will be applied to acquire and construct certain pollution control and sewage and solid waste disposal facilities at EAI's generating plants or to refinance outstanding tax-exempt bonds.²

6. Additionally, EAI states that after the issuance of the first mortgage bonds, the preferred stock, the common stock and tax-exempt bonds contemplated in this filing, the aggregate amount of all of its outstanding stock, bonds, notes and other evidences of indebtedness will not exceed the fair value of EAI's properties and the reasonable cost of the issuance and sale of the issues.³

7. Staff notes that, in terms of refinancing, the primary objective is to "afford full flexibility for the Company to timely move in the financial markets to reduce its cost of capital as opportunities present themselves."⁴ Staff states that approving the Amended Application, which requested authority to issue the designated securities during a three-year period should "facilitate this objective."⁵ Staff further notes, as to the issuance of new amounts of securities, the Amended Application and Mr. McNeal's testimonies clearly delineate that only EAI purposes will be served by such issuances, having identified, for example, the capacity acquisition proposed in its general rate case in APSC Docket No. 06-101-U. The sub-limit of \$450 million for first mortgage bonds limits the amount of additional issuances for purposes other than refinancing or retiring current bonds.

² Amended Application, pages 5, 7, 8 and 9.

³ *Id.* at 18.

⁴ Donna Gray, Prepared Testimony, page 5, lines 7-9.

⁵ *Id.* at 5, lines 9-10.

8. From its review of EAI's Amended Application, while reserving any finding for purposes of ratemaking, Staff recommends that the Commission approve EAI's Amended Application, based on specific representations made by EAI in Mr. McNeal's Direct and Supplemental Direct Testimony and subject to certain specific, detailed reporting requirements.

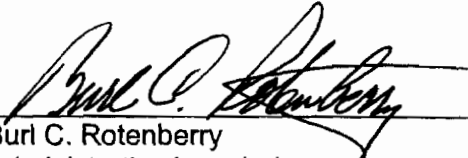
9. For purposes of all issuances, Staff proposes that EAI provide traditional reporting information, including the purpose of the issuance, specific terms, actual interest rate and maturity date of the issuance, all fees and other relevant facts, and the detailed accounting entries for the transactions. This information should be filed in this Docket within thirty (30) days of the issuance or effective date, as applicable. Additionally, Staff proposes that each report provide a status of remaining authorization, including the amount authorized for the period, the amount issued to date, and the remaining authorization after the instant issuance.⁶

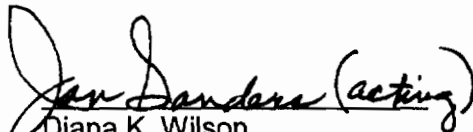
IT IS, THEREFORE, ORDERED that while expressly reserving for future consideration any finding regarding the appropriate ratemaking treatment of any of the issues for which approval has been requested, EAI's Amended Application is hereby approved and the financing authority requested for the period January 1, 2007 to December 31, 2009 therein is granted, subject to the specific representations made by EAI in the Direct and Supplemental Direct Testimony of Mr. McNeal, and the recommendations including reporting requirements of Ms. Gray. Nothing herein shall be construed as obliging the State of Arkansas to pay or guarantee, in any manner whatsoever, the securities authorized or issued in connection with this Order. The APSC retains jurisdiction of this matter for the purpose of issuing further orders as it may deem necessary or appropriate.

⁶ *Id.* at 6, lines 9-16.

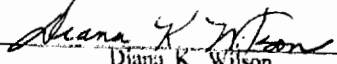
BY ORDER OF THE ADMINISTRATIVE LAW JUDGE PURSUANT TO DELEGATION.

This 29th day of September, 2006.


Burl C. Rotenberry
Administrative Law Judge


Diana K. Wilson
Secretary of the Commission

I hereby certify that the foregoing order issued by the Arkansas Public Service Commission has been served on all parties of record this date by U.S. mail with postage prepaid, using the address of each party as indicated in the official docket file.


Diana K. Wilson
Secretary of the Commission
Date 9-29-06 JS