

SECURITIES AND EXCHANGE COMMISSION

FORM POS AMC

Post-effective amendments for application or declaration

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FILER

ENTERGY SERVICES INC

CIK: **810347** | IRS No.: **135550175** | State of Incorporation: **FL**
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Business Address
PO BOX 61000
NEW ORLEANS LA 70161
5045295262

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-1

POST-EFFECTIVE AMENDMENT NO. 3

TO

APPLICATION-DECLARATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

Arkansas Power & Light Company
425 West Capitol Avenue
Little Rock, Arkansas 72201

Entergy Services, Inc.
225 Baronne Street
New Orleans, Louisiana 70112

Louisiana Power & Light Company
639 Loyola Avenue
New Orleans, Louisiana 70113

System Fuels, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

Mississippi Power & Light Company
308 East Pearl Street
Jackson, Mississippi 39201

System Energy Resources, Inc.
1340 Echelon Parkway
Jackson, Mississippi 39213

New Orleans Public Service Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

Entergy Operations, Inc.
1340 Echelon Parkway
Jackson, Mississippi 39213

Gulf States Utilities Company
350 Pine Street
Beaumont, Texas 77701

(Names of companies filing this statement and
addresses of principal executive offices)

Entergy Corporation

(Name of top registered holding company parent
of each applicant or declarant)

Gerald D. McInvale
Senior Vice President
and Chief Financial Officer
Entergy Corporation
639 Loyola Avenue
New Orleans, Louisiana 70113

Jerry L. Maulden
Vice Chairman and
Chief Operating Officer
Arkansas Power & Light Company
425 West Capitol Avenue
Little Rock, Arkansas 72201

Glenn E. Harder
Vice President -
Financial Strategies
and Treasurer
Entergy Services, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

Jerry L. Maulden
Vice Chairman and
Chief Operating Officer
Louisiana Power & Light Company
317 Baronne Street
New Orleans, Louisiana 70112

Glenn E. Harder
Treasurer
System Fuels, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

Jerry L. Maulden
Vice Chairman and
Chief Operating Officer
Mississippi Power & Light Company
P.O. Box 1640
Jackson, Mississippi 39215

Donald C. Hintz
President and
Chief Executive Officer
System Energy Resources, Inc.
Entergy Operations, Inc.
1340 Echelon Parkway
Jackson, Mississippi 39213

Jerry L. Maulden
Vice Chairman and
Chief Operating Officer
New Orleans Public Service Inc.
317 Baronne Street
New Orleans, Louisiana 70112

Don M. Clements, Jr.
Senior Vice President -
External Affairs
Gulf States Utilities Company
350 Pine Street
Beaumont, Texas 77701

(Names and addresses of agents for service)

The Commission is also requested to send copies of any

communications in connection with this matter to:

Susan P. Engle
Assistant Treasurer
Entergy Services, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

Robert B. McGehee, Esq.
Wise Carter Child & Caraway,
Professional Association
P.O. Box 651
Jackson, Mississippi 39205

Laurence M. Hamric, Esq.
General Attorney -
Corporate and Securities
Entergy Services, Inc.
225 Baronne Street
New Orleans, Louisiana 70112

Benny H. Hughes, Jr., Esq.
Orgain, Bell & Tucker, L.L.P.
470 Orleans Street
Beaumont, Texas 77701

Paul B. Benham, III, Esq.
Friday, Eldredge & Clark
2000 First Commercial Building
400 West Capitol Avenue
Little Rock, Arkansas 72201-3493

Melvin I. Schwartzman, Esq.
McChord Carrico, Esq.
Monroe & Lemann
(A Professional Corporation)
201 St. Charles Avenue
New Orleans, Louisiana 70170

Thomas J. Igoe, Jr., Esq.
Reid & Priest
40 West 57th Street
New York, New York 10019

Item 1. Description of Proposed Transactions.

Item 1 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

I. General

The Entergy System Money Pool ("Money Pool") is an intra-System financing and investment vehicle whereby the available funds from the treasuries of the participants are temporarily invested in a portfolio of securities or loaned, on a short-term unsecured basis, to any one or more of the other participants in order to meet the participants' respective interim needs for cash. The participants in the Money Pool are Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc. (collectively, the "Operating Companies"), System Energy Resources, Inc. ("System Energy"), Entergy Services, Inc. ("Services"), Systems Fuels, Inc. ("System Fuels") and Entergy Operations, Inc. ("Entergy Operations") (collectively, the "Participants", and individually, a "Participant"). Entergy

Corporation ("Entergy") is a Participant in the Money Pool insofar as it has funds available for investing and/or lending to other Participants, but it is not permitted to borrow funds through the Money Pool.

The Participants are authorized, through November 30, 1994, to participate in the Money Pool as and to the extent provided in this File (No. 70-8055) and the order of the Securities and Exchange Commission ("Commission") with respect thereto, dated November 18, 1992 (H.C.A.R. 35-25680). In addition to borrowings through the Money Pool, the Operating Companies and System Energy are authorized, through November 30, 1994, to issue and sell unsecured short-term promissory notes (including commercial paper) to various commercial banks and/or dealers in commercial paper in order to meet their interim financing requirements, all as more fully described in the Commission's November 18, 1992 order.

On December 31, 1993 and pursuant to the order of the Commission, Entergy and Gulf States Utilities Company ("Gulf States") consummated various transactions whereupon Gulf States became a wholly-owned operating subsidiary of Entergy (see File No. 70-8059 and the Commission's memorandum opinion and order with respect thereto, dated December 17, 1993 (H.C.A.R. 35-25952)).

As more fully described below, the parties hereto are seeking authorization for Gulf States to finance its interim capital needs through Money Pool borrowings and through the issuance and sale of short-term promissory notes (including commercial paper) under terms and conditions identical to those which have been previously authorized for the Operating Companies. The parties hereto seek authorization for Gulf States to effect such short-term borrowings and Money Pool transactions from time to time through November 30, 1994.

II. Borrowing Limitations

Subject to the reservation of jurisdiction described below, Gulf States proposes to effect short-term borrowings through the Money Pool and to issue and sell unsecured short-term promissory notes (including commercial paper) to various commercial banks and/or dealers in commercial paper in the maximum amount of \$455 million. However, Gulf States requests that the Commission's order authorize Gulf States to effect short-term borrowings, including borrowings through the Money Pool and the issuance and sale of short-term notes to banks and commercial paper as described below, in the maximum amount of \$125 million, it being understood, as set forth in Item 5 below, that the Commission will reserve jurisdiction in its order over the additional amount so proposed to be borrowed.

III. Participation in the Money Pool

Gulf States proposes to join as a participant in the Money Pool, which will continue to be administered in the manner described in this File (No. 70-8055) and subject to the terms and conditions of the Commission's November 18, 1992 order.

The determination of whether Gulf States has at any time funds to make available to the Money Pool will be made by, or under the direction of, its treasurer or other designee. Gulf States will not effect external borrowings for the purpose of making loans to other Participants in the money pool.

The operation of the Money Pool is designed to match, on a daily basis, the available cash and borrowing requirements of the Participants, thereby minimizing the need for borrowings to be made by the Participants from external sources. To this end, it is generally anticipated that the short-term borrowing requirements of Gulf States will be met, in the first instance, with the proceeds of borrowings through the Money Pool, and thereafter, to the extent necessary, with the proceeds of external borrowings as hereinafter set forth; provided, however, that it may be desirable for Gulf States occasionally to make short-term bank borrowings and to issue commercial paper, notwithstanding the existence of available funds in the Money Pool. Gulf States, together with the Operating Companies and System Energy, will have priority as borrowers from the Money Pool. Services, System Fuels and Entergy Operations will be permitted to effect borrowings through the Money Pool only if, on any given day, there are available funds in the Money Pool after the needs of Gulf States, the Operating Companies and System Energy have been satisfied.

Reference is made to Exhibit B-1(a) hereto with respect to the form of promissory note to be executed and delivered by Gulf States effecting borrowings through the Money Pool.

Gulf States believes that, generally, the cost of the proposed borrowings through the Money Pool will be more favorable than the comparable cost of external borrowings through bank loans and the sale of commercial paper, and that the yield to Gulf States on funds invested through the Money Pool will be higher than yields available individually to Gulf States.

In the event that, on any given day, the available funds in the Money Pool are insufficient to satisfy the short-term borrowing requirements of Gulf States, Gulf States will effect short-term borrowings through bank loans and/or the sale of commercial paper in the manner hereinafter set forth.

IV. External Borrowing Arrangements

A. Bank Lines of Credit

Gulf States proposes to establish lines of credit with various commercial banks which are located in its general operating area (such banks being referred to hereinafter as "Territorial Banks"), up to the maximum aggregate principal amounts shown in Exhibit B-2(f) hereto. In addition, Gulf States may establish lines of credit with various commercial banks located outside its general operating area (such banks being hereinafter referred to as "Non-territorial Banks"). Gulf States may arrange these lines of credit on an individual basis, or on a consolidated "either/or" basis with the Operating Companies and System Energy in such manner that a bank would provide a line of credit available for use by any one or more of such companies. It is expected that the names of the Non-territorial Banks and the maximum principal amounts to be borrowed from each of the Non-territorial Banks and to be outstanding at any one time will be substantially as reflected in Exhibit B-3 hereto.

Except as indicated by Exhibits B-2(f) and B-3, Gulf States will not effect borrowings from banks pursuant to this Application-Declaration until it has filed a further amendment hereto setting forth the bank or banks from which such other borrowings are to be effected and the amounts thereof.

The notes proposed to be issued and sold to Territorial Banks and Non-territorial Banks will be in the form of unsecured short-term promissory notes customarily used by the lending bank, will be payable on demand of the lending bank or not more than one year from the date of issuance, and will bear interest at a rate per annum no greater than 1.5 percentage points over the prime commercial bank rate in effect on the date of issuance or renewal or from time to time, depending upon the arrangements with the lending bank; provided, that the rate of interest on the notes may be based upon other market rates or indices such that, as a result of fluctuations in such rates or indices (which are beyond the control of the borrower), the rate may exceed, for certain brief periods, the above-described maximum rate of interest. However, the effective interest rate for any 30-day period, on an annualized basis, may not exceed the above-described maximum rate. The selected rate will be the most favorable effective borrowing rate to Gulf States, taking into account compensating balances and/or commitment fees, and the proposed amount and maturity of each borrowing. The notes to banks will, at the option of Gulf States, or, under certain circumstances, with the consent of the lending bank, be prepayable, in whole or in part, at any time without premium or penalty.

Gulf States may maintain accounts with its Territorial Banks, and although balances in these accounts may be deemed to be compensating balances, these accounts would be working accounts, and fluctuations in their balances would not reflect or depend upon fluctuations in the amounts of bank loans outstanding. Assuming that a 10% balance were maintained and assuming a 6% per annum prime commercial bank rate, the effective interest cost for borrowings from Territorial Banks would be approximately 6.7% per annum.

With respect to borrowings from the Non-territorial Banks, it is anticipated that the Non-territorial Banks may require the maintenance of compensating balances or the payment of equivalent fees with respect to the amount of loan commitments, but in no case is the total of such compensating balances expected to exceed 10%. Assuming that a 10% compensating balance were maintained and assuming a 6% per annum prime commercial bank rate, the effective interest cost for borrowings from Non-territorial Banks would be approximately 6.7% per annum.

B. Commercial Paper Arrangements

The proposed commercial paper will be in the form of unsecured promissory notes with varying maturities not to exceed 270 days, the actual maturities to be determined by market conditions and Gulf States' anticipated cash requirements at the time of issuance. In accordance with the established custom and practice in the market, the proposed commercial paper will not be payable prior to maturity.

Gulf States proposes to issue, reissue and sell the commercial paper directly to a dealer in commercial paper ("Dealer") at a discount which will not be in excess of the maximum discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality of that particular maturity sold by public utility issuers to commercial paper dealers.

No commission or fee will be payable by Gulf States in connection with the issuance and sale of the commercial paper. Each Dealer, as principal, will reoffer and sell the commercial paper at the customary discount rate for commercial paper in such a manner as not to constitute a public offering. Each Dealer in reoffering the commercial paper will limit the reoffer and sale to a non-public customer list for Gulf States containing not more than 200 buyers of commercial paper consisting of commercial banks, insurance companies, corporate pension funds, investment trusts, foundations, colleges and university funds, municipal and state funds and other financial and non-financial corporations which normally invest funds in commercial paper.

It is anticipated that the commercial paper will be held by the buyers to maturity. However, each Dealer may, if desired by a buyer, repurchase the commercial paper for resale to others on the list of customers.

V. Use of Proceeds

Construction expenditures for Gulf States in 1994 are estimated to be \$129.9 million. In addition, Gulf States will require capital funds during 1994 to meet scheduled long-term debt maturities and to satisfy sinking fund requirements in the amount of \$6.5 million.

The proceeds to be received by Gulf States from borrowings through the Money Pool and through the issuance and sale of promissory notes to banks and commercial paper, together with other funds available, from time to time, to Gulf States from its operations, from the issuance of such securities as may be appropriate at the time and from other financing transactions, will be used to provide interim financing for construction expenditures, to meet long-term debt maturities and satisfy sinking fund requirements, as described above, as well as for the possible refunding, redemption, purchase or other acquisition of all or a portion of certain outstanding series of high-cost debt and preferred stock and preference stock.

For further information with respect to the estimated capital and refinancing requirements of Gulf States through 1994, reference is made to the financial statements (including the notes incorporated herein by reference) of Gulf States filed in this proceeding and referred to in part (b) of Item 6 hereof.

Item 2. Fees, Commissions and Expenses.

Item 2 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

Expenses to be incurred by the parties hereto in connection with obtaining the Commission's order authorizing the transactions proposed herein for Gulf States, are estimated not to exceed \$14,500, including \$7,500 estimated for legal fees, \$5,000 estimated for fees of Services and \$2,000 for the filing fee payable to the Commission with respect to this post-effective amendment.

Item 3. Applicable Statutory Provisions.

Item 3 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

Gulf States believes that the proposed short-term borrowings through the Money Pool, as described herein, including the issuance, delivery and acquisition of promissory notes to evidence the same, are subject to the provisions of Sections 6(a), 7, 9(a), 10 and 12(b) of the Act and Rule 43 thereunder, and that said transactions are exempt from the provisions of Rule 50 under the Act by virtue of paragraph (a)(3) thereof.

Gulf States believes that the investment, on its behalf, of funds in the Money Pool which at any time are not loaned to the Participants will be exempt from Sections 9(a) and 10 of the Act by virtue of Section 9(c) of the Act or the provisions of Rule 40 under the Act.

Gulf States believes that the issuance and sale of notes to banks and commercial paper are subject to the provisions of Sections 6(a) and 7 of the Act, and that the issuance and sale of notes to banks are exempt from the provisions of Rule 50 under the Act by virtue of paragraph (a)(2) thereof.

Gulf States believes that Rule 50 under the Act may be applicable to the issuance and sale of commercial paper, but submits that application of the requirements of Rule 50 in connection with such issuance and sale is not necessary or appropriate in the public interest or for the protection of investors or consumers for the following reasons:

- (a) The commercial paper which Gulf States plans to issue and sell will have a maturity not in excess of 270 days; and
- (b) it is not practical to invite bids for commercial paper.

Gulf States hereby respectfully requests, pursuant to Rule 50(a)(5) under the Act, that the Commission exempt the issuance and sale, from time to time, of commercial paper, as proposed herein, from the requirements of Rule 50 under the Act on the bases above set forth or on any other basis which the Commission may deem applicable.

Item 4. Regulatory Approval.

Item 4 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

No state regulatory body or agency and no Federal commission or agency other than this Commission has jurisdiction over the transactions proposed in this post-effective amendment.

Item 5. Procedure.

Item 5 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

The parties hereto respectfully request that the Commission's order be entered on or before February 18, 1994. Gulf States requests that such order initially authorize Gulf States to effect short-term borrowings, including borrowings through the Money Pool and the issuance and sale of short-term notes to banks and commercial paper as described in Item 1 hereof, in the maximum amount of \$125 million. Gulf States further requests that the Commission reserve jurisdiction in its order over additional amounts proposed to be borrowed by Gulf States up to the maximum amount set forth in Item 1 above pending further completion of the record herein with respect to any such proposed additional borrowings.

Gulf States further respectfully requests that Services be granted authority to file, on behalf of Gulf States and on a quarterly basis, certificates of notification pursuant to Rule 24 under the Act with respect to borrowings by Gulf States through the Money Pool and with respect to the issuances, sales and payments, from time to time, by Gulf States of notes to banks and commercial paper.

The parties hereto hereby waive a recommended decision by a hearing officer or any other responsible officer of the Commission, agree that the Staff of the Division of Investment Management may assist in the preparation of the Commission's decision, and request that there be no waiting period between the issuance of the Commission's order and the date it is to become effective.

Item 6. Exhibits and Financial Statements.

Item 6 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

a. Exhibits:

- *A-11 - Restated Articles of Incorporation, as amended, of Gulf States (Exhibit A-11 in File No. 70-8059).
- *A-11(a) - Statement of Resolution amending Restated Articles of Incorporation of Gulf States establishing terms of new Preference Stock (Exhibit A-11(a) in File No. 70-8059).
- *A-12 - By-Laws of Gulf States (Exhibit A-12 in

- B-2(f) - Territorial Banks - Gulf States
- **B-3 - Non-territorial Banks.
- **B-8(f) - Commercial paper arrangements - Gulf States.

- F-1(a) - Opinion of Reid & Priest, Counsel for Entergy Corporation.
- F-2(a) - Opinion of Reid & Priest, Counsel for Entergy Services, Inc.
- F-3(a) - Opinion of Wise Carter Child & Caraway, Counsel for Entergy Operations, Inc.
- F-4(a) - Opinion of Reid & Priest, Counsel for System Fuels, Inc.
- F-5(a) - Opinion of Reid & Priest, Counsel for System Energy Resources, Inc.
- F-6(a) - Opinion of Friday, Eldredge & Clark, General Counsel for Arkansas Power & Light Company.
- F-7(a) - Opinion of Monroe & Lemann, General Counsel for Louisiana Power & Light Company and Counsel for New Orleans Public Service Inc.
- F-8(a) - Opinion of Wise Carter Child & Caraway, General Counsel for Mississippi Power & Light Company.
- F-9 - Opinion of Orgain, Bell & Tucker, L.L.P., Counsel for Gulf States.

- G - Suggested form of notice of proposed transactions for publication in the Federal Register.

b. Financial Statements:

- Financial statements of Gulf States as of September 30, 1993.

- Notes to financial statements of Gulf States included in the Annual Report on Form 10-K for the

fiscal year ended December 31, 1992 and the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993 (filed in File No. 1-2703 and incorporated herein by reference).

- Pro-forma financial statements of Entergy and subsidiaries, consolidated, as of September 30, 1993.

Except as reflected in the financial statements (including the notes thereto) there have been no material changes, not in the ordinary course of business, with respect to Gulf States or Entergy which have taken place since September 30, 1993.

-
- * Incorporated herein by reference as indicated.
 - ** To be supplied by amendment.

Item 7. Information as to Environmental Effects.

Item 7 of the Application-Declaration, as previously amended, is hereby supplemented to include the following:

a. As stated in Item 5, the parties hereto would appreciate receiving the Commission's order by February 18, 1994. As more fully described in Item 1, the proposed transactions subject to the jurisdiction of this Commission relate only to the financing activities of Gulf States. The proposed transactions subject to the jurisdiction of this Commission do not involve a major Federal action having a significant impact on the human environment.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this statement to be signed on their behalf by the undersigned thereunto duly authorized.

Entergy Services, Inc.
Arkansas Power & Light Company
Gulf States Utilities, Inc.
Louisiana Power & Light Company
Mississippi Power & Light Company
New Orleans Public Service Inc.
System Energy Resources, Inc.

Entergy Operations, Inc.

By: /s/ Glenn E. Harder
Glenn E. Harder
Vice President - Financial
Strategies and Treasurer

Entergy Corporation

By: /s/ Glenn E. Harder
Glenn E. Harder
Treasurer

System Fuels, Inc.

By: /s/ Glenn E. Harder
Glenn E. Harder
Treasurer and
Assistant Secretary

Dated: January 4, 1994

GULF STATES UTILITIES COMPANY
TERRITORIAL BANKS

BANK NAME	MAXIMUM AMOUNT TO BE BORROWED
-----------	----------------------------------

NONE

TOTAL	\$
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[Letterhead of Reid & Priest]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Entergy Corporation ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Services, Inc., System Fuels, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Arkansas Power & Light Company, Mississippi Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, all as described in the Amendment. We are counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Delaware.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(c) the consummation by the Company of the proposed

transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Reid & Priest

REID & PRIEST

[Letterhead of Reid & Priest]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Entergy Services, Inc. ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, System Fuels, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Arkansas Power & Light Company, Mississippi Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Delaware.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Reid & Priest

REID & PRIEST

[Letterhead of Wise Carter Child & Caraway]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Entergy Operations, Inc. ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Fuels, Inc., System Energy Resources, Inc., Mississippi Power & Light Company, Arkansas Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are General Counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Delaware.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in

accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the Mississippi Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Wise Carter Child & Caraway

WISE CARTER CHILD & CARAWAY

[Letterhead of Reid & Priest]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by System Fuels, Inc. ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Arkansas Power & Light Company, Mississippi Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Louisiana.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in

accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Reid & Priest

REID & PRIEST

[Letterhead of Reid & Priest]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by System Energy Resources, Inc. ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Fuels, Inc., Entergy Operations, Inc., Arkansas Power & Light Company, Mississippi Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Arkansas.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in

accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Reid & Priest

REID & PRIEST

[Letterhead of Friday, Eldredge & Clark]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Arkansas Power & Light Company ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Fuels, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Mississippi Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are General Counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Arkansas.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the Arkansas Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Friday, Eldredge & Clark

FRIDAY, ELDREDGE & CLARK

[Letterhead of Monroe & Lemann]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Louisiana Power & Light Company ("LP&L"), New Orleans Public Service Inc. ("NOPSI"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Fuels, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Arkansas Power & Light Company and Mississippi Power & Light Company relating, among other things, to (i) the proposed loans by LP&L and NOPSI from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by LP&L and NOPSI from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by LP&L and NOPSI from Gulf States from time to time through the Money Pool and the proposed issuance by LP&L and NOPSI to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are General Counsel for LP&L and Counsel for NOPSI and are of the opinion that:

(1) LP&L and NOPSI are each a corporation duly organized and validly existing under the laws of the State of Louisiana.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by LP&L and NOPSI in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by LP&L and NOPSI will be valid and binding obligations of LP&L and

NOPSI, respectively, in accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, LP&L and NOPSI will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from LP&L and NOPSI through the Money Pool; and

(d) the consummation by LP&L and NOPSI of the proposed transactions will not violate the legal rights of the holders of any securities issued by LP&L and NOPSI, respectively, or any associate company thereof.

We are members of the Louisiana Bar and do not hold ourselves out as experts on the laws of any other state.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Monroe & Lemann

MONROE & LEMANN

[Letterhead of Wise Carter Child & Caraway]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Mississippi Power & Light Company ("Company"), Gulf States Utilities Company ("Gulf States"), Entergy Corporation, Entergy Services, Inc., System Fuels, Inc., System Energy Resources, Inc., Entergy Operations, Inc., Arkansas Power & Light Company, Louisiana Power & Light Company and New Orleans Public Service Inc. relating, among other things, to (i) the proposed loan by the Company from time to time of available funds to Gulf States through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from Gulf States of promissory notes ("Gulf States Notes") in connection therewith, and (ii) the proposed borrowings by the Company from Gulf States from time to time through the Money Pool and the proposed issuance by the Company to Gulf States of promissory notes ("Company Notes") in connection therewith, all as described in the Amendment. We are General Counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Mississippi.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws applicable thereto will have been complied with;

(b) the Company Notes to be issued by the Company will be valid and binding obligations of the Company in

accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Gulf States Notes to be issued by Gulf States evidencing its borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company or any associate company thereof.

We are members of the Mississippi Bar and do not hold ourselves out as experts on the laws of any other state, although we have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

/s/ Wise Carter Child & Caraway

WISE CARTER CHILD & CARAWAY

[Letterhead of Orgain, Bell & Tucker, L.L.P.]

January 3, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We have reviewed Post-Effective Amendment No. 3 ("Amendment") to the joint Application-Declaration on Form U-1, as amended, in File No. 70-8055, to be filed by Gulf States Utilities Company ("Company"), Entergy Corporation ("Entergy"), Entergy Services, Inc. ("ESI"), System Fuels, Inc. ("SFI"), System Energy Resources, Inc. ("SERI"), Entergy Operations, Inc. ("EOI"), Arkansas Power & Light Company ("AP&L"), Louisiana Power & Light Company ("LP&L"), Mississippi Power & Light Company ("MP&L") and New Orleans Public Service Inc. ("NOPSI") relating to (i) the proposed loan by the Company from time to time of available funds to AP&L, LP&L, MP&L, NOPSI, ESI, SFI, SERI and EOI through the Entergy System Money Pool ("Money Pool") and the proposed acquisition by the Company from AP&L, LP&L, MP&L, NOPSI, ESI, SFI, SERI and EOI of promissory notes ("Money Pool Notes") in connection therewith, (ii) the proposed borrowings by the Company from time to time through the Money Pool and the proposed issuance by the Company to Entergy, AP&L, LP&L, MP&L, NOPSI, ESI, SFI, SERI and EOI of promissory notes ("Company Notes") in connection therewith, and (iii) the proposed issuance and sale by the Company from time to time of promissory notes ("Bank Notes") to banks and of commercial paper ("Commercial Paper Notes") to a commercial paper dealer, all as described in the Amendment. We have assumed that none of the proposed transactions will be subject to applicable usury laws. We are counsel for the Company and are of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Texas.

(2) In the event that the proposed transactions are consummated in accordance with the Amendment, as it may be amended, and such transactions are duly authorized by the

Securities and Exchange Commission:

(a) insofar as the participation by the Company in said proposed transactions is concerned, all state laws of Texas applicable thereto will have been complied with;

(b) the Company Notes, the Bank Notes and the Commercial Paper Notes to be issued by the Company will be valid and binding obligations of the Company in accordance with their respective terms;

(c) assuming that they will have been duly authorized and legally issued, the Company will legally acquire the Money Pool Notes to be issued by AP&L, LP&L, MP&L, NOPSI, ESI, SFI, SERI and EOI evidencing their respective borrowings from the Company through the Money Pool; and

(d) the consummation by the Company of the proposed transactions will not violate the legal rights of the holders of any securities issued by the Company.

We are members of the Texas Bar and do not hold ourselves out as experts on the laws of any other state.

Our consent is hereby given to the filing of this opinion as an exhibit to the Amendment.

Very truly yours,

ORGAIN, BELL & TUCKER, L.L.P.

[Suggested Form of Notice of Proposed Transactions]

SECURITIES AND EXCHANGE COMMISSION
(Release No. 35- ; 70-8055)

Entergy Corporation, et al.

Notice of Proposal For Gulf States Utilities Company to Participate in Entergy System Money Pool and to Sell Short-Term Notes to Banks and Commercial Paper Dealers; Request for Exception From Competitive Bidding

Entergy Corporation ("Entergy"), 225 Baronne Street, New Orleans, Louisiana 70112, a registered holding company, its service company subsidiary, Entergy Services, Inc., 225 Baronne Street, New Orleans, Louisiana 70112, Arkansas Power & Light Company, 425 West Capitol, 40th Floor, Little Rock, Arkansas 72201, Louisiana Power & Light Company, 639 Loyola Avenue, New Orleans, Louisiana 70112, Mississippi Power & Light Company, 308 East Pearl Street, Jackson, Mississippi 39201, New Orleans Public Service Inc., 639 Loyola Avenue, New Orleans, Louisiana 70112 and Gulf States Utilities Company ("Gulf States"), 350 Pine Street, Beaumont, Texas 77701, each an operating subsidiary of Entergy, the fuel supply subsidiary of the Entergy System, System Fuels, Inc., 639 Loyola Avenue, New Orleans, Louisiana 70113, System Energy Resources, Inc., 1340 Echelon Parkway, Jackson, Mississippi 39213, Entergy's generating company subsidiary and Entergy Operations, Inc., 1340 Echelon Parkway, Jackson, Mississippi 39213, the nuclear power plant operations subsidiary of Entergy, have filed a Post-Effective Amendment to their joint Application-Declaration in File No. 70-8055 with this Commission under Sections 6(a), 7, 9(a), 10, and 12(b) of the Public Utility Holding Company Act of 1935 ("Act") and Rules 40, 43 and 50 thereunder.

Gulf States proposes, through November 30, 1994, to lend money to the Entergy System money pool ("Money Pool"), to borrow from the Money Pool and to issue unsecured promissory notes to banks ("Notes") and commercial paper to commercial paper dealers ("Commercial Paper").

Total borrowings by Gulf States through the Money Pool,

the issuance and sale of the Notes and Commercial Paper will not exceed \$125 million, in any combination thereof.

The Notes will mature in less than one year from the date of issuance, and, assuming a 6% per annum prime commercial bank rate, the effective interest rate cost would be approximately 6.7%. The Commercial Paper will be in the form of unsecured promissory notes having varying maturities of not in excess of 270 days. Gulf States has requested an exception from the competitive bidding requirements of Rule 50 pursuant to subsection (a)(5) so that it may be authorized to carry out negotiations for the terms of the placement of the commercial paper. It may do so.

The proceeds from the proposed borrowings will be used by Gulf States to provide interim financing for construction expenditures, to meet long-term debt maturities, to satisfy sinking fund requirements, as well as for the possible refunding, redemption, purchase or other acquisition of all or a portion of certain series of high-cost debt and preferred stock.

The Post-Effective Amendment to the Application-Declaration and any further amendments thereto are available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by _____, 1994, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicants and declarants at the address specified above. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the Application-Declaration as so amended, may be granted and/or permitted to become effective.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Secretary

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

GULF STATES UTILITIES

AS OF SEPTEMBER 30, 1993

(Unaudited)

Pages 1 through 5

GULF STATES UTILITIES
JOURNAL ENTRIES

These entries give effect to the borrowing of \$125,000,000 from the System Money Pool.

Entry No. 1

Cash and cash equivalents..... \$125,000,000

Notes Payable-Associated Companies..... \$125,000,000

To give effect to the borrowing of \$125,000,000 from the Money Pool.

Entry No. 2

Other Interest Expense..... \$7,500,000

Cash and cash equivalents..... \$7,500,000

To record the annual interest expense of notes payable of \$125,000,000 under the proposed borrowing based on an interest rate of 6.0%.

Entry No. 3

Cash and cash equivalents..... \$ 3,030,000

Income Taxes..... \$ 3,030,000

To give effect to the reduction in income taxes due to increased interest expense in connection with this filing:

Increase in expense..... \$7,500,000

Statutory Composite Federal and State Income Tax Rate of 40.43%..... \$3,030,000

<TABLE>
<CAPTION>

GULF STATES UTILITIES
PRO FORMA BALANCE SHEET
SEPTEMBER 30, 1993
(Unaudited)

Adjustments to Reflect Transactions Proposed

ASSETS	Before	In Present	After
	Transaction	Filing	Transaction

	(In thousands)		
<S>	<C>	<C>	<C>
UTILITY AND OTHER PLANT, AT ORIGINAL COST:			
Plant in service	\$7,018,182	\$0	\$7,018,182
Less: Accumulated provision for depreciation	2,287,835	0	2,287,835
Total	4,730,347	0	4,730,347
Construction work in progress	40,886	0	40,886
Nuclear fuel, net of accumulated amortization	88,735	0	88,735
Utility plant - net	4,859,968	0	4,859,968
Other Property and Investments	28,924	0	28,924
CURRENT ASSETS:			
Cash and cash equivalents	222,524	120,530	343,054
Receivables			
Customers	158,770	0	158,770
Other	19,373	0	19,373
Accrued unbilled revenues	46,571	0	46,571
Fuel inventories	16,691	0	16,691
Materials and supplies	86,769	0	86,769
Accumulated deferred income taxes	29,397	0	29,397
Prepayments and other	51,093	0	51,093
Total	631,188	120,530	751,718
DEFERRED CHARGES AND OTHER ASSETS:			
Accumulated deferred income taxes	103,146	0	103,146
SFAS No. 109 regulatory assets	585,466	0	585,466
Deferred River Bend costs	750,305	0	750,305
Other	482,854	0	482,854
Total	1,921,771	0	1,921,771
TOTAL	\$7,441,851	\$120,530	\$7,562,381

</TABLE>

<TABLE>

<CAPTION>

GULF STATES UTILITIES
PRO FORMA BALANCE SHEET
September 30, 1993
(Unaudited)

Adjustments to Reflect
Transactions Proposed

CAPITALIZATION AND LIABILITIES	Before Transactions	In Present Filing	After Transactions
	(In thousands)		
<S>	<C>	<C>	<C>
CAPITALIZATION:			
Common stock, authorized 200,000,000 shares without par value, 114,055,065 shares outstanding	\$1,200,923	\$0	\$1,200,923
Premium and expense on capital stock	(12,374)	0	(12,374)
Other paid-in capital	77,851	0	77,851
Retained Earnings	720,666	(4,470)	716,196
Preference Stock	150,000	0	\$150,000
Preferred Stock			
Not subject to mandatory redemption	136,444	0	136,444
Subject to mandatory redemption	97,370	0	97,370
Long-term debt	2,368,597	0	2,368,597
	-----	-----	-----
Total equity	4,739,477	(4,470)	4,735,007
	-----	-----	-----
CURRENT LIABILITIES:			
Long-term debt due within one year and sinking fund requirements	425	0	425
Preferred stock sinking fund requirements	6,162	0	6,162
Accounts payable - trade	99,177	0	99,177
Notes payable - associated companies	0	125,000	125,000
Customer deposits	21,905	0	21,905
Taxes accrued	57,243	0	57,243
Interest accrued	65,891	0	65,891
Capital leases - current	39,030	0	39,030
Other	100,994	0	100,994
	-----	-----	-----
Total	390,827	125,000	515,827
	-----	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES:			
Investment tax credits	95,043	0	95,043
Accumulated deferred income taxes	1,337,551	0	1,337,551
SFAS No. 109 regulatory liabilities	176,301	0	176,301
Capital leases -- non-current	144,076	0	144,076
Deferred River Bend financing costs	112,854	0	112,854
Other	445,722	0	445,722
	-----	-----	-----
Total	2,311,547	0	2,311,547
	-----	-----	-----
COMMITMENTS AND CONTINGENCIES			
TOTAL	\$7,441,851	\$120,530	\$7,562,381
	=====	=====	=====

</TABLE>

<TABLE>

<CAPTION>

GULF STATES UTILITIES
PRO FORMA STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 1993
(Unaudited)

	Adjustments to Reflect Transactions Proposed		
	Before Transactions	In Present Filing	After Transactions
	(In thousands)		
<S>	<C>	<C>	<C>
OPERATING REVENUES:			
Electric	1,778,729	\$0	1,778,729
Steam	45,383	0	45,383
Gas	31,727	0	31,727
	-----	-----	-----
Total	1,855,839	0	1,855,839
	-----	-----	-----
OPERATING EXPENSES AND TAXES:			
Fuel	523,772	0	523,772
Purchased power	152,390	0	152,390
Gas for resale	20,854	0	20,854
Other operations	277,344	0	277,344
Maintenance	143,824	0	143,824
Depreciation and amortization	188,526	0	188,526
Deferred revenue requirement - River Bend phase-in plan	1,072	0	1,072
Amortization of deferred River Bend costs	58,491	0	58,491
Taxes			
Income			
Current	11,574	(3,030)	8,544
Deferred-net	41,060	0	41,060
Investment tax credit-net	(943)	0	(943)
Other	96,450	0	96,450
	-----	-----	-----
Total	1,514,414	(3,030)	1,511,384
	-----	-----	-----
OPERATING INCOME	341,425	3,030	344,455
	-----	-----	-----
OTHER INCOME AND DEDUCTIONS:			
Allowance for equity funds used during construction	435	0	435
Other-net	12,007	0	12,007

Total	12,442	0	12,442
INTEREST CHARGES:			
Interest on long-term debt	212,518	0	212,518
Short-term debt and other	8,747	7,500	16,247
Allowance for borrowed funds used during construction	(529)	0	(529)
Total	220,736	7,500	228,236
INCOME BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
	\$133,131	(\$4,470)	\$128,661
EXTRAORDINARY ITEMS (NET OF INCOME TAXES)	(4,060)	0	(4,060)
CUMULATIVE EFFECT OF ACCOUNTING CHANGES (NET OF INCOME TAXES)			
	10,660	0	10,660
NET INCOME	\$139,731	(4,470)	\$135,261

</TABLE>

<TABLE>

<CAPTION>

GULF STATES UTILITIES
PRO FORMA STATEMENT OF RETAINED EARNINGS
TWELVE MONTHS ENDED SEPTEMBER 30, 1993
(Unaudited)

	Adjustments to Reflect Transactions Proposed		
	Before Transactions	In Present Filing	After Transactions
	(In thousands)		
	<C>	<C>	<C>
<S> Retained Earnings - Beginning of period	\$627,687	\$0	\$627,687
Add - Net Income	139,731	(4,470)	135,261
Total	767,418	(4,470)	762,948
Deduct:			
Dividends on preferred and preference stock	(38,229)	0	(38,229)
Preferred and preference stock redemption	(8,523)	0	(8,523)

Dividends on common stock	0	0	0
	-----	-----	-----
Total	(46,752)	0	(46,752)
	-----	-----	-----
Retained Earnings - End of period	\$720,666	(\$4,470)	\$716,196
	=====	=====	=====

</TABLE>

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

ENTERGY AND SUBSIDIARIES

AS OF SEPTEMBER 30, 1993

(Unaudited)

Pages 1 through 5

PRO FORMA FINANCIAL DATA

The following pro forma financial data combine the historical balance sheets and statements of income of Entergy and Gulf States after giving effect to the Reorganization. The unaudited pro forma combined condensed balance sheet at September 30, 1993 gives effect to the Reorganization as if it had occurred at September 30, 1993. The unaudited pro forma combined condensed statements of income for the nine months ended September 30, 1993, and the year ended December 31, 1992, give effect to the Reorganization as if it had occurred at January 1, 1992. The pro forma adjustments account for the Reorganization as a purchase and are based upon the assumptions set forth in the notes thereto, including an assumed issuance upon the Reorganization of 56,667,726 shares of Holdings Common Stock at a price of \$35.8417, and the payment of \$250,000,000 in cash.

The following pro forma financial data have been prepared from, and should be read in conjunction with, the historical financial statements and related notes contained in the Annual Reports on Form 10-K for the fiscal year ended December 31, 1992 ("1992 10-K's") and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993 ("1993 10-Q's"), of Entergy and Gulf States, all of which have been incorporated by reference herein. The following information is based upon preliminary evaluations and is subject to change. The following information is not necessarily indicative of the financial position or operating results that would have occurred had the Reorganization been consummated on the date, or at the beginning of the periods, for which the Reorganization is being given effect, and is not necessarily indicative of future operating results or financial position. As discussed in Note (11) under

"Notes to Pro Forma Combined Balance Sheet and Statements of Income", no write-offs or liabilities related to certain contingencies to which Gulf States is subject have been reflected in the following pro forma financial data.

<TABLE>
<CAPTION>

HOLDINGS AND SUBSIDIARIES
PRO FORMA COMBINED BALANCE SHEET
September 30, 1993
(thousands)
(unaudited)

ASSETS	ENTERGY	GULF STATES	Pro Forma		
			Adjustments		Combined
<S>	<C>	<C>	<C>	<C>	<C>
UTILITY AND OTHER PLANT:					
Plant in service	\$14,839,102	\$7,018,182			\$21,857,284
Nuclear fuel	214,280	88,735	\$149,056	(6)	452,071
Less - Accumulated depreciation and amortization	4,731,457	2,287,835	149,056	(6)	7,168,348
	10,321,925	4,819,082	-		15,141,007
Gulf States acquisition adjustment (9) (10)	-	-	395,455	(1)	395,455
Construction work in progress	326,321	40,886			367,207
Utility plant - net	10,648,246	4,859,968	395,455		15,903,669
OTHER PROPERTY AND INVESTMENTS	279,122	28,924			308,046
CURRENT ASSETS:					
Cash and cash equivalents	563,432	222,524	(261,210)	(2)	524,746
Accounts receivable and unbilled revenues	597,879	224,714			822,593
Fuel inventories	64,686	16,691			81,377
Materials and supplies	283,690	86,769			370,459
Rate deferrals and deferred River Bend costs	237,361	-	89,361	(6)	326,722
Accumulated deferred income taxes	-	29,397	(29,397)	(6)	-
Prepayments and other current assets	132,515	51,093			183,608
Total current assets	1,879,563	631,188	(201,246)		2,309,505
DEFERRED CHARGES AND OTHER ASSETS:					
Accumulated deferred income taxes	-	103,146	(103,146)	(6)	-
Deferred River Bend costs	-	750,305	(89,361)	(6)	660,944
Rate deferrals	1,283,394	-			1,283,394
SFAS 109 regulatory asset	909,969	585,466	(176,301)	(6)	1,319,134
Other	462,539	482,854	(1,024)	(2, 9)	944,369
Total deferred charges and other assets	2,655,902	1,921,771	(369,832)		4,207,841
TOTAL ASSETS	\$15,462,833	\$7,441,851	(\$175,623)		\$22,729,061
CAPITALIZATION AND LIABILITIES					
CAPITALIZATION:					
Common stock equity	\$4,561,910	\$1,987,066	\$40,825	(3)	\$6,589,801
Preference stock	-	150,000			150,000
Cumulative preferred stock					
Without sinking fund	408,801	136,444			545,245
With sinking fund	253,928	97,370	6,162	(6)	357,460
Long-term debt	5,170,095	2,368,597			7,538,692
Total capitalization	10,394,734	4,739,477	46,987		15,181,198
CURRENT LIABILITIES:					
Currently maturing long-term debt	121,540	425			121,965
Notes payable	667	-			667
Preferred stock sinking fund requirements	-	6,162	(6,162)	(6)	-
Accounts payable	257,279	99,177			356,456
Customer deposits	104,702	21,905			126,607
Taxes accrued	218,257	57,243			275,500
Interest accrued	139,135	65,891			205,026
Obligations under capital leases	144,343	39,030			183,373
Preferred dividends declared	13,941	-			13,941
Accumulated deferred income taxes	84,455	-	(29,397)	(6)	55,058
Other	109,474	100,994			210,468
Total current liabilities	1,193,793	390,827	(35,559)		1,549,061
DEFERRED CREDITS AND OTHER LIABILITIES:					

Accumulated deferred income taxes	2,644,413	1,337,551	(150,939)	(6,9,10)	3,831,025
Accumulated deferred investment tax credits	533,708	95,043			628,751
SFAS 109 regulatory liability	-	176,301	(176,301)	(6)	-
Obligations under capital leases	140,156	144,076			284,232
Deferred River Bend financing costs	-	112,854			112,854
Other	556,029	445,722	140,189	(9,10)	1,141,940
	-----	-----	-----	-----	-----
Total deferred credits and other liabilities	3,874,306	2,311,547	(187,051)		5,998,802
	-----	-----	-----	-----	-----
CONTINGENCIES (11)					
TOTAL CAPITALIZATION AND LIABILITIES	\$15,462,833	\$7,441,851	(\$175,623)		\$22,729,061
	=====	=====	=====	=====	=====

The accompanying Notes to Pro Forma Combined Balance Sheet and Statements of Income are an integral part of this statement.

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HOLDINGS AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF INCOME
For the Nine Months Ended September 30, 1993
(thousands, except share data)
(unaudited)

	Pro Forma				
	ENERGY	GULF STATES	Adjustments		Combined
	(7,9)	(7,9)			
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING REVENUES (8):					
Electric	\$3,345,757	\$1,364,027	(\$22,470)	(5)	\$4,687,314
Natural gas	61,708	23,349			85,057
Steam	-	33,632			33,632
	-----	-----	-----	-----	-----
Total operating revenues	3,407,465	1,421,008	(22,470)		4,806,003
4,806,003	-----	-----	-----	-----	-----
OPERATING EXPENSES (8):					
Operation:					
Fuel for electric generation and fuel-related expenses	628,772	415,786			1,044,558
Purchased power	208,212	101,600	(22,470)	(5)	287,342
Gas purchased for resale	36,052	14,666			50,718
Other	556,969	201,172	(2,803)	(4)	755,338
Maintenance	221,733	102,311			324,044
Depreciation, decommissioning and amortization	329,898	141,830			471,728
Taxes other than income taxes	145,643	72,869			218,512
Income taxes	252,744	55,656	1,133	(4)	309,533
Rate deferrals:					
Rate deferrals	(1,651)	-			(1,651)
Deferred revenue requirement	-	697			697
Amortization of deferrals	215,838	44,992			260,830
	-----	-----	-----	-----	-----
Total operating expenses	2,594,210	1,151,579	(24,140)		3,721,649
	-----	-----	-----	-----	-----
OPERATING INCOME	813,255	269,429	1,670		1,084,354
OTHER INCOME AND DEDUCTIONS	40,611	6,584	(9,567)	(4)	37,628
	-----	-----	-----	-----	-----
INCOME BEFORE INTEREST CHARGES	853,866	276,013	(7,897)		1,121,982
	-----	-----	-----	-----	-----
INTEREST AND OTHER CHARGES:					
Long-term debt	368,332	153,538			521,870
Other	20,967	6,247			27,214
Preferred and Preference dividend requirements	42,964	-	28,118	(6)	71,082
	-----	-----	-----	-----	-----
Total charges	432,263	159,785	28,118		620,166
	-----	-----	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	421,603	116,228	(36,015)		501,816
PREFERRED AND PREFERENCE DIVIDEND REQUIREMENTS	-	28,118	(28,118)	(6)	-
	-----	-----	-----	-----	-----
INCOME APPLICABLE TO COMMON STOCK BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$421,603	\$88,110	(\$7,897)		\$501,816
	=====	=====	=====	=====	=====
AVERAGE COMMON SHARES OUTSTANDING	174,794,391	114,055,065			231,462,117
	=====	=====	=====	=====	=====
EARNINGS PER AVERAGE COMMON SHARE BEFORE EXTRAORDINARY ITEMS AND THE					

CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$2.41	\$0.77	\$2.17
=====	=====	=====	=====
DIVIDENDS DECLARED PER COMMON SHARE	\$1.20	-	\$1.20
=====	=====	=====	=====

The accompanying Notes to Pro Forma Combined Balance Sheet and Statements of Income are an integral part of this statement.

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HOLDINGS AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF INCOME
For the Year Ended December 31, 1992
(thousands, except share data)

	Pro Forma				
	ENTERGY (7,9)	GULF STATES (7,9)	Adjustments	Combined	
<S>	<C>	<C>	<C>	<C>	
OPERATING REVENUES (8):					
Electric	\$4,043,555	\$1,694,536	(\$38,900)	(5)	\$5,699,191
Natural gas	72,944	28,523			101,467
Steam	-	50,315			50,315
Total operating revenues	4,116,499	1,773,374	(38,900)		5,850,973
OPERATING EXPENSES (8):					
Operation:					
Fuel for electric generation and fuel-related expenses	759,470	471,873			1,231,343
Purchased power	228,679	136,716	(38,900)	(5)	326,495
Gas purchased for resale	43,212	16,563			59,775
Other (6)	806,943	277,385	2,747	(4)	1,087,075
Maintenance	301,836	161,080			462,916
Depreciation, decommissioning and amortization	424,958	188,393			613,351
Taxes other than income taxes	197,895	91,740			289,635
Income taxes	210,081	38,058	(1,111)	(4)	247,028
Rate deferrals:					
Rate deferrals	(24,176)	-			(24,176)
Deferred revenue requirement	-	2,290			2,290
Amortization of deferrals (6)	209,015	50,656			259,671
Total operating expenses	3,157,913	1,434,754	(37,264)		4,555,403
OPERATING INCOME	958,586	338,620	(1,636)		1,295,570
OTHER INCOME AND DEDUCTIONS	96,448	48,262	(12,757)	(4)	131,953
INCOME BEFORE INTEREST CHARGES	1,055,034	386,882	(14,393)		1,427,523
INTEREST AND OTHER CHARGES:					
Long-term debt	529,668	239,341			769,009
Other	24,592	8,128			32,720
Preferred and Preference dividend requirements	63,137	-	49,702	(6)	112,839
Total charges	617,397	247,469	49,702		914,568
INCOME BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	437,637	139,413	(64,095)		512,955
PREFERRED AND PREFERENCE DIVIDEND REQUIREMENTS	-	49,702	(49,702)	(6)	-
INCOME APPLICABLE TO COMMON STOCK BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$437,637	\$89,711	(\$14,393)		\$512,955
AVERAGE COMMON SHARES OUTSTANDING	176,573,778	114,055,065			233,241,504
EARNINGS PER AVERAGE COMMON SHARE BEFORE EXTRAORDINARY ITEMS AND THE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$2.48	\$0.79			\$2.20
DIVIDENDS DECLARED PER COMMON SHARE	\$1.45	-			\$1.45

The accompanying Notes to Pro Forma Combined Balance Sheet and

</TABLE>

HOLDINGS AND SUBSIDIARIES

Notes to Pro Forma Combined Balance Sheet
and Statements of Income
(unaudited)

(1) Reflects an acquisition adjustment equal to the excess of the purchase price over the net assets of Gulf States acquired, assuming the conversion of 114,055,065 shares of Gulf States Common Stock at \$20 per share, and the payment of \$31,000,000 in transaction costs estimated to be capitalized in connection with the Reorganization. It has been classified as an acquisition adjustment in Utility Plant in accordance with generally accepted accounting principles. See also Notes (9), (10) and (11) below.

(2) Reflects \$250,000,000 paid upon conversion of Gulf States Common Stock in the Reorganization (assuming 12,500,000 of the 114,055,065 shares of Gulf States Common Stock elect the right to receive cash at \$20 per share), and \$11,210,000 representing the balance of transaction costs estimated to be paid in connection with the Reorganization. As of September 30, 1993, \$23,000,000 had already been paid for transaction costs.

(3) Reflects the elimination of the Gulf States Common Stock account of \$1,987,066,000 net of total adjustments of \$2,027,891,000 to reflect the issuance in the Reorganization of 56,667,726 shares of Holdings Common Stock at a value of \$35.8417 per share and to reflect the reduction in capital for \$3,210,000 of estimated transaction costs associated with the registration and issuance of securities. See also Note (2) above.

(4) Reflects amortization of the acquisition adjustment (as described in Note 1 above) over a 31-year period, which approximates the remaining average book life of the plant being acquired. The annual amortization is calculated at \$12,757,000 and amortization for the nine months ended September 30, 1993, represents 75% of the annual amortization level, or \$9,567,000. This amortization is assumed to not be deductible for income tax purposes.

Gulf States' annual costs associated with items described in Notes (9), (10) and (11), if any ultimately arises, will be eliminated in consolidation in order not to reflect these costs in both Gulf States' and Holdings' (through amortization of the acquisition adjustment) income statements. For the year ended December 31, 1992, annual cost and income taxes related to Statement of Financial Accounting Standards ("SFAS") No. 87 net asset adjustment have been eliminated, or approximately \$1,636,000, net of income taxes. For the nine months ended September 30, 1993, the cost and income taxes related to SFAS No. 87 net asset and SFAS No. 106 net obligation adjustments have been eliminated, or approximately \$1,670,000, net of income taxes.

(5) Reflects elimination of \$38,900,000 and \$22,470,000 related to intercompany purchased power transactions between Entergy and Gulf States for the year ended December 31, 1992 and the nine months ended September 30, 1993, respectively.

(6) Certain reclassifications of reported amounts have been made to conform to current classifications on a combined basis, including reclassifications for nuclear fuel amortization, current/non-current rate deferrals, current/non-current accumulated deferred income taxes, SFAS 109 regulatory liability, current preferred stock sinking fund payments, and preferred and preference dividend requirements. In addition, certain reclassifications of reported amounts in Entergy's Statement of Income for the year ended December 31, 1992 have been made to conform to the presentation in the Statement of Income for the nine months ended September 30, 1993.

(7) Includes the effects of the following non-recurring items, net of income taxes.

Nine Months Ended September 30, 1993	Year Ended December 31, 1992
-----	-----
Earnings Impact	Earnings Impact

	\$	Per Share	\$	Per Share
	-----		-----	
	(thousands, except per share data)			
ENTERGY				
FERC return on equity settlement agreement	\$16,800	\$0.10		
Sale of retail properties in Missouri			\$19,600	\$0.11
GULF STATES				
Reversal of common stock guaranty liability to the Southern Company			\$24,200	\$0.21

Also, prior to December 31, 1992 certain Entergy operating companies and Gulf States recognized revenue when billed. To provide a better matching of revenues and expenses, effective January 1, 1993, these companies adopted a change in accounting principle to provide for accrual of estimated unbilled revenues. The increase in income before the cumulative effect of the accounting change for unbilled revenues and the related earnings per share impact for the nine months ended September 30, 1993 are as follows:

	Increase in Income Before the Cumulative Effect ----- (in 000's, except per share data)	Earnings Per Share Impact -----
Entergy	\$24,388	\$0.14
Gulf States (See Note)	\$ 7,356	\$0.06

Note - In addition to the above, the cumulative effect for the Gulf States' Louisiana retail jurisdiction of recording unbilled revenue, approximating \$10,068,000, net of related income taxes, was deferred in accordance with a Louisiana Public Service Commission ("LPSC") rate order. Changes in unbilled revenues in the Louisiana retail jurisdiction subsequent to January 1, 1993, have been recorded in operations.

(8) The LPSC, the Public Utility Commission of Texas ("PUCT") and the Federal Energy Regulatory Commission ("FERC") approved the Reorganization and certain rate actions. The regulatory approvals are described in Entergy's 1993 10-Q's. In addition, Entergy and certain system operating companies entered into settlement arrangements with the Arkansas Public Service Commission, the Council of the City of New Orleans, Louisiana and the Mississippi Public Service Commission. These settlement arrangements provided that, among other things, Arkansas Power & Light Company would not seek a general rate increase for five years; New Orleans Public Service, Inc. would reduce its annual electric base rates by \$4.8 million effective for bills rendered on or after November 1, 1993; and for a period of five years beginning November 9, 1993, Mississippi Power & Light Company's ("MP&L") retail base rates under its proposed formula rate plan would not be increased above November 1, 1993 levels and MP&L would not request any general retail rate increase that would increase retail rates above the level of MP&L's rates in effect as of November 1, 1993. For further information with respect to the settlements, see Entergy's September 30, 1993 10-Q. Summarized below are the significant provisions of the rate actions taken by the LPSC, the PUCT and the FERC.

The LPSC approved a joint regulatory proposal which included the following elements: (1) a five-year rate cap or ceiling on Gulf States' retail electric rates in Louisiana; (2) a fuel cost protection mechanism by which the LPSC-jurisdictional portion of all fuel savings created by the merger of the two companies would flow through the LPSC fuel adjustment to the Gulf States ratepayers (subject to a fuel cost tracking mechanism to provide certain protection to certain LPSC jurisdictional ratepayers); and (3) a non-fuel savings tracking mechanism comparing the non-fuel O&M expenses to a baseline deemed to represent the level of non-fuel O&M expenses that would have been incurred absent the merger. In the event that the baseline numbers exceed the actual non-fuel O&M expenses (subject to certain adjustments), the difference will be deemed to be merger-related non-fuel O&M savings, which savings will be shared 60 percent for Gulf States stockholders and 40 percent for Gulf States ratepayers, with no limit on the amount of such savings that may be shared during the eight years following closing.

The PUCT adopted a regulatory plan that includes the following elements: (1) a provision requiring merger created fuel savings in Gulf States' Texas service area to be passed through to Texas customers; (2) a five year rate cap on Gulf States' retail base rates in Texas; (3) a tracking mechanism which establishes a baseline against which merger-related non-fuel O&M savings will be measured; (4) a provision permitting Gulf States' stockholders to retain 50 percent of the merger-related non-fuel O&M savings measured by the above tracking mechanism for eight years, except that the stockholders' portion will be reduced by \$2.6 million per year on a total Company basis in years four through eight; (5) a series of regulatory rate filings to ensure that customers' share of non-fuel O&M savings be reflected in rates on a timely basis; and (6) a requirement that Entergy hold Gulf States' Texas retail customers harmless from the effects of removal by the FERC of a 40 percent cap on the amount of fuel savings Gulf States may be required to transfer to other Entergy operating companies under the FERC fuel tracking mechanism (see below).

The FERC approved certain rate schedule changes to integrate Gulf States into the Entergy System Agreement. Certain commitments were adopted to provide reasonable assurance that the ratepayers of the existing Entergy operating companies will not be allocated higher costs, specifically including, among others, (1) a tracking mechanism to protect operating companies from certain unexpected increases in fuel costs, (2) the distribution of profits from power sales contracts entered into prior to the Reorganization, (3) a methodology to estimate the cost of capital in future FERC proceedings and (4) a stipulation that the operating companies will be insulated from certain direct effects on capacity equalization payments should Gulf States, due to a finding of imprudent Gulf States management prior to the merger, be required to purchase Cajun Electric Power Cooperative, Inc.'s ("Cajun") 30 percent share in the River Bend Unit 1 ("River Bend").

No pro forma adjustments have been reflected for the projected effects of the rate actions and cost savings. The intent of pro forma financial information is to provide information about the continuing impact of a particular transaction, and not to provide a financial forecast. Accordingly, these adjustments have been excluded since cost savings vary over time, and because of the estimates inherent in projecting the ultimate impact of the rate actions.

(9) In accordance with the purchase method of accounting for business combinations, certain adjustments must be recorded through the process of assigning the purchase price to individual assets acquired and liabilities assumed. SFAS No. 87, Employers' Accounting for Pensions, SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 109, Accounting for Income Taxes, include specific business combination provisions, the impact of which is summarized and discussed below. Amounts disclosed have been estimated as of September 30, 1993. Changes in accounting assumptions and/or updated valuations as of December 31, 1993 will impact the amounts ultimately recorded upon consummation of the Reorganization. See also Notes (1) and (4) above.

	in 000's

SFAS No. 87 net asset	\$(21,976)
SFAS No. 106 net obligation	123,199
Income tax effect of above	(40,924)

Net increase in acquisition adjustment	\$ 60,299
	=====

SFAS No. 87 requires the recording of an asset for the fair value of plan assets in excess of the projected benefit obligation. As of September 30, 1993, Gulf States' net SFAS No. 87 asset approximated \$21,976,000.

SFAS No. 106 requires the recording of a liability for the accumulated postretirement benefit obligation in excess of the fair value of plan assets. As of September 30, 1993, Gulf States' net SFAS No. 106 obligation approximated \$123,199,000.

Regarding SFAS No. 106, Entergy and Gulf States adopted this statement effective January 1, 1993. Accordingly, the impact of SFAS No. 106 is reflected in the pro forma financial statements except for the Income Statement for the Year Ended December 31, 1992. Because the effects of the change on earlier periods are not determinable, no pro forma adjustment has been reflected in the December 31, 1992 income statement. For the first nine months of

1993 the total cost for postretirement benefits under SFAS No. 106 increased by approximately \$18,100,000 for Entergy and \$9,200,000 for Gulf States. Certain Entergy operating companies recorded offsetting regulatory assets approximating \$8,744,000 based on approved rate treatment. See Entergy's Note 6, "Postretirement and Postemployment Benefits," and Gulf States' Note 4, "Rates and Accounting," to the 1993 10-Q's, incorporated by reference herein, for additional SFAS No. 106 information.

SFAS No. 109 requires that a deferred tax liability or asset shall be recognized for differences between the assigned values and liabilities (except the portion of goodwill for which amortization is not determinable for tax purposes). The acquisition adjustment is treated as goodwill under the provisions of SFAS No. 109. Accordingly, the tax effect of the acquisition adjustment is not reflected.

Regarding SFAS No. 109, Entergy and Gulf States adopted this statement effective January 1, 1993. Entergy adopted SFAS No. 109 by recording the cumulative effect of an accounting change in 1993. Gulf States adopted SFAS No. 109 by restating prior years' financial statements. Accordingly, the impact of SFAS No. 109 is reflected in the pro forma financial statements except for the Income Statement for the Year Ended December 31, 1992 for Entergy. Because the effects of the change on earlier periods are not determinable, no pro forma adjustment has been reflected in the December 31, 1992 income statement for Entergy. A substantial majority of the adjustments required by SFAS No. 109 for Entergy were recorded to deferred tax balance sheet accounts with offsetting adjustments to regulatory assets and liabilities.

(10) In connection with the Reorganization, Gulf States has offered a voluntary enhanced retirement plan to eligible employees. This plan will be available for a temporary period and will be accounted for in accordance with SFAS No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits. Since the plan is directly related to and contingent upon the Reorganization, the resulting liability, estimated to approximate \$16,990,000, and related income tax effect approximating \$6,869,000, will be recorded through the process of assigning the purchase price, with a corresponding increase in the acquisition adjustment. See also Note (1) above.

(11) Gulf States remains subject to significant contingencies and risks which could result in material losses and write-offs during future periods. See Gulf States' Notes 3, "Commitments and Contingencies," and 4, "Rates and Accounting," to the 1993 10-Q's, incorporated by reference herein, for information with respect to the contingencies and risks. Two of the more significant contingencies pertain to unresolved rate making issues and litigation. No write-offs or liabilities related to these contingencies have been reflected in the accompanying pro forma financial statements. Disclosure related to these matters is reproduced below. This information is excerpted from, and qualified in its entirety by reference to, the information set forth in the Gulf States' 1993 10-Q's and 1992 10-K.

Rate Making Issues

On May 16, 1988, in Docket No. 7195, the PUCT granted Gulf States a permanent increase in annual revenues of \$59,900,000. The increase was based on including in rate base approximately \$1.6 billion of Gulf States' system-wide plant investment in River Bend and approximately \$182,000,000 of related Texas retail jurisdiction deferred River Bend costs ruled prudent. Additionally, the PUCT affirmed its preliminary rulings made in February 1988, to disallow as imprudent \$63,468,000 of Gulf States system-wide River Bend plant costs and placed in abeyance approximately \$1.4 billion of Gulf States' system-wide River Bend plant investment and approximately \$157,000,000 of Texas retail jurisdiction deferred River Bend operating and carrying costs with no finding of prudence. The PUCT affirmed that the ultimate rate treatment of such amounts would be subject to future demonstration by Gulf States of the prudence of such costs. Gulf States, the Office of Public Utility Counsel, the Attorney General, and the intervening municipal groups appealed the PUCT order in Docket No. 7195. Gulf States also filed a separate rate case (Docket No. 8702) in which it asked that the abeyed River Bend plant cost be found prudent and included in rate base. Intervening parties filed suit in district court to prohibit the proceedings in Docket No. 8702. The district court's decision in that suit was ultimately appealed to the Texas Supreme Court, and the Texas Supreme Court ruled that the prudence of the costs purported to be held in abeyance by the PUCT in its May 16, 1988 order could not be relitigated in a separate rate proceeding such as Docket No. 8702. The Texas Supreme Court's

decision stated that all issues relating to the merits of the original order of the PUCT, including the prudence of all River Bend related costs, were to be addressed in a then-pending district court appeal.

On October 1, 1991, the district court handed down its decision in Gulf States' appeal of the May 1988 order from the PUCT. The decision stated that, while it was clear the PUCT made an error in assuming it could set aside \$1.4 billion of the total costs of River Bend and consider them in a later proceeding, the PUCT, nevertheless, found that Gulf States had not met its burden of proof related to the amounts placed in abeyance. The court also ruled that deferred costs associated with River Bend accrued after the unit was placed in commercial operation, but prior to relevant rate orders, should not be included in rate base under a 1991 decision regarding El Paso Electric Company's ("El Paso") similar deferred costs. The court further stated that the PUCT erred in reducing Gulf States' deferred costs by \$1.50 for each \$1.00 of revenue collected under the interim rate increases authorized in 1987 and 1988. The court remanded the case to the PUCT with instructions as to the proper handling of the deferred cost issues. Gulf States' motion for rehearing was denied, and on December 18, 1991 Gulf States filed an appeal of the October 1, 1991 district court order. The PUCT also appealed the October 1, 1991 district court order, which served to supersede the district court's judgment rendering it unenforceable under Texas law. On August 26, 1992, the court of appeals in the El Paso case handed down its second opinion on rehearing modifying its previous opinion on deferred accounting for El Paso (which had been relied upon by the district court in the Gulf States case). The court's second opinion distinguishes between deferred carrying costs and deferred operating and maintenance costs, concluding that the PUCT may lawfully defer operating and maintenance costs and subsequently include them in rate base, but that the Public Utility Regulatory Act prohibits such rate base treatment for deferred carrying costs. The court stated, however, its opinion would not preclude the recovery of deferred carrying costs without rate base treatment. On September 13, 1993, the Texas Supreme Court heard arguments on the appeal of the court of appeals decision in the El Paso case. The decision of the Texas Supreme Court is still pending.

On September 15, 1993, the Third District Court of Appeals (the Court) decided the appeal of the October 1, 1991 district court order in Docket No. 7195. The Court remanded the case to the PUCT "to reexamine the record evidence to whatever extent necessary to render a final order supported by substantial evidence and not inconsistent with our opinion." The Court analyzed the PUCT's treatment of costs resulting from regulatory changes and inflation during construction and concluded that "the Commission's final order is not based on substantial evidence." The Court also stated that its remand included the issues regarding includability of the post-in-service carrying costs and post-in-service operating and maintenance costs, noting that the Court had, in the meantime, ruled in the El Paso case that only post-in-service carrying costs were precluded from inclusion in rate base. The Court also confirmed its view that treatment of federal income tax expenses should be under the "actual taxes paid" doctrine previously announced by the Court, but noted that the remand would include reconsideration of the PUCT's original treatment of income taxes as such might be affected by other changes found to be appropriate in the remanded proceedings.

While the Court remanded the case to the PUCT "without instructions or limitations," the majority of the three-judge panel (over one dissent) cautioned the PUCT to confine its deliberations to the evidence addressed in the original proceedings in Docket No. 7195. Certain parties to the case have indicated their position that on remand the PUCT may change its original order only with respect to matters specifically discussed by the Court which (if allowed) would increase Gulf States' allowed River Bend investment, net of accumulated depreciation and related taxes, by approximately \$48,000,000 on a Texas jurisdictional basis as of September 30, 1993. Gulf States believes that under the Court's decision the PUCT would be free to reconsider any aspect of its order concerning the \$1.4 billion in River Bend investment.

Gulf States has filed a motion for rehearing asking the Court to modify its order so as to permit the PUCT to take additional evidence on remand. The PUCT and other parties have also sought a rehearing on various grounds.

Since the court of appeals ruling is subject to possible modifications on rehearing and appeal and to remand proceedings at the PUCT, and the deferred accounting issue has been appealed to the Texas Supreme Court, Gulf States cannot predict the timing or

outcome of these proceedings or what effect the Court's limitation of the remand to the existing PUCT record will have. If the pending merger with Entergy is consummated with the rate plans that have been approved by the PUCT and the LPSC, the rate caps provided for therein could result in Gulf States being unable to use a favorable result from the PUCT upon remand to immediately increase rates in effect prior to certain rate reductions which took effect November 1, 1993 pursuant to a settlement of rate inquiries brought in 1993 by certain cities in the Gulf States Texas service area. A favorable result could be used to limit or prevent rate decreases during the period the rate caps are in effect.

As of September 30, 1993, on a Texas retail jurisdictional basis, the disallowed River Bend plant costs were approximately \$14,000,000, and the River Bend plant costs held in abeyance totaled approximately \$302,000,000, both net of accumulated depreciation and related taxes.

The River Bend cost deferrals associated with the portion of the investment held in abeyance amounted to approximately \$171,000,000, net of taxes, as of September 30, 1993. River Bend cost deferrals which were allowed in rate base in Texas were approximately \$96,000,000, net of taxes and amortization, as of September 30, 1993. Gulf States estimates it had collected approximately \$132,000,000 of revenues as a result of the previously ordered rate treatment of these deferred costs as of September 30, 1993, and currently estimates that it collects approximately \$2,300,000 monthly, or \$28,000,000 annually, of revenues associated with such deferred costs from ratepayers in Texas.

If the September 15, 1993 court of appeals' opinion with respect to the accounting order issues is ultimately applied to Gulf States, and the PUCT permits recovery through amortization of the deferred carrying costs, the possible write-off of deferred River Bend costs currently allowed in rates (\$96,000,000) would be eliminated, and possible refunds would be reduced. At September 30, 1993, Gulf States estimates it had collected approximately \$62,000,000 of revenues as a result of the current inclusion of deferred carrying costs in rate base. Gulf States collects approximately \$1,000,000 per month as a result of such current rate base treatment. The October 1, 1991 district court order also found that the PUCT erred in reducing Gulf State's deferred costs by \$1.50 for each \$1.00 of revenue collected under the interim rate increases authorized in 1987 and 1988. Elimination of the reduction of deferred costs from rate base could reduce the potential refund of amounts described in the preceding paragraph by amounts ranging from approximately \$18,000,000 to \$43,000,000.

No assurance can be given as to the timing or outcome of the appeals described above. Pending further developments in these cases, Gulf States has made no write-offs for the River Bend related costs discussed above. Management believes, based on advice from Clark, Thomas & Winters, a Professional Corporation, legal counsel of record in the appeal of Docket No. 7195, it is reasonably possible that Gulf States will ultimately prevail on appeal of Docket No. 7195 and the case will be remanded to the PUCT, and that it is reasonably possible that the PUCT will be allowed to expressly rule on the prudence of the abeyed River Bend plant costs. Upon remand of Docket No. 7195, the PUCT has been instructed to rely on the existing record, including the report of the three administrative law judges that heard the extensive testimony filed in the case; or, the PUCT can take some action that may lead the parties to settle the case without additional extensive litigation. At this time, management and legal counsel are unable to predict the amount, if any, of the abeyed and previously disallowed River Bend plant costs that may be ultimately disallowed by the PUCT. A net of tax write-off as of September 30, 1993, ranging from \$0 to \$316,000,000, could be required based on the PUCT's ultimate ruling.

Management believes that it is reasonably possible that it will recover, in rate base, or otherwise through means such as a deregulated asset plan, all, or substantially all, of the abeyed River Bend plant costs. Management believes that the abeyed River Bend plant costs were prudently incurred. However, management recognizes that it is reasonably possible that not all of the abeyed River Bend plant costs may ultimately be recovered.

In prior proceedings, the PUCT has held that the original cost of nuclear power plants will be included in rates to the extent those costs were prudently incurred. Based upon the PUCT's prior decisions, management believes that its River Bend construction costs were prudently incurred.

As part of its direct case in Docket No. 8702, Gulf States filed a cost reconciliation study prepared by Sandlin Associates, management consultants with expertise in the cost analysis of nuclear power plants, which supports the reasonableness of the River Bend costs held in abeyance by the PUCT. This reconciliation study determined that approximately 82 percent of the River Bend cost increase above the amount included by the PUCT in rate base was a result of changes in federal nuclear safety requirements and provided other support for the remainder of the abeyed amounts.

There have been four other rate proceedings in Texas involving nuclear power plants. Investment in the plants ultimately disallowed ranged from 0 percent to 15 percent in these four proceedings. Each case was unique, and the disallowances in each were made for different reasons. Appeals of most, if not all, of these PUCT decisions are currently pending.

The following factors support management's position that a loss contingency requiring accrual has not occurred, and its belief that all, or substantially all, of the abeyed plant costs will ultimately be recovered:

1. The fact that the \$1.4 billion of abeyed River Bend plant costs have never been ruled imprudent and disallowed by the PUCT.
2. Sandlin Associates' analysis which supports the prudence of substantially all of the abeyed construction costs.
3. Historical inclusion by the PUCT of prudent construction costs in rate base.
4. The analysis of Gulf States' internal legal staff, which has considerable experience in Texas rate case litigation.

Additionally, management believes, based on advice from Clark, Thomas & Winters, a Professional Corporation, legal counsel of record in the appeal of Docket No. 7195, that it is probable that the deferred operating and carrying costs discussed above will be recovered in rates as allowable costs. However, assuming the August 26, 1992 court of appeals' opinion in the El Paso case regarding deferred costs, as discussed above, is upheld and applied to Gulf States, and the deferred River Bend costs currently held in abeyance, related to the \$302,000,000 of abeyed plant costs, are not allowed to be recovered in rates as allowable costs, a write-off of up to \$171,000,000 could be required. In addition, future revenues based upon the deferred costs previously allowed in rate base could also be lost; and no assurance can be given as to whether or not refunds (up to \$62,000,000 as of September 30, 1993) of revenue received based upon such deferred costs previously recorded will be required.

Litigation

On June 26, 1989, Cajun, the owner of 30% of River Bend, filed a civil action against Gulf States. The object of the suit is to annul, rescind, terminate and/or dissolve the Joint Ownership Participation and Operating Agreement ("Joint Operating Agreement") related to River Bend because of fraud and error by Gulf States, breach of its fiduciary duties owed to Cajun, and/or Gulf States' repudiation, renunciation, abandonment, or dissolution of its core obligations under the Joint Operating Agreement, as well as the lack or failure of cause and/or consideration for Cajun's performance under the Joint Operating Agreement. Cajun seeks to recover at least its alleged \$1.6 billion investment in River Bend as damages, plus attorneys' fees, interest, and costs. On March 31, 1992, the district court appointed a mediator to engage in settlement discussions and to schedule settlement conferences between the parties. Discussions with the mediator began in July 1992, however, Gulf States cannot predict what effect, if any, such discussions will have on the timing or outcome of the case. The presiding judge has set a trial date of April 12, 1994, on the portion of the suit by Cajun to rescind the River Bend Joint Operating Agreement and has determined that the matter will be heard by the court without a jury. Two member cooperatives of Cajun have brought an independent action to declare the River Bend Joint Operating Agreement void, based upon failure to get prior LPSC approval alleged to be necessary.

Gulf States believes the suits are without merit and is contesting them vigorously. No assurance can be given as to the outcome of this litigation. Accordingly, no provision for any liability that may result from its ultimate resolution has been recorded in the financial statements. If Gulf States were ultimately unsuccessful in this litigation and were required to

make substantial payments, Gulf States would probably be unable to make such payments and would probably have to seek relief from its creditors under the Bankruptcy Code.

Impact of Adverse Events on the Financial Statements

Holdings considers the possibility of an adverse result in the litigation relating to Cajun and the possibility of a write-off relating to Texas River Bend rate making issues to be preacquisition contingencies. There may be other contingencies associated with Gulf States which could also constitute preacquisition contingencies but which have not yet been specifically identified as such by Holdings. During the allocation period (which will not exceed one year after consummation of the transaction), Holdings' will complete its analyses with respect to these contingencies. Upon completion, should Holdings no longer believe Gulf States has a reasonable possibility of attaining a favorable ruling in such preacquisition contingencies, any resulting write-offs and/or losses would cause the reduction of the affected non-current assets and an increase of a like amount in the acquisition adjustment in Holdings' financial statements, in accordance with the purchase method of accounting for business combinations. Gulf States' financial statements would reflect the impact as a reduction of the affected non-current assets and the recognition of a write-off or loss in its income statement. Any other write-offs and/or losses would be recorded by Holdings and Gulf States in their respective income statements.