



Entergy Arkansas, Inc.
425 West Capitol Avenue
P. O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 5876
Fax 501 377 4415

Laura Landreaux
Vice President
Regulatory Affairs

VIA OVERNIGHT MAIL

June 22, 2015

Mr. James M. Allison, Chairman
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Tennessee Regulatory Authority Docket No. 2015- 0066
Entergy Arkansas, Inc. Request for Authorization to Enter
into Certain Financing Transactions During the Years 2015
Through 2018

Dear Chairman Allison:

Attached for filing with the Tennessee Regulatory Authority (TRA) are the original and four hard copies along with an electronic copy containing Entergy Arkansas, Inc.'s (EAI) Application and the supporting Direct Testimony of EAI witness Steven C. McNeal filed May 12, 2015, with the Arkansas Public Service Commission (APSC) in Docket No. 15-035-U requesting authorization to enter into certain financing transactions during the years 2015 through 2018. As of December 31, 2014, EAI serves seven customers in Tennessee.

On June 4, 2015, EAI filed an errata sheet listing corrections to its Application and to Mr. McNeal's May 12, 2015 direct testimony. An original and four copies of the errata are also attached and an electronic copy is included on the above-mentioned compact disc.

On June 9, 2015, APSC General Staff witness Kim O. Davis filed his direct testimony in APSC Docket No. 15-035-U recommending approval of EAI's Financing Application, subject to certain reporting requirements. An original and four copies of Mr. Davis' testimony are also attached and included on the above-mentioned compact disc.

On June 17, 2015, the APSC issued Order No. 1 in APSC Docket No. 15-035-U approving EAI's Financing Application, subject to certain reporting requirements. An original and four copies of this order are also attached and an electronic copy is included on the above-mentioned compact disc.

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 July 30, 2015 to allow for the 60-day period to be completed by September 30, 2015.

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

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-5876 or Mr. David Palmer at (501) 377-3571.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura Sandeary". The signature is fluid and cursive, with a large initial "L" and "S".

LL/ss
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 NOT LATER THAN
DECEMBER 31, 2018

15-035-U

DOCKET DESIGNATOR: ☒ U ☐ A ☐ R ☐ P

RELATED DOCKETS:

Nature of Action: (See second sheet)

PETITIONER/INITIATING PARTY*

Entergy Arkansas, Inc.

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

Ms. Tucker Raney, Entergy Services, Inc. 425 W. Capitol Ave., P. O.
Box 551, Little Rock, AR 72203, 501-377-3500, fax 501-377-5814,
traney@entergy.com; Paul Benham, Friday, Eldredge & Clark, LLP,
400 W. Capitol Ave., Suite 2000, Little Rock, AR 72201, 501-370-
1517, fax 501-376-2147, benham@fec.net

*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 3.04 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**

Tucker Raney, Entergy Services, Inc., 425 W. Capitol Ave., P. O. Box 551, Little Rock, AR 72203-0551, 501-377-
3500, fax 501-377-5814, traney@entergy.com; Laura R. Landreaux, Entergy Arkansas, Inc., 425 W. Capitol Ave., P.
O. Box 551, Little Rock, AR 72203-0551, 501-377-5876, 501-377-4415, lraffae@entergy.com; Paul Benham, Friday,
Eldredge & Clark, LLP, 400 W. Capitol Ave., Suite 2000, Little Rock, AR 72201, 501-370-1517, fax 501-376-2147,
benham@fec.net

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 general financing needs for the time period
ending December 31, 2018. EAI is requesting authorization to issue and sell first mortgage bonds, preferred stock,
common stock, and tax-exempt bonds up to certain specified amounts. The proceeds from such transactions would,
among other things, permit EAI to acquire, redeem, or refund outstanding securities.

Form completed by: Tucker Raney Date: 5-12-15Representing: 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"/> Service Quality
<input type="checkbox"/> Disabilities Act of 1990	<input type="checkbox"/> Shielded Outdoor Lighting
<input type="checkbox"/> Earnings Review	<input type="checkbox"/> Show Cause
<input type="checkbox"/> Eligible Telecommunications Carrier Designation	<input type="checkbox"/> Stranded Costs
<input type="checkbox"/> Energy Policy Act	<input type="checkbox"/> Sustainable Energy Resources
<input type="checkbox"/> Energy/Fuel Purchasing Practices	<input type="checkbox"/> Terms and Conditions
<input type="checkbox"/> EWG Exempt Wholesale Generator	<input type="checkbox"/> Territory/release/unallocated territory
<input type="checkbox"/> Extended Area Service	<input type="checkbox"/> Transition costs
<input type="checkbox"/> Extension of Telecommunications Facilities Fund	<input type="checkbox"/> Unbundling
<input type="checkbox"/> Extraordinary Property Loss	<input type="checkbox"/> USOA (Uniform System of Accounts)
<input type="checkbox"/> FCC	<input type="checkbox"/> Waiver/Exemption
<input checked="" type="checkbox"/> Finance (Bonds/issue & sell; stock; prom note)	<input type="checkbox"/> Weather
<input type="checkbox"/> Grand Gulf	<input type="checkbox"/> Wholesale
<input type="checkbox"/> Integrated Resource Planning	<input type="checkbox"/> Wholesale Rate Adjustment
<input type="checkbox"/> Interconnection Agreements	
<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. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	
)	

APPLICATION

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

1. This Application is filed pursuant to Ark. Code Ann. § 23-3-103, et seq. and Rules 3.09 and 10.01 of the Rules of Practice and Procedure 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 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 Simmons First National Bank Building, 425 West Capitol Avenue, Little Rock, Arkansas 72201. The Company's property consists of facilities for the generation, transmission, and distribution of electric power and energy to the public and of other property necessary to repair, maintain, and operate those facilities. These properties and facilities are located principally in the State of Arkansas. Certain distribution and transmission facilities for wholesale customers are located in the State of Missouri, and distribution lines for retail customers situated wholly on the west side of the main channel of the Mississippi River are located in a small portion of the State of Tennessee. The Company also owns a generating facility located in the State of Louisiana.

3. EAI is currently authorized to enter into certain financing transactions pursuant to Order No. 2 entered in Docket No. 12-059-U on September 13, 2012. Such authorization expires on December 31, 2015. In order to take advantage of favorable capital market conditions, it is essential that EAI be able to engage in the financing transactions described herein during the period beginning on the date of entry of an order in this Docket approving this Application and authorizing the financing transactions described hereinafter and continuing through December 31, 2018. The financing transactions for which

authorization is requested herein are comparable to the transactions authorized in Docket No. 12-059-U.

4. Accordingly, and pursuant to Ark. Code Ann. § 23-3-104, the Company hereby applies to the Commission for an order authorizing it, from time to time not earlier than the date of entry of an order in this Docket approving this Application and authorizing the financing transactions described hereinafter and not later than December 31, 2018, to enter into one or more of the financing transactions hereinafter described. With respect to long-term debt in the form of one or more series of its first mortgage bonds ("Bonds" or "First Mortgage Bonds") as well as debentures ("Debentures"), loan agreements, credit facilities and other like instruments, both secured and unsecured (collectively, "Other LT Debt" and together with First Mortgage Bonds and Debentures "New LT Debt"), each such transaction shall be in such principal amount as the Company may elect, which amounts, in the aggregate, shall not exceed the sum of \$900 million. With respect to Preferred Stock (as defined hereinafter), any shares issued shall not have an aggregate par value or involuntary liquidation value, as the case may be, in excess of \$120 million. With respect to Common Stock (as defined hereinafter), any shares issued shall not have an aggregate par value in excess of \$200 million. With respect to Tax-Exempt Bonds (as defined hereinafter), the aggregate principal amount shall not exceed \$350 million. With respect to any Collateral First Mortgage Bonds (defined below) which may be issued in conjunction with any Other LT Debt or in conjunction with Tax-Exempt Bonds the

aggregate principal amount shall not exceed 115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized.

5. Should any of the proceeds of the New LT Debt be used to retire, redeem, or otherwise repay the principal amount of long-term debt outstanding at the time of such issuance ("Outstanding LT Debt"), the principal amount of such New LT Debt issued for such purpose shall be excluded from the calculation of the aggregate amount of New LT Debt being incurred and therefore shall not be counted against the New LT Debt issuance authorized by the APSC. The Company anticipates that the maximum amount of New LT Debt to be used to retire Outstanding LT Debt will be approximately \$1.05 billion. With respect to any Collateral First Mortgage Bonds which may be issued in conjunction with the refinancing of any Outstanding Debt other than First Mortgage Bonds, the aggregate principal amount shall not exceed 115 percent of the aggregate principal amount of related Outstanding LT Debt being collateralized.

6. The net proceeds that EAI will receive from the issuance and sale of New LT Debt, Preferred Stock, and Common Stock will be used for general corporate purposes, including, but not limited to, providing funds for the possible refunding, refinancing, acquisition, redemption, retirement or repayment at maturity of certain of the Company's outstanding securities, providing funds for the acquisition of additional facilities and for capital investments, providing funds to manage the Company's liquidity and working capital requirements, providing

funds to meet regulatory obligations, and providing funds to finance unanticipated events such as emergency restoration, in addition to other corporate purposes. The proceeds that EAI will receive from the issuance and sale of Tax-Exempt Bonds, net of any underwriters' discounts or other expenses payable from proceeds, will be applied to acquire and construct certain pollution control or sewage and solid waste disposal facilities at EAI's generating plants ("Facilities") or to refinance outstanding Tax-Exempt Bonds issued for that purpose.

I. FIRST MORTGAGE BONDS

7. EAI is requesting authorization to issue and sell one or more series of First Mortgage Bonds in such principal amounts as EAI may elect, subject, however, to the limitations specified in paragraph 4 above. The Bonds of each series will be due not less than one year or more than 60 years after their respective dates of issuance.

8. Each series of Bonds will be sold at such price, will bear interest at such rate (which may be an adjustable rate), and will mature on such date as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Bonds will be by means of competitive bidding, a negotiated public offering, or a private placement with one or more institutional investors such as corporations, statutory business trusts, partnerships, limited liability companies, or similar entities in order to secure the advantage of an advanced marketing

effort and the best available terms. Because the markets for the Bonds are constantly fluctuating, it is not possible to forecast the precise interest rate for any series of the Bonds at this time.

9. Each series of Bonds is to be issued as a new series of First Mortgage Bonds under EAI's Mortgage and Deed of Trust, dated as of October 1, 1944, to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and, as to certain Missouri property, Marvin A. Mueller (The Bank of New York Mellon Trust Company, National Association, successor), Co-Trustee, as Trustees, as heretofore supplemented and as proposed to be further supplemented by additional supplemental indentures thereto (the "Mortgage"). A copy of the Mortgage, as supplemented, has previously been filed with the Commission. A copy of the proposed form of supplemental indenture relating to each series of the Bonds is attached hereto as EAI Application Exhibit A.

10. The Mortgage constitutes a first mortgage lien on substantially all of the properties presently owned by EAI (except as stated below), subject to (a) leases of minor portions of the Company's property to others for uses that do not interfere with the conduct of the Company's business, (b) leases of certain EAI property not used in its electric utility business, and (c) excepted encumbrances. There are excepted from the lien of the Mortgage all cash and securities, certain equipment, fuel, materials or supplies, automobiles and other vehicles and

aircraft, timber, minerals, mineral rights, and royalties, receivables, contracts, leases and operating agreements, and certain unimproved lands sold or to be sold. The Mortgage contains provisions for encumbering after-acquired property with the lien thereof, subject to limitation in the case of consolidation, merger, or sale of substantially all of EAI's assets.

11. EAI's Mortgage provides that each new series of First Mortgage Bonds may be subject to annual sinking or improvement fund payments. EAI is not obligated to make annual payments into sinking or improvement funds with respect to any of its outstanding First Mortgage Bonds and does not intend to issue any new series of First Mortgage Bonds subject to such requirements.

12. The aggregate principal amount of First Mortgage Bonds and other obligations which may be secured by the lien of the Mortgage is limited to \$200 billion. As of December 31, 2014 the aggregate principal amount of First Mortgage Bonds issued and outstanding under the Mortgage was approximately \$2,110 million (excluding \$101 million of Collateral Bonds, as defined below), all of which is secured by the lien of the Mortgage.

II. DEBENTURES AND OTHER LONG-TERM DEBT

13. Debentures, if any, may be issued with like terms and conditions as those described for Bonds in paragraphs 7 and 8 above. Other LT Debt such as loan agreements, credit facilities and other like instruments, in each case, where

the borrowings made thereunder may be outstanding for periods in excess of one year, may be entered into with various lenders on both secured and unsecured bases, including the issuance of a new series of Collateral Bonds. 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 arrangements and will be comparable to fees in the applicable market for borrowing arrangements with similar features and terms and conditions obtained by borrowers of comparable credit quality for like facilities.

III. PREFERRED STOCK

14. EAI is also requesting authorization, subject to the limitations specified in paragraph 4 above, to create, issue, and sell, one or more series of its \$100 Par Value, \$25 Par Value or Class A Preferred Stock (collectively, "Preferred Stock"), or any combination thereof, each such series consisting of such number of shares as EAI shall elect; provided, however, that the total number of such shares shall not exceed the number of shares authorized by the Company's Second Amended and Restated Articles of Incorporation ("Articles of Incorporation"), which is on file with the APSC and is hereby incorporated by reference. Each new series of Preferred Stock shall have the same rank and relative rights as, and shall otherwise be identical to, each series of EAI's

Preferred Stock presently issued and outstanding, except as follows: (i) the par value and/or involuntary liquidation value of each such new series may differ; (ii) the resolutions authorizing the creation of each such new series of the Preferred Stock may provide for different dividend rates, dates from which dividends shall commence to accumulate, redemption rates, and redemption restrictions, if any; and (iii) the holders of the \$25 Preferred Stock will not have the right to vote, consent to, or otherwise restrict EAI's ability to issue or assume unsecured indebtedness.

15. Each series of Preferred Stock will be sold at such price and have such dividend rate as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Preferred Stock will be by means of competitive bidding, a negotiated public offering, or a private placement with one or more institutional investors such as corporations, statutory business trusts, partnerships, limited liability companies, or similar entities in order to secure the advantage of an advanced marketing effort and the best available terms. Because the market for the Preferred Stock is constantly fluctuating, it is not possible to forecast the precise dividend rate for any series of the Preferred Stock at this time.

16. The Preferred Stock will be issued in accordance with EAI's Articles of Incorporation, which currently authorize the issuance of 3,730,000 shares of its \$100 Par Value Preferred Stock, 9,000,000 shares of its \$25 Par Value Preferred

Stock, and 15,000,000 shares of its Class A Preferred Stock, of which 413,500 shares of its \$100 Par Value Preferred Stock and 3,000,000 shares of its \$25 Par Value Preferred Stock were issued and outstanding as of December 31, 2014. There are no shares of the Class A Preferred Stock issued and outstanding.

IV. COMMON STOCK

17. EAI is also requesting authorization, subject to the limitations specified in paragraph 4 above, to issue and sell to Entergy Corporation an aggregate amount of its common stock, \$0.01 par value per share ("Common Stock") at a minimum price no less than the par value of such shares, in one or more separate transactions occurring at such times as the Company deems appropriate, with the maximum aggregate consideration not to exceed \$200 million. EAI will enter into such agreements with Entergy Corporation for the sale and purchase of the Common Stock, to occur in such installments and at such times before December 31, 2018, as EAI and Entergy Corporation shall determine.

18. The Common Stock will be issued in accordance with the Company's Articles of Incorporation, which currently authorize the issuance of 325,000,000 shares of its Common Stock, of which 46,980,196 shares were issued and outstanding as of December 31, 2014.

V. TAX-EXEMPT BONDS

19. EAI also is requesting authorization, subject to the limitations specified in paragraph 4 above, to enter into arrangements for the issuance and sale, by one or more governmental authorities (each an “Issuer”), of one or more series of tax-exempt bonds (“Tax-Exempt Bonds”). The Company would enter into one or more leases, installment sales, refunding, loan, or similar agreements and/or one or more supplements or amendments thereto (collectively, the “Facilities Agreements”) contemplating the issuance and sale by the Issuer(s) of one or more series of Tax-Exempt Bonds pursuant to one or more trust indentures and/or one or more supplements thereto (collectively, the “Indentures”) between the Issuer and one or more trustees (collectively, the “Trustee”).

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

its rights and obligations under the Facilities Agreements, (c) all expenses necessarily incurred by the Issuer or the Trustee under the Indentures in connection with the transfer or exchange of Tax-Exempt Bonds, and (d) all other payments which the Company may agree to pay under the Facilities Agreements.

21. The Indentures may provide that, upon the occurrence of certain events relating to the operation of all or a portion of the Facilities financed, the Tax-Exempt Bonds will be redeemable by the Issuer, at the direction of EAI. Any series of Tax-Exempt Bonds may be made subject to a mandatory cash sinking fund under which stated portions of the Tax-Exempt Bonds may be subject to mandatory redemption in other cases. The payments by EAI under the Facilities Agreements in such circumstances shall be sufficient (together with any other moneys held by the Trustee under the Indentures and available therefor) to pay the principal of all the Tax-Exempt Bonds to be redeemed or retired and the premium, if any, thereon, together with interest accrued or to accrue to the redemption date on such Tax-Exempt Bonds.

22. The Tax-Exempt Bonds will mature not less than one year from the first day of the month of issuance nor later than 40 years from the date of issuance. Tax-Exempt Bonds will be subject to optional redemption, at the direction of EAI, in whole or in part, at the redemption prices (expressed as

percentages of principal amount) plus accrued interest to the redemption date, and at the times, set forth in the Indentures.

23. The Facilities Agreements and the Indentures may provide for a fixed interest rate or for an adjustable interest rate for each series of Tax-Exempt Bonds as hereinafter described. If a series of Tax-Exempt Bonds has an adjustable interest rate, the interest rate during the initial Rate Period would be determined in discussions between EAI and those purchasing the Tax-Exempt Bonds from the Issuer and would be based on the current market rate for comparable Tax-Exempt Bonds having a maturity comparable to the length of the initial Rate Period. Thereafter, for each subsequent Rate Period, the interest rate on such Tax-Exempt Bonds would be that rate (subject to a specified maximum rate) which will be sufficient to permit the remarketing of Tax-Exempt Bonds of such series at their principal amount. Such interest rates would be determined based on the market rates for Tax-Exempt Bonds of comparable maturity and quality. The following subparagraphs (a) through (d) relate to Tax-Exempt Bonds having an adjustable interest rate:

(a) The term "Rate Period," as used herein, means a period during which the interest rate on such Tax-Exempt Bonds bearing an adjustable rate (or method of determination of such interest rate) is determined. The initial Rate Period would commence on the date as of which interest begins to accrue on such Tax-Exempt Bonds. The length of each Rate

Period would be not less than one day and not more than the remaining term to maturity of the Tax-Exempt Bonds.

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

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

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

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

25. It is contemplated that the Tax-Exempt Bonds will be sold by the Issuer pursuant to arrangements with an underwriter or a group of underwriters or by private placement in a negotiated sale or sales. EAI will not be a party to the underwriting or placement arrangements. However, the Facilities Agreements will provide that the terms of the Tax-Exempt Bonds and their sale by the Issuer shall be satisfactory to the Company. EAI expects that interest payable on the Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Federal income tax purposes under the provisions of Section 103 of the Internal Revenue Code of 1986, as amended to the date of issuance of Tax-Exempt Bonds (except for interest on any Tax-Exempt Bond during a period in which it is held by a person who is a "substantial user" of the Facilities or a "related person" within the meaning of Section 147(a) of such

Code). EAI also expects that interest payable on the Tax-Exempt Bonds will not be includable in the gross income of the holders thereof for Arkansas income tax purposes under Ark. Code Ann. § 14-267-112.

VI. COLLATERAL BONDS AND RELATED TRANSACTIONS

26. In order to obtain a more favorable rating on one or more series of the Tax-Exempt Bonds, and, thereby improve the marketability thereof and achieve interest rate savings, EAI may arrange for an irrevocable letter of credit from a bank (the "Bank") in favor of the Trustee for a series of Tax-Exempt Bonds. In such event, payments with respect to principal, premium, if any, interest, and purchase obligations in connection with any such Tax-Exempt Bonds coming due during the term of such letter of credit would be secured by, and payable from funds drawn under, the letter of credit. In order to induce the Bank to issue such letter of credit, the Company anticipates entering into a Letter of Credit and Reimbursement Agreement ("Reimbursement Agreement") with the Bank pursuant to which EAI would agree to reimburse the Bank for all amounts drawn under such letter of credit within a specified period after the date of the draw and with interest thereon. The terms of the Reimbursement Agreement would correspond to the terms of the Letter of Credit.

27. It is anticipated that the Reimbursement Agreement would require the payment by EAI to the Bank of annual letter-of-credit fees and perhaps an up-front fee. Any such letter of credit may expire or be terminated prior to the

maturity date of any such Tax-Exempt Bonds, and, in connection with such expiration or termination, such Tax-Exempt Bonds may be made subject to mandatory redemption or purchase on or prior to the date of expiration or termination of the Letter of Credit, possibly subject to the right of owners of such Tax-Exempt Bonds not to have their Tax-Exempt Bonds redeemed or purchased. Provision may be made for extension of the term of the Letter of Credit or for the replacement thereof, upon its expiration or termination, by another letter of credit from the Bank or a different bank.

28. In addition, or as an alternative to the security provided by a letter of credit in conjunction with a series of Tax-Exempt Bonds, in order to obtain a more favorable rating on or credit enhancement for one or more series of Tax-Exempt Bonds or for Other LT Debt and consequently improve the marketability thereof and achieve interests savings, EAI may determine (a) in the case of Tax-Exempt Bonds, to provide an insurance policy for the payment of the principal of and/or premium and/or interest on Tax-Exempt Bonds issued by an insurer ("Insurer") pursuant to an insurance agreement ("Insurance Agreement"), and/or (b) to provide security for holders of Tax-Exempt Bonds or Other LT Debt and/or the Bank and/or the Insurer equivalent to the security afforded to holders of first mortgage bonds outstanding under the Company's Mortgage by obtaining the authentication of and pledging one or more new series of EAI's First Mortgage Bonds ("Collateral Bonds" or "Collateral First Mortgage Bonds") under the Mortgage, as it may be supplemented.

29. Collateral Bonds would be issued on the basis of unfunded net property additions and/or previously-retired first mortgage bonds. With respect to Tax Exempt Bonds, Collateral Bonds would be delivered to the Trustee under the Indentures and/or to the Bank and/or the Insurer in order to evidence and secure EAI's obligation to pay the purchase price of the related Facilities or repay the loan made by the Issuer under the Facilities Agreements, and/or in order to evidence and secure the Company's obligation to reimburse the Bank under the Reimbursement Agreement or the Insurer under the Insurance Agreement. With respect to Other LT Debt, Collateral Bonds would be delivered to the holders or purchasers of the Other LT Debt in order to evidence and secure EAI's obligation to repay the Other LT Debt.

30. Collateral Bonds could be issued in several ways. First, if the Tax-Exempt Bonds or Other LT Debt bears a fixed interest rate, Collateral Bonds could be issued in a principal amount equal to the principal amount of such Tax-Exempt Bonds or Other LT Debt and bear interest at a rate equal to the rate of interest on such Tax-Exempt Bonds or Other LT Debt. Second, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or Other LT Debt plus an amount equal to interest thereon for a specified period. In such a case, such Collateral Bonds would bear no interest. Third, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or Other LT Debt or in such amount

plus an amount equal to interest thereon for a specified period, but carry a fixed interest rate that would be lower than the fixed interest rate of such Tax-Exempt Bonds or Other LT Debt. Fourth, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or Other LT Debt at an adjustable rate of interest, varying with the rate of such Tax-Exempt Bonds or Other LT Debt but having a "cap" above which the interest on Collateral Bonds could not rise. The terms of any Collateral Bonds relating to maturity, interest payment dates, if any, redemption provisions, and acceleration will correspond to the terms of the related Tax-Exempt Bonds or Other LT Debt. Upon issuance, the terms of any Collateral Bonds will not vary during the life of such series, except for the interest rate in the event such Collateral Bonds bear interest at an adjustable rate. The maximum aggregate principal amount of Collateral Bonds shall be 115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized (which Collateral Bonds are not included in the \$900 million of New LT Debt for which authorization is sought pursuant to Section I above).

VII. GENERAL INFORMATION

31. 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 May 4, 2015. Excerpts from the consent setting forth the resolutions approving the Application and the financing plan are attached hereto as EAI Application Exhibit B.

32. EAI estimates its aggregate expenses in connection with the issuance and sale of the New LT Debt, the Preferred Stock, the Common Stock, the Tax-Exempt Bonds and any Collateral Bonds will be as reflected in EAI Application Exhibit C attached hereto.

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

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

- (1) Balance Sheet per books as of December 31, 2014, and Pro Forma after giving effect to the proposed transactions.
- (2) Earnings Statement for the 12 months ended December 31, 2014, per books, and Pro Forma after giving effect to the proposed transactions.
- (3) Detail of long-term debt as of December 31, 2014, and Pro Forma after giving effect to the proposed transactions.

35. In Order No. 2 in Docket No. 12-059-U, the APSC provided EAI with a three-year financing authorization subject to the restrictions and limits in the Company's application in that Docket. EAI requests in this Application the continuation of authorization to engage in financing transactions for a minimum of three years to facilitate its long-range planning and to achieve the administrative efficiency of such term.

36. In order to take advantage of favorable capital market conditions, it is essential that EAI be able to proceed with the authority requested herein when presented with opportunities to enhance its financial flexibility and/or reduce its capital cost. EAI's 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 the related 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 June 30, 2015.

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

Laura Landreaux
Vice President, Regulatory Affairs
Entergy Arkansas, Inc.
425 W. Capitol Avenue
P. O. Box 551
Little Rock, Arkansas 72203

Telephone: (501) 377-5876
lraffae@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 its order on or before June 30, 2015:

(a) authorizing the Company, from time to time not later than December 31, 2018, to issue and sell in one or more series, or to enter into transactions providing for, in each case in a manner described herein: (i) New LT Debt in an aggregate principal amount which shall not exceed the sum of \$900 million; provided, however, should any of the proceeds of New LT Debt be used to retire, redeem, or otherwise repay the principal amount of Outstanding LT Debt, the principal amount of the New LT Debt being issued for such purpose shall not be used in calculating the aggregate amount of New LT Debt being incurred and therefore shall not be counted against the New LT Debt issuance authorized by the APSC; (ii) Preferred Stock, in an aggregate par value or involuntary liquidation value, as the case may be, not to exceed \$120 million; (iii) Common Stock, at a minimum price not less than the par value of such shares, with the aggregate maximum consideration not to exceed \$200 million; and (iv) Tax-Exempt Bonds in an aggregate principal amount not to exceed \$350 million; and (iv) Collateral Bonds in an aggregate principal amount not to exceed 115 percent

of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized (separate and apart from the authorization requested herein relating to the issuance and sale of New LT Debt); and, in connection therewith, the Company requests authorization to enter into the Facilities Agreements, and the Reimbursement Agreement and the Insurance Agreement, if any, related thereto as contemplated hereby;

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

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

(d) granting all other proper relief.

Dated May 12, 2015.

Respectfully submitted,

ENTERGY ARKANSAS, INC.

By: /s/ Tucker Raney

Tucker Raney
Assistant General Counsel
Entergy Services, Inc.
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, Tucker Raney, 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 12th day of May 2015.

/s/ Tucker Raney
Tucker Raney

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

EAI APPLICATION EXHIBIT A
FORM OF SUPPLEMENTAL INDENTURE

EAI Exhibit A

(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, 15th Floor, 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 was 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 was 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 was 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
Seventy-first Supplemental Indenture	December 1, 2012
Seventy-second Supplemental Indenture	January 1, 2013

Seventy-third Supplemental Indenture	May 1, 2013
Seventy-fourth Supplemental Indenture	June 1, 2013
Seventy-fifth Supplemental Indenture	July 15, 2013
Seventy-sixth Supplemental Indenture	March 1, 2014
Seventy-seventh Supplemental Indenture	December 1, 2014

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

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

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
3 1/8% Series due 1974	\$30,000,000	None
2 7/8% Series due 1977	11,000,000	None
3 1/8% Series due 1978	7,500,000	None
2 7/8% Series due 1979	8,700,000	None
2 7/8% Series due 1980	6,000,000	None
3 5/8% Series due 1981	8,000,000	None
3 1/2% Series due 1982	15,000,000	None
4 1/4% Series due 1983	18,000,000	None
3 1/4% Series due 1984	7,500,000	None
3 3/8% Series due 1985	18,000,000	None
5 5/8% Series due 1989	15,000,000	None
4 7/8% Series due 1991	12,000,000	None
4 3/8% Series due 1993	15,000,000	None
4 5/8% Series due 1995	25,000,000	None
5 3/4% Series due 1996	25,000,000	None
5 7/8% Series due 1997	30,000,000	None
7 3/8% Series due 1998	15,000,000	None
9 1/4% Series due 1999	25,000,000	None
9 5/8% Series due 2000	25,000,000	None
7 5/8% Series due 2001	30,000,000	None
8% Series due August 1, 2001	30,000,000	None
7 3/4% Series due 2002	35,000,000	None
7 1/2% Series due December 1, 2002	15,000,000	None
8% Series due 2003	40,000,000	None

8 1/8% Series due December 1, 2003	40,000,000	None
10 1/2% Series due 2004	40,000,000	None
9 1/4% Series due November 1, 1981	60,000,000	None
10 1/8% Series due July 1, 2005	40,000,000	None
9 1/8% Series due December 1, 2007	75,000,000	None
9 7/8% Series due July 1, 2008	75,000,000	None
10 1/4% Series due February 1, 2009	60,000,000	None
16 1/8% Series due December 1, 1986	70,000,000	None
4 1/2% Series due September 1, 1983	1,202,000	None
5 1/2% Series due January 1, 1988	598,310	None
5 5/8% Series due May 1, 1990	1,400,000	None
6 1/4% Series due December 1, 1996	3,560,000	None
9 3/4% Series due September 1, 2000	4,600,000	None
8 3/4% Series due March 1, 1998	9,800,000	None
17 3/8% Series due August 1, 1988	75,000,000	None
16 1/2% Series due February 1, 1991	80,000,000	None
13 3/8% Series due December 1, 2012	75,000,000	None
13 1/4% Series due February 1, 2013	25,000,000	None
14 1/8% Series due December 1, 2014	100,000,000	None
Pollution Control Series A	128,800,000	None
10 1/4% Series due July 1, 2016	50,000,000	None
9 3/4% Series due July 1, 2019	75,000,000	None
10% Series due February 1, 2020	150,000,000	None
10 3/8% Series due October 1, 2020	175,000,000	None
Solid Waste Disposal Series A	21,066,667	None
Solid Waste Disposal Series B	28,440,000	None
7 1/2% Series due August 1, 2007	100,000,000	None
7.90% Series due November 1, 2002	25,000,000	None
8.70% Series due November 1, 2022	25,000,000	None
Pollution Control Series B	46,875,000	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	None
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	None
4.5% Series due June 1, 2010	100,000,000	None
Pollution Control Series F	56,378,000	None
5.40% Series due August 1, 2013	300,000,000	None
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
4.90% Series due December 1, 2052	200,000,000	200,000,000
Pollution Control Series G	55,266,000	55,266,000
Pollution Control Series H	45,713,000	45,713,000
3.05% Series due June 1, 2023	250,000,000	250,000,000
4.75% Series due June 1, 2063	125,000,000	125,000,000
2013 Credit Agreement Collateral Series due January 26, 2015	255,000,000	None
3.70% Series due June 1, 2024	375,000,000	375,000,000
4.95% Series due December 15, 2044	250,000,000	250,000,000

which bonds are also hereinafter sometimes called bonds of the First through Eighty-fourth 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 enrolling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modifications made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, hypothecates, affects, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto The Bank of New York 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:

I.

_____ 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 to the extent permitted by the Mortgage, interest on any overdue principal of, 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 (hereinafter defined) 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]

(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 [Name of Depositary or clearinghouse] 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 and is one of a 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) (herein sometimes called the "Corporate Trustee") 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/her 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/her 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, on not less than 30 days nor more than 60 days notice prior to the date fixed for redemption, at any time prior to maturity 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]].

If, at the time notice of redemption is given, the redemption monies are not held by the Corporate Trustee, the redemption may be made subject to the receipt of such monies before the date fixed for redemption, and such notice shall be of no effect unless such monies are so received.

(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 \$_____. Additional bonds of the _____ Series, without limitation as to amount, having substantially the same terms as the Outstanding bonds of the _____ Series (except for the issue date, price to public and, if applicable, the initial interest payment date) may be issued by the Company without the notice to or the consent of the existing holders of the bonds of the _____ Series.

II

THE COMPANY RESERVES THE RIGHT TO AMEND CERTAIN PROVISIONS OF THE MORTGAGE

SECTION 1. The Company reserves the right, without any consent, vote or other action by holders of bonds of the _____ Series, or of any subsequent series, to amend the Mortgage, as heretofore amended and supplemented, as follows:

To amend Section 6 of the Mortgage to read substantially as follows:

SECTION 6. The term "Excepted Encumbrances" shall mean as of any particular time any of the following:

- (a) liens for taxes, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith by appropriate proceedings or of which at least ten (10) Business Days notice has not been given to the general

counsel of the Company or to such other Person designated by the Company to receive such notices;

(b) mechanics', workmen's, repairmen's, materialmen's, warehousemen's, and carriers' liens, other liens incident to construction, liens or privileges of any employees of the Company for salary or wages earned, but not yet payable, and other liens, including without limitation liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at least ten (10) Business Days notice has not been given to the general counsel of the Company or to such other Person designated by the Company to receive such notices;

(c) liens in respect of attachments, judgments or awards arising out of judicial or administrative proceedings (i) in an amount not exceeding the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the principal amount of the Bonds then Outstanding or (ii) with respect to which the Company shall (X) in good faith be prosecuting an appeal or other proceeding for review and with respect to which the Company shall have secured a stay of execution pending such appeal or other proceeding or (Y) have the right to prosecute an appeal or other proceeding for review or (Z) have not received at least ten (10) Business Days notice given to the general counsel of the Company or to such other Person designated by the Company to receive such notices;

(d) easements, leases, reservations or other rights of others in, on, over and/or across, and laws, regulations and restrictions affecting, and defects, irregularities, exceptions and limitations in title to, the Mortgaged and Pledged Property or any part thereof; provided, however, that such easements, leases, reservations, rights, laws, regulations, restrictions, defects, irregularities, exceptions and limitations do not in the aggregate materially impair the use by the Company of the Mortgaged and Pledged Property considered as a whole for the purposes for which it is held by the Company;

(e) liens, defects, irregularities, exceptions and limitations in (i) title to real property subject to rights-of-way in favor of the Company or otherwise or used or to be used by the Company primarily for right-of-way purposes; (ii) real property held under lease, easement, license or similar right; or (iii) the rights-of-way, leases, easements, licenses or similar rights in favor of the Company; provided, however, that (A) the Company shall have obtained from the apparent owner or owners of such real property a sufficient right, by the terms of the instrument granting such right-of-way, lease, easement, license or similar right, to the use thereof for the purposes for which the Company acquired the same; (B) the Company has power under eminent domain or similar statutes to remove or subordinate such liens, defects, irregularities, exceptions or limitations or (C) such defects, irregularities, exceptions and limitations may be otherwise remedied without undue effort or expense; and defects, irregularities, exceptions and limitations in title to flood lands, flooding rights and/or water rights;

(f) liens securing indebtedness or other obligations neither created, assumed nor guaranteed by the Company nor on account of which it customarily pays interest upon real property or rights in or relating to real property acquired by the Company for the purpose of the transmission or distribution of electric energy, gas or water, for the purpose of telephonic, telegraphic, radio, wireless or other electronic communication or otherwise for the purpose of obtaining rights-of-way;

(g) leases existing on _____, 20____ affecting properties owned by the Company at said date and renewals and extensions thereof; and leases affecting such properties entered into after such date or affecting properties acquired by the Company after such date which, in either case, (i) have respective terms of not more than ten (10) years (including extensions or renewals at the option of the tenant) or (ii) do not materially impair the use by the Company of such properties for the respective purposes for which they are held by the Company;

(h) liens vested in lessors, licensors, franchisors or permittees for rent or other amounts to become due or for other obligations or acts to be performed, the payment of

which rent or the performance of which other obligations or acts is required under leases, subleases, licenses, franchises or permits, so long as the payment of such rent or other amounts or the performance of such other obligations or acts is not delinquent or is being contested in good faith and by appropriate proceedings;

(i) controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon the Mortgaged and Pledged Property or any part thereof or the operation or use thereof or upon the Company with respect to the Mortgaged and Pledged Property or any part thereof or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(j) rights which Governmental Authorities may have by virtue of franchises, grants, licenses, permits or contracts, or by virtue of law, to purchase, recapture or designate a purchaser of or order the sale of the Mortgaged and Pledged Property or any part thereof, to terminate franchises, grants, licenses, permits, contracts or other rights or to regulate the property and business of the Company; and any and all obligations of the Company correlative to any such rights;

(k) liens required by law or governmental regulations (i) as a condition to the transaction of any business or the exercise of any privilege or license, (ii) to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks, (iii) in connection with workmen's compensation, unemployment insurance, social security, any pension or welfare benefit plan or (iv) to share in the privileges or benefits required for companies participating in one or more of the arrangements described in clauses (ii) and (iii) above;

(l) liens on the Mortgaged and Pledged Property or any part thereof which are granted by the Company to secure duties or public or statutory obligations

or to secure, or serve in lieu of, surety, stay or appeal bonds;

(m) rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water, steam and any other products, developed, produced, manufactured, generated, purchased or otherwise acquired by the Company or by others on property of the Company;

(n) (i) rights and interests of Persons other than the Company arising out of contracts, agreements and other instruments to which the Company is a party and which relate to the common ownership or joint use of property; and (ii) all liens on the interests of Persons other than the Company in property owned in common by such Persons and the Company if and to the extent that the enforcement of such liens would not adversely affect the interests of the Company in such property in any material respect;

(o) any restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service corporation;

(p) any liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;

(q) any controls, liens, restrictions, regulations, easements, exceptions or reservations of any public authority or unit applying particularly to any form of space satellites (including but not limited to solar power satellites), space stations and other analogous facilities whether or not in the earth's atmosphere;

(r) rights and interests granted pursuant to Section 58;

(s) any lien of the Trustees granted pursuant to Section 96; and

(t) Prepaid Liens.

The term "Business Day" shall mean when used with respect to the place or places, at which, principal of and premium, if any, and interest, if any, on the bonds are

payable or any other particular location specified in the bonds or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such place of payment or other location are generally authorized or required by law, regulation or executive order to remain closed, except as may be otherwise specified in the bonds or in a supplemental indenture creating such bonds.

The term "Governmental Authority" shall mean the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any thereof, or any department, agency, authority or other instrumentality of any of the foregoing.

The term "Person" shall mean any individual, Corporation, joint venture, trust or unincorporated organization or any Governmental Authority.

The term "Prepaid Liens" means any lien securing indebtedness for the payment of which money in the necessary amount shall have been irrevocably deposited in trust with the trustee or other holder of such lien; provided, however, that if such indebtedness is to be redeemed or otherwise prepaid prior to the stated maturity thereof, any notice requisite to such redemption or prepayment shall have been given in accordance with the mortgage or other instrument creating such lien or irrevocable instructions to give such notice shall have been given to such trustee or other holder.

SECTION 2. The Company reserves the right, without any consent, vote or other action by holders of bonds of the _____ Series, or of any subsequent series, to amend the Mortgage, as heretofore amended and supplemented, as follows:

To amend subdivision 7 of Section 28 of the Mortgage through the end of clause (b) thereof to read substantially as follows:

(7) either an Opinion of Counsel or an Officer's Certificate to the effect that:

(a) this Indenture constitutes, or, upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in said opinion or certificate, will constitute, a lien on all the Property Additions to be made the basis of the authentication and delivery of such bonds, subject to no lien thereon prior to the lien of this Indenture except Excepted Encumbrances and Qualified Liens and any other liens of which the signer of said opinion or certificate has no actual knowledge and which do not appear on a specified lien search report received by said signer not more than five (5) Business Days prior to the date of said opinion or certificate;

(b) the Company has corporate authority to operate such Property Additions; and

“Officer’s Certificate” means a certificate signed by the Chairman of the Board, the Vice Chairman, the President, any Vice President, the Treasurer, any Assistant Treasurer, or any other officer, manager or agent of the Company duly authorized pursuant to a resolution of the Board of Directors to act in respect of matters relating to this Indenture.

SECTION 3. The Company reserves the right, without any consent, vote or other action by holders of bonds of the _____ Series, or of any subsequent series, to amend the Mortgage, as heretofore amended and supplemented, as follows:

To amend Section 58 of the Mortgage to read substantially as follows:

SECTION 58. Unless one or more of the Defaults defined in Section 65 hereof shall have occurred and be continuing, the Company may at any time and from time to time, without any release or consent by, or report to, the Trustees or either of them:

(1) sell or otherwise dispose of, free from the lien of this Indenture, any machinery, equipment, apparatus, towers, transformers, poles, lines, cables, conduits, ducts, conductors, meters, regulators, holders, tanks, retorts, purifiers, odorizers, scrubbers, compressors, valves, pumps, mains, pipes, service pipes, fittings, connections, services, tools, implements, or any other fixtures or personalty, then subject to the lien hereof, which shall have become old, inadequate, obsolete, worn out, unfit, unadapted, unserviceable, undesirable or unnecessary for use in the operations of the Company upon replacing the same by, or substituting for the same, similar or analogous property, or other property performing a similar or analogous function or otherwise obviating the need therefor, having a fair value to the Company at least equal to that of the property sold or otherwise disposed of and subject to the lien hereof, subject to no liens prior hereto except Excepted Encumbrances and any other liens to which the property sold or otherwise disposed of was subject;

(2) cancel or make changes or alterations in or substitutions for any and all easements, servitudes, rights-of-way and similar rights and/or interests;

(3) grant, free from the lien of this Indenture, easements, ground leases or rights-of-way in, upon, over

and/or across the property or rights-of-way of the Company for the purpose of roads, pipe lines, transmission lines, distribution lines, communication lines, railways, removal or transportation of coal, lignite, gas, oil or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that such grant shall not materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Company;

(4) terminate, abandon, surrender, cancel, release, modify or dispose of any franchises, licenses or permits that are Mortgaged and Pledged Property; provided that such action is, in the opinion of the Company, necessary, desirable or advisable in the conduct of the business of the Company, and; provided further that any franchises, licenses or permits that become Mortgaged and Pledged Property by the operation of granting clauses and thereafter, in the opinion of the Company, cease to be necessary for the operation of the Mortgaged and Pledged Property shall automatically cease to be subject to the lien of this Indenture, without any release or consent, or report to, the Trustees or either of them; and

(5) rearrange any of its street car tracks and switches or reduce or permanently discontinue the operation of or remove or abandon any of its street or interurban railway lines or street or interurban transportation lines, if, in the judgment of the Board of Directors of the Company, any such action which affects the Mortgaged and Pledged Property is necessary or desirable in the conduct of the business of the Company or if the Company is ordered so to do by a regulatory authority having jurisdiction in the premises.

SECTION 4. The Company reserves the right, without any consent, vote or other action by holders of bonds of the _____ Series, or of any subsequent series, to amend the Mortgage, as heretofore amended and supplemented, as follows:

To amend Section 86 of the Mortgage to add a new paragraph at the end reading substantially as follows:

A statutory merger in which the Company's assets and liabilities may be allocated among one or more entities, shall not be considered to be a merger, consolidation, conveyance or other transfer of Mortgaged and Pledged Property subject to the provisions

of this Article XVI unless all or substantially all of the Mortgaged and Pledged Property is allocated by such statutory merger to one or more entities other than the Company.

SECTION 5. The Company reserves the right, without any consent, vote or other action by holders of bonds of the _____ Series, or of any other subsequent series, to amend the Mortgage, as heretofore amended and supplemented, as follows:

To delete all provisions in the Mortgage which require a Net Earning Certificate, whether as a condition precedent to the authentication and delivery of bonds or otherwise.

SECTION 6. Each initial and future holder of bonds of the _____ Series, by its acquisition of an interest in such Bonds, irrevocably (a) consents to the amendments set forth in Sections 1, 2, 3, 4 and 5 of this Article II of this _____ Supplemental Indenture without any other or further action by any holder of such bonds, and (b) designates the Corporate Trustee, and its successors, as its proxy with irrevocable instructions to vote and deliver written consents on behalf of such holder in favor of such amendments at any bondholder meeting, in lieu of any bondholder meeting, in any consent solicitation or otherwise.

III.

MISCELLANEOUS PROVISIONS

SECTION 1. 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 2. 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 3. 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 4. Whenever in this _____ Supplemental Indenture any 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 5. 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 6. 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 7. This _____ Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK TRUST COMPANY AMERICAS has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by, one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Associates for and in its behalf, and 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 Vice Presidents or one of its Senior Associates or Associates, and its corporate seal to be attested by one of its Vice Presidents or one of its Senior Associates or one of its Associates for and in its behalf, as of the day and year first above written.

ENTERGY ARKANSAS, INC.

By: _____
Name:
Title:

Attest:

By: _____
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:

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:

By: _____
Name:
Title:

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

By: _____
Name:

By: _____
Name:

STATE OF LOUISIANA)

) SS.:

PARISH OF ORLEANS)

On this ____ day of _____, 20____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said Parish and State, appeared in person the within named _____ and _____, to me personally well known, who stated that they were the _____ and _____, respectively, of ENTERGY ARKANSAS, INC., a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the _____ day of _____, 20____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he/she is the of ENTERGY ARKANSAS, INC., 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 order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

On the _____ day of _____, 20_____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of ENTERGY ARKANSAS, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and 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 Parish and State the day and year last above written.

By: _____

Name:

Notary Public No. _____

Parish of Orleans, State of Louisiana

My Commission is issued for Life.

STATE OF NEW YORK)

) SS.:

COUNTY OF NEW YORK)

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 _____, 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 _____, 20____, before me personally came _____ and _____, to me known, who, being by me duly sworn, did depose and say that he/she resides in _____ and _____ respectively; that they are a _____ and a _____ of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that they know 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 they signed their names 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 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.

Name: _____
 Notary Public, State of New York
 No. _____
 Qualified in _____ County
 Commission Expires _____, 20____

STATE OF ILLINOIS)

) SS.:

COUNTY OF COOK)

On this _____ day of _____, 20____, before me, _____, a Notary Public duly commissioned, qualified and acting within and for said state, appeared _____ and _____, personally known to me, or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument, who stated that they were a _____ and _____, respectively, of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as Co-Trustee as to property, real or personal, situated or being in Missouri (the “Missouri Co-Trustee”), and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said Missouri Co-Trustee; 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 this ____ day of _____, 20____, before me personally appeared _____, personally known to me, or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and, 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 entities 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 this ____ day of _____, 20____, before me appeared _____, personally known to me, or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and, who, being by me duly sworn, did say that he/she resides in _____; 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 seal of the Missouri Co-Trustee, and that said instrument was signed and sealed on 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 entity.

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.

Name: _____

Notary Public, State of Florida

No. _____

Qualified in _____ County

Commission Expires _____, 20____

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

EAI APPLICATION 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 May 4, 2015

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

RESOLVED, That, subject to obtaining all requisite approvals, authorizations and consents, the Board of Directors hereby approves a new financing plan for the Company for the period ending December 31, 2018, providing for (1) the issuance and sale by the Company, from time to time, of (a) long-term debt in the form of one or more series of its first mortgage bonds as well as debentures, loan agreements, credit facilities and other like instruments, both secured and unsecured, having a maturity greater than one year but no greater than sixty years (collectively, “New LT Debt”), each such transaction shall be in such principal amount as the Company may elect, which amounts, in the aggregate, shall not exceed the sum of \$900,000,000, exclusive of any long-term debt that the Company may issue to refinance then outstanding debt, which long-term debt the Company is hereby authorized to issue in an unlimited amount; (b) one or more new series of the Company’s \$100 Preferred Stock, \$25 Preferred Stock or Class A Preferred Stock or any combination thereof (collectively, the “Preferred Stock”) having an aggregate par and/or liquidation value not to exceed \$120,000,000; and (c) not in excess of 16,000,000 authorized but unissued additional shares of the Company’s Common Stock, \$0.01 par value per share at a minimum per share price of \$12.50, which consideration the Board of Directors has determined is adequate, for an aggregate cash consideration not to exceed \$200,000,000, at such times and on such terms and conditions as the officers of the Company deem appropriate, subject to such further approvals of the Board of Directors and/or the Executive Committee as may be necessary or desirable; (2) the financing or refinancing, from time to time, of certain facilities, including but not limited to sewage and/or solid waste disposal or pollution control facilities regardless of whether such facilities have heretofore been the subject of such financing, to the greatest extent practicable, with the net proceeds of the issuance and sale of up to \$350,000,000 aggregate principal amount of tax-exempt bonds or notes (the “Tax-Exempt Bonds”), provided that the actual amount of such financing and structure of such arrangements shall be determined at a later date; (3) the renewal, extension or obtaining of new or replacement letters of credit or other

credit facilities to support outstanding Tax-Exempt Bonds, and the purchase, redemption and/or remarketing of any such bonds, as provided for under existing arrangements and the fixing of interest rates or changing of interest rate determinations for any such bonds; (4) the authentication and pledging by the Company, from time to time, of one or more new series of the Company's first mortgage bonds (which first mortgage bonds shall be in addition to any New LT Debt authorized in (1)(a) above) to provide security for holders of New LT Debt other than the Company's first mortgage bonds or for holders of Tax-Exempt Bonds or for a bank issuing a letter of credit or an insurer issuing an insurance policy to provide for the payment of the principal of and/or premium and/or interest on Tax-Exempt Bonds, each such transaction shall be in such principal amount as the Company may elect but not to exceed 115% of the obligations being secured thereby; (5) the negotiation and execution of any loan, reimbursement, pledge, guaranty or indemnity agreements to support the financings contemplated in (1) through (3) above (such financings, together with the financings contemplated by (4) above, being herein collectively referred to as the "New Financing Plan"); and (6) the acquisition (and retirement and cancellation), from time to time, by redemption (subject to any applicable mandatory or optional sinking fund provisions or not), tender offer, open market or negotiated purchases or otherwise, or refunding of all or a portion of one or more series of (a) the Company's outstanding long term debt, (b) the Company's outstanding Preferred Stock, (c) outstanding Tax-Exempt Bonds issued for the benefit of the Company, and/or (d) any other security heretofore or hereafter issued by the Company (the same being herein referred to collectively, as the "New Acquisition Program"), each and all with funds that are lawfully available for such purpose; and further

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

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

RESOLVED, That, if any series of New LT Debt and/or the Preferred Stock is to be sold publicly and is not otherwise the subject of a registration statement filed with the Securities and Exchange Commission (the "SEC"), the officers of the

Company, be, and each of them hereby is, authorized to prepare, execute and file with the SEC one or more registration statements with respect thereto, each including a prospectus, on such form or forms as the officers of the Company determine to be advisable, and any and all amendments and supplements thereto, as such officers may deem necessary or desirable, together with any and all exhibits and documents related thereto, pursuant to the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder; and further

RESOLVED, That the Company, for the purposes of complying with the requirements of the blue sky laws of various states and/or other jurisdictions in connection with applications to register one or more new series or sub-series of the New LT Debt or Preferred Stock, does hereby irrevocably authorize the President or any Vice President, the Treasurer or any Assistant Treasurer and/or the Secretary or any Assistant Secretary, or any of them, to execute for and on behalf of the Company, any necessary forms and/or other papers designated by the respective securities regulatory authorities of such states and/or jurisdictions, including consents to service of process, needed for the registration of such New LT Debt or Preferred Stock, and such officers of the Company, or any of them, are authorized to do everything necessary and proper to facilitate any public offering thereof in the various states and/or jurisdictions; and further

RESOLVED, That all acts heretofore done and all documents heretofore executed, filed or delivered by the officers of the Company in connection with the purposes of the foregoing resolutions and the transactions contemplated thereby are hereby approved, ratified and confirmed and that the officers of the Company be, and each of them hereby is, authorized and empowered, for and on behalf of the Company, to take or cause to be taken all steps and proceedings, and to do all such acts and things and to execute all such documents and instruments, as in their judgment may be necessary or appropriate to carry out and effectuate the purposes of the foregoing resolutions and the transactions contemplated thereby.

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.

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

Dated Effective as of May 4, 2015

Directors:

Hugh T. McDonald

Andrew S. Marsh

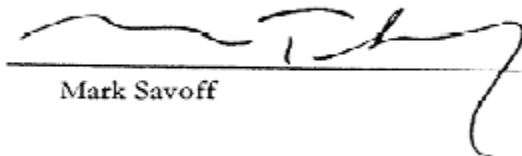
Theodore H. Bunting, Jr.

Mark T. Savoff



Hugh T. McDonald

Andrew Marsh

Theodore H. Bunting, Jr.

Mark Savoff

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

EAI APPLICATION EXHIBIT C
ESTIMATED OFFERING EXPENSES

ESTIMATE OF ISSUANCE EXPENSES*

	<u>INITIAL SERIES</u>	<u>EACH SUBSEQUENT SERIES</u>
FIRST MORTGAGE BONDS	\$550,000	\$550,000
PREFERRED STOCK	\$500,000	\$500,000
COMMON STOCK	\$35,000	\$35,000
TAX-EXEMPT BONDS, COLLATERAL BONDS	\$550,000	\$550,000

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

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

EAI APPLICATION EXHIBIT D

- (1) BALANCE SHEET AS OF DECEMBER 31, 2014, AND PRO FORMA
- (2) INCOME STATEMENT FOR THE TWELVE MONTHS ENDING
DECEMBER 31, 2014, AND PRO FORMA
- (3) DETAIL OF LONG-TERM DEBT AS OF DECEMBER 31, 2014, AND
PRO FORMA

APSC FILED Time: 5/12/2015 4:04:18 PM: Recvd 5/12/2015 3:52:39 PM: Docket 15-035-u-Doc. 1

Entergy Arkansas, Inc. and Subsidiaries
Pro Forma Accounting Entries to Reflect the Proposed Transactions
As of December 31, 2014 (\$ in thousands)

For Proposed Financing - Balance Sheet		
Accounts	Debit	Credit
Cash	891,575	
Underwriting Fees (other assets)	8,425	
First Mortgage Bonds		900,000
<i>To record issuance of \$900 million First Mortgage Bonds.</i>		
Bonds-Pollution Control Revenue Bonds	54,700	
Loss on Pollution Control Revenue Bonds	-	
Discount on Pollution Control Revenue Bonds		-
Cash		54,700
<i>To record retirement of \$54.7 million of Tax Exempt Bonds. Loss and premium/discount not included because of immaterial effect.</i>		
Cash	346,388	
Underwriting fees	3,613	
Bonds - Collateral Bonds		350,000
<i>To record issuance of \$350 million of Tax Exempt Bonds. Loss and premium/discount not included because of immaterial effect.</i>		
Cash	116,500	
Capital Stock Expense (PIC)	3,500	
Capital Stock-Preferred		120,000
<i>To record issuance of \$120 million of Preferred Stock.</i>		
Cash	199,950	
Common Stock		160
Paid in capital		199,790
<i>To record issuance of \$200 million of common stock, net of fees. \$12.50/shr common stock; 16,000,000 shares.</i>		

APSC FILED Time: 5/12/2015 4:04:18 PM: Recvd 5/12/2015 3:52:39 PM: Docket 15-035-u-Doc. 1

Entergy Arkansas, Inc. and Subsidiaries
Pro Forma Accounting Entries to Reflect the Proposed Transactions
As of December 31, 2014 (\$ in thousands)
For Proposed Financing - Income Statement

Accounts	Debit	Credit
Interest Expense-First Mortgage Bonds	63,000	
Accrued interest		63,000
<i>To record interest expense on \$900 million First Mortgage Bonds issued at 7%.</i>		
Accrued taxes	24,712	
Income Taxes		24,712
<i>To record change in income taxes at 39.225% related to the change in interest expense due to First Mortgage Bond activity.</i>		
Accrued interest	848	
Interest Expense		848
<i>To remove interest expense on retired Tax Exempt Bonds of \$54.7 million at 1.55%.</i>		
Interest Expense	17,500	
Accrued Interest		17,500
<i>To record interest expense on \$350MM Tax Exempt Bonds at 5%.</i>		
Accrued taxes	6,532	
Income Taxes		6,532
<i>To record change in income taxes at 39.225% 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 dividend expense on \$120 million Preferred Stock at 10%.</i>		
Accrued interest income	82,484	
Interest and Dividend Income		82,484
<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%.</i>		
Income Taxes	32,354	
Accrued taxes		32,354
<i>To record change in income taxes at 39.225% related to the change in interest and dividend income due to the investment of the net proceeds of proposed transactions.</i>		

APSC FILED Time: 5/12/2015 4:04:18 PM; Rev'd: 5/12/2015 3:52:39 PM; Docket 15-035-u-Doc. 1

ENERGY ARKANSAS, INC. AND SUBSIDIARIES
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
(IN THOUSANDS)

STATEMENT OF INCOME	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
OPERATING REVENUES				
Domestic Electric	\$2,172,391	\$ -	\$ -	\$2,172,391
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel and fuel-related expenses	327,695			327,695
Purchased power	528,815			528,815
Nuclear refueling outage expenses	43,258			43,258
Other operation and maintenance	647,461			647,461
Decommissioning	46,972			46,972
Taxes other than income taxes	91,470			91,470
Depreciation and amortization	236,770			236,770
Other regulatory credits	(20,054)			(20,054)
TOTAL	1,902,387	-	-	1,902,387
OPERATING INCOME	270,004	-	-	270,004
OTHER INCOME				
Allowance for equity funds used during construction	7,238			7,238
Interest and dividend income	23,075		82,484	105,559
Miscellaneous - net	(5,144)			(5,144)
TOTAL	25,169	-	82,484	107,653
INTEREST EXPENSE				
Interest expense	93,921		79,652	173,573
Allowance for borrowed funds used during construction	(3,769)			(3,769)
TOTAL	90,152	-	79,652	169,804
INCOME BEFORE INCOME TAXES	205,021	-	2,832	207,853
Income taxes	83,629	-	1,111	84,740
NET INCOME	121,392	-	1,721	123,113
Preferred dividend requirements	6,873	-	12,000	18,873
EARNINGS APPLICABLE TO COMMON STOCK	\$114,519	\$ -	\$ (10,279)	\$104,240

APSC FILED Time: 5/12/2015 4:04:18 PM; Recvd: 5/12/2015 3:53:38 PM; Docket 15-035-u-Doc. 1

ENTERGY ARKANSAS, INC. AND SUBSIDIARIES

BALANCE SHEET
AS OF DECEMBER 31, 2014
(\$ IN THOUSANDS)

ASSETS	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT ASSETS				
Cash and cash equivalents:				
Cash	10,526	-	-	10,526
Temporary cash investments	207,979	-	1,499,712	1,707,691
Total cash and cash equivalents	218,505	-	1,499,712	1,718,217
Securitization recovery trust account	4,096	-		4,096
Accounts receivable:				
Customer	97,314	-	-	97,314
Allowance for doubtful accounts	(32,247)	-	-	(32,247)
Associated companies	32,187	-	-	32,187
Other	110,269	-	-	110,269
Accrued unbilled revenues	80,704	-	-	80,704
Total accounts receivable	288,227	-	-	288,227
Accumulated deferred income taxes	21,533	-	-	21,533
Deferred fuel costs	143,279	-	-	143,279
Fuel inventory - at average cost	50,898	-	-	50,898
Materials and supplies - at average cost	162,792	-	-	162,792
Deferred nuclear refueling outage costs	29,690	-	-	29,690
System agreement cost equalization	-	-	-	-
Prepayments and other	9,588	-	-	9,588
TOTAL	928,608	-	1,499,712	2,428,320
OTHER PROPERTY AND INVESTMENTS				
Decommissioning trust funds	769,883	-	-	769,883
Non-utility property - at cost (less accumulated depreciation)	-	-	-	-
Other	14,170	-	-	14,170
TOTAL	784,053	-	-	784,053
UTILITY PLANT (AT ORIGINAL COST)				
Electric	9,139,181	-	-	9,139,181
Construction work in progress	284,322	-	-	284,322
Nuclear fuel	293,695	-	-	293,695
TOTAL UTILITY PLANT - EXCLUDING CAPITAL LEASES	9,717,198	-	-	9,717,198
Less - accumulated depreciation and amortization	4,191,959	-	-	4,191,959
NET UTILITY PLANT - EXCLUDING CAPITAL LEASES	5,525,239	-	-	5,525,239
Property under capital lease	961	-	-	961
UTILITY PLANT - NET	5,526,200	-	-	5,526,200
DEFERRED DEBITS AND OTHER ASSETS				
Regulatory assets:				
Deferred fuel costs	65,900	-	-	65,900
Regulatory asset for income taxes - net	64,214	-	-	64,214
Other regulatory assets	1,391,276	-	-	1,391,276
Other	47,674	-	12,038	59,712
TOTAL	1,569,064	-	12,038	1,581,102
TOTAL ASSETS	8,807,925	-	1,511,750	10,319,675

APSC FILED Time: 5/12/2015 4:04:18 PM Rec'd: 5/12/2015 3:52:39 PM: Docket 15-035-u-Doc. 1

ENTERGY ARKANSAS, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2014
(\$ IN THOUSANDS)

LIABILITIES AND SHAREHOLDERS' EQUITY	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
CURRENT LIABILITIES				
Short-term borrowings	47,968	-	-	47,968
Accounts payable:				
Associated companies	56,078	-	-	56,078
Other	174,998	-	-	174,998
Customer deposits	115,647	-	-	115,647
Taxes accrued	24,240	-	-	24,240
Accumulated deferred income taxes	15,009	-	-	15,009
Interest accrued	20,250	-	-	20,250
Other	27,872	-	-	27,872
TOTAL	482,062	-	-	482,062
NON-CURRENT LIABILITIES				
Accumulated deferred income taxes and taxes accrued	1,997,983	-	-	1,997,983
Accumulated deferred investment tax credits	37,708	-	-	37,708
Other regulatory liabilities	254,036	-	-	254,036
Decommissioning	818,351	-	-	818,351
Accumulated provisions	5,689	-	-	5,689
Pension and other postretirement liabilities	571,870	-	-	571,870
Long-term debt (schedule attached)	2,671,343	-	1,195,300	3,866,643
Other	28,296	-	-	28,296
TOTAL	6,385,276	-	1,195,300	7,580,576
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 2012	470	-	160	630
Paid-in capital	588,471	-	196,290	784,761
Retained earnings	1,235,296	-	-	1,235,296
TOTAL	1,940,587	-	316,450	2,257,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,807,925	-	1,511,750	10,319,675

APSC FILED Time: 5/12/2015 4:04:18 PM; Recvd: 5/12/2015 3:53:39 PM; Docket 15-035-u-Doc. 1

ENTERGY ARKANSAS, INC. AND SUBSIDIARIES
DETAIL OF LONG-TERM DEBT
AS OF DECEMBER 31, 2014
(\$ IN THOUSANDS)

LONG-TERM DEBT	PER BOOKS	ADJUSTMENTS TO REFLECT SCHEDULED TRANSACTIONS	ADJUSTMENTS TO REFLECT PROPOSED TRANSACTIONS	PRO FORMA
First Mortgage Bonds				
3.75% Series due February 2021	350,000	-	-	350,000
3.05% Series due June 2023	250,000	-	-	250,000
3.7% Series due June 2024	375,000	-	-	375,000
5.66% Series due February 2025	175,000	-	-	175,000
5.9% Series due June 2033	100,000	-	-	100,000
6.38% Series due November 2034	60,000	-	-	60,000
5.75% Series due November 2040	225,000	-	-	225,000
4.95% Series due December 2044	250,000	-	-	250,000
4.9% Series due December 2052	200,000	-	-	200,000
4.75% Series due June 2063	125,000	-	-	125,000
Various series due at various dates (assumed 5% rate)	-	-	900,000	900,000
TOTAL FIRST MORTGAGE BONDS	2,110,000	-	900,000	3,010,000
Governmental Bonds				
1.55% Series due 2017, Jefferson County	54,700	-	(54,700)	-
2.38% Series due 2021, Independence County	45,000	-	-	45,000
Various series due at various dates (assumed 4.5% rate)	-	-	350,000	350,000
TOTAL GOVERNMENTAL BONDS	99,700	-	295,300	395,000
Nuclear Fuel Disposal Costs - DOE	181,329	-	-	181,329
4.2% Little Rock Air Force Base due 2061	2,089			2,089
2.3% Senior Secured Recovery Bonds due 2021	76,185			76,185
3.23% Series J due July 2016	55,000			55,000
2.62% Series K due December 2017	60,000			60,000
3.65% Series L due July 2021	90,000			90,000
Amount due within one year	-	-	-	-
Unamortized premium and discount on debt - net	(2,960)	-	-	(2,960)
TOTAL LONG-TERM DEBT	\$2,671,343	\$0	\$1,195,300	\$3,866,643

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. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

DIRECT TESTIMONY

OF

STEVEN C. MCNEAL

VICE PRESIDENT AND TREASURER

ENTERGY CORPORATION

ON BEHALF OF

ENTERGY ARKANSAS, INC.

MAY 12, 2015

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, the Entergy Operating Companies¹,
7 System Energy Resources, Inc., Entergy Services, Inc. ("ESI"),² and
8 various other Entergy affiliates.

9
10 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND,
11 PROFESSIONAL QUALIFICATIONS, AND PROFESSIONAL
12 EXPERIENCE.

13 A. I received a Bachelors of Science degree in Business and History from
14 Trinity University in San Antonio in 1979. I received a Masters of
15 Business Administration from Tulane University in 1981.

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

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

² ESI is a subsidiary of Entergy Corporation that provides technical and administrative services to all the Operating Companies.

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 financings for
7 certain other subsidiaries. As a part of this activity, I have regular dialogue
8 with capital market participants, including lenders, investment bankers and
9 bond rating agencies.

10

11 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

12 A. I am testifying on behalf of EAI.

13

14 Q. HAVE YOU PREVIOUSLY TESTIFIED IN A REGULATORY
15 PROCEEDING?

16 A. Yes. I have submitted testimony to the Arkansas Public Service
17 Commission ("APSC" or the "Commission") in connection with the
18 application of EAI for authorization to enter into certain financing
19 transactions in APSC Docket Nos. 94-439-U, 95-594-U, 99-234-U, 01-
20 221-U, 03-093-U, 03-139-U, 06-096-U, 09-068-U, 10-008-U, 11-090-U
21 and 12-059-U. I have filed testimony with the APSC in connection with the
22 proposal for an independent electric transmission company in APSC
23 Docket No. 00-383-U, and with EAI's Applications for Approval of

1 Synthetic Railcar Lease in ASPC Docket Nos. 02-224-U, 09-120-U and
2 13-124-U. I have also filed testimony before the retail regulators of EAI's
3 affiliates on a variety of financial issues. For example, I have filed
4 testimony with the Louisiana Public Service Commission ("LPSC"), the
5 Mississippi Public Service Commission, and the Council of the City of New
6 Orleans in connection with the Operating Companies' proposal for an
7 independent coordinator of transmission for the Entergy Transmission
8 System,³ with the Public Utility Commission of Texas ("PUCT") and the
9 LPSC supporting the jurisdictional separation plans of an affiliate, EGSI;
10 with the PUCT relating to EGSI's unbundled cost of service filing, 2004
11 and 2007 rate cases, and 2006 and 2009 Texas securitization filings; and
12 with the LPSC with respect to the ninth earnings review of the merger with
13 EGSI and storm cost recovery filings in 2001, 2008, and 2009, and an
14 investment recovery filing in 2011.

15
16 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my direct testimony is to support EAI's Application in this
18 docket requesting APSC authorization for EAI to issue certain securities
19 not to exceed specified maximum limits. Specifically, I will describe the
20 Company's reasons for requesting the authorization and the securities that
21 EAI proposes to issue and sell before December 31, 2018.

³ The Entergy Transmission System is comprised of the bulk transmission facilities of the Entergy Operating Companies.

1

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

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

7 A. This Application is intended to address EAI's general financing needs for
8 the period ending December 31, 2018. EAI is requesting authorization to
9 issue and sell and to enter into arrangements for long term debt in an
10 aggregate principal amount not to exceed \$900 million ("New LT Debt") in
11 the form of one or more series of its first mortgage bonds ("Bonds" or
12 "First Mortgage Bonds") as well as debentures ("Debentures") and loan
13 agreements, credit facilities and other like instruments, both secured and
14 unsecured (collectively, "Other LT Debt"), Preferred Stock (as defined
15 hereinafter), Common Stock (as defined hereinafter), Tax-Exempt Bonds
16 (as defined hereinafter), and Collateral Bonds (as defined hereinafter) not
17 to exceed certain specified amounts. The proceeds from such
18 transactions would, among other things, permit EAI to refund, refinance,
19 acquire, redeem, retire or repay at maturity certain of the Company's
20 outstanding securities. The proceeds would also provide funds for capital
21 projects and potential regulatory obligations as well as providing working
22 capital. EAI's current financing authorization expires December 31, 2015.

23

1 Q. WHY IS THE COMPANY SEEKING TO CONTINUE WITH A MULTI-
2 YEAR AUTHORIZATION PERIOD?

3 A. The APSC's Order No. 2 in Docket No. 12-059-U provided financing
4 authority for a three-year period from January 1, 2013 to December 31,
5 2015. Such a multi-year term permits the Company to maintain financial
6 flexibility in managing its debt structure. As such, a multi-year
7 authorization period assists the Company in planning its debt structure to
8 take advantage of markets or issue new debt as appropriate.

9

10 Q. WILL THE UNEXPIRED PORTION OF THE THREE-YEAR FINANCING
11 PERIOD AUTHORIZED IN DOCKET NO. 12-059-U CONTINUE UNTIL
12 DECEMBER 31, 2015 OR WILL IT BE SUPERSEDED BY THE
13 FINANCING PERIOD AUTHORIZED IN THIS DOCKET?

14 A. It is anticipated that the unexpired portion of the three-year financing
15 period authorized by Order No. 2 in Docket No. 12-059-U will be
16 superseded by the financing period authorized in this Docket. In that
17 event, if EAI were to enter into a financing transaction after the entry of an
18 order approving its Application in this Docket, but before December 31,
19 2015, it would be authorized to do so by the approving order entered in
20 this Docket and not by Order No. 2 entered in Docket No. 12-059-U. Any
21 such transactions would be subject to the maximum amount limitations
22 established by the approving order in this Docket.

23

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

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

12 With adequate financial flexibility, EAI can take advantage of
13 favorable interest rate fluctuations to refund its higher cost debt. EAI has
14 filed an unlimited automatic shelf registration statement with the Securities
15 and Exchange Commission allowing it to sell particular series of Bonds
16 with a shorter lead-time than if separate registrations of each series were
17 required. This procedure affords EAI financial flexibility that makes it
18 possible to take advantage of desirable interest rates, and to finance
19 optimal amounts each time securities are sold. For the reasons discussed
20 above, EAI is seeking financing authority for the period ending December
21 31, 2018.

22

1 Q. ARE THERE SPECIFIC EXAMPLES OF BENEFITS THAT EAI HAS
2 RECEIVED AS A RESULT OF THE FINANCIAL FLEXIBILITY OF A
3 MULTI-YEAR AUTHORIZATION?

4 A. Yes. Due to the financial flexibility that the previously authorized finance
5 plan provided, EAI was able to access the capital markets in July 2008 to
6 fund the acquisition of and improvements to the Ouachita Generating
7 Facility. The capital markets were extremely volatile in 2008. Because
8 EAI had authorization to finance in place, the Company was able to find a
9 window of opportunity to issue bonds prior to the closing of the acquisition.
10 Additionally, due to the financial flexibility provided by the financing plans
11 authorized in Dockets Nos. 09-068-U, 11-090-U, and 12-059-U, EAI was
12 able to access the capital markets multiple times in 2010, 2012, 2013, and
13 2014 to provide working capital for general corporate purposes and to
14 refinance over \$1.6 billion of higher cost debt at lower interest rates,
15 thereby reducing its interest expense.

16

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

19 A. Utilities have traditionally used four forms of long-term financing to fund
20 their cash requirements: common stock, preferred stock, first mortgage
21 bonds, and tax-exempt bonds, all of which will be discussed later in my
22 testimony.

23

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

3 A. The Company proposes to use the proceeds derived from the issuance
4 and sale of the securities, as proposed in the Application, for general
5 corporate purposes, including, but not limited to, the possible refunding,
6 refinancing, acquisition, redemption, retirement or repayment at maturity
7 of certain of the Company's outstanding securities; restructuring debt to
8 provide more flexibility; funding capital expenditures and working capital
9 needs; and financing unanticipated events, such as emergency service
10 restoration. The Company is requesting authorization for such securities
11 sales primarily to achieve the flexibility that will permit a timely response to
12 changing market conditions when it becomes beneficial for the Company
13 to refinance, refund, or otherwise acquire outstanding higher cost
14 securities or necessary for the Company to raise external funds to meet
15 capital and/or working capital needs.

16

17 Q. WHAT IS THE AUTHORIZATION LIMIT FOR EACH TYPE OF
18 SECURITY SOUGHT BY THE COMPANY?

19 A. The Company seeks authorization to issue not to exceed \$900 million
20 aggregate principal amount of New LT Debt, provided, however, that
21 should any of the proceeds of the New LT Debt issued be used to retire,
22 redeem, or otherwise repay the principal amount of long-term debt
23 outstanding at the time of such issuance ("Outstanding LT Debt"), the

1 amount of such debt shall not be used in calculating the amount issued
2 against the \$900 million limit. The Company also seeks authorization to
3 issue not to exceed \$350 million of Tax-Exempt Bonds, \$120 million of
4 Preferred Stock, and \$200 million of Common Stock. The Company is
5 also seeking authorization to collateralize Other LT Debt and Tax-Exempt
6 Bonds by issuing and pledging one or more series of its First Mortgage
7 Bonds ("Collateral Bonds"). The aggregate principal amount of Collateral
8 Bonds will not exceed 115 percent of the aggregate principal amount of
9 Other LT Debt and Tax-Exempt Bonds being collateralized which will be
10 separate and apart from the aggregate principal amount of New LT Debt
11 being requested.

12

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

15 A. The authorization requested for Tax-Exempt Bonds, Collateral Bonds,
16 Preferred Stock and Common Stock are consistent with previous financing
17 authorization limits. The method for which the Company is seeking
18 authorization for New LT Debt is consistent with the method approved by
19 the Commission in Docket No. 12-059-U.

20

21 Q. PLEASE DESCRIBE THE METHODOLOGY APPLICABLE TO NEW LT
22 DEBT?

1 A. The methodology excludes from the \$900 million of New LT Debt
2 authorized by the Commission the proceeds of any New LT Debt that is
3 used to retire, redeem, or otherwise repay the principal amount of long-
4 term debt outstanding at the time of such issuance. This methodology
5 allows EAI greater financial flexibility in order to take advantage of
6 favorable market conditions more readily. By having the APSC authorize
7 issuances of New LT Debt under this methodology, EAI has the ability to
8 refinance maturing debt or to refinance higher cost debt at lower rates
9 without exceeding its issuance limitation.
10

11 **III. LONG-TERM DEBT**

12 Q. WHAT IS THE BASIS FOR THE AMOUNT OF NEW LT DEBT
13 REQUESTED?

14 A. EAI is requesting authority to issue not to exceed \$900 million in New LT
15 Debt before December 31, 2018. EAI anticipates that capital expenditures
16 and acquisition and construction costs during the authorization period will
17 require it to incur approximately \$550 million in New LT Debt. EAI is also
18 requesting authority to raise approximately \$350 million in additional New
19 LT Debt to meet contingencies such as storm damage expenses and
20 regulatory obligations and to provide flexibility under other special
21 unforeseen circumstances. EAI may also issue additional New LT Debt
22 during the authorization period to pay maturing Outstanding LT Debt or to
23 refund higher cost debt which would not increase the total Outstanding LT

1 Debt and would not be counted against the maximum amount of \$900
2 million New LT Debt for which authorization is being requested.

3

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

5 A. Yes. The sale by EAI of First Mortgage Bonds is governed by the
6 Company's Mortgage and Deed of Trust dated October 1, 1944, to
7 Guaranty Trust Company of New York (Deutsche Bank Trust Company
8 Americas, successor), as Trustee and Marvin A. Mueller (The Bank of
9 New York Mellon Trust Company, National Association, successor), Co-
10 Trustee, as to certain Missouri property, as Trustees, as heretofore
11 supplemented and as proposed to be further supplemented by appropriate
12 supplemental indentures thereto (the "Mortgage").

13 The Mortgage constitutes a first mortgage lien on all of the
14 properties presently owned by EAI (except as stated below), subject to
15 (a) leases of minor portions of the Company's property to others for uses
16 which do not interfere with the conduct of the Company's business,
17 (b) leases of certain EAI property not used in its electric utility business,
18 and (c) excepted encumbrances. There are excepted from the lien of the
19 Mortgage all cash and securities; certain equipment, fuel, materials, or
20 supplies; timber, minerals, mineral rights, and royalties; receivables,
21 contracts, leases and operating agreements; and certain unimproved
22 lands sold or to be sold. The Mortgage contains provisions for
23 encumbering after-acquired property with the lien thereof, subject to

1 limitation in the case of consolidation, merger, or sale of substantially all of
2 EAI's assets.

3

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

6 A. Yes. The aggregate amount of First Mortgage bonds and other
7 obligations which may be secured by the lien of the Mortgage is limited to
8 \$200 billion. As of December 31, 2014, the aggregate principal amount of
9 First Mortgage bonds issued and outstanding was approximately \$2,110
10 million (excluding \$101 million of Collateral Bonds), all of which is secured
11 by the lien of the Mortgage. There are two additional principal restrictions,
12 one relates to maintaining adequate interest coverage and the other
13 relates to fundable property requirements. Pursuant to the Mortgage,
14 additional first mortgage bonds may not be issued unless EAI's adjusted
15 net earnings for any 12 consecutive months within a specified period
16 immediately preceding the issuance of the additional first mortgage bonds
17 have been at least twice the amount of the annual interest requirements
18 on all outstanding first mortgage bonds, plus the annual interest on the
19 additional first mortgage bonds being issued and any indebtedness of
20 prior rank. Under the Mortgage, EAI's adjusted net earnings are
21 accounted for as "Net Utility Operating Income," excluding the effects of
22 income taxes while including a minor portion of "Other Income" that

1 normally consists primarily of Allowance for Funds Used During
2 Construction.

3
4 Q. PLEASE EXPLAIN THE SECOND PRINCIPAL RESTRICTION OF THE
5 MORTGAGE TO WHICH YOU REFERRED EARLIER.

6 A. The Mortgage currently prohibits the issuance of first mortgage bonds in
7 an amount in excess of 60 percent of the value of specifically identified
8 fundable property, as determined in accordance with the Mortgage.
9 Fundable property is, essentially, real or personal property of the
10 Company subject to the lien of the Mortgage. EAI currently has the right
11 under the Mortgage to amend the Mortgage to provide for an 80 percent
12 bonding ratio; however, an 80 percent ratio could be high enough to cause
13 the credit rating agencies to have concern. If such concerns arise, EAI
14 may increase the bonding ratio and immediately thereafter reduce the
15 ratio to a lower level (above 60 percent) so as to affect a smaller increase
16 and not trigger any adverse credit rating agency actions.

17

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

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

4

5 Q. WHAT OTHER NEW LT DEBT IS EAI REQUESTING AUTHORITY TO
6 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 lenders, on both secured and unsecured bases.

12

13 **IV. PREFERRED STOCK**

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

16 A. EAI's Amended and Restated Articles of Incorporation, (the "Charter")
17 provides for the issuance of three classes of preferred stock: Class A
18 Preferred Stock, \$100 Preferred Stock, and \$25 Preferred Stock
19 (collectively, "Preferred Stock"). No dividends are paid on EAI's common
20 stock until dividends have been paid to the preferred shareholders.
21 Dividends on the Preferred Stock are cumulative. Preferred Stock also

⁴ EAI provides retail electric services to customers who reside on the west side of the Mississippi River but are citizens of Tennessee. As a result, EAI is subject to the jurisdiction of the TRA.

1 has a preference over common stock until an amount equal to the then
2 current redemption price shall have been paid in the event of voluntary
3 liquidation, dissolution, or winding up of the Company. In the event of an
4 involuntary liquidation, dissolution, or winding up of the Company,
5 Preferred Stock has a preference over common stock until payment of the
6 full par value in the case of \$100 Preferred Stock and \$25 Preferred
7 Stock, and the full liquidation value in the case of Class A Preferred Stock,
8 plus an amount equal to all accumulated and unpaid dividends.

9

10 Q. WHAT LIMITATIONS EXIST ON THE COMPANY'S ABILITY TO SELL
11 ADDITIONAL PREFERRED STOCK?

12 A. The Charter provides, among other things, that additional Preferred Stock
13 may not be issued unless the gross income of the Company for a period of
14 12 consecutive months within a specified period immediately preceding
15 the issuance of the additional Preferred Stock is equal to at least one and
16 one-half times the aggregate of the Company's annual interest charges on
17 all bonds, debentures, notes, and other securities and annual preferred
18 dividend requirements for the outstanding shares of Preferred Stock,
19 including the dividends on the new Preferred Stock to be issued. Gross
20 income is approximately the net income of the Company plus interest
21 expense on any debt that the sale of the Preferred Stock is to replace.

22

23

1 **V. COMMON STOCK**

2 Q. PLEASE DESCRIBE THE PROCEDURES UTILIZED BY EAI TO SELL
3 ITS COMMON STOCK.

4 A. EAI is a wholly owned subsidiary of Entergy Corporation. As such,
5 Entergy Corporation owns all of the common stock ("Common Stock") of
6 EAI. Sales of Common Stock are made pursuant to a letter agreement
7 between the two companies.
8

9 **VI. TAX-EXEMPT BONDS**

10 Q. WHAT ARE TAX-EXEMPT BONDS?

11 A. Tax-exempt bonds are bonds sold by governmental entities to finance the
12 construction of certain facilities that qualify for tax-exempt financing, as
13 determined by Internal Revenue Service ("IRS") rules and regulations
14 ("Tax-Exempt Bonds"). Under normal circumstances, these Tax-Exempt
15 Bonds generally bear a lower interest rate than first mortgage bonds
16 because the interest paid on these securities is exempt from Federal
17 income taxes. Under the Federal tax laws, the amount of tax-exempt
18 financing available to EAI is limited by the amount of EAI's property that
19 qualifies under the IRS rules.
20

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

22 A. Typically, EAI sells the qualifying facilities to the county in which the
23 facilities are located. The county then issues the Tax-Exempt Bonds to

1 finance its purchase of the facilities from the Company. The county then
2 sells the facilities back to the Company by means of an installment sale
3 agreement or loan agreement that requires the Company to pay the
4 county an amount equal to the accruing interest and principal installments
5 on the bonds sold by the county.
6

7 **VII. CREDIT ENHANCEMENTS; COLLATERAL BONDS**

8 Q. CAN EAI PROVIDE ANY CREDIT ENHANCEMENTS IN CONNECTION
9 WITH TAX-EXEMPT BONDS?

10 A. Yes. There are several alternatives available whereby a more favorable
11 rating might be obtained for one or more series of the Tax-Exempt Bonds.
12 One alternative is to arrange for an irrevocable letter of credit to be issued
13 to the trustee for the Tax-Exempt Bonds. Other alternatives would include
14 the purchase of an insurance policy for the payment of the amounts due to
15 holders of the bonds; the issuance of one or more new series of First
16 Mortgage Bonds pledged to the trustee to provide the holders with security
17 equivalent to the security afforded holders of First Mortgage Bonds; or the
18 granting of a subordinated lien on some or all of EAI's property, or some
19 other form of collateral. First Mortgage Bonds pledged as a credit
20 enhancement for Tax-Exempt Bonds are referred to as Collateral Bonds.
21

22 Q. MAY COLLATERAL BONDS BE USED IN CONJUNCTION WITH OTHER
23 FINANCINGS?

1 A. Yes. Collateral Bonds could be used to achieve interest savings with
2 respect to Other LT Debt. In those instances, Collateral Bonds could be
3 issued to the holders or purchasers of the Other LT Debt to secure EAI's
4 obligation to repay the Other LT Debt

5

6 Q. WILL THE AMOUNT OF COLLATERAL BONDS BE INCLUDED IN THE
7 AMOUNT OF NEW LT DEBT FOR WHICH AUTHORIZATION IS BEING
8 REQUESTED?

9 A. No. To the extent Collateral Bonds were to be used to collateralize certain
10 forms of New LT Debt, to include Collateral Bonds in the amount of New
11 LT Debt would result in "double counting" the collateralized obligations for
12 the purposes of calculating the amount of New LT Debt issued against the
13 authorized maximum.

14

15 **VIII. SUMMARY AND CONCLUSION**

16 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

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

1 The Company's financial plan is designed to allow the Company to
2 issue securities primarily for the purpose of refunding outstanding
3 securities and for other corporate purposes as mentioned previously in
4 this testimony with the most cost effective and financially flexible structure
5 available at the time. Approval of this plan would provide the Company
6 with the continued financial flexibility to take advantage of opportunities to
7 reduce financing costs to the benefit of EAI and its customers. For these
8 reasons, the Company believes it to be in the public interest for this
9 Application to be approved by the Commission. I would ask that the
10 APSC issue an order by June 30, 2015 so that EAI can proceed to secure
11 approval by the TRA through a similar application. The TRA usually does
12 not act on an application by EAI until it has been approved by the APSC.
13 This timing should allow for EAI to have sufficient financing authorization
14 in place as needed.

15

16 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

17 A. Yes.

CERTIFICATE OF SERVICE

I, Laura R. Landreaux, 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 12th day of May, 2015.

/s/ Laura R. Landreaux
Laura R. Landreaux



Entergy

APSC FILED Time: 6/4/2015 3:26:19 PM: Recvd 6/4/2015 3:25:42 PM: Docket 15-035-U Doc. 3
Entergy Arkansas, Inc.
425 West Capitol Avenue
P. O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 5876
Fax 501 377 4415

Laura Landreaux
Vice President
Regulatory Affairs

June 4, 2015

Mr. Michael Sappington, Secretary
Arkansas Public Service Commission
P.O. Box 400
1000 Center Street
Little Rock, AR 72203

Re: APSC Docket No. 15-035-U
In the Matter of the Application of Entergy Arkansas, Inc. for
Authorization to Enter Into Certain Financing Transactions Not
Later Than December 31, 2018

Dear Mr. Sappington:

Attached please find an errata sheet listing corrections to Entergy Arkansas, Inc's (EAI) Application and to the direct testimony of EAI witness Steven C. McNeal filed May 12, 2015, in the above-captioned docket. The revisions are necessary to specify that the aggregate principal amount of collateral bonds to be issued will not exceed \$500 million.

Sincerely,

/s/ Laura Landreaux

LL/vt

c: All Parties of Record

**APSC Docket No. 15-035-U
Errata Sheet filed 6/4/15**

EAI Application, filed May 12, 2015

Page 4, paragraph 4: replace “115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized” with “\$500 million”

Page 4, paragraph 5: replace “115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized” with “\$500 million”

Page 19, paragraph 30: replace “115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized” with “\$500 million”

Pages 22-23, Wherefore paragraph: replace “115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized” with “\$500 million”

Direct Testimony of Steven C. McNeal, filed May 12, 2015

Page 10, Lines 8-9: replace “115 percent of the aggregate principal amount of the Other LT Debt or Tax-Exempt Bonds being collateralized” with “\$500 million”

conjunction with any Other LT Debt or in conjunction with Tax-Exempt Bonds the aggregate principal amount shall not exceed \$500 million.

5. Should any of the proceeds of the New LT Debt be used to retire, redeem, or otherwise repay the principal amount of long-term debt outstanding at the time of such issuance ("Outstanding LT Debt"), the principal amount of such New LT Debt issued for such purpose shall be excluded from the calculation of the aggregate amount of New LT Debt being incurred and therefore shall not be counted against the New LT Debt issuance authorized by the APSC. The Company anticipates that the maximum amount of New LT Debt to be used to retire Outstanding LT Debt will be approximately \$1.05 billion. With respect to any Collateral First Mortgage Bonds which may be issued in conjunction with the refinancing of any Outstanding Debt other than First Mortgage Bonds, the aggregate principal amount shall not exceed \$500 million.

6. The net proceeds that EAI will receive from the issuance and sale of New LT Debt, Preferred Stock, and Common Stock will be used for general corporate purposes, including, but not limited to, providing funds for the possible refunding, refinancing, acquisition, redemption, retirement or repayment at maturity of certain of the Company's outstanding securities, providing funds for the acquisition of additional facilities and for capital investments, providing funds to manage the Company's liquidity and working capital requirements, providing

plus an amount equal to interest thereon for a specified period, but carry a fixed interest rate that would be lower than the fixed interest rate of such Tax-Exempt Bonds or Other LT Debt. Fourth, Collateral Bonds could be issued in a principal amount equivalent to the principal amount of such Tax-Exempt Bonds or Other LT Debt at an adjustable rate of interest, varying with the rate of such Tax-Exempt Bonds or Other LT Debt but having a "cap" above which the interest on Collateral Bonds could not rise. The terms of any Collateral Bonds relating to maturity, interest payment dates, if any, redemption provisions, and acceleration will correspond to the terms of the related Tax-Exempt Bonds or Other LT Debt. Upon issuance, the terms of any Collateral Bonds will not vary during the life of such series, except for the interest rate in the event such Collateral Bonds bear interest at an adjustable rate. The maximum aggregate principal amount of Collateral Bonds shall be \$500 million (which Collateral Bonds are not included in the \$900 million of New LT Debt for which authorization is sought pursuant to Section I above).

VII. GENERAL INFORMATION

31. 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 May 4, 2015. Excerpts from the consent setting forth the resolutions approving the Application and the financing plan are attached hereto as EAI Application Exhibit B.

Telephone: (501) 377-5876
lraffae@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 its order on or before June 30, 2015:

(a) authorizing the Company, from time to time not later December 31, 2018, to issue and sell in one or more series, or to enter into transactions providing for, in each case in a manner described herein: (i) New LT Debt in an aggregate principal amount which shall not exceed the sum of \$900 million; provided, however, should any of the proceeds of New LT Debt be used to retire, redeem, or otherwise repay the principal amount of Outstanding LT Debt, the principal amount of the New LT Debt being issued for such purpose shall not be used in calculating the aggregate amount of New LT Debt being incurred and therefore shall not be counted against the New LT Debt issuance authorized by the APSC; (ii) Preferred Stock, in an aggregate par value or involuntary liquidation value, as the case may be, not to exceed \$120 million; (iii) Common Stock, at a minimum price not less than the par value of such shares, with the aggregate maximum consideration not to exceed \$200 million; and (iv) Tax-Exempt Bonds in an aggregate principal amount not to exceed \$350 million; and (iv) Collateral Bonds in an aggregate principal amount not to exceed \$500 million

(separate and apart from the authorization requested herein relating to the issuance and sale of New LT Debt); and, in connection therewith, the Company requests authorization to enter into the Facilities Agreements, and the Reimbursement Agreement and the Insurance Agreement, if any, related thereto as contemplated hereby;

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

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

(d) granting all other proper relief.

Dated May 12, 2015.

1 amount of such debt shall not be used in calculating the amount issued
2 against the \$900 million limit. The Company also seeks authorization to
3 issue not to exceed \$350 million of Tax-Exempt Bonds, \$120 million of
4 Preferred Stock, and \$200 million of Common Stock. The Company is
5 also seeking authorization to collateralize Other LT Debt and Tax-Exempt
6 Bonds by issuing and pledging one or more series of its First Mortgage
7 Bonds ("Collateral Bonds"). The aggregate principal amount of Collateral
8 Bonds will not exceed \$500 million which will be separate and apart from
9 the aggregate principal amount of New LT Debt being requested.

10

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

13 A. The authorization requested for Tax-Exempt Bonds, Collateral Bonds,
14 Preferred Stock and Common Stock are consistent with previous financing
15 authorization limits. The method for which the Company is seeking
16 authorization for New LT Debt is consistent with the method approved by
17 the Commission in Docket No. 12-059-U.

18

19 Q. PLEASE DESCRIBE THE METHODOLOGY APPLICABLE TO NEW LT
20 DEBT?

APSC FILED Time: 6/9/2015 8:28:32 AM: Recvd 6/9/2015 8:27:35 AM: Docket 15-035-u-Doc. 4
ENTERGY ARKANSAS, INC.
DOCKET NO. 15-035-U
DIRECT TESTIMONY OF KIM O. DAVIS

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ENTERGY ARKANSAS, INC. FOR)	
AUTHORIZATION TO ENTER INTO)	DOCKET NO. 15-035-U
CERTAIN FINANCING TRANSACTIONS)	
NOT LATER THAN DECEMBER 31, 2018)	

DIRECT TESTIMONY

OF

KIM O. DAVIS
DIRECTOR
FINANCIAL ANALYSIS SECTION

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

JUNE 9, 2015

INTRODUCTION

Q. Please state your name and business address.

A. My name is Kim O. Davis. My business address is Arkansas Public Service Commission (Commission or APSC), 1000 Center Street, Little Rock, Arkansas, 72201.

Q. Please describe your current position with the Arkansas Public Service Commission General Staff.

A. I am employed by the APSC General Staff (Staff) as the Director of the Financial Analysis Section. I lead a team that performs economic and financial analyses, including determining the appropriate relative relationship between debt and equity capital and calculating the cost of debt, preferred stock, and common equity as components for determining the overall required rate of return for jurisdictional utilities. Additionally, my team evaluates proposed debt and equity issuances, mergers, and acquisitions pertaining to Arkansas, and monitors current economic and market trends and their effect on utility cost of capital, as well as reviewing and developing depreciation rates for the regulated utilities in Arkansas. In that capacity, I analyze utility company filings, identify and evaluate issues, develop positions on those issues, and present those positions, when necessary, in written and oral testimony before the Commission, and perform other duties as assigned.

Q. Please describe your education and qualifications.

A. I have a combined total of more than 30 years of finance and accounting

1 experience with approximately half of that time spent in the energy or regulatory
2 field. I was employed as a systems consultant with two former Big 8 / Big 5
3 accounting firms for more than 5 years. For four of those years, I was employed
4 by Arthur Andersen & Company in Houston and consulted with clients primarily in
5 the oil and gas industry. I was employed for several years with a small natural
6 gas marketer that operated after the Federal Energy Regulatory Commission
7 (FERC) created open access to natural gas transportation facilities with the
8 issuance of Order 636. That marketer purchased natural gas in the Gulf Coast
9 and Panhandle regions and transported the gas over several interstate pipelines
10 to commercial and industrial markets in the Midwest and Eastern United States.

11 I have been employed by Staff for approximately seven and one-half years
12 in various capacities. I was employed as a Rate Analyst and Public Utility
13 Analyst working primarily on gas and water utility matters. I performed cost of
14 service studies, developed billing determinants upon which rates were based,
15 and participated in various tariff and energy efficiency filings. I was promoted to
16 Director of the Cost Allocation and Rate Design Section in September 2010 and
17 assumed responsibility for cost of service, rate design and energy efficiency
18 related efforts. In December 2011, I was promoted to Director of Financial
19 Analysis where I assumed responsibility for rate of return/cost of capital and
20 capital recovery functions as well as other financing related matters.

21 In between my periods of service with Staff, I was employed by Entergy
22 Corporation for 2 years as a Marketing Analyst and Product Marketer in the

1 Consumer & Small Business Marketing section. I also worked briefly in the Load,
2 Energy and Revenue Forecasting section. I was also employed for 11 years by
3 Acxiom Corporation, a company that provides IT and marketing services to
4 Fortune 500 clients. There I held various positions in the Finance & Accounting
5 section including Financial Analyst, Finance & Accounting Leader and Director of
6 Pricing.

7 My educational background includes a Bachelor of Science Degree from
8 Baylor University and an M.B.A. with an emphasis in economics from the same
9 university. I completed an additional 27 hours of accounting at the University of
10 Arkansas at Little Rock. I am licensed to practice as a Certified Public
11 Accountant in Arkansas (inactive status). I am a member of the Arkansas
12 Society of Certified Public Accountants. I have completed various courses
13 including "Fundamentals of Oil and Gas Exploration and Production" and
14 "Petroleum Land Management." I am a graduate of the National Association of
15 Regulatory Utility Commissioners' (NARUC) Annual Regulatory Studies Program
16 at Michigan State University. I have attended numerous conferences and
17 seminars focused on natural gas transportation and distribution issues including
18 the 1993, 1994, 1996 and 1997 NARUC / Department of Energy (DOE)
19 Conferences on Natural Gas Use. I am a member of the Society of Utility and
20 Regulatory Financial Analysts (SURFA). I have been awarded the professional
21 designation of Certified Rate of Return Analyst (CRRRA) by SURFA. This
22 designation is awarded based upon experience and successful completion of a

1 written examination.

2 **Q. Have you previously testified before this Commission?**

3 A. Yes, I have testified before this Commission on electric, natural gas, and water
4 cost of capital issues, including the required rate of return, company-proposed
5 securities issuances, mergers/acquisitions, and the annual customer deposit
6 interest rate for Arkansas jurisdictional utilities. I have also testified on Entergy
7 Arkansas Inc.'s annual filing regarding the nuclear decommissioning cost rider.

8 **PURPOSE**

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

10 A. The purpose of my testimony is to address the Application of Entergy Arkansas,
11 Inc. (EAI or Company) and the Direct Testimony of Steven C. McNeal filed on
12 May 12, 2015, and an errata filing made on June 4, 2015, requesting
13 authorization to enter into certain financing transactions.

14 **SUMMARY OF REQUEST**

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

16 A. The Company filed its Application pursuant to Ark. Code Ann. § 23-3-103, *et seq.*
17 and Rules 3.09 and 10.01 of the *Arkansas Public Service Commission Rules of*
18 *Practice and Procedure of the* (RPP). EAI requested in its Application, an order
19 from the Commission by June 30, 2015, due to timing considerations and other
20 jurisdictional hurdles that must be cleared. The Application sets forth the
21 Company's request for authorization to issue and sell in one or more series: (1)
22 new long-term debt in the form of first mortgage bonds (First Mortgage Bonds),

1 as well as debentures, loan agreements, credit facilities and other like
2 instruments, both secured and unsecured (collectively, Other LT Debt) (together,
3 First Mortgage Bonds and Other LT Debt constitute New LT Debt), in an
4 aggregate principal amount not to exceed the sum of \$900 million; (2) \$100 Par
5 value, \$25 Par value, or Class A Preferred Stock, in any combination not to
6 exceed \$120 million; (3) Common Stock with shares having an aggregate par
7 value not to exceed \$200 million; (4) Tax-Exempt Bonds in an aggregate
8 principal amount not to exceed \$350 million; and (5) Collateral First Mortgage
9 Bonds in an aggregate amount not to exceed \$500 million, which may be issued
10 in conjunction with any Other LT Debt or in conjunction with Tax Exempt Bonds
11 being collateralized.

12 Additionally, the Company requests that should any of the proceeds of the
13 New LT Debt be used to retire, redeem, or otherwise repay the principal amount
14 of any long-term debt outstanding (Outstanding LT Debt) at the time of such
15 issuance, the amount used would be excluded from the calculation of the \$900
16 million in New LT Debt being incurred and therefore would not count against the
17 \$900 million authorization limit for New LT Debt. The maximum amount of New
18 LT Debt proceeds the Company anticipates to use to retire Outstanding LT Debt
19 is approximately \$1.05 billion.

20 The Company's requested period of authorization is not earlier than the
21 date of entry of an order in this docket approving this Application and not later
22 than December 31, 2018.

1 **Q. How will EAI use the proceeds from the issuance of securities?**

2 A. The Company states in paragraph 6 of its Application:

3 The net proceeds that EAI will receive from the issuance and sale
4 of New LT Debt, Preferred Stock, and Common Stock will be used
5 for general corporate purposes, including, but not limited to,
6 providing funds for the possible refunding, refinancing, acquisition,
7 redemption, retirement or repayment at maturity of certain of the
8 Company's outstanding securities, providing funds for the
9 acquisition of additional facilities and for capital investments,
10 providing funds to manage the Company's liquidity and working
11 capital requirements, providing funds to meet regulatory
12 obligations, and providing funds to finance unanticipated events
13 such as emergency restoration, in addition to other corporate
14 purposes. The Proceeds that EAI will receive from the issuance
15 and sale of Tax-Exempt Bonds, net of any underwriters' discounts
16 or other expenses payable from proceeds, will be applied to acquire
17 and construct certain pollution control or sewage and solid waste
18 disposal facilities at EAI's generating plants ("Facilities") or to
19 refinance outstanding Tax-Exempt Bonds issued for that purpose.

20 Mr. McNeal indicates that "EAI anticipates that capital expenditures and
21 acquisition and construction costs during the authorization period will require it to
22 incur approximately \$550 million in New LT Debt."¹ The additional \$350 million in
23 New LT Debt EAI is seeking authorization for is needed "to meet contingencies
24 such as storm damage expenses and regulatory obligations and to provide
25 flexibility under other special unforeseen circumstances."²

26 **ANALYSIS**

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

¹ McNeal Direct Testimony, page 11, lines 15 – 17.

² Id. page 11, lines 19 – 21.

1 A. The Company's Application is intended to address financing needs beginning not
2 earlier than the date of entry of an order in this docket approving this Application
3 and not later than December 31, 2018. In his Direct Testimony, Mr. McNeal
4 states:

5 With adequate financial flexibility, EAI can take advantage of
6 favorable interest rate fluctuations to refund its higher cost debt.
7 EAI has filed an unlimited automatic shelf registration statement
8 with the Securities and Exchange Commission allowing it to sell
9 particular series of Bonds with a shorter lead-time than if separate
10 registrations of each series were required. This procedure affords
11 EAI financial flexibility that makes it possible to take advantage of
12 desirable interest rates, and to finance optimal amounts each time
13 securities are sold. For the reasons discussed above, EAI is
14 seeking financing authority for the period ending December 31,
15 2018.³

16 By having the authorization for financial flexibility with regard to the type of
17 security, the timing of issuance, the terms and conditions and the amount, the
18 Company is in the best position to take advantage of ever-changing market
19 conditions to optimize the right side of its balance sheet. The *pro forma* financial
20 statements submitted with the application reflect the addition, redemption, and
21 refunding of various first mortgage bonds, tax-exempt bonds and preferred stock.

22 **Q. Has EAI provided examples of benefits it has received as a result of the**
23 **financial flexibility afforded by a prior multi-year authorization to issue**
24 **securities?**

25 A. Yes. According to the Direct Testimony of EAI witness McNeal, in 2008, EAI was
26 able to access capital markets at a very volatile time to secure funds for the

³ McNeal Direct Testimony, page 7, lines 12 -21.

1 acquisition and improvement to the Ouachita Generating Facility. Additionally,
2 due to prior authorizations in Docket Nos. 09-068-U, 11-090-U and 12-059-U,
3 EAI was able to access the capital markets multiple times in 2010, 2012, 2013
4 and 2014 to secure working capital and to refinance over \$1.6 billion of higher
5 cost debt at lower interest rates, thereby reducing its interest expense.⁴

6 **Q. Did the Company issue the maximum amount of long-term debt it was**
7 **authorized in Docket No. 12-059-U?**

8 A. No. EAI's last authorization to issue securities was granted by Order No. 2 in
9 Docket No. 12-059-U and such authorization will expire on December 31, 2015.
10 According to compliance reports filed in the docket, EAI entered into several
11 financing transactions pursuant to Order No. 2. Subsequent to the last such
12 report filed on January 9, 2015, EAI had a remaining allowance of \$115 million in
13 first mortgage bonds under the prior authorization in 12-059-U.

14 **Q. Is the Company's request generally consistent with its prior financing**
15 **applications?**

16 A. Yes, with a couple of exceptions. As reflected in Table 1 below, EAI is
17 requesting authorization to issue approximately 29% more in LT Debt and up to
18 25% more in Collateral Bonds for a combined total increase of 17% across all
19 security types when comparing the current Application with the prior application
20 in Docket No. 12-059-U.

21 **TABLE 1**

⁴ McNeal Direct Testimony, page 8, lines 1 – 15.

Amounts in millions	12-059-U	15-035-U	% Increase
New LT Debt	\$ 700	\$ 900	28.6%
Tax Exempt Bonds	350	350	0.0%
Collateral Bonds	400	500	25.0%
Preferred Stock	120	120	0.0%
Common Stock	200	200	0.0%
Total	<u>\$ 1,770</u>	<u>\$ 2,070</u>	<u>16.9%</u>

1 Additionally, the Company is requesting that the new authorization
2 become effective with issuance of an order by the Commission in this docket.
3 This will result in the effective authorization period being approximately three and
4 one-half years long as opposed to the three year authorization period approved
5 in the last docket. This requested time frame does not appear to violate any
6 state statute or rule of the Commission. To avoid any potential for a conflict due
7 to the overlap of the new authorization resulting from this docket with the prior
8 authorization, the prior authorization should be deemed void or cancelled once
9 the Commission has issued an order in this docket.

10 **Q. As with the prior authorization request, is EAI requesting that any issuance**
11 **of New LT Debt used to retire, redeem, or otherwise repay the principal**
12 **amount of any long-term debt outstanding at the time of such issuance**
13 **should not count against its total authorized limit approved in this docket?**

14 **A.** Yes. Mr. McNeal's Direct Testimony provides that this methodology approved in
15 Docket No. 12-059-U should be continued with the current docket. Consistent
16 with his prior testimony in Docket No. 12-059-U, Mr. McNeal's Direct Testimony
17 states: "[t]his methodology allows EAI to have greater financial flexibility in order

1 to take advantage of favorable market conditions more readily.”⁵ Further he
2 states that “EAI has the ability to refinance maturing debt or to refinance higher
3 cost debt at lower rates without exceeding its issuance limitation.”⁶

4 **Q. Has the Company identified an amount of Outstanding LT Debt it plans to**
5 **retire, redeem or repay in accordance with its request?**

6 A. As stated in its Application and mentioned previously, EAI anticipates the
7 maximum amount of New LT Debt to be used to retire Outstanding LT Debt is
8 approximately \$1.05 billion. Currently, as reflected on EAI APPLICATION
9 EXHIBIT D, the total amount of First Mortgage Bonds outstanding is \$2.110
10 billion. In its Application, EAI does not specifically identify the bonds that it might
11 choose to retire, redeem or repay. Excluding EAI’s four (4) lowest coupon bond
12 issues as potential targets (3.75% Series due 2021 in the amount of \$350 million,
13 3.05% Series due 2023 in the amount of \$250 million, 3.70% Series due 2024 in
14 the amount of \$375 million and a 4.75% Series due 2063 in the amount of \$125
15 million), the amount of Outstanding LT Debt remaining in the form of First
16 Mortgage Bonds is \$1.010 billion which is comparable to the \$1.05 billion that
17 EAI has identified in its application as the maximum amount of New LT Debt to
18 be used to retire Outstanding LT Debt.

19 **Q. What is the interest rate of EAI’s remaining First Mortgage Bonds?**

20 A. Excluding EAI’s four lowest coupon rate issuances identified previously, the

⁵ McNeal Direct Testimony, page 11, lines 4 – 6.

⁶ Id., page 11, lines 7 – 9.

1 current weighted average interest rate of its remaining First Mortgage Bonds is
2 5.42%.

3 **Q. Do current market conditions support EAI's request?**

4 A. Yes. Under current market conditions, with rates at historic lows, allowing EAI
5 the flexibility to enter into more suitable financing positions could lower its cost of
6 capital and benefit ratepayers in the future. EAI currently has an issuer credit
7 rating of "Baa2" by Moody's⁷ and "BBB" by Standard & Poor's.⁸ According to the
8 most recently available Mergent Bond Record⁹, the average yield for a "Baa"
9 rated public utility bond for the month of April, 2015, was 4.51% which is 91 basis
10 points lower than the current weighted average interest rate of the six First
11 Mortgage Bonds identified previously.

12 **Q. Does EAI's request comply with Ark. Code Ann. § 23-3-104(a)(2)?**

13 A. No. In paragraph 5 of its Application, EAI states:

14 Should any of the proceeds of the New LT Debt be used to retire,
15 redeem, or otherwise repay the principal amount of long-term debt
16 outstanding at the time of such issuance ("Outstanding LT Debt"),
17 the principal amount of such New LT Debt issued for such purpose
18 shall be excluded from the calculation of the aggregate amount of
19 New LT Debt being incurred and therefore shall not be counted
20 against the New LT Debt issuance authorized by the APSC. The
21 Company anticipates that the maximum amount of New LT Debt to
22 be used to retire Outstanding LT Debt will be approximately \$1.05
23 billion.

24 As is evident in this statement, EAI provides an estimate of the amount of New

⁷ Moody's Investors Service, April 29, 2015.

⁸ Standard & Poor's Ratings Direct, March 31, 2015.

⁹ Mergent Bond Record Monthly Update, May 2015, Vol. 82, No. 5, page 14.

1 LT Debt that might be used to retire, redeem or otherwise repay portions of its
2 Outstanding LT Debt at \$1.05 billion but does not want this counted as part of the
3 \$900 million of New LT Debt that it is requesting authorization from the
4 Commission to issue. Ark. Code Ann. § 23-3-104(a)(2), states “[t]he order of the
5 commission shall fix the maximum amount of any such issue and the purposes to
6 which it or any proceeds up to the stated maximum amount are to be applied”. In
7 order to comply with the statute, the maximum amount of New LT Debt that EAI
8 can issue under this specific authorization for refinancing purposes should be
9 amended to include the \$900 million stated in its Application plus the \$1.05 billion
10 that it is requesting for use in retiring, redeeming or repaying portions of its
11 Outstanding LT Debt. The Commission order should explicitly state the
12 maximum amount that EAI can issue by security type.

13 **Q. Based on your analysis, what is the total amount of New LT Debt the**
14 **Company should be authorized to issue?**

15 A. Based on my analysis, the total amount of New LT Debt the Company should be
16 authorized to issue is \$1.95 billion: up to \$900 million to be used for the purposes
17 identified in the Application¹⁰ and Mr. McNeal’s Testimony¹¹, and up to \$1.05
18 billion in New LT Debt, the proceeds of which shall be used to retire, redeem, or
19 otherwise repay the principal amount of any Outstanding LT Debt at the time of
20 such issuance. EAI’s total level of indebtedness will not increase as a result of

¹⁰ Application, page 4, paragraph 6.

¹¹ McNeal Direct Testimony, page 5, lines 17 – 22; page 11, line 15 - page 12, line 2.

1 any such issuances used to retire, redeem or repay the principal amount of any
2 Outstanding LT Debt.

3 **RECOMMENDATIONS**

4 **Q. What are your recommendations regarding EAI's request that it be allowed**
5 **to issue new securities under a multi-year authorization?**

6 A. I recommend that the Commission authorize EAI:

- 7 1. Consistent with Ark. Code Ann. § 23-3-104(a)(2), to issue New LT Debt in an
8 aggregate amount not to exceed \$1.95 billion of which no more than \$1.05
9 billion in aggregate shall be used to retire, redeem, or repay amounts of
10 Outstanding LT Debt and that any issuance used to retire, redeem or repay
11 Outstanding LT Debt must provide benefits to ratepayers;
- 12 2. To issue Tax-Exempt Bonds in an aggregate amount not to exceed \$350
13 million;
- 14 3. To issue Preferred Stock in an aggregate amount not to exceed \$120 million;
- 15 4. To issue Common Stock in an aggregate amount not to exceed \$200 million;
- 16 5. To collateralize Other LT Debt and Tax-Exempt Bonds by issuing Collateral
17 Bonds in an aggregate amount not to exceed \$500 million;
- 18 6. To issue these various securities not earlier than the date of entry of an order
19 in this docket approving this Application and not later than December 31,
20 2018. Any prior authorizations previously approved by the Commission shall
21 expire on the date that the Commission issues an order in this docket.

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

1 A. I recommend that the Company, after the issuance of any security pursuant to
2 this Application, be required to file a report providing the purpose and identifying
3 the specific terms of each issuance of securities, including the actual interest rate
4 and maturity date, all fees and other relevant facts, and the detailed accounting
5 entries to record the associated transactions. The reports should be filed in this
6 docket within thirty (30) days of the issuance or effective date of any such
7 security issuance, as applicable. Each report should also provide a status of
8 remaining authorization, including the amount authorized for the period, the
9 amount issued to date, and the remaining authorization after the instant
10 issuance. To the extent the report contains estimates, a follow up report should
11 be filed reflecting actual amounts.

12 With regard to New LT Debt issued to retire, redeem, or repay
13 Outstanding LT Debt, I recommend the Company be required to provide the
14 specific types, amounts and interest rates of Outstanding LT Debt being retired,
15 redeemed, or repaid in accordance with the issuance of the New LT Debt and the
16 remaining authorization after the instant issuance. Such a report shall clearly
17 identify the benefits to ratepayers of said issuance.

18 **Q. What is your final recommendation?**

19 A. Based on the specific representations made by the Company in the Application
20 and in Mr. McNeal's testimony, I recommend the Application be approved,
21 subject to my recommendations set forth above. It should be noted that nothing
22 in my testimony constitutes a recommendation of value for ratemaking purposes.

1 The appropriate ratemaking treatment of any of the security issuances which are
2 the subject of this docket should be expressly reserved for future consideration.

3 Commission authorization of security issuances does not guarantee rate
4 recovery. A review of the need for capital issuance(s) and any resultant rate
5 recovery implications can be made in the context of subsequent proceedings. To
6 that end, I recommend the Commission expressly reserve for future
7 consideration the ratemaking treatment of any security issuances.

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

9 A. Yes, it does.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served on all parties of record by forwarding the same by electronic service, this 9th day of June, 2015.

/s/ Justin Hinton
Justin Hinton

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ENTERGY ARKANSAS, INC.)
FOR AUTHORIZATION TO ENTER)
INTO CERTAIN FINANCING TRANSACTIONS)
NOT LATER THAN DECEMBER 31, 2018)

DOCKET NO. 15-035-U
ORDER NO. 1

ORDER

On May 12, 2015, Entergy Arkansas, Inc. (EAI or the Company) filed with the Arkansas Public Service Commission (Commission) an Application, with Exhibits A through D (Application Exhibits), requesting authority to enter into certain financing transactions between the date of entry of an Order in this Docket approving the Application and not later than December 31, 2018. EAI filed its Application pursuant to Ark. Code Ann. §§ 23-3-103 *et seq.* and Rules 3.09 and 10.01 of the Commission's *Rules of Practice and Procedure* (RPPs). EAI requested in its Application an Order from the Commission by June 30, 2015, due to timing considerations and other jurisdictional hurdles that must be cleared. On the same date, EAI filed the Direct Testimony of its witness Steven C. McNeal, its Vice President and Treasurer.

On June 4, 2015, EAI filed an errata sheet listing corrections to its Application and to Mr. McNeal's May 12, 2015 Direct Testimony. On June 9, 2015, the General Staff of the Commission (Staff) filed the Direct Testimony of Kim O. Davis, Director, Financial Analysis Section, addressing the Application, Mr. McNeal's Direct Testimony, and the EAI errata filing of June 4, 2015.

Positions of the Parties

The Application sets forth EAI's request for authorization to issue and sell in one or more series:

1. New long-term debt in the form of first mortgage bonds (First Mortgage Bonds), as well as debentures, loan agreements, credit facilities and other like instruments, both secured and unsecured (collectively, Other LT Debt) (together, First Mortgage Bonds and Other LT Debt constitute New LT Debt), in an aggregate principal amount not to exceed the sum of \$900 million;
2. \$100 Par value, \$25 Par value, or Class A Preferred Stock, in any combination not to exceed \$120 million;
3. Common Stock with shares having an aggregate par value not to exceed \$200 million;
4. Tax-Exempt Bonds in an aggregate principal amount not to exceed \$350 million; and
5. Collateral First Mortgage Bonds in an aggregate amount not to exceed \$500 million, which may be issued in conjunction with any Other LT Debt or in conjunction with Tax Exempt Bonds being collateralized.

Application at 5-16.

Additionally, the Company requests that should any of the proceeds of the New LT Debt be used to retire, redeem, or otherwise repay the principal amount of any long-term debt outstanding (Outstanding LT Debt) at the time of such issuance, the amount used would be excluded from the calculation of the \$900 million in New LT Debt being incurred and therefore would not count against the \$900 million authorization limit for

New LT Debt. The maximum amount of New LT Debt proceeds the Company anticipates to use to retire Outstanding LT Debt is approximately \$1.05 billion. Application at 4.

The Company states in Paragraph 6 of its Application:

The net proceeds that EAI will receive from the issuance and sale of New LT Debt, Preferred Stock, and Common Stock will be used for general corporate purposes, including, but not limited to, providing funds for the possible refunding, refinancing, acquisition, redemption, retirement or repayment at maturity of certain of the Company's outstanding securities, providing funds for the acquisition of additional facilities and for capital investments, providing funds to manage the Company's liquidity and working capital requirements, providing funds to meet regulatory obligations, and providing funds to finance unanticipated events such as emergency restoration, in addition to other corporate purposes. The Proceeds that EAI will receive from the issuance and sale of Tax-Exempt Bonds, net of any underwriters' discounts or other expenses payable from proceeds, will be applied to acquire and construct certain pollution control or sewage and solid waste disposal facilities at EAI's generating plants ("Facilities") or to refinance outstanding Tax-Exempt Bonds issued for that purpose.

EAI witness McNeal states that "EAI anticipates that capital expenditures and acquisition and construction costs during the authorization period will require it to incur approximately \$550 million in New LT Debt." McNeal Direct Testimony at 11. The additional \$350 million in New LT Debt EAI is seeking authorization for is needed "to meet contingencies such as storm damage expenses and regulatory obligations and to provide flexibility under other special unforeseen circumstances." *Id.* at 11.

Mr. McNeal states in Direct Testimony:

With adequate financial flexibility, EAI can take advantage of favorable interest rate fluctuations to refund its higher cost debt. EAI has filed an unlimited automatic shelf registration statement with the Securities and Exchange Commission allowing it to sell particular series of Bonds with a shorter lead-time than if separate registrations of each series were required. This procedure affords EAI financial flexibility that makes it

possible to take advantage of desirable interest rates, and to finance optimal amounts each time securities are sold. For the reasons discussed above, EAI is seeking financing authority for the period ending December 31, 2018.

Id. at 7.

By having the authorization for financial flexibility with regard to the type of security, the timing of issuance, the terms and conditions and the amount, the Company asserts that it is in the best position to take advantage of ever-changing market conditions to optimize the right side of its balance sheet. The *pro forma* financing statements submitted as a part of EAI's Application reflect the addition, redemption, and refunding of various first mortgage bonds, tax-exempt bonds, and preferred stock. Application Exhibit D.

EAI provides as an example of benefits it has received as a result of the financial flexibility afforded by the Commission's prior multi-year authorizations its ability to access capital markets at a very volatile time to secure funds for the acquisition and improvement of the Ouachita Generating Facility. Additionally, Mr. McNeal states that, due to prior authorizations to issue securities in Docket Nos. 09-068-U, 11-090-U, and 12-059-U, EAI was able to access the capital markets multiple times in 2010, 2012, 2013, and 2014 to secure working capital and to refinance over \$1.6 billion of higher cost debt at lower interest rates, thereby reducing its interest expense. *Id.* at 8.

Staff witness Kim Davis states in Direct Testimony that EAI did not issue the maximum amount of long-term debt it was authorized by Order No. 2 in Docket No. 12-059-U, noting that such authorization will expire on December 31, 2015. He states that, according to compliance reports filed in that docket, EAI entered into several financing

transactions pursuant to Order No. 2. Subsequent to the last such report filed on January 9, 2015, EAI had a remaining allowance of \$115 million in first mortgage bonds under the prior authorization in that docket. Davis Direct at 9.

With two exceptions, Mr. Davis finds that EAI's request is generally consistent with its prior financing applications. As reflected in his Table 1 below, EAI is requesting authorization to issue approximately 29% more in LT Debt and up to 25% more in Collateral Bonds for a combined total increase of 17% across all security types when comparing the current Application with the prior application in Docket No. 12-059-U.

TABLE 1

Amounts in millions	12-059-U	15-035-U	% Increase
New LT Debt	\$ 700	\$ 900	28.6%
Tax Exempt Bonds	350	350	0.0%
Collateral Bonds	400	500	25.0%
Preferred Stock	120	120	0.0%
Common Stock	200	200	0.0%
Total	\$ 1,770	\$ 2,070	16.9%

Additionally, the Company is requesting that new authorization become effective with the issuance of an Order by the Commission in this docket. This will result in the effective authorization period being approximately three and one-half years long, as opposed to the three-year authorization period approved in the last docket. Mr. Davis states that this requested timeframe does not appear to violate any state statute or rule of the Commission. He recommends that, to avoid any potential for a conflict due to the overlap of the new authorization resulting from this docket with the prior authorization, the prior authorization should be deemed void or canceled once the Commission has issued an order in this docket. *Id.* at 10.

Mr. Davis testifies that, as with the prior authorization request, EAI is requesting that any issuance of New LT Debt used to retire, redeem, or otherwise repay the principal amount of any long-term debt outstanding at the time of such issuance should not count against its total authorized limit approved in this docket. He notes Mr. McNeal's testimony that this methodology approved in Docket No. 12-059-U should be continued with the current docket. He adds that, consistent with Mr. McNeal's prior testimony in that docket, "[t]his methodology allows EAI to have greater financial flexibility in order to take advantage of favorable market conditions more readily." Further, Mr. Davis points out that Mr. McNeal states that "EAI has the ability to refinance maturing debt or to refinance higher cost debt at lower rates without exceeding its issuance limitation. *Id.* at 11, citing McNeal Direct at 11 .

Mr. Davis finds that, as stated in its Application and mentioned previously, EAI anticipates the maximum amount of New LT Debt to be used to retire Outstanding LT Debt is approximately \$1.05 billion. He notes the current total amount of First Mortgage bonds outstanding is \$2.11 billion, as reflected on EAI Application Exhibit D, and EAI does not specifically identify the bonds that it might choose to retire, redeem, or repay. Excluding EAI's four lowest coupon bond issues as potential targets (3.75% Series due 2021 in the amount of \$350 million, 3.05% Series due 2023 in the amount of \$250 million, 3.70% Series due 2024 in the amount of \$375 million, and 4.75% Series due 2063 in the amount of \$125 million), Mr. Davis determines that the amount of Outstanding LT Debt remaining in the form of First Mortgage Bonds is \$1.010 billion, which he states is comparable to the \$1.05 billion that EAI has identified in its

Application as the maximum amount of New LT Debt to be used to retire Outstanding LT Debt. Davis Direct at 11.

Mr. Davis states that EAI's current weighted average interest rate of its six remaining First Mortgage Bonds is 5.42%, finding that current market conditions support EAI's request. He adds that under current market conditions, with rates at historic lows, allowing EAI the flexibility to enter into more suitable financing positions could lower its cost of capital and benefit ratepayers in the future. He notes that EAI currently has an issuer credit rating of "Baa2" by Moody's¹ and "BBB" by Standard & Poor's.² According to the most recently available Mergent Bond Record,³ the average yield for a "Baa"-rated public utility bond for the month of April 2015 was 4.51%, which is 91 basis points lower than the current weighted average interest rate of the six First Mortgage Bonds Mr. Davis identified previously. *Id.*

Mr. Davis finds that EAI's request does not comply with Ark. Code Ann. § 23-3-104(a)(2). He explains that, in paragraph 5 of its Application, EAI states:

Should any of the proceeds of the New LT Debt be used to retire, redeem, or otherwise repay the principal amount of long-term debt outstanding at the time of such issuance ("Outstanding LT Debt"), the principal amount of such New LT Debt issued for such purpose shall be excluded from the calculation of the aggregate amount of New LT Debt being incurred and therefore shall not be counted against the New LT Debt issuance authorized by the APSC. The Company anticipates that the maximum amount of New LT Debt to be used to retire Outstanding LT Debt will be approximately \$1.05 billion.

Id. at 12. He notes that Ark. Code Ann. § 23-3-104(a)(2) states that "[t]he order of the commission shall fix the maximum amount of any such issue and the purposes to which

¹ Moody's Investors Service, April 29, 2015.

² Standard & Poor's Ratings Direct, March 31, 2015.

³ Mergent Bond Record Monthly Update, May 2015, Vol. 82, No. 5, page 14.

it or any proceeds up to the stated maximum amount are to be applied.” Mr. Davis thus finds that in order to comply with the statute, the maximum amount of New LT Debt that EAI can issue under this specific authorization for refinancing purposes should be amended to include the \$900 million stated in its Application, plus the \$1.05 billion that it is requesting for use in retiring, redeeming, or repaying portions of its Outstanding LT Debt. He adds that the Commission order should explicitly state the maximum amount that EAI can issue by security type. *Id.* at 13.

Based upon his analysis, Mr. Davis testifies that the total amount of New LT Debt the Company should be authorized to issue is \$1.95 billion: up to \$900 million to be used for the purposes identified in the Application⁴ and Mr. McNeal’s Testimony,⁵ and up to \$1.05 billion in New LT Debt, the proceeds of which shall be used to retire, redeem, or otherwise repay the principal amount of any Outstanding LT Debt at the time of such issuance. EAI’s total level of indebtedness will not increase as a result of any such issuances used to retire, redeem, or repay the principal amount of any Outstanding LT Debt. *Id.* at 13-14.

In summary, Mr. Davis recommends that the Commission authorize EAI:

1. Consistent with Ark. Code Ann. § 23-3-104(a)(2), to issue New LT Debt in an aggregate amount not to exceed \$1.95 billion, of which no more than \$1.05 billion in aggregate shall be used to retire, redeem, or repay amounts of Outstanding LT Debt and that any issuance used to retire, redeem, or repay Outstanding LT Debt must provide benefits to ratepayers;
2. To issue Tax-Exempt Bonds in an aggregate amount not to exceed \$350 million;

⁴ Application at 4, ¶ 6.

⁵ McNeal Direct Testimony, page 5, lines 17-22; and page 11, line 15-page 12, line 2.

3. To issue Preferred Stock in an aggregate amount not to exceed \$120 million;
 4. To issue Common Stock in an aggregate amount not to exceed \$200 million;
 5. To collateralize Other LT Debt and Tax-Exempt Bonds by issuing Collateral B Bonds in an aggregate amount not to exceed \$500 million; and
 6. To issue these various securities not earlier than the date of entry of any order in this docket approving this Application and not later than December 31, 2018.
- Any prior authorizations previously approved by the Commission shall expire on the date that the Commission issues an order in this docket.

Id. at 14.

With respect to reporting requirements, Mr. Davis recommends that EAI, after the issuance of any security pursuant to this Application, be required to file a report providing the purpose and identifying the specific terms of each issuance of securities, including the actual interest rate and maturity date, all fees and other relevant facts, and the detailed accounting entries to record the associated transactions. He further recommends that the reports should be filed in this docket within thirty (30) days of the issuance or effective date of any such security issuance, as applicable. Each report should also provide a status of remaining authorization, including the amount authorized for the period, the amount issued to date, and the remaining authorization after the instant issuance. To the extent the report contains estimates, Mr. Davis states that a follow-up report should be filed reflecting actual amounts. *Id.* at 15.

With regard to New LT Debt issued to retire, redeem, or repay Outstanding LT Debt, Mr. Davis recommends that the Company be required to provide the specific types, amounts, and interest rates of Outstanding LT Debt being retired, redeemed, or

repaid in accordance with the issuance of the New LT Debt and the remaining authorization after the instant issuance. He recommends that such a report should clearly identify the benefits to ratepayers of such issuance. *Id.*

Mr. Davis concludes his recommendations for approval of EAI's application by noting that nothing in his testimony constitutes a recommendation of value for ratemaking purposes, adding that the appropriate ratemaking treatment of any of the security issuances which are the subject of this docket should be expressly reserved for future consideration. He states that Commission authorization of security issuances does not guarantee rate recovery and that a review of the need for capital issuance(s) and any resultant rate recovery implications can be made in the context of subsequent proceedings. To that end, he recommends that the Commission expressly reserve for future consideration the ratemaking treatment of any security issuances. *Id.* at 16.

Finding and Ruling

On the basis of EAI's May 12, 2015 Application and Exhibits thereto and the Direct Testimony of EAI's witness McNeal, as amended by errata filed on June 4, 2015, and the Direct Testimony of Staff witness Davis, approval of EAI's Application is hereby found to be in the public interest and it is, therefore, approved as amended as recommended by Mr. Davis in his Direct Testimony, and only as allowed by Arkansas law. Specifically, the Commission authorizes EAI:

1. Consistent with Ark. Code Ann. § 23-3-104(a)(2), to issue New LT Debt in an aggregate amount not to exceed \$1.95 billion, of which no more than \$1.05 billion in aggregate shall be used to retire, redeem, or repay amounts of Outstanding LT

Debt and that any issuance used to retire, redeem, or repay Outstanding LT Debt must provide benefits to ratepayers;

2. To issue Tax-Exempt Bonds in an aggregate amount not to exceed \$350 million;
 3. To issue Preferred Stock in an aggregate amount not to exceed \$120 million;
 4. To issue Common Stock in an aggregate amount not to exceed \$200 million;
 5. To collateralize Other LT Debt and Tax-Exempt Bonds by issuing Collateral B Bonds in an aggregate amount not to exceed \$500 million; and
 6. To issue these various securities not earlier than the date of entry of any order in this docket approving this Application and not later than December 31, 2018.
- Any prior authorizations previously approved by the Commission shall expire on the date that the Commission issues an order in this docket.

The requested three and one-half year financing period ending on December 31, 2018, is also approved.

Further, the reporting requirements recommended by Staff witness Davis in his Direct Testimony are approved, and such reporting filings shall be made by EAI in this Docket.

The Commission expressly reserves for future consideration the ratemaking treatment of any security issuances. Nothing herein shall be considered a finding of value or ratemaking treatment of any costs associated with issuances that may result from this Docket. Nothing herein shall be construed as obligating the State of Arkansas to pay or guarantee, in any manner whatsoever, any securities authorized or issue under this Order.

The Commission retains the jurisdiction of this matter for the purpose of issuing further orders as it may deem necessary or appropriate.

BY ORDER OF THE COMMISSION,

This 17th day of June, 2015.



Ted J. Thomas, Chairman

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

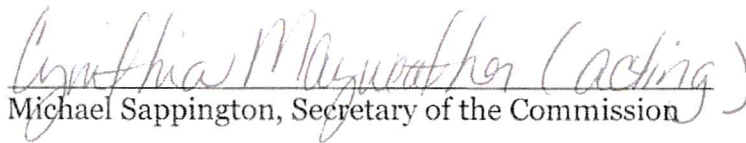
☐ U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or
☒ Electronic mail using the email address of each party as indicated in the official docket file.



Elana C. Wills, Commissioner



Lamar B. Davis, Commissioner



Cynthia Mayweather (acting)
Michael Sappington, Secretary of the Commission

