



Entergy Arkansas, Inc.
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
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Steven K. Strickland
Vice President
Regulatory Affairs

September 12, 2011

Mr. Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Docket No. 11-00160
Entergy Arkansas, Inc. Request for Authorization to Enter into
Certain Financing Transactions Between December 31, 2011, and
December 31, 2012

Dear Chairman Roberson:

Attached for filing with the Tennessee Regulatory Authority (TRA) are the original and four hard copies along with a compact disc containing Entergy Arkansas, Inc.'s (EAI) Application and the supporting Direct Testimony of EAI witness Steven C. McNeal filed September 9, 2011, with the Arkansas Public Service Commission (APSC) in Docket No. 11-090-U requesting authority to enter into certain financing transactions to address EAI's additional financing needs from December 31, 2011, through December 31, 2012.

When the APSC General Staff files its testimony, it will be forwarded to you. Upon issuance of the APSC order, it will also be immediately forwarded to complete EAI's request pending consideration by the TRA.

Following the issuance of the APSC order, 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 individual orders issued by the APSC and the TRA granting their approval for 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 Application. Therefore, EAI requests that the TRA act to consider this request and issue an order no later than October 31, 2011 to allow for the 60-day period to be completed by December 31, 2011.

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

Mr. Eddie Roberson
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September 12, 2011

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-4457 or Mr. David Hunt at (501) 377-4338.

Sincerely,

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

SKS/tlv
Attachments

Arkansas Public Service Commission
Docket Summary Cover Sheet
(For all dockets other than Rate Cases, "TD", "C" and "TF" Dockets)
Must be filed with each new docket filed at the Commission

STYLE OF DOCKET: (Style may be changed by Secretary of Commission) **Docket Number:**

IN THE MATTER OF THE APPLICATION OF ENTERGY
 ARKANSAS, INC. FOR AUTHORIZATION TO ENTER INTO
 CERTAIN FINANCING TRANSACTIONS
 BETWEEN DECEMBER 31, 2011, AND DECEMBER 31, 2012

11-090-U

DOCKET DESIGNATOR: ☒ U ☐ A ☐ R ☐ P
☐ SD

RELATED DOCKETS:

09-068-U

Nature of Action: (See second sheet)

PETITIONER/INITIATING PARTY*

Entergy Arkansas, Inc.

ATTORNEYS' NAME, ADDRESS, PHONE, FAX AND E-MAIL

Paul Benham
 Friday, Eldredge & Clark, LLP
 400 West Capitol Avenue, Suite 2000
 Little Rock, Arkansas 72201
 Telephone: (501) 370-1517
 Fax: (501) 244-5335
 Benham@fridayfirm.com

*If the initiating party is not a jurisdictional utility in Arkansas, please provide mailing address, phone, fax and e-mail for the company

Pursuant to Rule 2.03(b) of the Commission's Rules of Practice and Procedure, please provide name, address, phone, fax, e-mail of at least one, but not more than two names to appear on the Service List for this docket

Steve Strickland, Vice President, Regulatory Affairs, Entergy Arkansas, Inc., P. O. Box 551, Little Rock, Arkansas 72203, Telephone: (501) 377-4457, Fax: (501) 377-4415, sstrick@entergy.com, and Paul Benham, Friday, Eldredge & Clark, LLP, 400 West Capitol Avenue, Suite 2000, Little Rock, Arkansas 72201, Telephone: (501) 370-1517, Fax: (501) 244-5335, Benham@fridayfirm.com

Write a brief statement, limited to the space provided herein describing the case that you are filing.

Please provide enough information to assure that the nature of your docket is clear.

This Application and Direct Testimony of Steven C. McNeal support EAI's request for APSC authorization for EAI to issue certain securities up to specified maximum limits to address EAI's additional financing needs from December 31, 2011, through December 31, 2012. EAI is requesting authorization to issue and sell first mortgage bonds and other long-term debt up to certain specified amounts. The proceeds from such transactions would provide funds to repay maturing debt, to provide funds for the redemption or retirement of the Company's outstanding First Mortgage Bonds prior to the maturity thereof, to provide funds for capital investments, to finance unanticipated events such as emergency restoration, and for other corporate purposes.

Form completed by: Paul Benham Date: 9/9/11

Representing: Entergy Arkansas, Inc.

NATURE OF ACTION: Please choose at least one, but no more than three docket types

<input type="checkbox"/> Accounting	<input type="checkbox"/> Lifeline/link up
<input type="checkbox"/> Acquisition/Sales	<input type="checkbox"/> Market Power
<input type="checkbox"/> Act 310 of 1981 (Surcharge)	<input type="checkbox"/> Merger/Transfer
<input type="checkbox"/> Act 821 of 1987 (Cooperatives Rate Change)	<input type="checkbox"/> Municipal Franchise Tax
<input type="checkbox"/> Administrative Procedures	<input type="checkbox"/> Net Metering
<input type="checkbox"/> Affiliate Rules	<input type="checkbox"/> Nuclear Decommissioning
<input type="checkbox"/> Annual Reports/Assessment	<input type="checkbox"/> One Call
<input type="checkbox"/> Ar Energy Conservation Act (Efficiency Programs)	<input type="checkbox"/> Pipeline Safety
<input type="checkbox"/> Arbitration	<input type="checkbox"/> Pole attachment issues
<input type="checkbox"/> Arkansas High Cost Fund	<input type="checkbox"/> Protective Order
<input type="checkbox"/> Arkansas Intralata Toll Pool	<input type="checkbox"/> Public Utility Holding Company Act
<input type="checkbox"/> Arkansas Universal Service Fund	<input type="checkbox"/> Public Utility Regulatory Policy Act
<input type="checkbox"/> ARSI Arkansas Relay Service, Inc.	<input type="checkbox"/> Purchase Power
<input type="checkbox"/> Auto Adjustment	<input type="checkbox"/> Railroad
<input type="checkbox"/> Avoided Cost	<input type="checkbox"/> Rates
<input type="checkbox"/> CCN Cancellation	<input type="checkbox"/> Refund
<input type="checkbox"/> CCN Facility	<input type="checkbox"/> Reports
<input type="checkbox"/> CCN License	<input type="checkbox"/> Resource Plan
<input type="checkbox"/> CECPN	<input type="checkbox"/> Restructuring
<input type="checkbox"/> Cost of Gas/Energy seasonal/unscheduled	<input type="checkbox"/> Retail
<input type="checkbox"/> Customer release/Abandonment	<input type="checkbox"/> River Crossing
<input type="checkbox"/> Declaratory Judgment	<input type="checkbox"/> Regional Transmission Organization
<input type="checkbox"/> Depreciation	<input type="checkbox"/> Rulemaking
<input type="checkbox"/> Dialing/Numbering	<input type="checkbox"/> Self-Direct Certification
<input type="checkbox"/> Disabilities Act of 1990	<input type="checkbox"/> Service Quality
<input type="checkbox"/> Earnings Review	<input type="checkbox"/> Shielded Outdoor Lighting
<input type="checkbox"/> Eligible Telecommunications Carrier Designation	<input type="checkbox"/> Show Cause
<input type="checkbox"/> Energy Policy Act	<input type="checkbox"/> Stranded Costs
<input type="checkbox"/> Energy/Fuel Purchasing Practices	<input type="checkbox"/> Sustainable Energy Resources
<input type="checkbox"/> EWG Exempt Wholesale Generator	<input type="checkbox"/> Terms and Conditions
<input type="checkbox"/> Extended Area Service	<input type="checkbox"/> Territory/release/unallocated territory
<input type="checkbox"/> Extension of Telecommunications Facilities Fund	<input type="checkbox"/> Transition costs
<input type="checkbox"/> Extraordinary Property Loss	<input type="checkbox"/> Unbundling
<input type="checkbox"/> FCC	<input type="checkbox"/> USOA (Uniform System of Accounts)
<input checked="" type="checkbox"/> Finance (Bonds/issue & sell; stock; prom note)	<input type="checkbox"/> Waiver/Exemption
<input type="checkbox"/> Grand Gulf	<input type="checkbox"/> Weather
<input type="checkbox"/> Integrated Resource Planning	<input type="checkbox"/> Wholesale
<input type="checkbox"/> Interconnection Agreements	<input type="checkbox"/> Wholesale Rate Adjustment
<input type="checkbox"/> Interest/Customer Deposit	
<input type="checkbox"/> Investigation/Inquiry	

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011, AND)	
DECEMBER 31, 2012)	

A P P L I C A T I O N

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. 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 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 National Bank Tower, 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. The Company also owns a generating facility located in the State of Louisiana.

3. Order No. 1, entered by the Commission in Docket No. 09-068-U on September 14, 2009 ("Order No. 1"), authorized EAI, inter alia, to issue and sell, in one or more series, from time to time but not earlier than January 1, 2010, and not later than December 31, 2012, first mortgage bonds ("First Mortgage Bonds" or "Bonds") in an aggregate principal amount not to exceed \$800 million. One of the purposes of the issuances was to permit the Company to reduce its financing costs by refinancing higher cost securities. Because of unexpectedly favorable market conditions, the Company has been issuing First Mortgage Bonds to refinance existing Bonds at a rate faster than initially anticipated. As a

result, the Company has achieved \$7.2 million of annual interest savings, before tax.

4. Current economic forecasts for the Company reflect not only continued opportunities for economic refunding but also recent events affecting the economic needs of the Company. In April 2011, several thunderstorms with either tornados or straight-line winds caused damage to the Company's transmission and distribution lines, equipment, poles, and other facilities. Also in April 2011, the Company signed an asset purchase agreement to acquire the Hot Spring Energy Facility, a 620 MW natural gas-fired combined-cycle turbine plant located in Hot Spring County, Arkansas, from a subsidiary of KGen Power Corporation for approximately \$253 million, with an anticipated additional expenditure of approximately \$24 million for plant upgrades. The Company also has under construction transmission projects totaling approximately \$100 million.

5. The Company appears likely to approach the \$800 million limit for new First Mortgage Bonds prior to the December 31, 2012 expiration of Order No. 1. To date, the Company has issued \$575 million of First Mortgage Bonds under Order No. 1. As a result of the First Mortgage Bonds previously issued pursuant to Order No. 1, the Company has authorization remaining under Order No. 1 to issue only an additional aggregate amount of \$225 million in First Mortgage Bonds through December 31, 2012.

6. Therefore, in addition to the need to manage cash resources in view of events such as those described in paragraph 4 above, an opportunity exists for EAI to continue to reduce its interest expenses, if the Company is granted authority on an expedited basis to issue additional long-term debt as described below. The Company has outstanding \$115 million First Mortgage Bonds, 5% Series due July 1, 2018, and \$60 million First Mortgage Bonds, 6.38% Series due November 1, 2034, which are currently callable. Due to continuing, favorable market conditions, the Company believes that some or all of these Bonds may be refinanced on favorable terms at a lower net financing cost. Other Entergy Operating Companies¹ have recently issued first mortgage bonds with rates and terms ranging from 3.25 percent for 5 years to 6 percent for 40 years. The most recent issuance resulted in a 4.1 percent rate for 10 years.

7. In addition to the remaining authorization for \$225 million of First Mortgage Bonds, the Company's forecasts indicate it will need authority to issue an additional \$600 million of long-term debt in the form of First Mortgage Bonds, as well as debentures ("Debentures"), loan agreements, credit facilities and other like instruments, both secured and unsecured ("Long-Term Debt").

8. Accordingly, and pursuant to Ark. Code Ann. § 23-3-104, the Company hereby applies to the Commission for an order authorizing it from time

¹ The Entergy Operating Companies include EAI; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

to time not later than December 31, 2012, to issue and sell or enter into arrangements for, as appropriate, Long-Term Debt in such principal amounts as the Company may elect, which amounts, in the aggregate, shall not exceed the sum of \$600 million, which amount is in addition to any amounts of First Mortgage Bonds, Preferred Stock, Common Stock and Tax-Exempt Bonds previously authorized to be issued and sold pursuant to Order No. 1. This application is not requesting any increases to the existing levels of financing authority relating to Preferred Stock, Common Stock, or Tax-Exempt Bonds. The Long-Term Debt will be due not less than one year nor more than 60 years after the respective dates of issuance.

I. FIRST MORTGAGE BONDS

9. 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. The Company 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 market for Bonds is constantly fluctuating, it is not possible to forecast the precise interest rate for any series of Bonds at this time.

10. Each series of Bonds is to be issued as a new series of First Mortgage Bonds under the Company'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 Marvin A. Mueller (The Bank of New York Mellon 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 heretofore supplemented, has previously been filed with the Commission. A copy of the proposed form of supplemental indenture relating to each new series of Bonds is attached hereto as EAI Exhibit A.

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

12. The Mortgage provides that each new series of First Mortgage Bonds may be subject to annual sinking or improvement fund payments. The Company is not obligated to make annual payments into sinking or improvement with respect to its outstanding First Mortgage Bonds and does not intend to issue any new series of First Mortgage Bonds which will be subject to such requirements.

13. The aggregate amount of First Mortgage Bonds which was issued and outstanding under the Mortgage as of July 31, 2011, was approximately \$1,325 million (not including \$101.4 million of Collateral Bonds, as defined in Order No. 1), all of which are secured by the lien of the Mortgage.

II. OTHER LONG-TERM DEBT

14. Debentures, if any, will be issued with like terms and conditions as those described for Bonds in paragraph 9 above. Loan agreements, credit facilities and other like instruments, in each case, where the borrowings issued thereunder may be outstanding for periods in excess of one year, will be entered into with various commercial banks, on both secured and unsecured bases. EAI may agree to pay to each lending bank (a) a commitment, facility, or similar fee that will be (i) a fixed dollar amount, and/or (ii) a percentage of the total commitment or unused commitment, and (b) one time closing fees consisting of up-front fees, arrangement fees, administrative agency fees, and/or similar closing fees. The fees will be negotiated at the time of the arrangement and will

be comparable to fees in the applicable market for borrowing arrangements with similar features and terms and conditions to borrowers of comparable credit quality. The terms and conditions of such facilities will be consistent with those obtained by companies of comparable credit quality for like facilities.

15. The net proceeds that EAI will receive from the issuance and sale of First Mortgage Bonds and other Long-Term Debt will be used to provide funds to repay maturing debt, to provide funds for the redemption or retirement of the Company's outstanding First Mortgage Bonds prior to the maturity thereof, to provide funds for capital investments, to manage the Company's liquidity and working capital requirements, to finance unanticipated events such as emergency restoration, and for other corporate purposes.

16. 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 August 23, 2011. Excerpts from the consent setting forth the resolutions approving the Application and the financing plan are attached hereto as EAI Exhibit B.

17. EAI estimates its aggregate expenses in connection with the issuance and sale of the Long-Term Debt which is the subject of this Application will be as reflected in EAI Exhibit C attached hereto.

18. The Company states that after the issuance of the Long-Term Debt, the aggregate amount of all its outstanding stock, bonds, notes and other evidences of indebtedness will not exceed the fair value of the Company's properties and the reasonable cost of the issuance and sale of the Long-Term Debt.

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

- (a) Balance Sheet per books as of June 30, 2011, and Pro Forma after giving effect to the proposed transactions;
- (b) Earnings Statement for the 12 months ended June 30, 2011, per books, and Pro Forma after giving effect to the proposed transactions; and
- (c) Detail of Long-term Debt as of June 30, 2011, and Pro Forma after giving effect to the proposed transactions.

20. 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 costs. EAI's financing transactions described herein must also be approved by the TRA which usually will not act on EAI's Application filed with the TRA until the APSC has approved this Application. A final order from the TRA approving EAI's Application would not become effective until 60 days after

issuance. Therefore, EAI requests that the Commission consider and act on this Application expeditiously and enter an order on or before October 1, 2011.

21. 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
sstrick@entergy.com

Paul Benham
Friday, Eldredge & Clark, LLP
400 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201
Telephone: (501)370-1517
Benham@fridayfirm.com

WHEREFORE, ENTERGY ARKANSAS, INC. respectfully requests that the Commission enter an order on or before October 1, 2011, authorizing the Company to issue and sell in one or more series, from time to time not earlier than December 31, 2011, and not later than December 31, 2012, Long-Term Debt in an aggregate principal amount not to exceed \$600 million, which amount is in addition to any amounts of such Bonds already authorized to be issued and sold pursuant to Order No. 1 in Docket No. 09-068-U, to provide funds to repay maturing debt, to provide funds for the redemption or retirement of the Company's outstanding First Mortgage Bonds prior to the maturity thereof, to

provide funds for capital investments, to finance unanticipated events such as emergency restoration, and for other corporate purposes; authorizing the Company to take all other action and to enter into all other agreements necessary therefore; and granting the Company all other proper relief.

Dated this 9th day of September, 2011.

Respectfully submitted,

ENTERGY ARKANSAS, INC.

By /s/ Paul Benham

Tucker Raney
Assistant General Counsel
Entergy Services, Inc.
425 West Capitol Avenue
P. O. Box 551
Little Rock, AR 72203
Telephone: (501) 377-3500

Paul Benham
Friday, Eldredge & Clark, LLP
400 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201
Telephone: (501) 370-1517

ATTORNEYS FOR ENTERGY ARKANSAS,
INC.

CERTIFICATE OF SERVICE

I, Paul Benham, do hereby certify that a copy of the foregoing has been served upon all parties of record by forwarding the same by electronic mail and/or first class mail, postage prepaid, this 9th day of September 2011.

/s/ Paul Benham
Paul Benham

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011, AND)	
DECEMBER 31, 2012)	

EAI EXHIBIT A

FORM OF SUPPLEMENTAL INDENTURE

ENTERGY ARKANSAS, INC.

TO

DEUTSCHE BANK TRUST COMPANY AMERICAS

(successor to Guaranty Trust Company of New York)

AND

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

**THE BANK OF NEW YORK MELLON 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 _____ 20__ (_____ Series)

Dated as of _____, 20__

SUPPLEMENTAL INDENTURE

INDENTURE, dated as of _____, 20__, 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 New York banking corporation, whose post office address is 60 Wall Street, MS NYC 60-2710, New York, New York 10005 (hereinafter sometimes called the "Corporate Trustee"), and (as to property, real or personal, situated or being in Missouri) THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (successor to Marvin A. Mueller), whose mailing address is 10161 Centurion Parkway, Jacksonville, Florida 32256 (said The Bank of New York Mellon Trust Company, National Association being hereinafter sometimes called the "Missouri Co-Trustee" and the Corporate 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 has been appropriately filed or recorded in various official records in the States of Arkansas, Louisiana, 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 has been appropriately filed or recorded in various official records in the States of Arkansas, Louisiana, 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 has been appropriately filed or recorded in various official records in the States of Arkansas, Louisiana, 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 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, effective July 1, 2008, The Bank of New York Trust Company, National Association changed its name to The Bank of New York Mellon Trust Company, National Association; and

WHEREAS, by the Sixty-ninth Supplemental Indenture mentioned below, effective as of October 1, 2010, Stanley Burg resigned as 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
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
Sixty-seventh Supplemental Indenture.....	July 1, 2008
Sixty-eighth Supplemental Indenture.....	November 1, 2008
Sixty-ninth Supplemental Indenture.....	October 1, 2010
Seventieth Supplemental Indenture.....	November 1, 2010

which supplemental indentures were appropriately filed or recorded in various official records in the States of Arkansas, Louisiana, Missouri, Tennessee and Wyoming, as applicable; 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	None
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	None
Pollution Control Series D.....	9,586,400	None
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	None
6.00% Series due November 1, 2032	100,000,000	None
5.40% Series due May 1, 2018	150,000,000	None
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	None
Pollution Control Series F	56,378,000	56,378,000
5.40% Series due August 1, 2013.....	300,000,000	300,000,000
5.75% Series due November 1, 2040	225,000,000	225,000,000
3.75% Series due February 15, 2021.....	350,000,000	350,000,000

which bonds are also hereinafter sometimes called bonds of the First through Seventy-sixth 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, 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 ensealing 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 Mellon Trust Company, National Association (as to property, real or personal, situated or being in Missouri) 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 Mellon Trust Company, National Association (as to property, real or personal, situated or being in Missouri), 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:

_____ SERIES OF BONDS

SECTION 1. There shall be a series of bonds designated “_____% Series due _____, 20__” (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 _____, 20__, shall be issued as fully registered bonds in the denomination of _____ Dollars and such other denominations as the officers of the Company shall determine to issue (such determination 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 _____, 20__, for the period from _____, 20__ to _____, 20__ with subsequent interest payments payable _____ 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) 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.

(TEMPORARY REGISTERED BOND)

No. TR-__

CUSIP _____

\$ _____

ENTERGY ARKANSAS, INC.
FIRST MORTGAGE BOND, ____% SERIES
DUE _____, 20__

ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas (hereinafter called the Company), for value received, hereby promises to pay to _____ or registered assigns, on _____, 20__ 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 _____, 20__, if the date of this bond is prior to _____, 20__, or if the date of this bond is on or after _____, 20__, from the _____ or _____ 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 _____ and _____ of each year, commencing _____, 20__, 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. 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 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 known as its First Mortgage Bonds, ____% Series due _____, 20__, 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 _____, 20__, 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, as to property, real or personal, situated or being in Missouri, Marvin A. Mueller (The Bank of New York Mellon 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 _____, 20__.

ENTERGY ARKANSAS, INC.

By_____

Attest:

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

(II) The bonds of the _____ Series shall [not] be redeemable at the option of the Company, in whole or in part, upon notice, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption, at any time prior to the maturity date of the bonds of the _____ Series, at a redemption price equal to [insert prices or mechanism for determining prices at which redeemable, and related dates]

(III) 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 II

MISCELLANEOUS PROVISIONS

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 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 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 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 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 in this _____ 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 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 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 _____ or one of its _____, and its corporate seal to be attested by one of its _____ for and in its behalf, and THE BANK OF NEW YORK MELLON 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 _____ or one of its _____, and its corporate seal to be attested by one of its _____ or one of its _____ or one of its _____ 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:

Name:

Name:

DEUTSCHE BANK TRUST COMPANY
AMERICAS,
As Corporate Trustee

By: _____

Name:

Title:

Attest:

Name:

Title:

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

Name:

Name:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION,

As Co-Trustee as to property, real or
personal, situated or being in Missouri

By: _____

Name:

Title:

Attest:

Name:

Title:

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

Name:

Name:

Name:
Parish of Orleans, State of Louisiana
My Commission is Issued For Life

STATE OF _____)
) SS.:
COUNTY OF _____)

On this _____ day of ___, 20___, 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 May, 2005, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he/she is a _____ of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that he/she 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 he/she signed his/her name thereto by like authority.

On the _____ day of ___, 20___, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he/she 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 he/she 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 _____
Qualified in _____ County
Commission Expires _____

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

On this ____ day of ____, 20__, 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 MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a National Association, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said Company; 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 ____, 20__, before me personally appeared _____, to me personally known, who, being by me duly sworn, did depose and say that he/she is a _____ of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, one of the companies described in and which executed the above instrument; that he/she knows the seal of said National Association; that the seal affixed to said instrument is such seal; that it was so affixed by authority of its Board of Directors, and that he/she signed his/her name thereto by like authority.

On the ____ day of ____, 20__, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is a _____ of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, and that the seal affixed to the foregoing instrument is the corporate seal of said National Association, and that said instrument was signed and sealed in behalf of said National Association by authority of its Board of Directors, and he/she 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 _____

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011, AND)	
DECEMBER 31, 2012)	

EAI EXHIBIT B

EXCERPT FROM UNANIMOUS CONSENT OF BOARD OF DIRECTORS

**UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
ENTERGY ARKANSAS, INC.**

Dated Effective as of August 23, 2011

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:

WHEREAS, the Company desires to supplement the current financing plan of the Company to provide for long-term debt financings, which shall be in addition to the financings currently authorized by the Arkansas Public Service Commission and the Tennessee Regulatory Authority, in the aggregate principal amount not to exceed \$600,000,000, in the form of first mortgage bonds as well as debentures, loan agreements, credit facilities and other like instruments, both secured and unsecured; and

WHEREAS, the Company desires to use the proceeds from the sale of such debt instruments for general corporate purposes.

NOW, THEREFORE, BE IT

RESOLVED, That, subject to obtaining all requisite approvals, authorizations and consents, the Board of Directors hereby approves a supplemental financing plan for the Company for the period December 31, 2011, through December 31, 2012, 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") and (b) one or more series or sub-series of the Company's debentures (the "Debentures") and (2) the negotiation and execution of one or more new loan agreements, credit facilities and other like instruments, both secured and unsecured, all securities described in (1) and (2) above having a maturity greater than one year but no greater than sixty years (the "Long Term Debt") (such financings contemplated in (1) and (2) above are collectively referred to herein as the "New Financing Plan"), provided, however, the aggregate principal amount of Bonds, Debentures and Long-Term Debt issued under the New Financing Plan shall not collectively exceed \$600,000,000; 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 or Debentures 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 purposes of complying with the requirements of the blue sky laws of various states and other jurisdictions in connection with applications to register one or more new series or sub-series of the Bonds or Debentures, does hereby irrevocably authorize the President or any Vice President, the Treasurer or any Assistant Treasurer and the Secretary or any Assistant Secretary, and each of them, to execute for and on behalf of the Company any necessary forms and other papers designated by the respective securities regulatory authorities of such states and jurisdictions, including consents to service of process, needed for the registration of such Bonds or Debentures, and such officers of the Company, and each of them, are authorized to do everything necessary and proper to facilitate any public offering thereof in the various states and 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, 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.

The undersigned, constituting all the members of the Board of Directors of the Company, do hereby consent to and approve the adoption of the foregoing resolutions as of the effective date first written above. This consent may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

[Signature Page Follows]

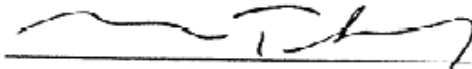
**UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
ENTERGY ARKANSAS, INC.**

Dated Effective as of August 23, 2011

Directors:
Hugh T. McDonald
Leo P. Denault
Mark T. Savoff
Gary J. Taylor



Hugh T. McDonald

Leo P. Denault

Mark Savoff

Gary J. Taylor

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011, AND)	
DECEMBER 31, 2012)	

EAI EXHIBIT C

ESTIMATED OFFERING EXPENSES

ESTIMATE OF ISSUANCE EXPENSES*

	<u>EACH SERIES</u>
FIRST MORTGAGE BONDS and CERTAIN OTHER LONG-TERM DEBT	\$380,500

* Assumes offerings in the principal amount of \$200 million per issuance

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011, AND)	
DECEMBER 31, 2012)	

EAI EXHIBIT D

- (1) Balance Sheet as of June 30, 2011, and Pro Forma
- (2) Income Statement for the Twelve Months Ending June 30, 2011, and Pro Forma
- (3) Detail of Long-Term Debt as of June 30, 2011, and Pro Forma

Entergy Arkansas, Inc.
Pro Forma Accounting Entries to Reflect the Proposed Transactions
As of June 30, 2011 (\$ in thousands)

For Proposed Financing - Balance Sheet		
Accounts	Debit	Credit
First Mortgage Bonds	200,000	
Loss on First Mortgage Bonds	-	
Discount on First Mortgage Bonds		-
Cash		200,000
<i>To record retirement of \$200 million of First Mortgage Bonds. Loss and premium/discount not included because of immaterial effect.</i>		
Cash	819,558	
Underwriting Fees (other assets)	5,443	
First Mortgage Bonds		625,000
Other Long-Term Debt (224)		200,000
<i>To record issuance of \$625 million of First Mortgage Bonds and full utilization of a \$200 million credit facility.</i>		
Cash	346,900	
Underwriter Fees (other assets)	3,100	
Long-term debt-tax exempt Bonds		350,000
<i>To record issuance of \$350 million of tax exempt bonds. Interest expense effect not included because of immaterial effect.</i>		
Cash	116,041	
Capital Stock Expense (paid-in capital)	3,959	
Capital Stock-Preferred		120,000
<i>To record issuance of \$120 million of Preferred Stock.</i>		
Cash	199,965	
Common Stock		160
Paid in capital		199,805
<i>To record issuance of \$200 million of common stock, net of fees. Priced at \$12.50 per share; 16,000,000 shares issued.</i>		

Entergy Arkansas, Inc.
Pro Forma Accounting Entries to Reflect the Proposed Transactions
As of June 30, 2011 (\$ in thousands)
For Proposed Financing - Income Statement

Accounts	Debit	Credit
Accrued interest	11,053	
Interest Expense-First Mortgage Bonds		11,053
<i>To remove interest expense on retired First Mortgage Bonds as follows: \$115 million at 5% per annum, \$60 million at 6.38% per annum, and \$25 million at 5.9% per annum.</i>		
Interest Expense-First Mortgage Bonds	36,250	
Accrued interest		36,250
<i>To record interest expense on \$625 million of First Mortgage Bonds issued at assumed rate of 5% per annum and \$200 million of credit facility borrowings at assumed rate of 2.5% per annum.</i>		
Accrued taxes	9,915	
Income Taxes		9,915
<i>To record change in income taxes at 39.35% related to the change in interest expense.</i>		
Interest Expense	17,500	
Accrued interest		17,500
<i>To record interest expense on \$350 million tax exempt bonds issued at assumed rate of 5% per annum.</i>		
Accrued taxes	6,886	
Income Taxes		6,886
<i>To record change in income taxes at 39.35% related to the change in interest expense due to tax exempt bond activity.</i>		
Dividends-Preferred Stock	12,000	
Accrued dividends		12,000
<i>To record dividends on \$120 million of Preferred Stock at assumed rate of 10% per annum.</i>		
Accrued interest income	70,535	
Interest and Dividend Income		70,535
<i>To record interest income on the investment of the net proceeds of the proposed transactions at the historic 5-year ROIC of 5.5% per annum.</i>		
Income Taxes	27,756	
Accrued taxes		27,756
<i>To record change in income taxes at 39.35% related to the change in interest expense due to tax exempt bond activity.</i>		

ENTERGY ARKANSAS, INC.
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011
(IN THOUSANDS)

STATEMENT OF INCOME	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
OPERATING REVENUES				
Domestic Electric	\$1,959,815	\$ -	\$ -	\$1,959,815
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel and fuel-related expenses	265,343			265,343
Purchased power	476,811			476,811
Nuclear refueling outage expenses	40,160			40,160
Other operation and maintenance	513,920			513,920
Decommissioning	36,910			36,910
Taxes other than income taxes	81,538			81,538
Depreciation and amortization	216,892			216,892
Other regulatory credits	(4,311)			(4,311)
TOTAL	1,627,263	-	-	1,627,263
OPERATING INCOME	332,552	-	-	332,552
OTHER INCOME				
Allowance for equity funds used during construction	4,240			4,240
Interest and dividend income	41,799		70,535	112,334
Miscellaneous - net	(3,549)			(3,549)
TOTAL	42,490	-	70,535	113,025
INTEREST AND OTHER CHARGES				
Interest on long-term debt	81,422		42,697	124,119
Other interest - net	4,105			4,105
Allowance for borrowed funds used during construction	(1,896)			(1,896)
TOTAL	83,631	-	42,697	126,328
INCOME BEFORE INCOME TAXES	291,411	-	27,838	319,249
Income taxes	113,542	-	10,954	124,496
NET INCOME	177,869	-	16,884	194,753
Preferred dividend requirements and other	6,873	-	12,000	18,873
EARNINGS APPLICABLE TO COMMON STOCK	\$170,996	\$ -	\$ 4,884	\$175,880

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF JUNE 30, 2011
(\$ IN THOUSANDS)

ASSETS	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT ASSETS				
Cash and cash equivalents:				
Cash	3,226			3,226
Temporary cash investments - at cost, which approximates market	4,894		1,282,464	1,287,358
Total cash and cash equivalents	8,120	-	1,282,464	1,290,584
Accounts receivable:				
Customer	95,116			95,116
Allowance for doubtful accounts	(23,955)			(23,955)
Associated companies	52,555			52,555
Other	64,754			64,754
Accrued unbilled revenues	97,368			97,368
Total accounts receivable	285,838	-	-	285,838
Deferred fuel costs	52,093			52,093
Fuel inventory - at average cost	36,980			36,980
Materials and supplies - at average cost	139,289			139,289
Deferred nuclear refueling outage costs	38,893			38,893
System agreement cost equalization	66,351			66,351
Prepayments and other	103,267			103,267
TOTAL	730,831	-	1,282,464	2,013,295
OTHER PROPERTY AND INVESTMENTS				
Investment in affiliates - at equity	562			562
Decommissioning trust funds	551,003			551,003
Non-utility property - at cost (less accumulated depreciation)	1,681			1,681
Other	2,976			2,976
TOTAL	556,222	-	-	556,222
UTILITY PLANT (AT ORIGINAL COST)				
Electric	7,871,282			7,871,282
Construction work in progress	182,127			182,127
Nuclear fuel	55,339			55,339
TOTAL UTILITY PLANT - EXCLUDING CAPITAL LEASES	8,108,748	-	-	8,108,748
Less - accumulated depreciation and amortization	3,775,019			3,775,019
NET UTILITY PLANT - EXCLUDING CAPITAL LEASES	4,333,729			4,333,729
Property under capital lease	1,269			1,269
Nuclear fuel under capital lease	204,976			204,976
UTILITY PLANT - NET	4,539,974	-	-	4,539,974
DEFERRED DEBITS AND OTHER ASSETS				
Regulatory assets:				
SFAS 109 regulatory asset - net	93,203			93,203
Other regulatory assets	772,469			772,469
Other	27,036		8,543	35,579
TOTAL	892,708	-	8,543	901,251
TOTAL ASSETS	6,719,735	-	1,291,006	8,010,741

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF JUNE 30, 2011
(\$ 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	130,778			130,778
Other	138,034			138,034
Customer deposits	78,209			78,209
Taxes accrued	-			-
Accumulated deferred income taxes	91,148			91,148
Interest accrued	24,322			24,322
Obligations under capital leases	79,114			79,114
Other	24,672			24,672
TOTAL	566,277	-	-	566,277
NON-CURRENT LIABILITIES				
Accumulated deferred income taxes and taxes accrued	1,704,262			1,704,262
Accumulated deferred investment tax credits	43,933			43,933
Obligations under capital leases	126,333			126,333
Other regulatory liabilities	150,017			150,017
Decommissioning	620,903			620,903
Accumulated provisions	5,484			5,484
Pension and other postretirement liabilities	324,488			324,488
Long-term debt (schedule attached)	1,604,971		975,000	2,579,971
Other	9,342			9,342
TOTAL	4,589,733	-	975,000	5,564,733
Commitments and contingencies				
SHAREHOLDERS' EQUITY				
Preferred stock without sinking fund	116,350		120,000	236,350
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2006	470	-	160	630
Paid-in capital	588,444	-	195,846	784,290
Retained earnings	858,461			858,461
TOTAL	1,563,725	-	316,006	1,879,731
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,719,735	-	1,291,006	8,010,741

ENTERGY ARKANSAS, INC.
DETAIL OF LONG-TERM DEBT
AS OF JUNE 30, 2011
(\$ IN THOUSANDS)

LONG-TERM DEBT	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
First Mortgage Bonds				
5.40% Series due 2013	300,000	-	-	300,000
5.00% Series due 2018	115,000	-	(115,000)	-
3.75% Series due 2021	350,000	-	-	350,000
5.66% Series due 2025	175,000	-	-	175,000
5.90% Series due 2034	100,000	-	(25,000)	75,000
6.38% Series due 2034	60,000	-	(60,000)	-
5.75% Series due 2040	225,000	-	-	225,000
Various series due at various dates (assumed 5% rate)	-	-	625,000	625,000
Credit facility (assumed 2.5% rate)	-	-	200,000	200,000
TOTAL FIRST MORTGAGE BONDS	1,325,000	-	625,000	1,950,000
Governmental Bonds				
Jefferson County, Arkansas 4.60% Series due 2017	54,700	-	-	54,700
Independence County, Arkansas 5.0% Series due 2021	45,000	-	-	45,000
Various series due at various dates (assumed 5% rate)	-	-	350,000	350,000
TOTAL GOVERNMENTAL BONDS	99,700	-	350,000	449,700
Nuclear Fuel Disposal Costs - DOE	181,011	-	-	181,011
Amount due within one year	-	-	-	-
Unamortized premium and discount on debt - net	(740)	-	-	(740)
TOTAL LONG-TERM DEBT	\$1,604,971	\$ -	\$ 975,000	\$2,579,971

PREFERRED STOCK WITHOUT SINKING FUND	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
Cumulative, \$100 Par				
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
Various series (assumed 10% dividend rate)	-	-	120,000	120,000
Cumulative, \$25 Par				
6.45% Series	75,000	-	-	75,000
TOTAL PREFERRED STOCK WITH SINKING FUND	116,350	-	120,000	236,350

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 11-090-U
CERTAIN FINANCING TRANSACTIONS)	
BETWEEN DECEMBER 31, 2011 AND)	
DECEMBER 31, 2012)	

DIRECT TESTIMONY

OF

STEVEN C. MCNEAL

VICE PRESIDENT AND TREASURER

ENTERGY ARKANSAS, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

SEPTEMBER 9, 2011

Entergy Arkansas, Inc.
Direct Testimony of Steven C. McNeal
Docket No. 11-090-U

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 Louisiana, L.L.C. ("EGSL"), Entergy
8 Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc.,
9 Entergy Texas, Inc. ("ETI"), System Energy Resources, Inc., Entergy
10 Services, Inc. ("ESI"),¹ and various other Entergy 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.

¹ ESI is an affiliate of EAI that provides technical and administrative service to all the Entergy Operating Companies. The Entergy Operating Companies include EAI; EGSL; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and ETI.

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1 In my present position, I am responsible for treasury functions,
2 including managing corporate finance, cash management, credit rating
3 agency relations, investment activities, commodity and credit risk, and
4 insurance and loss control activities.

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

12

13 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

14 A. I am testifying on behalf of EAI.

15

16 Q. HAVE YOU PREVIOUSLY TESTIFIED IN A REGULATORY
17 PROCEEDING?

18 A. Yes. I have submitted testimony to the Arkansas Public Service
19 Commission ("APSC" or the "Commission") in connection with the
20 application of EAI for authorization to enter into certain financing
21 transactions in APSC Docket Nos. 95-594-U, 99-234-U, 01-221-U, 03-
22 093-U, 03-139-U, 06-096-U, and 09-068-U. I have filed testimony with the
23 APSC in connection with the proposal for an independent electric

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1 transmission company (APSC Docket No. 00-383-U) and with EAI's
2 Applications for Approval of Synthetic Railcar Lease (APSC Docket Nos.
3 02-224-U and 09-120-U). I have also filed testimony before the retail
4 regulators of EAI's affiliates on a variety of financial issues. For example, I
5 have filed testimony (i) with the Louisiana Public Service Commission
6 ("LPSC"), Mississippi Public Service Commission, and the Council of the
7 City of New Orleans in connection with the proposal for an independent
8 coordinator of transmission for the Entergy Operating Companies'
9 transmission facilities, (ii) with the Public Utility Commission of Texas
10 ("PUCT") and the LPSC supporting the jurisdictional separation plan of an
11 affiliate, Entergy Gulf States, Inc. ("EGSI"), (iii) with the PUCT relating to
12 EGSI's unbundled cost of service filing, 2004 and 2007 rate cases, and
13 2006 and 2009 Texas securitization filings, and (iv) with the LPSC with
14 respect to the ninth earnings review of the merger with EGSI and storm
15 cost recovery filings in 2001, 2008, and 2009, and an investment recovery
16 filing in 2011.

17
18 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

19 A. The purpose of my direct testimony is to support EAI's request for a \$600
20 million increase in its financing authorization through December 31, 2012,
21 for the issuance of long-term debt in the form of first mortgage bonds
22 ("First Mortgage Bonds" or "Bonds"), as well as debentures
23 ("Debentures"), loan agreements, credit facilities, and other like

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1 instruments, both secured and unsecured (“Long-Term Debt”) in addition
2 to the securities (including First Mortgage Bonds, preferred stock,
3 common stock and tax-exempt bonds) approved by the Commission on
4 September 14, 2009 in Order No. 1 in Docket No. 09-068-U (“Order No.
5 1”). Specifically, I will describe the First Mortgage Bonds that EAI has
6 issued pursuant to Order No. 1 and the Company’s reasons for requesting
7 an increase in its authorization to issue Long-Term Debt, including First
8 Mortgage Bonds.

9

10 **II. DESCRIPTION OF EAI’S FIRST MORTGAGE BONDS AND OTHER**
11 **LONG-TERM DEBT**

12 Q. PLEASE DESCRIBE EAI’S FIRST MORTGAGE BONDS.

13 A. EAI’s First Mortgage Bonds are issued pursuant to the Company’s
14 Mortgage and Deed of Trust dated as of October 1, 1944, to Guaranty
15 Trust Company of New York (Deutsche Bank Trust Company Americas,
16 successor), as Trustee, and Marvin A. Mueller (BNY Mellon Trust
17 Company of Missouri, successor), Co-Trustee as to certain Missouri
18 property, as supplemented and as proposed to be further supplemented
19 by appropriate supplemental indentures thereto (the “Mortgage”). The
20 Mortgage constitutes a first mortgage lien on all of the properties presently
21 owned by EAI (except as stated below), subject to (a) leases of minor
22 portions of the Company’s property to others for uses which do not
23 interfere with the conduct of the Company’s business, (b) leases of certain

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1 EAI property not used in its electric utility business, and (c) excepted
2 encumbrances. There are excepted from the lien of the Mortgage all cash
3 and securities; certain equipment, fuel, materials, or supplies; timber,
4 minerals, mineral rights, and royalties; receivables, contracts, leases, and
5 operating agreements; and certain unimproved lands sold or to be sold.
6 The Mortgage contains provisions for encumbering after-acquired property
7 by the lien thereof, subject to limitation in the case of consolidation,
8 merger, or sale of substantially all of EAI's assets. The aggregate amount
9 of First Mortgage Bonds issued and outstanding under the Mortgage as of
10 July 31, 2011, was approximately \$1,325 million (excluding \$101.4 million
11 of Collateral Bonds as defined in Order No. 1), all of which are secured by
12 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 relates to maintaining
17 adequate interest coverage and the other relates to fundable property
18 requirements. Pursuant to the Mortgage, additional Bonds may not be
19 issued unless EAI's adjusted net earnings for any 12 consecutive months
20 within a specified period immediately preceding the issuance of the
21 additional Bonds have been at least twice the amount of the annual
22 interest requirements on all outstanding Bonds, plus the annual interest on
23 the additional Bonds being issued and any indebtedness of prior rank.

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1 Under the Mortgage, EAI's adjusted net earnings are accounted for as
2 "Net Utility Operating Income," excluding the effects of income taxes while
3 including a minor portion of "Other Income" that normally consists of
4 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 currently prohibits the issuance of First Mortgage Bonds in
9 an 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 Company
12 subject to the lien of the Mortgage. EAI currently has the right under the
13 Mortgage to amend the Mortgage to provide for an 80 percent bonding
14 ratio; however, an 80 percent ratio could be high enough to cause the
15 credit rating agencies to have concerns. If such concerns do surface, EAI
16 may effect the increase and immediately bring the ratio down to a lower
17 level (above 60 percent) so as to effect such an increase which would not
18 trigger any adverse credit rating agency actions.

19

20 Q. ARE THERE OTHER RESTRICTIONS ON THE ISSUANCE OF LONG-
21 TERM DEBT BY THE COMPANY?

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1 A. Yes. This Commission and the Tennessee Regulatory Authority ("TRA")
2 regulate the issuance of all securities with maturities of one year or longer
3 by the Company.
4

5 Q. WHAT OTHER LONG-TERM DEBT IS EAI REQUESTING AUTHORITY
6 TO ISSUE?

7 A. In addition to First Mortgage Bonds, EAI is requesting authority to issue
8 Debentures and to enter into loan agreements, credit facilities, and other
9 like instruments, in each case, where the borrowings issued thereunder
10 may be outstanding for periods in excess of one year, with various
11 commercial banks, on both secured and unsecured bases.
12

13 Q. IS EAI REQUESTING ANY CHANGES TO THE SECURITIES
14 REMAINING AUTHORIZED BUT UNISSUED UNDER THE ORDER?

15 A. No. The application is not requesting any changes to the orders
16 authorized levels of financing through Preferred Stock, Common Stock or
17 Tax-Exempt Bonds (each, as defined in the Order) or to the \$225 million
18 of First Mortgage Bonds, in all cases, authorized but unissued under the
19 Order.
20
21

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1 **III. DESCRIPTION OF THE FIRST MORTGAGE BONDS ISSUED**
2 **PURSUANT TO ORDER NO. 1**

3 Q. WHAT BONDS HAS EAI ISSUED PURSUANT TO THE ORDER NO. 1?

4 A. Of the \$800 million authorized in Order No. 1, as of July 31, 2011, EAI has
5 issued \$575 million of First Mortgage Bonds. On October 8, 2010, EAI
6 issued \$225 million principal amount of First Mortgage Bonds, 5.75%
7 Series due November 1, 2040. The net proceeds of this issuance were
8 used for general corporate purposes, including (i) to repay prior to maturity
9 all of EAI's outstanding \$100 million First Mortgage Bonds, 6.0% Series
10 due November 1, 2032 and (ii) to repay prior to maturity all of EAI's
11 outstanding \$100 million First Mortgage Bonds, 6.70% Series due April 1,
12 2032.

13 On November 12, 2010, EAI issued \$350 million principal amount
14 of First Mortgage Bonds, 3.75% Series due February 15, 2021. The net
15 proceeds of this issuance were used for general corporate purposes,
16 including (i) to repay prior to maturity all of EAI's outstanding \$150 million
17 First Mortgage Bonds, 5.4% Series due May 1, 2018; (ii) to cause the
18 repayment prior to maturity of all of the outstanding \$120 million Pope
19 County, Arkansas 6.30% Pollution Control Revenue Refunding Bonds
20 (Arkansas Power & Light Company Project) Series 1995, maturing
21 November 1, 2020; and (iii) to cause the repayment prior to maturity of all
22 of the outstanding \$19.5 million Pope County, Arkansas 6.30% Pollution

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1 Control Revenue Refunding Bonds (Arkansas Power & Light Company
2 Project) Series 1994, maturing December 1, 2016.

3

4 **IV. DESCRIPTION OF CERTAIN OTHER LONG-TERM DEBT BEING**
5 **REQUESTED**

6 Q. PLEASE DESCRIBE CERTAIN OF THE OTHER LONG-TERM DEBT EAI
7 IS REQUESTING AUTHORITY TO ISSUE.

8 A. Loan agreements, credit facilities, and other similar instruments present
9 another means for the Company to manage its day-to-day working capital
10 needs as well as its long-term debt portfolio. With a structure similar to
11 short-term revolving credit facilities, these long-term credit instruments
12 allow the Company to incur revolving debt (where the Company can
13 borrow, pay down, and reborrow under a single facility with a maximum
14 amount of borrowing to be outstanding at any time) with borrowings
15 outstanding up to terms of approximately 5 years.

16

17 Q. WHY IS THE COMPANY CONSIDERING A MULTI-YEAR CREDIT
18 FACILITY?

19 A. The benefit of such arrangements is that the Company can lock-in
20 favorable terms and credit spreads for the full term of the facility, instead
21 of renegotiating such terms annually. Should the market improve during
22 the life of a long-term credit facility, the Company has the option of
23 renegotiating the terms to take advantage of such market improvements,

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1 but, if market conditions worsen, the Company can elect to keep the long-
2 term credit facility (and its relatively more advantageous terms) in place
3 until the full multi-year term has been reached.
4

5 **V. REQUEST FOR ADDITIONAL AUTHORIZATION TO ISSUE LONG-**
6 **TERM DEBT, INCLUDING FIRST MORTGAGE BONDS**

7 Q. PLEASE EXPLAIN WHY THE COMPANY IS REQUESTING
8 AUTHORIZATION TO ISSUE AN ADDITIONAL AGGREGATE AMOUNT
9 OF LONG-TERM DEBT, INCLUDING FIRST MORTGAGE BONDS, IN
10 AN AGGREGATE PRINCIPAL AMOUNT OF \$600 MILLION THROUGH
11 THE END OF 2012.

12 A. As a result of the issuances of First Mortgage Bonds pursuant to Order
13 No. 1 that I have just described in my testimony, EAI has remaining First
14 Mortgage Bond issuance authority to issue no more than an additional
15 aggregate principal amount of \$225 million of First Mortgage Bonds
16 through the end of 2012.

17 Current economic forecasts for the Company reflect continued
18 potential opportunities for economic refunding. Due to the environment of
19 low interest rates and demand for First Mortgage Bonds in the capital
20 markets, EAI has been able to successfully capitalize on these market
21 conditions by issuing First Mortgage Bonds with greater flexibility, better
22 terms, and lower rates than previously issued securities. In addition, the
23 Company has outstanding \$115 million First Mortgage Bonds, 5% Series

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1 due July 1, 2018, and \$60 million First Mortgage Bonds, 6.38% Series due
2 November 1, 2034, which are currently callable. Due to continuing
3 favorable market conditions, the Company believes that some or all of
4 these Bonds may be refinanced on favorable terms at a lower net
5 financing cost. Other Entergy Operating Companies have recently issued
6 First Mortgage Bonds with rates and terms ranging from 3.25 percent for 5
7 years to 6 percent for 40 years. The most recent issuance resulted in a
8 4.1 percent rate for 10 years.

9 The Company also forecasts a need for additional financing to fund
10 certain capital investments. In April 2011, the Company signed an asset
11 purchase agreement to acquire the Hot Spring Plant, a 620 MW natural
12 gas-fired combined-cycle turbine plant located in Hot Spring County,
13 Arkansas, from a subsidiary of KGen Power Corporation for approximately
14 \$253 million with an anticipated additional expenditure of approximately
15 \$24 million for plant upgrades.² The acquisition is expected to occur in the
16 second quarter of 2012 assuming all appropriate approvals have been
17 obtained. EAI is also in the process of constructing several large
18 transmission projects with total estimated costs over \$100 million.³ Also in
19 April 2011, several thunderstorms with either tornados or straight-line
20 winds caused damage to the Company's transmission and distribution

² EAI filed for APSC approval to acquire and obtain cost recovery of the Hot Spring Plant in Docket No. 11-069-U on July 15, 2011.

³ The transmission projects expected to be under construction or complete by the end of 2012 include projects where certificates of convenience and necessity have been granted by the APSC in Docket Nos. 09-127-U (Holland Bottom Substation), 10-106-U (Ebony Substation), and 10-050-U (161 kV Transmission Line and Vilonia substation).

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1 lines, equipment, poles and other facilities requiring an estimated capital
2 expenditure of \$50 million.⁴

3 In addition to the remaining authorization for \$225 million of First
4 Mortgage Bonds, the Company's forecasts indicate the need for an
5 additional \$600 million of authority for the Company to issue long-term
6 debt in the form of First Mortgage Bonds, as well as Debentures, loan
7 agreements, credit facilities and other like instruments, both secured and
8 unsecured, to best manage its liquidity and working capital requirements
9 and continue to reduce interest expenses.

10

11 Q. WHY IS EAI REQUESTING EXPEDITED TREATMENT OF ITS
12 APPLICATION?

13 A. Expedited treatment of this request for expanded authorization to issue
14 Long-Term Debt in addition to the First Mortgage Bonds and other
15 securities remaining authorized but unissued under Order No. 1 will
16 position the Company to take advantage of any improvements in the bond
17 market to refinance bonds with better terms and lower interest rates and to
18 best manage its liquidity and working capital requirements. This will assist
19 in improving the overall debt structure of EAI.

20 I ask that the APSC issue an order by October 1, 2011, so that EAI
21 can proceed to secure approval by the TRA through a similar application.

⁴ See Entergy Corporation's 10-Q for the quarter ended June 30, 2011, filed on August 8, 2011, at 72. The 10-Q may be found at:
<http://files.shareholder.com/downloads/ETR/1282941942x0xS65984-11-124/65984/filing.pdf>.

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1 The TRA usually does not act on an application by EAI until the APSC has
2 granted approval. A final order of the TRA approving EAI's Application
3 would not become effective until 60 days after issuance. This timing
4 should allow for EAI to have additional financing authorization in place by
5 December 31, 2011.

6

7 **VI. SUMMARY AND CONCLUSION**

8 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

9 A. EAI's overall financing goal is to meet its liquidity and working capital
10 requirements and to achieve a low cost of capital, which can be best
11 accomplished by taking advantage of market conditions as they arise.
12 Enhancing financial flexibility and granting additional authority would
13 provide the Company with the opportunity to minimize financing costs to
14 the benefit of EAI and its customers. For these reasons, the Company
15 believes it is in the public interest for this request to be approved by the
16 Commission. It is appropriate for the APSC to take expedited action and
17 issue an order by October 1, 2011, to accomplish these financial goals
18 and to allow sufficient time to obtain TRA approval.

19

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

21 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 by forwarding the same by electronic mail and/or first class mail, postage prepaid, this 9th day of September 2011.

/s/ Steven K. Strickland
Steven K. Strickland