LOUISIANA POWER & LIGHT / 142 DELARONDE STREET
P. O. BOX 6008 • NEW ORLEANS, LOUISIANA 70174 • (504) 366-2345
MIDDLE SOUTH UTILITIES SYSTEM

May 29, 1984

W3P84-1480
3-A1.01.04

Director of Nuclear Reactor Regulation
Attention: Mr. G.W. Knighton, Chief
Licensing Branch No. 3
Division of Licensing
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

SUBJECT: Waterford 3
Docket No. 50-382
Additional Financial Information

REFERENCE: Letter from G.W. Knighton to R.S. Leddick dated 5/14/84

Dear Sir:

Please find attached our responses to the request for additional financial information from the above reference.

Please note that the responses were made considering LP&L as it currently exists and responses applicable to the future LP&L organization after consolidation with New Orleans Public Service Inc. (NOPSI). Responses to items 1a, 2, 3, 4, 5, 6, 7 and 8 apply regardless of the consolidation; therefore, only one response is given. Responses to items 1b, 9 and 10 are given in two parts to reflect before and after consolidation or for the two companies as they currently exist.

Very truly yours,

K W Cook

K. W. Cook
Nuclear Support & Licensing Manager

KWC/RWP/ch
Attachments

cc: E.L. Blake, W.M. Stevenson, J.T. Collins, D.M. Crutchfield, J. Wilson, G.L. Constable

B005
1/1

8405310009 840529
PDR ADOCK 05000382
I PDR

bcc: R.S. Leddick, R.P. Barkhurst, F.J. Drummond, T.F. Gerrets,
G.G. Hofer (Ebasco), W.A. Cross (LP&L Bethesda), T. Boatright,
J. Williamson, Project Files, Nuclear Records, Licensing Library

1. a. Indicate the estimated annual cost by year to operate each unit of the subject facility for the first five full years of each unit's commercial operation. The types of costs included in the estimates should be indicated and include (but not necessarily be limited to) operation and maintenance expense (with fuel costs shown separately), depreciation, taxes and a reasonable return on investment. (Enclosed is a form which should be used for each unit for each year of the five year period.) Indicate the projected plant capacity factor (in percent) for each unit during each of the years. Provide separate estimates using 50 percent and 60 percent plant capacity factors.

   b. Indicate the unit price per kwh experienced by the applicant on system-wide sales of electric power to all customers for the most recent 12-month period.

<u>RESPONSE</u>:

a. See the attached sheets. Calculations for the Federal and other income taxes and the return are based on net investment in Waterford 3 at original cost. However, the rate increase granted to LP&L by the Louisiana Public Service Commission on February 20, 1984, effectively allowed LP&L to earn real earnings, approximately \$295 million in revenues, on \$1.2 billion of its investment in Waterford 3 CWIP. In addition, the estimated investment tax credit adjustments-net reflect the amortization of credits of \$175,000,000; \$2,628,000; \$3,792,000; \$3,049,000 and \$3,293,000 for the years 1985 through 1989, respectively. These credits and their offsetting effect of reducing Federal income taxes are not included in the attached.

See addendum to the attached forms for clarification of the fuel costs portion of the estimated annual operation costs.

b. The unit price on system-wide sales of electric power to all customers for the twelve months ended March 31, 1984 was 5.04¢/kwh for LP&L and 5.18¢/kwh for LP&L and NOPSI consolidated.

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 57 %.	$ 68,577
Other operating expenses.	28,670
Maintenance expenses.	51,630
Total nuclear power generation.	148,877
Phase-in Adjustment-Net	(143,311)
Transmission expenses	780
Reserve Equalization Adjustment	(56,555)
Administrative and general expenses	
Property and liability insurance.	6,942
Other A.&G expenses	4,188
Total A.&G expenses	11,130
TOTAL O&M EXPENSES.	(39,079)
Depreciation expense.	99,835
Taxes other than income taxes	
Property taxes.	50
Other	218
Total taxes other than income taxes	268
Income taxes - Federal.	164,519
Income taxes - other.	31,100
Deferred income taxes - net	37,385
Investment tax credit adjustments - net	(5,950)
Return (rate of return: 12.82 %)	332,988
TOTAL ANNUAL COST OF OPERATION	$ 621,066

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 54 %.	$ 45,514
Other operating expenses.	30,971
Maintenance expenses.	53,900
Total nuclear power generation.	130,385
Phase-in Adjustment-Net	(70,383)
Transmission expenses	1,033
Reserve Equalization Adjustment	(53,375)
Administrative and general expenses	
Property and liability insurance.	7,786
Other A.&G expenses	4,555
Total A.&G expenses	12,341
TOTAL O&M EXPENSES.	20,001
Depreciation expense.	100,479
Taxes other than income taxes	
Property taxes.	55
Other	634
Total taxes other than income taxes	689
Income taxes - Federal.	160,698
Income taxes - other.	30,378
Deferred income taxes - net	37,534
Investment tax credit adjustments - net	(5,995)
Return (rate of return: 12.82 %)	320,333
TOTAL ANNUAL COST OF OPERATION	$ 664,117

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 61 %.	$ 44,451
Other operating expenses.	32,713
Maintenance expenses.	55,469
Total nuclear power generation.	132,633
Phase-in Adjustment-Net	(4,346)
Transmission expenses	1,074
Reserve Equalization Adjustment	(52,492)
Administrative and general expenses	
Property and liability insurance.	8,274
Other A.&G expenses	4,949
Total A.&G expenses	13,223
TOTAL O&M EXPENSES.	90,092
Depreciation expense.	102,052
Taxes other than income taxes	
Property taxes.	60
Other	961
Total taxes other than income taxes	1,021
Income taxes - Federal.	157,907
Income taxes - other.	29,850
Deferred income taxes - net	38,187
Investment tax credit adjustments - net	(6,149)
Return (rate of return: 12.82 %)	309,706
TOTAL ANNUAL COST OF OPERATION	$ 722,666

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 61 %.	$ 45,392
Other operating expenses.	34,880
Maintenance expenses.	58,770
Total nuclear power generation.	139,042
Phase-in Adjustment-Net	27,163
Transmission expenses	1,131
Reserve Equalization Adjustment	(51,894)
Administrative and general expenses	
Property and liability insurance.	8,692
Other A.&G expenses	5,390
Total A.&G expenses	14,082
TOTAL O&M EXPENSES.	129,524
Depreciation expense.	103,729
Taxes other than income taxes	
Property taxes.	65
Other	1,165
Total taxes other than income taxes	1,230
Income taxes - Federal.	154,334
Income taxes - other.	29,175
Deferred income taxes - net	38,974
Investment tax credit adjustments - net	(6,419)
Return (rate of return: 12.82 %)	297,374
TOTAL ANNUAL COST OF OPERATION	$ 747,921

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 79 %.	$ 64,899
Other operating expenses.	37,419
Maintenance expenses.	63,106
Total nuclear power generation.	165,424
Phase-in Adjustment-Net	78,446
Transmission expenses	1,195
Reserve Equalization Adjustment	(51,339)
Administrative and general expenses	
Property and liability insurance.	9,151
Other A.&G expenses	5,860
Total A.&G expenses	15,011
TOTAL O&M EXPENSES.	208,737
Depreciation expense.	105,281
Taxes other than income taxes	
Property taxes.	70
Other	1,462
Total taxes other than income taxes	1,532
Income taxes - Federal.	150,873
Income taxes - other.	28,520
Deferred income taxes - net	39,722
Investment tax credit adjustments - net	(6,797)
Return (rate of return: 12.82 %)	285,173
TOTAL ANNUAL COST OF OPERATION	$ 813,041

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 50 %.	$ 48,224
Other operating expenses.	28,670
Maintenance expenses.	51,630
Total nuclear power generation.	128,524
Phase-in Adjustment-Net	(143,311)
Transmission expenses	780
Reserve Equalization Adjustment	(56,555)
Administrative and general expenses	
Property and liability insurance.	6,942
Other A.&G expenses	4,188
Total A.&G expenses	11,130
TOTAL O&M EXPENSES.	(59,432)
Depreciation expense.	99,835
Taxes other than income taxes	
Property taxes.	50
Other	218
Total taxes other than income taxes	268
Income taxes - Federal.	164,519
Income taxes - other.	31,100
Deferred income taxes - net	37,385
Investment tax credit adjustments - net	(5,950)
Return (rate of return: 12.82 %)	332,988
TOTAL ANNUAL COST OF OPERATION	$ 600,713

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 50 %.	$ 36,376
Other operating expenses.	30,971
Maintenance expenses.	53,900
Total nuclear power generation.	121,247
Phase-in Adjustment-Net	(70,383)
Transmission expenses	1,033
Reserve Equalization Adjustment	(53,375)
Administrative and general expenses	
Property and liability insurance.	7,786
Other A.&G expenses	4,555
Total A.&G expenses	12,341
TOTAL O&M EXPENSES.	10,863
Depreciation expense.	100,479
Taxes other than income taxes	
Property taxes.	55
Other	634
Total taxes other than income taxes	689
Income taxes - Federal.	160,698
Income taxes - other.	30,378
Deferred income taxes - net	37,534
Investment tax credit adjustments - net	(5,995)
Return (rate of return: 12.82 %)	320,333
TOTAL ANNUAL COST OF OPERATION	$ 654,979

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 50 %.	$ 27,056
Other operating expenses.	32,713
Maintenance expenses.	55,469
Total nuclear power generation.	115,238
Phase-in Adjustment-Net	(4,346)
Transmission expenses	1,074
Reserve Equalization Adjustment	(52,492)
Administrative and general expenses	
Property and liability insurance.	8,274
Other A.&G expenses	4,949
Total A.&G expenses	13,223
TOTAL O&M EXPENSES.	72,697
Depreciation expense.	102,052
Taxes other than income taxes	
Property taxes.	60
Other	961
Total taxes other than income taxes	1,021
Income taxes - Federal.	157,907
Income taxes - other.	29,850
Deferred income taxes - net	38,187
Investment tax credit adjustments - net	(6,149)
Return (rate of return: 12.82 %)	309,706
TOTAL ANNUAL COST OF OPERATION	$ 705,271

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 50 %.	$ 27,181
Other operating expenses.	34,880
Maintenance expenses.	58,770
Total nuclear power generation.	120,831
Phase-in Adjustment-Net	27,163
Transmission expenses	1,131
Reserve Equalization Adjustment	(51,894)
Administrative and general expenses	
Property and liability insurance.	8,692
Other A.&G expenses	5,390
Total A.&G expenses	14,082
TOTAL O&M EXPENSES.	111,313
Depreciation expense.	103,729
Taxes other than income taxes	
Property taxes.	65
Other	1,165
Total taxes other than income taxes	1,230
Income taxes - Federal.	154,334
Income taxes - other.	29,175
Deferred income taxes - net	38,974
Investment tax credit adjustments - net	(6,419)
Return (rate of return: 12.82 %)	297,374
TOTAL ANNUAL COST OF OPERATION	$ 729,710

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 50 %.	$ 23,616
Other operating expenses.	37,419
Maintenance expenses.	63,106
Total nuclear power generation.	124,141
Phase-in Adjustment-Net	78,446
Transmission expenses	1,195
Reserve Equalization Adjustment	(51,339)
Administrative and general expenses	
Property and liability insurance.	9,151
Other A.&G expenses	5,860
Total A.&G expenses	15,011
TOTAL O&M EXPENSES.	167,454
Depreciation expense.	105,281
Taxes other than income taxes	
Property taxes.	70
Other	1,462
Total taxes other than income taxes	1,532
Income taxes - Federal.	150,873
Income taxes - other.	28,520
Deferred income taxes - net	39,722
Investment tax credit adjustments - net	(6,797)
Return (rate of return: 12.82 %)	285,173
TOTAL ANNUAL COST OF OPERATION	$ 771,758

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 60 %.	$ 55,690
Other operating expenses.	28,670
Maintenance expenses.	51,630
Total nuclear power generation.	135,990
Phase-in Adjustment-Net	(143,311)
Transmission expenses	780
Reserve Equalization Adjustment	(56,555)
Administrative and general expenses	
Property and liability insurance.	6,942
Other A.&G expenses	4,188
Total A.&G expenses	11,130
TOTAL O&M EXPENSES.	(51,966)
Depreciation expense.	99,835
Taxes other than income taxes	
Property taxes.	50
Other	218
Total taxes other than income taxes	268
Income taxes - Federal.	164,519
Income taxes - other.	31,100
Deferred income taxes - net	37,385
Investment tax credit adjustments - net	(5,950)
Return (rate of return: 12.82 %)	332,988
TOTAL ANNUAL COST OF OPERATION	$ 608,179

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 60 %.	$ 37,561
Other operating expenses.	30,971
Maintenance expenses.	53,900
Total nuclear power generation.	122,432
Phase-in Adjustment-Net	(70,383)
Transmission expenses	1,033
Reserve Equalization Adjustment	(53,375)
Administrative and general expenses	
Property and liability insurance.	7,786
Other A.&G expenses	4,555
Total A.&G expenses	12,341
TOTAL O&M EXPENSES.	12,048
Depreciation expense.	100,479
Taxes other than income taxes	
Property taxes.	55
Other	634
Total taxes other than income taxes	689
Income taxes - Federal.	160,698
Income taxes - other.	30,378
Deferred income taxes - net	37,534
Investment tax credit adjustments - net	(5,995)
Return (rate of return: 12.82 %)	320,333
TOTAL ANNUAL COST OF OPERATION	$ 656,164

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 60 %.	$ 32,154
Other operating expenses.	32,713
Maintenance expenses.	55,469
Total nuclear power generation.	120,336
Phase-in Adjustment-Net	(4,346)
Transmission expenses	1,074
Reserve Equalization Adjustment	(52,492)
Administrative and general expenses	
Property and liability insurance.	8,274
Other A.&G expenses	4,949
Total A.&G expenses	13,223
TOTAL O&M EXPENSES.	77,795
Depreciation expense.	102,052
Taxes other than income taxes	
Property taxes.	60
Other	961
Total taxes other than income taxes	1,021
Income taxes - Federal	157,907
Income taxes - other.	29,850
Deferred income taxes - net	38,187
Investment tax credit adjustments - net	(6,149)
Return (rate of return: 12.82 %)	309,706
TOTAL ANNUAL COST OF OPERATION	$ 710,369

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 60 %.	$ 30,420
Other operating expenses.	34,880
Maintenance expenses.	58,770
Total nuclear power generation.	124,070
Phase-in Adjustment-Net	27,163
Transmission expenses	1,131
Reserve Equalization Adjustment	(51,894)
Administrative and general expenses	
Property and liability insurance.	8,692
Other A.&G expenses	5,390
Total A.&G expenses	14,082
TOTAL O&M EXPENSES.	114,552
Depreciation expense.	103,729
Taxes other than income taxes	
Property taxes.	65
Other	1,165
Total taxes other than income taxes	1,230
Income taxes - Federal.	154,334
Income taxes - other.	29,175
Deferred income taxes - net	38,974
Investment tax credit adjustments - net	(6,419)
Return (rate of return: 12.82 %)	297,374
TOTAL ANNUAL COST OF OPERATION	$ 732,949

ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: WATERFORD 3
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses	
Nuclear power generation	
Nuclear fuel expense (plant factor 60 %.	$ 29,338
Other operating expenses.	37,419
Maintenance expenses.	63,106
Total nuclear power generation.	129,863
Phase-in Adjustment-Net	78,446
Transmission expenses	1,195
Reserve Equalization Adjustment	(51,339)
Administrative and general expenses	
Property and liability insurance.	9,151
Other A.&G expenses	5,860
Total A.&G expenses	15,011
TOTAL O&M EXPENSES.	173,176
Depreciation expense.	105,281
Taxes other than income taxes	
Property taxes.	70
Other	1,462
Total taxes other than income taxes	1,532
Income taxes - Federal.	150,873
Income taxes - other.	28,520
Deferred income taxes - net	39,722
Investment tax credit adjustments - net	(6,797)
Return (rate of return: 12.82 %)	285,173
TOTAL ANNUAL COST OF OPERATION	$ 777,480

ADDENDUM TO ATTACHMENT 1.a RESPONSE

Nuclear Fuel Cost Calculation

Three sets of calculations were performed based on the following:

Case #1 - Assumed plant cycle capacity factor of 50%
Case #2 - Projected plant cycle capacity factors
Case #3 - Assumed plant cycle capacity factor of 60%

The following data was used in this calculation:

Cycle #	Cycle Energy EFPD	Projected Plant Capacity Factor %
1	287	57
2	264	63
3	304	65
4	304	65

Assuming Commercial Operation begins on December 1, 1984, and assuming refueling outages last 12 weeks, the following operation schedules were developed:

	Cycle Number	Refueling Outage Start	Refueling Outage End	Operation Start	Operation End
Case #1					
	1			12-01-84	06-27-86
	2	06-28-86	09-19-86	09-20-86	12-07-87
	3	12-08-87	02-29-88	03-01-88	08-06-89
	4	08-07-89	10-29-89	10-30-89	04-06-91
Case #2					
	1			12-01-84	04-18-86
	2	04-19-86	07-11-86	07-12-86	06-11-87
	3	06-12-87	09-03-87	09-04-87	09-21-88
	4	09-22-88	12-14-88	12-15-88	01-02-90

Cycle Number	Refueling Outage Start	End	Operation Start	End
Case #3				
1			12-01-84	03-23-86
2	03-24-86	06-15-86	06-16-86	06-06-87
3	06-07-87	08-29-87	08-30-87	10-25-88
4	10-26-88	01-17-89	01-18-89	03-16-90

This operating schedule provides the following annual capacity factors:

Year	Case #1	Case #2	Case #3
1985	50%	57%	60%
1986	41%	54%	54%
1987	56%	61%	56%
1988	49%	61%	59%
1989	45%	79%	68%

Using the above operating schedules, Middle South Services generated the requested nuclear fuel cost using calculations consistent with internal planning methods. The values calculated were in year of purchase dollars and were discounted to December 1, 1984 dollars.

The following annual interest rates were used to discount the values to December 1, 1984 dollars:

Year	Interest Rate
1984	11%
1985	12%
1986	12%
1987	12%
1988	11%
1989	11%

The annual values for Case #1 and Case #3 were adjusted to approximate the associated flat plant capacity factor.

2. Indicate the estimated costs of permanently shutting down each unit of the facility (decommissioning costs), stating what is included in such costs, the assumptions made in estimating the costs, the type of shutdown contemplated, and the intended source of funds to cover these costs.

RESPONSE:

The estimated cost of permanently shutting down Waterford 3 is $140 Million (1984 Dollars). The method contemplated assumes prompt removal/dismantling of nuclear power facilities. The intended source of funds to cover these costs is the customers of Louisiana Power & Light Company through increased depreciation of the unit.

The factors which were considered in the estimated cost of decommissioning the unit are as follows:

Period 1.	Preparations, including engineering, planning and site preparation	8%
Period 2.	Decommissioning operations, including removal of radioactivity and site radiological survey	47%
Period 3.	Dismantling of remaining structures, including demolition of strucutres, final restoration of site, final site radiological survey and termination of license	15%
Undistributed costs,	including plant energy budget, disposal of contaminated solid waste, supplies and equipment, insurance, processing of liquid waste and per diem expenses	10%
Contingency		20%

3. Provide an estimate of the annual cost to maintain each unit of the shutdown facility in a safe condition. Indicate what is included in the estimate, assumptions made in estimating costs, and the intended source of funds to cover these costs.

RESPONSE:

Since prompt removal/dismantling is assumed, the $140 million decommissioning cost has included in it the cost for maintaining the unit in a safe condition during the decommissioning process.

4. Have future decommissioning costs for any nuclear and/or non-nuclear facility owned by the applicant been collected through rates during the useful life of the facility? If so, cite specific examples and describe the methodology used for inclusion in rates. Provide the citation and relevent excerpts from any regulatory decisions allowing such decommissioning cost recovery. Indicate the total amount of decommissioning funds accumulated thus far, if any.

RESPONSE:

No decommissioning costs have been collected through rates for Waterford 3. On April 12, 1984 the applicant filed with the Louisiana Public Service Commission a rate increase to provide cash earnings that reflect the in-service status of Waterford 3, including the recovery of decommissioning costs through increased depreciation of the unit.

5. If the facility is jointly-owned provide copies of the joint participation agreement setting forth the procedures by which the applicants will share operating expenses and decommissioning costs.

RESPONSE:

Waterford 3 is 100% owned by the applicant.

6. Provide copies of the prospectus for the Company's most recent security issue and copies of the most recent SEC Form 10-K and 10-Q. Provide copies of the preliminary prospectus for any pending security issue.

RESPONSE:

See attached for the Company's most recent prospectus and the 1983 Form 10-K. Form 10-Q, for the quarter ended March 31, 1984 is also attached. The Company does not presently have any preliminary prospectuses for any pending security issue.

PROSPECTUS SUPPLEMENT
(To Prospectus dated August 15, 1983)

$50,000,000

Louisiana Power & Light Company

First Mortgage Bonds, 13% Series due September 1, 2013

Interest payable March 1 and September 1

The New Bonds will be redeemable at the option of the Company in whole or in part at any time upon not less than 30 days' notice at the general redemption prices and, under certain circumstances, at the special redemption price as described herein, provided that, prior to September 1, 1988, no redemption may be made at a general redemption price through refunding at an effective interest cost to the Company of less than 13.5632% per annum. Such limitation does not, however, apply to redemptions at the special redemption price for the current sinking or improvement fund or for the replacement fund or with certain deposited cash and proceeds of released property. See "Description of New Bonds—Redemption and Purchase of New Bonds" herein.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discounts and Commissions(2)	Proceeds to Company(1)(3)
Per Bond	96.72%	.791%	95.929%
Total	$48,360,000	$395,500	$47,964,500

(1) Plus accrued interest, if any, from September 1, 1983.

(2) The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

(3) Before deducting expenses payable by the Company estimated at $205,000.

The New Bonds are offered by the several Underwriters, when, as and if issued by the Company and accepted by the Underwriters, subject to prior sale or withdrawal, cancellation or modification of the offer without notice. Delivery of the New Bonds to the Underwriters is expected to be made at the office of Prudential-Bache Securities Inc., 100 Gold Street, New York, New York, or through the facilities of The Depository Trust Company, on or about September 1, 1983.

Prudential-Bache
Securities

Blyth Eastman Paine Webber
Incorporated

The First Boston Corporation

Merrill Lynch Capital Markets

Salomon Brothers Inc

Donaldson, Lufkin & Jenrette
Securities Corporation

August 24, 1983

DESCRIPTION OF NEW BONDS

The following description of the particular terms of the $50,000,000 principal amount of the Company's First Mortgage Bonds, 13% Series due September 1, 2013 ("New Bonds"), offered hereby supplements the description of the general terms and provisions of the New Bonds set forth in the accompanying Prospectus under the heading "Description of New Bonds", to which description reference is hereby made. As used hereinafter, the terms "Bonds", "Corporate Trustee" and "Mortgage" shall have the same meanings as the same terms used under the heading "Description of New Bonds" in the accompanying Prospectus.

Maturity, Interest and Payment. The New Bonds will mature September 1, 2013 and will bear interest at the rate shown in their title, payable March 1 and September 1. Principal and interest are payable in New York City. The Company has covenanted to pay interest on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest on the Bonds of all series at the rate of 6% per annum.

Redemption and Purchase of New Bonds. The New Bonds will be redeemable, in whole or in part, on 30 days' notice (a) at the special redemption prices set forth below for the current sinking or improvement fund or for the replacement fund or with certain deposited cash and proceeds of released property, and (b) at the general redemption prices set forth below for all other redemptions:

Year	General Redemption Price(%)	Special Redemption Price(%)	Year	General Redemption Price(%)	Special Redemption Price(%)
If redeemed during the twelve months period ending August 31,					
1984	109.72	100.00	1999	103.65	100.00
1985	109.32	100.00	2000	103.24	100.00
1986	108.91	100.00	2001	102.84	100.00
1987	108.51	100.00	2002	102.43	100.00
1988	108.10	100.00	2003	102.03	100.00
1989	107.70	100.00	2004	101.62	100.00
1990	107.29	100.00	2005	101.22	100.00
1991	106.89	100.00	2006	100.81	100.00
1992	106.48	100.00	2007	100.41	100.00
1993	106.08	100.00	2008	100.00	100.00
1994	105.67	100.00	2009	100.00	100.00
1995	105.27	100.00	2010	100.00	100.00
1996	104.86	100.00	2011	100.00	100.00
1997	104.46	100.00	2012	100.00	100.00
1998	104.05	100.00	2013	100.00	100.00

in each case together with accrued interest to the date fixed for redemption; provided, however, that none of the New Bonds shall be redeemed at the general redemption prices prior to September 1, 1988, if such redemption is for the purpose or in anticipation of refunding such New Bond through the use, directly or indirectly, of funds borrowed by the Company at an effective interest cost to the Company (computed in accordance with generally accepted financial practice) of less than 13.5632% per annum. Such limitation does not, however, restrict the right of the Company to redeem a New Bond at any time at the special redemption prices for the current sinking or improvement fund or for the replacement fund or with certain deposited cash and proceeds of released property.

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

Cash deposited under any provisions of the Mortgage (with certain exceptions) may be applied to the redemption or purchase of Bonds of any series.

UNDERWRITERS

Subject to the terms and conditions set forth in the Underwriting Agreement, the Underwriters named below, for whom Prudential-Bache Securities Inc.; Blyth Eastman Paine Webber Incorporated; The First Boston Corporation; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Salomon Brothers Inc and Donaldson, Lufkin & Jenrette Securities Corporation are acting as Representatives, have severally agreed to purchase and the Company has agreed to sell to them, severally, the respective principal amounts of New Bonds set forth opposite their names below:

Name	Principal Amount
Prudential-Bache Securities Inc.	$ 7,200,000
Blyth Eastman Paine Webber Incorporated	7,200,000
The First Boston Corporation	7,200,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	7,200,000
Salomon Brothers Inc	7,200,000
Donaldson, Lufkin & Jenrette Securities Corporation	6,000,000
Alex. Brown & Sons	1,000,000
Burns Fry and Timmins Inc.	1,000,000
Ladenburg, Thalmann & Co. Inc.	1,000,000
Prescott, Ball & Turben, Inc.	700,000
Rauscher Pierce Refsnes, Inc.	700,000
Wood Gundy Incorporated	700,000
American Securities Corporation	500,000
First of Michigan Corporation	500,000
Freeman Securities Company, Inc.	500,000
Moore & Schley Capital Corporation	500,000
Scharff & Jones, Incorporated	500,000
J. C. Bradford & Co.	400,000
Total	$50,000,000

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the New Bonds if any New Bonds are purchased, provided that, under certain circumstances involving a default of Underwriters, less than all of the New Bonds may be purchased. Default by one or more Underwriters would not relieve the non-defaulting Underwriters from their several obligations, and in the event of such default, the non-defaulting Underwriters may be required by the Company to purchase the respective principal amounts of the New Bonds which they have severally agreed to purchase and, in addition, to purchase the principal amount of the New Bonds which the defaulting Underwriter or Underwriters shall have so failed to purchase up to a principal amount thereof equal to one-ninth (1/9th) of the respective principal amounts of the New Bonds which such non-defaulting Underwriters have otherwise agreed to purchase.

The several Underwriters, through their Representatives, have advised the Company that they are offering the New Bonds to the public initially at the public offering price set forth on the cover page of this Prospectus Supplement; that the Underwriters may allow to selected dealers a concession from the public offering price of ½ of 1% of the principal amount of the New Bonds; and that the Underwriters may allow and such dealers may reallow a concession of ⅜ of 1% of the principal amount of the New Bonds to certain other dealers. After the initial public offering, the public offering price and the concessions may be changed by the Representatives.

PROSPECTUS

Louisiana Power & Light Company

First Mortgage Bonds

The Company expects to offer not to exceed $50,000,000 aggregate principal amount of a new series of its First Mortgage Bonds ("New Bonds") at a price and on terms to be determined at the time of sale. This Prospectus will be supplemented by a prospectus supplement ("Prospectus Supplement") which will reflect the acceptance of a proposal to purchase the New Bonds and will set forth the aggregate principal amount, rate (or method of calculation thereof) and time of payment of interest, maturity, initial public offering price, if any, redemption provisions and other specific terms of the New Bonds.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Company may sell the New Bonds through underwriters, dealers or agents, or directly to one or more institutional purchasers. The Prospectus Supplement will set forth the names of underwriters, dealers or agents, if any, any applicable commissions or discounts and the net proceeds to the Company from the sale of the New Bonds. See "Plan of Distribution" for possible indemnification arrangements for underwriters and purchasers.

The date of this Prospectus is August 15, 1983.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NEW BONDS OFFERED HEREBY OR ANY OTHER FIRST MORTGAGE BONDS OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

Louisiana Power & Light Company ("Company") is subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission ("SEC"). Such reports include information, as of particular dates, c ·cerning the Company's directors and officers, their remuneration, the principal holders of the Company's se .rities and any material interest of such persons in transactions with the Company. Such reports and other information can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C.; Room 1204, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Ill.; Federal Building, 26 Federal Plaza, New York, N.Y.; and Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, Calif. Copies of this material can also be obtained at prescribed rates from the Public Reference Section of the SEC at its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Company's series of 12.64% Preferred Stock is listed on the New York Stock Exchange. Reports and other information concerning the Company can be inspected and copied at the office of such Exchange at 20 Broad Street, New York, N.Y.

INCORPORATION OF CERTAI. . DOCUMENTS BY REFERENCE

The following documents filed with the SEC pursuant to the Exchange Act are incorporated in this Prospectus by reference:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1982 (including portions of the Company's 1982 Annual Report to Shareholders stated therein to be incorporated therein by reference).

2. The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1983 and June 30, 1983.

3. The Company's Current Report on Form 8-K dated May 23, 1983.

In addition, all documents subsequently filed by the Company pursuant to Section 13 or 14 of the Exchange Act prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents (such documents, and the documents enumerated above, being hereinafter referred to as "Incorporated Documents").

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed Incorporated Document or in an accompanying prospectus supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the Incorporated Documents, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests should be directed to Mr. W. H. Talbot, Secretary, Louisiana Power & Light Company, 317 Baronne Street, New Orleans, Louisiana 70112, telephone number: 504-595-2784. The information relating to the Company contained in this Prospectus does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Prospectus or in the Prospectus Supplement, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any underwriter. This Prospectus and the Prospectus Supplement do not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered thereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Neither the delivery of this Prospectus and the Prospectus Supplement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of the Prospectus Supplement.

THE COMPANY

The Company was incorporated under the laws of the State of Louisiana on October 15, 1974 and is successor by merger to a predecessor Louisiana Power & Light Company which was incorporated under the laws of the State of Florida in 1927. The merger of such predecessor corporation into the Company became effective on February 28, 1975, and information and data herein with respect to a time or period on or prior to that date refer to the predecessor corporation. The Company's principal executive office is located at 142 Delaronde Street, New Orleans, Louisiana 70174. Its telephone number, including area code, is 504-366-2345.

The Company is an electric public utility company with all of its operations in the State of Louisiana. Middle South Utilities, Inc. ("Middle South"), which is a registered public utility holding company under the Public Utility Holding Company Act of 1935, owns all of the outstanding common stock of the Company. The Company, Arkansas Power & Light Company ("AP&L"), Mississippi Power & Light Company ("MP&L") and New Orleans Public Service Inc. ("NOPSI") are the principal operating subsidiaries of Middle South. Middle South owns all of the capital stock of Middle South Energy, Inc., a generating subsidiary organized in 1974 to provide financing and ownership of certain future base load generating units within the Middle South System. Middle South also has a wholly-owned service subsidiary, Middle South Services, Inc.

The Company, AP&L, MP&L and NOPSI own all the capital stock of System Fuels, Inc., a special purpose company formed to plan and implement programs for the procurement, delivery and storage of fuel supplies for the Middle South System.

In July 1981, it was announced that, in the interest of increased economic efficiency, the Company and NOPSI had jointly begun development of a plan to consolidate the two companies and their operations. Under the proposed arrangement, subject to the receipt of necessary regulatory and other approvals, the two companies will be consolidated into a new company to be called Louisiana Power & Light Company. Middle South, which currently owns all the outstanding common stock of the Company and NOPSI, would own all the common stock of the new company.

USE OF PROCEEDS

The net proceeds to be received by the Company from the issuance and sale of the New Bonds will be used for the refunding of $50,000,000 principal amount of its First Mortgage Bonds, 9⅜% Series due September 1, 1983 or for the payment of short-term borrowings incurred for that purpose. Reference is made to the Incorporated Documents with respect to the Company's construction program and other significant capital requirements, and its general financing plans and capabilities, including earnings coverage requirements under the Company's Mortgage (as herein defined) and Restated Articles of Incorporation, as amended, which limit the amount of additional First Mortgage Bonds and Preferred Stock which the Company may issue.

DESCRIPTION OF NEW BONDS

General. The New Bonds are to be issued under the Company's Mortgage and Deed of Trust, dated as of April 1, 1944, with The Chase National Bank of the City of New York (The Chase Manhattan Bank (National Association), successor) ("Corporate Trustee") and Carl E. Buckley (J. A. Payne, successor), as Trustees, as supplemented by thirty-two supplemental indentures thereto (collectively referred to as the "Mortgage"). All First Mortgage Bonds issued or to be issued under the Mortgage are referred to herein as "Bonds". The statements herein concerning the Bonds, the New Bonds and the Mortgage are merely an outline and do not purport to be complete. They are subject to the detailed provisions of the Mortgage.

Form and Exchanges. The New Bonds will be registered bonds without coupons in denominations of $1,000 or any multiple thereof. The New Bonds will be exchangeable without charge for other New Bonds of different authorized denominations, in each case for a like aggregate principal amount, and may be transferred without charge, other than for applicable taxes or other governmental charges in either case.

Maturity, Interest and Payment. See the accompanying Prospectus Supplement.

Redemption and Purchase of New Bonds. See the accompanying Prospectus Supplement.

Replacement Fund. In addition to actual expenditures for maintenance and repairs, the Company is required to expend or deposit for each year, for replacements and improvements in respect of the mortgaged electric, gas, steam and/or hot water utility property and certain automotive equipment, an amount equal to $800,000 plus 2¼% of net additions to the mortgaged electric, gas, steam and/or hot water utility property made after December 31, 1943 and prior to the beginning of such year. Such requirement may be met by depositing cash or certifying gross property additions or expenditures for certain automotive equipment or by taking credit for Bonds and qualified lien bonds retired. Such cash may be withdrawn against gross property additions or waiver of the right to issue Bonds.

Sinking or Improvement Fund. The sinking or improvement fund requirement with respect to the New Bonds begins in 1985 and is stated as 1% per year of the greatest amount of the New Bonds outstanding prior to the beginning of the year, less deductions for certain New Bonds retired. The Company, however, may in effect reduce such stated requirement by an amount not exceeding 1% of the original principal amount of the New Bonds in any year on the basis of the principal amount of Bonds that the Company had the right to have authenticated and delivered against property additions but which right the Company waived to satisfy sinking fund requirements in respect of the Company's 1983 Series Bonds. The resulting requirement with respect to the New Bonds may be satisfied in cash or principal amount of New Bonds or with property additions at 60%. The sinking or improvement fund requirement in respect of the New Bonds may be anticipated at any time, but if the date fixed for any resulting redemption shall be prior to the calendar year in which such sinking fund payment is due, redemption shall be at the general redemption price and subject to the limitation on such redemptions as set forth under "Redemption and Purchase of New Bonds" in the accompanying Prospectus Supplement. Similar but not identical provisions are in effect with respect to the Bonds of other series now outstanding.

Special Provisions for Retirement of Bonds. If, during any 12 months' period, mortgaged property is disposed of by order of or to any governmental authority, resulting in the receipt of $5,000,000 or more as proceeds, the Company (subject to certain conditions) must apply such proceeds, less certain deductions, to the retirement of Bonds. The New Bonds are redeemable for this purpose at the special redemption prices set forth under "Redemption and Purchase of New Bonds" in the accompanying Prospectus Supplement.

Security. The New Bonds, together with all other Bonds, will be secured by the Mortgage, which constitutes, in the opinion of General Counsel for the Company, a first mortgage lien on all of the present properties of the Company (except as stated below), subject to (a) leases of minor portions of the Company's property to others for uses which, in the opinion of such counsel, do not interfere with the Company's business, (b) leases of certain property of the Company not used in its business, and (c) excepted encumbrances. There are excepted from the lien all cash and securities; certain equipment, materials and supplies; automobiles and other vehicles and aircraft; timber, mineral rights and royalties; receivables, contracts, leases and operating agreements.

The Mortgage contains provisions subjecting after-acquired property (subject to pre-existing liens) to the lien thereof, subject to limitations in the case of consolidation, merger or sale of substantially all of the Company's assets.

The Mortgage provides that the Trustees shall have a lien on the mortgaged property, prior to the Bonds, for the payment of their reasonable compensation and expenses and for indemnity against certain liabilities.

The Mortgage contains restrictions, some of which apply only so long as certain prior series are outstanding, on the acquisition of property subject to liens and on the issuance of bonds under divisional or prior lien mortgages.

Issuance of Additional Bonds. The maximum principal amount of Bonds which may be issued under the Mortgage is limited to One Hundred Billion Dollars at any time outstanding, subject to property, earnings and other limitations of the Mortgage. Bonds of any series may be issued from time to time upon the bases of: (1) 60% of property additions after adjustments to offset retirements; (2) retirement of Bonds or qualified lien bonds; and (3) deposit of cash. Property additions generally include electric, gas, steam and/or hot water property acquired after December 31, 1943, but may not include securities, automobiles or other vehicles or aircraft or property used principally for the production or gathering of natural gas. The Company estimates that, as of June 30, 1983, there were approximately $816,700,000 of property additions available for the issuance of additional Bonds.

With certain exceptions in the case of (2) above, the issuance of Bonds is subject to adjusted net earnings (before interest and income taxes) for 12 consecutive months out of the 15 months immediately preceding the issuance of additional Bonds being at least twice the annual interest requirements on all Bonds at the time outstanding, including the additional Bonds being issued, and all indebtedness of prior rank. Such adjusted net earnings are computed after provisions for retirement and depreciation of property at least equal to the replacement fund requirements for such period.

It is expected that the New Bonds will be issued not on the basis of property additions, but on the basis of the retirement on September 1, 1983 of a like principal amount of Bonds, and that the adjusted net earnings coverage test will not apply to the issuance of the New Bonds.

The Company has reserved the right (without any consent or other action by holders of the 1999 Series Bonds or any subsequently created series, including the New Bonds) to include nuclear fuel (and similar or analogous devices or substances) as property additions. The Company has also reserved the right to amend the Mortgage, without any consent or other action of the holders of the 2008 Series Bonds or any subsequently created series (including the New Bonds), to make available as property additions any form of space satellites (including solar power satellites), space stations and other analogous facilities.

No Bonds may be issued on the basis of property additions subject to qualified liens, if the qualified lien bonds secured thereby exceed 50% of such property additions, or if the qualified lien bonds and Bonds then outstanding which have been issued against property additions subject to continuing qualified liens and certain other items would in the aggregate exceed 15% of the Bonds and qualified lien bonds outstanding.

Release and Substitution of Property. Property may be released upon the bases of (1) deposit of cash, or to a limited extent, purchase money mortgages, (2) property additions, after adjustments in certain cases to offset retirements and after making adjustments for qualified lien bonds outstanding against property additions, and (3) waiver of the right to issue Bonds without applying any earnings test. Cash may be withdrawn upon the bases stated in (2) and (3) above. When property released is not funded property, property additions used to effect the release may again, in certain cases, become available as credits under the Mortgage, and the waiver of the right to issue Bonds to effect the release may, in certain cases, cease to be effective as such a waiver. Similar provisions are in effect as to cash proceeds of such property. The Mortgage contains special provisions with respect to qualified lien bonds pledged and disposition of moneys received on pledged prior lien bonds.

Dividend Covenant. The Company will covenant in substance that, so long as any of the New Bonds remain outstanding, it will not pay any cash dividends on common stock after a selected date close to the date of the original issuance of the New Bonds (other than certain dividends that may be declared by the Company prior to the original issuance of the New Bonds) except from credits to earned surplus after such selected date plus an amount equal to approximately the expected annual dividend payments on the Company's preferred and common stock then proposed to be outstanding and plus such additional amounts as shall be approved by the SEC.

Modification of the Mortgage. The rights of the Bondholders may be modified with the consent of the holders of 70% of the Bonds, and, if less than all series of Bonds are affected, the consent also of the holders of 70% of the Bonds of each series affected. The Company has reserved the right (without any consent or other action by holders of the 2000 Series Bonds or any subsequently created series, including the New Bonds) to substitute for the foregoing provision a provision to the effect that the rights of the Bondholders may be modified with the consent of holders of 66⅔% of the Bonds, and, if less than all series of Bonds are affected, the consent also of holders of 66⅔% of the Bonds of each series affected. In general, no modification of the terms of payment of principal or interest, no modification of the obligations of the Company (until the foregoing substitution is made), and no modification affecting the lien or reducing the percentage required for modification, is effective against any Bondholder without his consent.

Relationships with Corporate Trustee. The Company and certain of its affiliated companies maintain bank accounts with, and from time to time make short-term borrowings from, the Corporate Trustee and make short-term investments in commercial paper of an affiliate of the Corporate Trustee.

Defaults and Notice Thereof. Defaults are: default in payment of principal; default for 60 days in payment of interest or installments of funds for retirement of Bonds; certain events in bankruptcy, insolvency or reorganization; defaults with respect to qualified lien bonds; and default for 90 days after notice in other covenants. The Trustees may withhold notice of default (except in payment of principal, interest or funds for retirement of Bonds) if they think it is in the interests of the Bondholders. No periodic evidence is required to be furnished as to the absence of default or as to compliance with the terms of the Mortgage.

The Corporate Trustee or the holders of 25% of the Bonds may declare the principal and interest due on default, but a majority may annul such declaration if such default has been cured. No holder of Bonds may enforce the lien of the Mortgage without giving the Trustees written notice of a default and unless the holders of 25% of the Bonds have requested the Trustees in writing to act and offered them reasonable opportunity to act and indemnity satisfactory to the Trustees against the costs, expenses and liabilities to be incurred thereby and the Trustees shall have failed to act. Holders of a majority of the Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees.

EXPERTS AND LEGALITY

The Company's financial statements and supplemental schedules incorporated by reference in this Prospectus, except to the extent described below, have been examined by Deloitte Haskins & Sells, independent Certified Public Accountants, as stated in their opinions included or incorporated by reference in the Annual Report of the Company on Form 10-K for the year ended December 31, 1982 incorporated by reference herein, and have been so incorporated by reference in reliance upon such opinions given upon their authority as experts in auditing and accounting.

With respect to unaudited interim financial information included in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1983 and June 30, 1983 incorporated herein by reference, Deloitte Haskins & Sells have applied limited procedures in accordance with professional standards for a review of such information. However, as stated in their reports included in such Quarterly Reports on Form 10-Q incorporated by reference herein, they did not audit and do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte Haskins & Sells are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not "reports" or "parts" of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

The statements as to matters of law and legal conclusions made under "Description of New Bonds" have been reviewed by Monroe & Lemann (A Professional Corporation), General Counsel for the Company, and, except as to "Security" under "Description of New Bonds", by Messrs. Reid & Priest, and are set forth herein in reliance upon the opinions of said firms, respectively, and upon their authority as experts. The statements made in the above referred to Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are incorporated herein by reference, in each case as to matters of law and legal conclusions pertaining to titles to properties, franchises and other operating rights of the Company, regulations to which the Company is subject and any legal proceedings to which the Company is a party, are made on the authority of Monroe & Lemann (A Professional Corporation), and such statements are included in such documents and herein in reliance upon their authority as experts.

The legality of the New Bonds will be passed upon for the Company by Monroe & Lemann (A Professional Corporation), Whitney Building, New Orleans, Louisiana, and Messrs. Reid & Priest, 40 Wall Street, New York, New York, and for the underwriter(s), dealer(s), agent(s) or purchaser(s) by Messrs. Winthrop, Stimson, Putnam & Roberts, 40 Wall Street, New York, New York. However, all legal matters pertaining to the organization of the Company, titles to property, franchises and the lien of the Mortgage and all matters of Louisiana law will be passed upon only by Monroe & Lemann (A Professional Corporation).

PLAN OF DISTRIBUTION

The Company will sell the New Bonds after acceptance of a proposal which it receives for the purchase thereof. Notice that the Company wishes to receive proposals for the purchase of the New Bonds will be provided to Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated and Prudential-Bache Securities Inc. Purchasers of the New Bonds from the Company may include underwriters or purchasers acting for themselves. The Prospectus Supplement will set forth the purchase price of the New Bonds, as provided for by the agreement of sale entered into by the Company in connection therewith, the proceeds to the Company from such sale, and the terms of any reoffering, including the name or names of any underwriters, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

If underwriters are involved in the sale, the New Bonds will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless otherwise set forth in the Prospectus Supplement, the obligations of the underwriters to purchase the New Bonds will be subject to certain conditions precedent and the underwriters will be obligated to purchase all of the New Bonds if any are purchased; provided that the agreement between the Company and the underwriter or underwriters providing for the sale of the New Bonds will provide that under certain circumstances involving a default of underwriters less than all of the New Bonds may be purchased.

Underwriters and purchasers may be entitled under an agreement entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 1983

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-3517	MIDDLE SOUTH UTILITIES, INC. (A Florida Corporation) 225 Baronne Street New Orleans, Louisiana 70112 Telephone (504) 529-5262	13-5550175
0-375	ARKANSAS POWER & LIGHT COMPANY (An Arkansas Corporation) P.O. Box 551 Little Rock, Arkansas 72203 Telephone (501) 371-4000	71-0005900
0-1236	LOUISIANA POWER & LIGHT COMPANY (A Louisiana Corporation) 142 Delaronde Street New Orleans, Louisiana 70174 Telephone (504) 366-2345	72-0245590
0-320	MISSISSIPPI POWER & LIGHT COMPANY (A Mississippi Corporation) P.O. Box 1640 Jackson, Mississippi 39205 Telephone (601) 969-2311	64-0205830
1-1319	NEW ORLEANS PUBLIC SERVICE INC. (A Louisiana Corporation) 317 Baronne Street New Orleans, Louisiana 70112 Telephone (504) 595-3100	72-0273040

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Class	Outstanding at February 29, 1984	Name of Each Exchange on Which Registered
Middle South Utilities, Inc.	Common Stock, $5 Par Value	168,297,030	New York Stock Exchange, Inc. Midwest Stock Exchange Incorporated Pacific Stock Exchange Incorporated
Louisiana Power & Light Company	12.64% Preferred Stock, Cumulative, $25 Par Value	3,000,000	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Class
Arkansas Power & Light Company	Preferred Stock, Cumulative, $100 Par Value
	Preferred Stock, Cumulative, $25 Par Value
Louisiana Power & Light Company	Preferred Stock, Cumulative, $100 Par Value
	Preferred Stock, Cumulative, $25 Par Value
Mississippi Power & Light Company	Preferred Stock, Cumulative, $100 Par Value
New Orleans Public Service Inc.	Preferred Stock, Cumulative, $100 Par Value
	4¾% Preferred Stock, Cumulative, $100 Par Value

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ✓ No____

The aggregate market value of Middle South Utilities, Inc. Common Stock, $5 Par Value, held by non-affiliates, was $2,314,266,419, based on the reported last sale price of such stock on the New York Stock Exchange on February 29, 1984. Middle South Utilities, Inc. is the sole holder of the common stock of Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Description	Part of Form 10-K Into Which Document Is Incorporated
Portions of Annual Reports to Shareholders of the following companies for the fiscal year ended December 31, 1983 as set forth in Part II: Middle South Utilities, Inc. Arkansas Power & Light Company Louisiana Power & Light Company Mississippi Power & Light Company New Orleans Public Service Inc.	Part II
Portions of Proxy Statement of Middle South Utilities, Inc. to be filed in connection with its Annual Meeting of Stockholders to be held May 18, 1984 as set forth in Part III	Part III

TABLE OF CONTENTS

This combined Form 10-K is separately filed by Middle South Utilities, Inc., Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other companies.

DEFINITIONS

The following abbreviations or acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
AEC	Atomic Energy Commission
AECC	Arkansas Electric Cooperative Corporation
AFDC	Allowance for Funds used During Construction
ANO	AP&L's Arkansas Nuclear One Generating Station
ANO No. 1	Unit No. 1 of ANO
ANO No. 2	Unit No. 2 of ANO
AP&L	Arkansas Power & Light Company
APSC	Arkansas Public Service Commission
Ark-Mo	Arkansas-Missouri Power Company
Associated	Associated Natural Gas Company
Company or MSU	Middle South Utilities, Inc.
Conway	The City of Conway, Arkansas
Council	Council of the City of New Orleans
CWIP	Construction Work in Progress
DOE	Department of Energy
EPA	Environmental Protection Agency
EPRI	Electric Power Research Institute
ERDA	Energy Research and Development Administration
FERC	Federal Energy Regulatory Commission
Foreign Bank Loan Agreement	Loan Agreement dated as of February 5, 1982, as amended, among MSE and a group of foreign banks providing for up to $378 million in borrowings
FPC	Federal Power Commission
Grand Gulf Station	MSE's Grand Gulf Generating Station (nuclear)
Grand Gulf No. 1	Unit No. 1 of the Grand Gulf Station
Grand Gulf No. 2	Unit No. 2 of the Grand Gulf Station
Holding Company Act	Public Utility Holding Company Act of 1935
Independence Station	AP&L's and MP&L's Independence Steam Electric Generating Station (coal)
Independence No. 1	Unit No. 1 of the Independence Station
Independence No. 2	Unit No. 2 of the Independence Station
Internal Revenue Code	Internal Revenue Code of 1954, as amended
Jonesboro	City Water and Light Plant of the City of Jonesboro, Jonesboro, Arkansas
KWH	Kilowatt-Hour
LP&L	Louisiana Power & Light Company
LPSC	Louisiana Public Service Commission
MCF	1,000 cubic feet

Abbreviation or Acronym	Term
Middle South System	The Company and its various direct and indirect subsidiaries
MP&L	Mississippi Power & Light Company
MPSC	Mississippi Public Service Commission
MSE	Middle South Energy, Inc.
MSS or Services	Middle South Services, Inc.
MSU or Company	Middle South Utilities, Inc.
MW	Megawatt
New System Agreement	Agreement, effective January 1, 1983, subject to refund, among the System operating companies, relating to the sharing of generating capacity and other power resources
NOPSI	New Orleans Public Service Inc.
NRC	Nuclear Regulatory Commission
Osceola	The City of Osceola, Arkansas
PSCM	Public Service Commission of Missouri
PURPA	Public Utility Regulatory Policies Act
Reallocation Agreement	Agreement, effective November 1981, among the System operating companies and MSE, relating to the allocation of MSE's share of the capacity of the Grand Gulf Station
Reynolds	Reynolds Metals Company
SEC	Securities and Exchange Commission
Services or MSS	Middle South Services, Inc.
SFI	System Fuels, Inc.
SMEPA	South Mississippi Electric Power Association
SPA	Southwestern Power Administration
System operating companies	AP&L, LP&L, MP&L and NOPSI
TMI-2	Three Mile Island Unit 2
TPSC	Tennessee Public Service Commission
TVA	Tennessee Valley Authority
Unit Power Sales Agreement	Agreement dated as of June 10, 1982, among the System operating companies and MSE, relating to the sale of capacity and energy from MSE's share of the Grand Gulf Station
United	United Gas Pipe Line Company
U.S. Bank Loan Agreement	Second Amended and Restated Bank Loan Agreement dated as of June 15, 1981, as amended, among MSE and a group of domestic banks providing for up to $1,711 million in borrowings
Waterford No. 3.	LP&L's Waterford Steam Electric Generating Station—Unit No. 3 (nuclear)
West Memphis	The City of West Memphis, Arkansas
White Bluff Station	AP&L's White Bluff Steam Electric Generating Station (coal)
White Bluff No. 1	Unit No. 1 of the White Bluff Station
White Bluff No. 2	Unit No. 2 of the White Bluff Station
Wilton Station	LP&L's and NOPSI's Wilton Steam Electric Generating Station (coal)
Wilton No. 1	Unit No. 1 of the Wilton Station

PART I

Item 1. *Business.*

GENERAL

MSU, incorporated under the laws of the State of Florida on May 27, 1949, is a holding company registered under the Holding Company Act and neither owns nor operates any physical properties. MSU is the owner of all the outstanding common stock of its principal operating subsidiaries, AP&L, LP&L, MP&L and NOPSI.

The three other wholly-owned principal subsidiaries of MSU are MSS, a service company, MSE, a generating company formed in 1974 to undertake the construction, financing and ownership of certain base load generating units, and Electec, Inc., a non-utility company, established in December 1983 to (a) market to third parties certain capabilities and expertise developed by the Middle South System, (b) develop, own, operate or participate in cogeneration and small power production projects developed under PURPA, and (c) explore investment opportunities for the Middle South System. In 1972, AP&L, LP&L, MP&L and NOPSI formed a special purpose company, SFI, to plan and implement programs for the procurement, delivery and storage of fuel supplies for the Middle South System. In addition, AP&L has a wholly-owned subsidiary, Associated.

In the interest of economic efficiency, LP&L and NOPSI are developing a plan to consolidate the two companies and their operations into a new company to be called Louisiana Power & Light Company. This consolidation is planned to occur as soon as the necessary regulatory and other approvals are received. MSU would own all the common stock of the new company. (See "Regulation and Litigation—Holding Company Act".)

INDUSTRY AND COMPANY PROBLEMS

The electric utility industry in general is currently experiencing problems in a number of areas, including greater capital outlays and longer construction periods for the larger and more complex new generating units needed to meet current and future service requirements of customers, increased reliance on capital markets with higher costs and limited availability of both equity and borrowed capital, regulatory lag in granting needed rate increases, the inadequacy of such increases when granted, increasing costs of fuel, wages and materials and compliance with environmental requirements.

A number of the major issues facing the Middle South System relate to the ongoing construction of three nuclear generating units. The following is a brief description of these construction projects, focusing on the major issues which have arisen. This description is not comprehensive and is only a summary of the more detailed information with respect to these construction projects appearing elsewhere herein.

In general, extensive delays, with resultant increases in costs, due primarily to regulatory issues and controversies concerning the use of nuclear power have been experienced in the construction of nuclear generating units, including the nuclear units of the Middle South System discussed below under this heading. Also, delays sometimes occur as a result of the testing process, although no such problems are currently expected to delay the projected in-service dates reflected herein for the Middle South System nuclear units under construction.

Waterford No. 3, a 1104 MW nuclear generating unit under construction by LP&L, currently is scheduled to achieve commercial operation in the fourth quarter of 1984, at an estimated cost of $2.65 billion. See "Construction Program-Nuclear" for a discussion of issues relating to the achieving of commercial operation, including NRC and other licensing issues and testing. LP&L's financing capabilities, including certain limitations on its ability to issue first mortgage bonds and preferred stock, are discussed in "Future Financing".

Grand Gulf No. 1, a 1250 MW nuclear generating unit under construction by MSE, is scheduled to achieve commercial operation in the fourth quarter of 1984, at an estimated cost to MSE of $2.9 billion based on its 90% interest in the unit. See "Construction Program—Nuclear" for a discussion of issues relating to the achieving of commercial operation, including NRC licensing and testing status.

MSE is financing the construction of its share of Grand Gulf No. 1 through proceeds from the sale of common stock issued to MSU, bank borrowings, the sale of first mortgage bonds and the sale of pollution control revenue bonds. MSE's bank borrowing arrangements are expected to be fully utilized at June 30, 1984; however, MSE believes it will have sufficient funds to finance its share of the cost of completing the unit. MSE's financing plans and capabilities are discussed in "Future Financing—MSE".

Approval of the terms of the Unit Power Sales Agreement, pursuant to which MSE proposes to sell its share of Grand Gulf No. 1 power to LP&L, MP&L and NOPSI in stated percentages at a price based on the cost of service of the unit, is currently pending before the FERC. In February 1984 a FERC administrative law judge rendered his recommended decision allocating power from, and costs of, Grand Gulf No. 1 to the System operating companies in different percentages than those set forth in the Unit Power Sales Agreement and allocating a material amount of such power and costs to AP&L. This decision may be accepted, revised or rejected by the FERC, and subsequently appealed to the courts. AP&L is opposing the administrative law judge's initial decision before the FERC and is supporting the allocation as originally filed by MSE. See "Rate Matters—General" for a description of this proceeding. In addition, in a separate FERC proceeding relating to the New System Agreement, various parties, as well as LP&L, MP&L and NOPSI, have taken positions different from the position initially proposed by MSS to the FERC, and still proposed by AP&L, on the issue of the allocation to the System operating companies of production costs of power from Grand Gulf No. 1 and other Middle South System generating units.

The effect of the administrative law judge's decision in the MSE proceeding and the positions of certain of the parties in the New System Agreement proceeding would be to allocate substantially larger or smaller amounts of production costs of generating units owned by Middle South System companies to each of the System operating companies with consequent significant increases or decreases, as the case may be, in revenue requirements for each of the System operating companies. The System operating companies are seeking or will seek retail rate relief sufficient to cover their respective revenue requirements for purchased power from other Middle South System companies under any allocation alternative. The outcomes of these proceedings cannot be predicted. If the System operating companies are unable to obtain adequate and timely retail rate relief to meet their respective purchased power obligations to other Middle South System companies, the financial condition of the Middle South System, or a particular System operating company or companies, would be adversely affected. (See "Rate Matters".)

Grand Gulf No. 2 is a second 1250 MW nuclear generating unit being constructed by MSE. Only a limited amount of construction on Grand Gulf No. 2 is currently being performed (see "Construction Program-Nuclear"). Full resumption of construction on Grand Gulf No. 2 and the cost to complete Grand Gulf No. 2 will be dependent, among other things, upon completion and commercial operation of Grand Gulf No. 1. See "Construction Program—Nuclear" with respect to a rehearing ordered by the MPSC on the Certificate of Public Convenience and Necessity for Grand Gulf No. 2 in which MSE and MP&L have been ordered to show cause as to the need for continued construction of Grand Gulf No. 2. The Middle South System feels that the construction of Grand Gulf No. 2 remains an economic option for providing necessary Middle South System capacity and intends to take all appropriate actions necessary to proceed with the project. See "Future Financing—MSE" with respect to the ability of MSE, subsequent to commercial operation of Grand Gulf No. 1, to finance the continuation of construction on Grand Gulf No. 2 and to refinance maturing indebtedness incurred in the construction of the Grand Gulf Station.

The completion of coal- and nuclear-fueled generating units, along with increased availability of natural gas, enabled the Middle South System to reduce dependence on oil-fueled generation from a high of 47% of total generation in 1978 to 1% in 1983. The three nuclear generating units under construction described above are part of the Middle South System's plan to rely increasingly on nuclear fuel and coal to diversify its generating fuels base, which in the past has been dependent upon supplies of natural gas and fuel oil. For information with respect to supplies of nuclear fuel and coal, the extent of the Middle South System's dependence on natural gas for boiler fuel and the supply of natural gas currently available to the Middle South System, see "Fuel Supply".

BUSINESS OF SYSTEM OPERATING COMPANIES

As of December 31, 1983, the Middle South System furnished electric service to 1,310 communities, of which 26 were served at wholesale, and to extensive rural areas at wholesale and retail, in the States of Arkansas, Louisiana, Mississippi and Missouri. In addition, NOPSI furnished gas service in the City of New Orleans and Associated provided gas service in certain areas of the States of Arkansas and Missouri. In June 1983, NOPSI sold and transferred to the Regional Transit Authority, a political subdivision of the State of Louisiana, various properties and assets related to NOPSI's operation of its transit system in the City of New Orleans and effective therewith disposed of its entire interest in the transit business. For information with respect to the proposed consolidation of the operations of LP&L and NOPSI, see "Regulation and Litigation—Holding Company Act".

The aggregate population of the Middle South System area is approximately 5,000,000. Although the area is predominantly agricultural, it has a large number of natural resource industries.

As of December 31, 1983, the Middle South System provided electric service to 1,613,833 customers and gas service to 238,755 customers as indicated below:

	Area Served	Customers at December 31, 1983 Electric	Gas
AP&L	Portions of States of Arkansas and Missouri	545,309	—
LP&L	Portions of State of Louisiana	552,025	—
MP&L	Portions of State of Mississippi	317,300	—
NOPSI	City of New Orleans with exception of one ward provided electric service by LP&L	199,199	173,045
Associated	Portions of States of Arkansas and Missouri	—	65,710
Consolidated		1,613,833	238,755

Selected 1983 sales data for the registrants is listed below:

Selected Electric Energy Sales Data—1983

	Consolidated	AP&L	LP&L	MP&L	NOPSI
	(Millions of KWH)				
Sales to retail customers	48,350	14,755	21,458	7,350	4,787
Sales for resale—affiliates	—	8,944	637	960	74
—others	378	21	143	198	16
Total	48,728	23,720	22,238	8,508	4,877
Average use per residential customer (KWH)	11,060	9,867	12,996	10,857	9,248

Selected Natural Gas Sales Data—1983

	Consolidated	Associated	NOPSI
Sales to retail customers (MCF)	33,413,000	10,960,000	22,453,000

The effect of natural gas operations on operating revenues for each of the three years in the period ended December 31, 1983 was immaterial on a consolidated basis, but significant for NOPSI; however, the effect of natural gas operations on income, both on a consolidated basis and for NOPSI, was immaterial. The effect of Associated's natural gas operations on AP&L's consolidated operating revenues and income in 1983 was immaterial. The following table shows consolidated operating revenues and operating income by type of business (expressed as percentages) for each of the three years in the period ended December 31, 1983. (See "NOPSI Industry Segments" for a similar description of NOPSI's business segments.) Because it is impracticable to allocate interest charges and other income and deductions, the contribution to net income by type of business is not shown.

	Year Ended December 31,		
	1983*	1982*	1981*
Consolidated			
Operating Revenues:			
Electric	93.4%	93.9%	94.9%
Natural gas	6.6	6.1	5.1
Total	100.0%	100.0%	100.0%
Operating Income (Loss):			
Electric	100.6%	100.6%	100.4%
Natural gas	0.5	0.4	0.5
Other	(1.1)	(1.0)	(0.9)
Total	100.0%	100.0%	100.0%

* Excludes the results of transit operations. See "NOPSI Industry Segments" with respect to NOPSI's divestiture of its transit properties.

The System operating companies generally are not in direct competition with privately or municipally owned electric utilities. However, a few municipalities distribute electricity within their corporate limits and environs and some of these generate all or a portion of their requirements.

A number of electric cooperative associations or corporations serve a substantial number of retail customers in or adjacent to areas served by the System operating companies. During the year ended December 31, 1983, the total revenue received by the Middle South System from service supplied to rural electric cooperatives was less than 1% of consolidated electric operating revenues. Certain cooperatives in Arkansas, Louisiana and Mississippi are participants in arrangements for the construction and operation of steam electric generating stations. Their participation has replaced in part and may replace in whole the Middle South System as the supplier of the power requirements of these cooperatives.

Revenues derived from two power supply contracts with Reynolds constituted approximately 5% of AP&L's total operating revenues for the year ended December 31, 1983. The contracts, one with Reynolds covering four plants located in Arkansas and the other with Reynolds and the United States of America, acting through the Secretary of the Interior, in connection with Reynolds' Patterson Reduction Plant, provided that AP&L supply Reynolds with both capacity and energy to meet a stated amount of firm demand and also supply a variable amount of non-firm demand to Reynolds during off-peak periods. Both contracts with Reynolds expired on December 31, 1983. A new eight-year contract, effective January 1, 1984, was entered into with Reynolds under which AP&L will provide power to Reynolds. The new contract contains a cost-of-service rate formula under which rates will be updated annually to reflect AP&L's cost changes in the preceding year. This contract may be cancelled by either party upon three years' written notice. The contract would increase Reynolds' rates approximately 15% over 1983 rates (calculated at a 60% production capacity).

A total of 12,942 persons were employed by the Middle South System at year-end 1983. Included in the above number are 172 part-time employees. Details follow:

	December 31, 1983		
	Full Time	Part Time	Total Employees
MSU	6	—	6
AP&L (includes Associated)	5,244	41	5,285
LP&L	2,756	32	2,788
MP&L	2,240	59	2,299
NOPSI	1,522	37	1,559
Other subsidiaries	1,002	3	1,005
Total	12,770	172	12,942

CONSTRUCTION PROGRAM

Middle South System

The 1984-1986 construction expenditures for the Middle South System are currently estimated by MSU to total $2,926.4 million. The estimates by years are as follows: 1984, $1,299.2 million; 1985, $798.5 million; and 1986, $828.7 million (including AFDC of $505.8 million for 1984, $121.1 million for 1985, and $167.8 million for 1986). These estimates by company are as follows:

	1984	1985	1986
		(In Millions)	
Registrants:			
AP&L	$ 258.7	$219.4	$201.2
LP&L	539.2	150.5	220.0
MP&L	59.5	48.5	40.4
NOPSI	17.0	41.8	32.3
Other subsidiaries:			
MSE(1)	418.4	326.9	387.9
MSS(2)	6.4	11.4	(53.1)
Consolidated	$1,299.2	$798.5	$828.7

(1) Estimated expenditures for Grand Gulf No. 2 are based on an economic and feasibility study that assumed the resumption of full construction in July 1984, which resumption is dependent, among other things, upon completion and commercial operation of Grand Gulf No. 1. See "Construction Program—Nuclear."

(2) As discussed below, MSS is financing the off-site construction phase of future coal or lignite-fueled units. MSS will be reimbursed at a future date by the System operating companies which will own and operate such units. The above estimated expenditures assume that such reimbursement will take place in 1986.

The estimated construction expenditures for 1984 for AP&L, LP&L, MP&L, NOPSI, MSE and MSS and on a consolidated basis, include:

	Production	Transmission	Distribution	Other Plant
		(In Millions)		
Registrants:				
AP&L	$ 86.8	$ 97.0	$ 51.5	$23.4
LP&L	452.1	33.0	50.0	4.1
MP&L	28.8	14.2	14.4	2.1
NOPSI	1.5	.9	13.7	.9
Other subsidiaries:				
MSE	418.4	—	—	—
MSS	6.4	—	—	—
Consolidated	$ 994.0	$145.1	$129.6	$30.5

The estimated 1984 environmental expenditures for the Middle South System companies are not material.

Middle South System requirements for nuclear fuel not yet provided for under existing leases are currently estimated to be approximately \$55.0 million in 1984, \$104.0 million in 1985 and \$(141.6) million in 1986. In addition, SFI expects to increase its investment in its fuel procurement and exploration programs. SFI's increase in its investment (excluding fuel oil inventory and nuclear fuel) is currently estimated to be \$24.9 million for 1984-1986. (See "Fuel Supply" for further information as to SFI's fuel procurement programs.)

The following tabulation shows certain details with respect to certain planned generating facilities included in the estimated construction expenditures for 1984-1986:

	Location	Fuel Type	Net System Company Capability MW	System Company Expenditures Before 1984	1984	1985	1986	Total System Company Cost(1)	Scheduled Year of Completion
					(In Millions)				
AP&L									
Independence No. 2 (31.5% interest)	Newark, Ark.	Coal	257	\$ 100.8	\$ 23.5	\$ 1.6	\$ 1.2	127.1	1985
MP&L									
Independence No. 2 (25% interest)	Newark, Ark.	Coal	204	72.9	26.1	2.5	—	101.5	1985
LP&L									
Waterford No. 3	Killona, La.	Nuclear	1,104	2,206.1	437.6	5.3	—	2,649.0	1984
MSE									
Grand Gulf No. 1 (90% interest)	Grand Gulf, Miss.	Nuclear	1,125	2,601.8	295.4	—	—	2,897.2	1984
Grand Gulf No. 2 (90% interest)(2)	Grand Gulf, Miss.	Nuclear	1,125	706.8	123.0	326.9	387.9	3,435.4	1990
Sub-total				3,308.6	418.4	326.9	387.9		
Total				\$5,688.4	\$905.6	\$336.3	\$389.1		

(1) The costs shown include AFDC and exclude nuclear fuel.

(2) Estimated expenditures and scheduled year of completion for Grand Gulf No. 2 are based on an economic and feasibility study that assumed the resumption of full construction in July 1984, which resumption is dependent, among other things, upon completion and commercial operation of Grand Gulf No. 1. See "Construction Program—Nuclear."

Nuclear

Waterford No. 3. LP&L is owner and prospective operator of Waterford No. 3. LP&L currently expects to receive an operating license from the NRC in April 1984. Although LP&L will request a full power operating license, it is expected, based upon recent NRC practice, that the initial license will be a "5% power license" which will permit LP&L to load fuel at Waterford No. 3 and to operate at up to 5% of full power to conduct low power testing. Should a 5% power operating license be granted in April 1984, LP&L will proceed with arrangements for NRC reviews toward obtaining the full power license consistent with the startup and power ascension schedule. Nuclear generating units under construction have been experiencing delays during this period not only as a result of the testing process but also as a result of regulatory delays and opposition before regulators, or otherwise, of anti-nuclear groups. Assuming that the NRC issues an operating license in April 1984, as expected, LP&L estimates that the Unit will be placed in commercial operation in the fourth quarter of 1984 at a total cost for such Unit (excluding nuclear fuel) of \$2.65 billion. Any delay in commercial operation would result in the cost of Waterford No. 3 increasing by approximately \$12.25 million per month as a result of ongoing financing charges. (See "Regulation and Litigation—Atomic Energy Act of 1954 and Energy Reorganization Act of 1974" for additional information concerning the operating license proceeding for Waterford No. 3).

Grand Gulf Station. MSE and SMEPA own undivided ownership interests of 90% and 10%, respectively, in the Grand Gulf Station. On June 16, 1982, the NRC issued an operating license to load fuel at Grand Gulf No. 1 and to operate at up to 5% of full power to conduct low power testing. Grand Gulf No. 1 has completed its low power testing phase and is presently shut down awaiting its full power operating license from the NRC in order to begin power ascension testing above 5% power and ultimately to be placed in commercial operation. MSE anticipates that it will need to restart Grand Gulf No. 1 within the next month to regenerate the Unit's start-up neutron sources, which are installed within the core of the Unit's reactor. These radioactive neutron sources, which weaken over time if the Unit is not operating, must be maintained under the Unit's license above a minimum specified radioactivity level in order to restart the Unit. Restart of the Unit to the NRC authorized 5% power level to regenerate the neutron sources has been delayed pending review of the Unit's Technical Specifications, as discussed below. MSE believes, based on the results of this review, which is nearly completed, that the Unit can be safely restarted and operated within the limits of its license to operate up to 5% of full power. MSE anticipates that the NRC staff will concur in this determination and that Grand Gulf No. 1 will be restarted in time to regenerate its neutron sources. In the event that MSE is unable, for any reason, to restart Grand Gulf No. 1 in order to regenerate the neutron sources before such sources reach their minimum allowed radioactivity levels or to amend its license to modify this requirement, the sources may have to be replaced in the reactor core. In such event, the Unit's anticipated commercial operation date, described below, could be delayed for up to three months.

The issuance of the full power operating license is dependent upon the resolution of certain issues raised by the NRC. These issues include the experience level and the adequacy of training of reactor plant operators assigned to operate the facility, the reliability of the Grand Gulf No. 1 Delaval emergency diesel generators and the accuracy of the Grand Gulf No. 1 Technical Specifications, which are the Unit's specifications derived from the analyses and evaluation included in the Unit's safety analyses report and include, among other things, safety limits and settings, limiting conditions for operations, surveillance requirements and design features. Also, MSE has identified for the NRC certain inconsistencies in applications relating to training submitted by MSE to the NRC for a license for reactor operators to operate the facility. The NRC's Office of Investigations has been conducting an investigation into this last matter. To resolve these issues, MSE has been involved in various actions. MSE, with the concurrence of the NRC, initiated a program under which all reactor operators at the facility received additional training and the adequacy of their training to safely operate Grand Gulf No. 1 was confirmed. Furthermore, MSE has taken additional steps to insure the adequacy of the emergency power supply for the facility pending final resolution of the industry-wide problems with the Delaval diesel generators. Finally, MSE has undertaken a comprehensive review of the Grand Gulf No. 1 Technical Specifications and associated documentation to verify their accuracy and their adequacy for safe operation of the Unit. MSE anticipates that the results of this review will satisfy the concerns raised by the NRC as to the accuracy of the Grand Gulf No. 1 Technical Specifications. MSE currently expects that by the middle of the second quarter, 1984 the last of these issues will be resolved, and the NRC will authorize full power operation for Grand Gulf No. 1.

Assuming that the NRC authorizes full power operation for Grand Gulf No. 1 in mid-second quarter, 1984 and that the neutron sources are regenerated on a timely basis, MSE estimates that the Unit will be placed in commercial operation in the fourth quarter of 1984, at a total cost for such Unit (excluding nuclear fuel) of $2.9 billion for its 90% ownership interest. Nuclear generating units under construction are experiencing delays during the test period not only as a result of the testing process but also as a result of regulatory delays and opposition before regulators, or otherwise, of anti-nuclear groups. In the absence of any such major delays, it is estimated that testing of the Unit required to achieve commercial operation after the time the Unit is authorized to operate at full power will take from 6 to 7 months. Any delay in commercial operation of the Unit results in the cost of MSE's share in Grand Gulf No. 1 increasing by approximately $25 million per month primarily as a result of on-going financing charges.

At December 31, 1983, Grand Gulf No. 2 was approximately 33% complete. MSE reduced construction activities at Grand Gulf No. 2 in December 1979. In January 1982 construction activity was increased on a limited basis in order to preserve the site and equipment and as an alternative to building temporary storage facilities. In late 1983, construction on Grand Gulf No. 2 was again reduced by MSE in order to concentrate its financial resources on Grand Gulf No. 1. Full resumption of construction on Grand Gulf No. 2 will be dependent, among other things, upon completion and commercial operation of Grand Gulf No. 1. The estimated construction expenditures for both units for the years 1984-1986 are based upon the assumed commercial operation of Grand Gulf No. 1 in the mid-fourth quarter of 1984. In connection with the Show Cause proceeding before the MPSC discussed in the following paragraph, MSE has filed testimony supporting the continued construction of Grand Gulf No. 2 as an economical option for providing the Middle South System capacity needed to meet projected Middle South System loads. Current projected loads reflect a need for additional capacity of the size of Grand Gulf No. 2 in 1990. Based on an economic and feasibility study on the construction of Grand Gulf No. 2 which assumed resumption of full construction in July 1984, the commercial operation date of the unit would be April 1990 with a total construction cost for MSE's 90% ownership interest of $3.44 billion. As discussed in "Future Financing—MSE", MSE has covenanted with its bondholders that it will complete Grand Gulf No. 2 no later than December 31, 1988. MSE plans to seek from its creditors whatever waivers or amendments are necessary to change the stipulated completion date relative to Grand Gulf No. 2.

The MPSC on September 26, 1983, in MPSC Docket No. U-4387, issued a Citation to Show Cause to MP&L and MSE to show why they should not be ordered to adhere to representations relied upon and incorporated by the MPSC in determining the need and economic justification for additional generating capacity in the form of the Grand Gulf Station. The MPSC further ordered a rehearing on the Certificate of Public Convenience and Necessity for the Grand Gulf Station. On December 20, 1983, the MPSC granted MP&L's and MSE's Motion for Clarification of Issues. On January 5, 1984, the MPSC issued an Order Amending Citation to Show Cause and Clarification of Issues, in which it (1) amended its Order and Citation of September 26, 1983, and also amended its Clarification of Issues, dated December 20, 1983, to relate them solely to Grand Gulf No. 2 and (2) ordered MSE and MP&L to show cause for the continued construction and need for Grand Gulf No. 2 at the hearings to be held in this cause. MSE continues to believe that it will be appropriate to complete Grand Gulf No. 2 and that this will be the conclusion of the MPSC in the above described rehearing on the Certificate of Public Convenience and Necessity for the Grand Gulf Station as it relates to Grand Gulf No. 2. MP&L and MSE intend to take all necessary actions before courts or administrative agencies to preserve their rights and protect their properties in connection with this matter.

If, as a result of the effects of the MPSC proceeding, it is ultimately decided, however, that the Unit should be cancelled, MSE believes that its investment in the Unit will be determined to have been prudent and MSE will take all actions necessary before administrative agencies and courts to recover its investment in the Unit through rate relief and thereby seek to minimize the effects of cancellation on the Middle South System's financial condition.

Nuclear Fuel. Costs of acquiring nuclear fuel are excluded from construction expenditures of the nuclear units. Certain materials and services required for fabrication of nuclear fuel are acquired and financed by SFI and then sold to AP&L, LP&L and MSE as needed. In addition, AP&L, LP&L and MSE own and lease nuclear fuel and related materials. See "Construction Program—Middle South System" with respect to estimated expenditures for nuclear fuel not provided for under existing leases in 1984-1986 and "Fuel Supply—Nuclear" with respect to financing arrangements and the leases.

Coal

Independence No. 2. Independence No. 2 is owned by AP&L, MP&L, AECC, Jonesboro, Conway, West Memphis and Osceola in proportions of 31.5%, 25%, 35%, 5%, 2%, 1% and .5%, respectively. The unit has been designed, and is being constructed, so that sulfur dioxide removal equipment could be installed should such installation be required in the future. As such, costs of such equipment for Independence No. 2 are not included in the estimated construction cost of this unit. It is estimated that the cost of the unit would increase, in an aggregate amount for both AP&L and MP&L, by approximately $40 million, should sulfur dioxide removal equipment be required. Low sulfur coal, which is being burned at Independence No. 1, will be burned at Independence No. 2.

Future Coal Units. The Middle South System is implementing the off-site construction phase of future coal- or lignite-fueled units which are scheduled to be placed into commercial operation in the 1990s. Substantially all of the costs incurred, exclusive of site acquisition costs and site specific environmental and engineering work, are being carried by Services for certain of the System operating companies in conjunction with Services' continuing work on the development of a standard design for future coal- or lignite-fueled electric generating units for the Middle South System. Services will be reimbursed for amounts expended at a future date. Contracts have been entered into in the name of Services for a substantial portion of the engineering and for certain equipment, and work on the project is proceeding. As of December 31, 1983, approximately $35.3 million had been expended for these units.

General

The foregoing are only estimates of construction expenditures for the various facilities referred to above. Actual expenditures and dates of completion for the various construction projects have varied in the past and may vary in the future from the estimates because of availability of financing, changes in the plans of the respective companies, cost fluctuations, sales of interests in projects, availability of labor, materials and equipment, licensing and testing delays and other factors. The Middle South System is continuing to experience increases in costs for construction of new facilities as a result of continuing rises in the costs of material, labor and capital, increasing requirements of expenditures for environmental and ecological purposes (see "Regulation and Litigation—Environmental Regulation"), and deferred completion dates of projects.

FUTURE FINANCING

Middle South System

Construction expenditures for the Middle South System during the period 1984-1986 are currently estimated by MSU to be approximately $2,926.4 million (including $794.7 million in AFDC). During the period 1984-1986, the increase in investment in the fuels programs (including nuclear fuel cost not provided for under existing leases) will add $42.3 million to total capital requirements.

Additional capital requirements through 1986 may result from retail rate applications which either have been or will be filed by the System operating companies in connection with the commercial operation of Grand Gulf No. 1. AP&L has filed such a rate application which offers a potential phase-in of revenue requirements which may result if the administrative law judge's initial decision in the FERC proceeding on the Unit Power Sales Agreement is upheld. AP&L is opposing the administrative law judge's initial decision before the FERC and is supporting the allocation as originally filed by MSE. Under such rate applications, MSE would be paid for the full cost of fuel and purchased power in respect of the particular System operating company's share of Grand Gulf No. 1, but the particular System operating company would defer for subsequent recovery and not collect from customers a portion of such costs during the first several years of the unit's life. Under the proposal, a System operating company would fund a substantial portion of the cash requirements in respect of the deferred amounts through external financing and the carrying costs associated with the amounts financed would be automatically billed to customers on a current basis. The Middle South System estimates that additional capital requirements of approximately $700 million through 1986, primarily in 1985 and 1986, would result if Grand Gulf No. 1 costs were deferred in accordance with such rate moderation proposals. LP&L, MP&L and NOPSI would incur such additional capital requirements only if their rate applications with respect to Grand Gulf No. 1 costs include such rate moderation proposals, decisions on which have not yet been made.

In addition, during the period 1984-1986, the Middle South System will require capital funds to refinance debt and to meet long-term debt sinking fund requirements totalling $2,411.2 million and to meet preferred stock sinking fund requirements totalling $40.5 million. Included in the long-term debt to be refinanced are the borrowings under the U.S. Bank Loan Agreement, which borrowings are presently scheduled to mature on December 31, 1986.

MSU estimates that during the period 1984-1986, $3,116.6 million will be raised from sources outside the Middle South System through the sale of additional bonds and shares of preferred stock, long and short term borrowings and pollution control and industrial revenue bond financings, through extension for a limited period of a portion of the borrowings under the U.S. Bank Loan Agreement and through the sale and leaseback or repurchase of properties. In addition, approximately $356.9 million is expected to be raised from the sale of MSU Common Stock, of which approximately $280 million is expected to be raised in 1984. The balance of capital expenditures for the period 1984-1986, presently estimated at $2,652.9 million, is to be met from internal sources, including $794.7 million in AFDC, and a portion of the cash proceeds from a settlement in June 1982 between LP&L and a gas supplier (see "Future Financing—System Operating Companies"). The significant reduction in the portion of financing requirements to be financed externally, compared to recent years, results, in part, from anticipated rate relief associated with completion and commercial operation of Waterford No. 3, Grand Gulf No. 1 and Independence No. 2. In addition, the cash requirements for income taxes associated with such increased revenues are estimated to be offset through the use of investment tax credits and net operating loss carryforwards.

MSU

MSU's capital requirements principally include funds required to invest in common stocks of its subsidiaries.

Approximately $356.9 million is expected to be raised by MSU during the years 1984-1986 from the sale of its common stock. In addition, MSU had outstanding $18.8 million of borrowings at January 31, 1984 under a $115.0 million revolving credit agreement expiring December 31, 1984 with a group of banks. MSU anticipates entering into a new revolving credit agreement prior to the expiration of its present revolving credit agreement. In addition, MSU receives funds through dividend payments from the System operating companies on outstanding shares of their common stock owned by MSU.

The provisions of the first mortgage bond indentures and articles of incorporation of the System operating companies contain certain limitations on the payment by them of cash dividends on common stock. As of December 31, 1983, each of the System operating companies, with the exception of NOPSI, had paid on an annual basis the desired level of dividends to MSU on their respective shares of common stock owned by MSU.

The amount of dividends on common stock that MSU can expect to receive in the future will be contingent on the future earnings of the System operating companies.

System Operating Companies

In addition to construction expenditures and increased investment in the fuels programs for the System operating companies during the period 1984-1986, additional capital would be needed as a result of rate moderation proposals assumed to be made with respect to Grand Gulf No. 1 (see "Future Financing—Middle South System" above) and to meet maturing long-term debt and long-term debt and preferred stock sinking fund requirements during the years 1984-1986.

The estimated financing requirements, excluding the effects of any rate moderation proposal, and the expected portion of such requirements to be funded externally is given below for each of the System operating companies for the year 1984:

	Total Financing Requirements	Estimated External Financing
	(in millions)	
AP&L	$260.6	$ 22.6
LP&L	564.6	320.3
MP&L	60.0	9.8
NOPSI	23.0	11.3
Totals	$908.2	$364.0

As discussed above under "Middle South System", substantial additional capital requirements would result in the period 1984-1986 if the System operating companies defer certain Grand Gulf No. 1 costs in accordance with rate moderation proposals. The figures in the above table do not include any such capital requirements for the year 1984. The Middle South System estimates that additional capital requirements of approximately $156.7 million in 1984 would result if Grand Gulf No. 1 costs are so deferred.

The System operating companies expect to raise capital funds from external sources through the sale of additional first mortgage bonds and shares of preferred and common stock, long- and short-term borrowings and pollution control and industrial development revenue bond financings and through the sale and leaseback or repurchase of property.

The coverage provisions of the indentures and charters of the System operating companies generally require minimum earnings coverages of twice the pro forma annual bond interest charges for the issuance of additional bonds and minimum earnings coverages of one and one-half times the pro forma annual interest charges and preferred dividends for the issuance of additional shares of preferred stock.

On the basis of the formulas contained in the indentures and charters of the System operating companies, the earnings coverages as of December 31, 1981, 1982 and 1983 were those stated in the following tabulation:

	AP&L(a)		LP&L		MP&L		NOPSI	
Year	Bonds	Preferred Stock	Bonds	Preferred Stock	Bonds	Preferred Stock	Bonds	Preferred Stock
1981	3.09	1.57	2.61	1.62	4.64	2.01	2.98	1.53
1982	2.73	1.56	2.75	1.49	3.46	1.65	2.65	1.47
1983	3.14	1.73	1.70	1.43	4.12	1.77	2.34	1.22

(a) Earnings include revenues subject to refund of $14.4 million and $8.0 million for the years 1981 and 1982, respectively.

Although certain of the System operating companies' first mortgage bond and preferred stock coverages at times during the period 1981-1983 set forth in the table above were below 2.00 and 1.50, respectively, these coverages during the period 1981-1983 were from time to time above the required minimum earnings coverages so that these System operating companies were able to sell additional first mortgage bonds and preferred stock. During the period 1981-1983, AP&L, LP&L and MP&L sold the following amounts of first mortgage bonds and preferred stock:

	AP&L	LP&L	MP&L
		(In Thousands)	
First Mortgage Bonds	$255,000	$425,000	$75,000
Preferred Stock	—	$125,000	$40,000

Based on the above earnings coverage tests as of December 31, 1983, assuming the availability of bondable property, AP&L, MP&L and NOPSI could have issued first mortgage bonds or preferred stock amounting to the following, at an assumed annual interest or dividend rate of 13%. LP&L would have been precluded from issuing additional preferred stock or first mortgage bonds, except for refunding purposes:

	First Mortgage Bonds	Preferred Stock
	(In Thousands)	
AP&L	$478,000	$174,000
MP&L	220,000	59,000
NOPSI	11,000	—
Total	$709,000	$233,000

In addition to the above first mortgage bonds, the System operating companies could have issued additional first mortgage bonds for refunding purposes.

The amounts of additional bonds and preferred stock which can be issued by the System operating companies in the future are contingent upon earnings and upon the ability of the System operating companies to obtain adequate rate relief.

LP&L expects to have adequate resources to finance its capital requirements in 1984, including the completion of Waterford No. 3, through use of proceeds from a settlement with a gas supplier discussed below, internal funds available through implementation of the retail rate increase granted by the LPSC on February 20, 1984 (see "Rate Matters—LP&L"), sales of equity and short-term borrowings. LP&L anticipates that the effects of the recent LPSC rate order will increase coverages and permit the sale of preferred stock.

On June 4, 1982, LP&L entered into an agreement with Texaco Inc. in settlement of a natural gas contract dispute. Under the agreement, Texaco agreed, among other things, to make cash payments to LP&L of $1,087,068,500, of which $587,068,500 was paid on June 4, 1982, $250,000,000 was paid in January 1983 and $250,000,000 was paid in January 1984. On March 21, 1983, the LPSC issued an order which provided, in general, that LP&L refund these proceeds to its customers in the following manner: the $587 million received by LP&L on June 4, 1982, plus interest, or a total of $637 million, shall be refunded in 1983, the $250 million received in January 1983 shall be refunded in ten equal annual installments beginning in 1984 and the $250 million received in January 1984 shall be refunded in nine equal annual installments beginning in 1985. The March 21, 1983 order, in effect, permits LP&L to use, pending such refund, a portion of the settlement proceeds in financing its construction program.

MSE

In connection with the Grand Gulf Station, MSU has undertaken, to the extent not obtained by MSE from other sources, to furnish or cause to be furnished to MSE sufficient capital for construction and operation of the station and related purposes. Through February 29, 1984, MSU had invested $691.9 million in the common stock of MSE. In addition, at February 29, 1984, MSE had made short-term borrowings of $94.7 million and had outstanding bank borrowings of $1,506 million (which are due December 31, 1986) under its $1,711 million U.S. Bank Loan Agreement, bank borrowings of $378 million (which are due February 5, 1989) under its $378 million Foreign Bank Loan Agreement and $328 million of First Mortgage Bonds, 9.25% Series due 1989 and $98.5 million of First Mortgage Bonds, 12.50% Series due 2000 and was obligated with respect to $49.5 million of Claiborne County, Mississippi Pollution Control Revenue Bonds. MSE has covenanted with its first mortgage bondholders that it will complete Grand Gulf No. 1 no later than December 31, 1984 and that Grand Gulf No. 2 will be completed no later than December 31, 1988. Either unit would be considered complete under the covenant if, among other things, it were licensed and ready for commercial operation. In the event either of these covenants is not fulfilled or MSE defaults in respect of either the bonds or the bank borrowings, the bonds and the bank borrowings will become due and payable unless extensions of time can be arranged. In this event, MSU would be required to provide MSE with sufficient funds, to the extent not obtained by MSE from other sources, to meet the payment obligations of MSE with respect to any of the bonds and bank borrowings then outstanding.

MSE is obligated to make annual cash sinking fund payments with respect to its 9.25% bonds on July 1 of each year through 1988 designed to retire $256 million of those bonds by maturity. The amount of each of these annual sinking fund obligations varies but does not exceed $56 million in any year, including a $48 million payment to be made on July 1, 1984. With respect to its 12.50% bonds, MSE is obligated to make annual cash sinking fund payments of approximately $6.2 million during the period 1985-1999 designed to retire approximately $93.5 million of those bonds by maturity. In addition, MSE is obligated to make prepayments of $100 million in both 1984 and 1985 under the U.S. Bank Loan Agreement and, with respect to the Foreign Bank Loan Agreement, is obligated, commencing February 5, 1985, to make semi-annual prepayments of one-ninth of the amount of borrowings outstanding on the date that these revolving credit borrowings convert to a term loan.

MSE currently estimates that the total construction cost to MSE for its 90% ownership interest (see "Construction Program—Nuclear") in Grand Gulf No. 1 will be approximately $2.9 billion of which approximately $2.6 billion had been expended through January 31, 1984. At February 29, 1984, approximately $205 million remained unborrowed under the U.S. Bank Loan Agreement. MSE's ability to continue to borrow under this agreement is subject to meeting, or obtaining waivers of, certain borrowing conditions. In October 1983, MSE was required to obtain a waiver of one of these conditions from the lending domestic banks due to the commencement of a proceeding by the MPSC relating to the Grand Gulf Station, see "Construction Program—Nuclear". This waiver was initially granted effective through December 29, 1983, and has been extended to June 30, 1984. With respect to MSE's Foreign Bank Loan Agreement, MSE expected to convert the outstanding borrowings thereunder to a term loan as of December 31, 1983. However, on December 30, 1983, MSE's Foreign Bank Loan Agreement was amended to extend the period during which revolving loans may be made through June 30, 1984. Concurrently, MSE entered into an amendment of the U.S. Bank Loan Agreement which provided for certain minor revisions in conjunction with the extension of the revolving period under that agreement through June 30, 1984. MSE currently anticipates converting borrowings under both the Foreign Bank Loan Agreement and the U.S. Bank Loan Agreement to term loans as of June 30, 1984. The conversions are subject to MSE's fulfilling, or obtaining waivers of, certain conditions. If waivers cannot be obtained and the remaining conditions fulfilled, the bank loans will then be due and payable.

MSE plans to meet its financing needs in 1984 through sales of additional common stock to MSU, together with the planned sale of additional pollution control revenue bonds and additional bank borrowings under the U.S. Bank Loan Agreement and under unsecured short-term lines to be arranged. Should any of these financing sources prove to be unavailable, or if capital requirements for completion of Grand Gulf No. 1 are increased as a result of a further delay in commercial operation or for any other reason, MSE may require additional external financing, the source or availability of which cannot be predicted at this time.

Following commencement of commercial operation of Grand Gulf No. 1, MSE will require substantial funds to refinance maturing indebtedness, including the December 31, 1986 maturity of its $1,711 million U.S. Bank Loan Agreement, to meet sinking fund obligations, and to finance continuation of construction of Grand Gulf No. 2. MSE expects to obtain a significant portion of such funds through its receipt of payments from the sale of power to the System operating companies under the Unit Power Sales Agreement, approval of the terms of which is currently pending in a proceeding before the FERC (see "Rate Matters—General"). The balance of amounts needed by MSE for refinancing and construction of Grand Gulf No. 2 will be obtained from external sources. MSE's ability, generally, to obtain new funds externally will depend on a number of factors, including the results of rate proceedings related to MSE discussed under "Rate Matters", contractual restrictions contained in MSE's first mortgage bond indenture and credit agreements, market conditions, the availability of financing sources and the credit ratings of MSE's securities. MSE expects during the period from commercial operation of Grand Gulf No. 1 through December 31, 1986, to retire a significant portion of the indebtedness under the U.S. Bank Loan Agreement through use of internal funds and funds obtained through the issuance of first mortgage bonds and preferred stock. In addition, during such period, MSE would seek to extend, for a limited period, the maturity of a portion of the borrowings under the U.S. Bank Loan Agreement.

LP&L, NOPSI and MP&L will request from their respective state public utility commissions, rate adjustments adequate to permit them to meet their obligations to MSE to purchase power under the Unit Power Sales Agreement. In addition, AP&L has filed an application with the APSC requesting, among other things, recovery through rates of the revenue requirements resulting from any obligation as found by the FERC to purchase power under the Unit Power Sales Agreement. AP&L is opposing before the FERC in the proceeding on the Unit Power Sales Agreement the administrative law judge's initial decision and is supporting the allocation as originally filed by MSE. The pending rate proceedings are discussed in "Rate Matters".

MSE and the System operating companies have entered into a series of agreements (collectively, "Availability Agreement") whereby (i) MSE has agreed to complete the Grand Gulf Station and to sell to the System operating companies power available to MSE from the Grand Gulf Station under the terms of a power purchase agreement (see "Rate Matters—General"), (ii) the System operating companies have severally agreed to pay to MSE (on the apportionment bases provided for in the Availability Agreement: AP&L, 17.1%; LP&L, 26.9%; MP&L, 31.3%; and NOPSI, 24.7%) such amounts as (when added to any amounts received by MSE under such power purchase agreement or otherwise) will be at least equal to MSE's operating expenses or an equivalent amount if either unit is not in operation (including such expenses as might be incurred by MSE for maintenance and surveillance in the event of shutdown of either or both units), including MSE's interest charges and an amount equal to an assumed depreciation rate for 27.4 years of 3.65% per annum applied to MSE's gross investment in the Grand Gulf Station (exclusive of land and land rights), (iii) the System operating companies have severally agreed to make subordinated advances under certain circumstances to MSE in amounts equal to payments which would otherwise be owing under the payment formula of the Availability Agreement described in (ii) above, and (iv) the System operating companies have agreed that their obligations to make payments or advances to MSE are absolute and unconditional. The requirement to make payments under (ii) above commences on the date on which either unit of the Grand Gulf Station is placed in commercial operation; provided that if Grand Gulf No. 1 is not placed in commercial operation prior to December 31, 1984, the commencement date in respect of both units is December 31, 1984; and provided, further, that if Grand Gulf No. 1 is placed in commercial operation prior to December 31, 1984, then, with respect to the assumed depreciation charge related to Grand Gulf No. 2, the commencement date for Grand Gulf No. 2 is the earlier of the date of commercial operation of Grand Gulf No. 2 or December 31, 1988. MSE has assigned its rights to payments and advances from the System operating companies under the Availability Agreement to secure the long-term borrowings referred to in the sixth preceding paragraph. In addition, the System operating companies in June 1981 entered into a Power Purchase Advance Payment Agreement with MSE pursuant to which the System operating companies, severally in accordance with stated percentages specified therein (AP&L, 17.1%, LP&L, 26.9%, MP&L, 31.3% and NOPSI, 24.7%), agreed, if Grand Gulf No. 1 were not placed in commercial operation by December 31, 1983, to make advance payments to MSE for power purchases which in the aggregate total $12,500,000 per month. Such payments, adjusted to exclude AP&L, as contemplated by the agreement discussed in the next paragraph, commenced January 2, 1984 and will continue until commercial operation of Grand Gulf No. 1 or December 31, 1984, whichever occurs earlier.

Effective November 1981, the System operating companies entered into a Reallocation Agreement allocating the capacity and energy available to MSE from Grand Gulf No. 1 and Grand Gulf No. 2 to LP&L, MP&L and NOPSI, subject to change by mutual agreement of such companies. Under the Reallocation Agreement the percentage allocations for MSE's share of Grand Gulf No. 1 and Grand Gulf No. 2 are: LP&L, 38.57% and 26.23%, MP&L, 31.63% and 43.97%, and NOPSI, 29.80% and 29.80%, respectively. This allocation was consistent with a prior allocation of capacity and energy for Grand Gulf No. 1 and Grand Gulf No. 2 made among LP&L, MP&L and NOPSI pursuant to a memorandum of understanding executed by the System operating companies on July 21, 1980. Under the Reallocation Agreement, LP&L, MP&L and NOPSI, in proportion to such allocations, have agreed to assume and hold AP&L harmless from all of the responsibilities and obligations of AP&L with respect to the Availability Agreement and the Power Purchase Advance Payment Agreement and, in consideration thereof, AP&L has relinquished its rights in the Grand Gulf Station. Each of the System operating companies, including AP&L, will, however, remain primarily liable to MSE and its assignees for payments or advances under the Availability Agreement and the Power Purchase Advance Payment Agreement in accordance with the respective original percentages set forth in the immediately preceding paragraph. AP&L would be obligated to make its share of the payments or advances only if the other System operating companies were unable to meet their contractual obligations. It was recommended that the responsibility for 36% of the capacity and energy of Grand Gulf No. 1 be allocated to AP&L in the initial decision of an administrative law judge acting in the FERC proceeding relating to the Unit Power Sales Agreement. This decision, which must be reviewed by the FERC, is discussed in "Rate Matters—General".

The System operating companies which have contracted for the power and energy of Grand Gulf No. 1 have offered this power and energy for sale on a short-term or long-term basis to other utilities. In addition, discussions have been held with other utilities regarding the possible sales of undivided interests in the Grand Gulf Station. To date no commitments have been received from prospective purchasers.

RATE MATTERS

General

On April 30, 1982, MSS, on behalf of the System operating companies, tendered for filing with the FERC the New System Agreement under which the System operating companies proposed to engage in coordinated planning, construction and operation of generation and transmission facilities. On July 29, 1982, the FERC accepted the New System Agreement for filing and ordered it suspended for five months from August 1, 1982. These rates under the New System Agreement became effective, as requested by MSS, on January 1, 1983, subject to refund. Various parties, including the APSC, LPSC and MPSC, have intervened in the proceedings. The hearing was concluded in December 1983 and the parties are preparing to brief the issues for the Administrative Law Judge preparatory to his decision. Some parties to this proceeding are contesting the method by which the New System Agreement equalizes megawatts of reserve capacity among the System operating companies and certain proposals could cause AP&L, and to a lesser degree, LP&L, to incur material additional costs. On February 2, 1984, MSS notified the administrative law judge that LP&L, MP&L and NOPSI, as a result of reviewing certain of these proposals, would support a method or methods of allocation designed to bring about a form of equalization among the System operating companies of production costs of generating units owned by Middle South System companies and that AP&L would continue to support the cost allocation method originally proposed in the New System Agreement. Accordingly, MSS will no longer represent the System operating companies on the issue of production cost allocation but will continue to represent them on all other issues.

On June 18, 1982, MSE tendered for filing with the FERC, as an initial rate schedule, the Unit Power Sales Agreement under which MSE would sell from its 90% share of Grand Gulf No. 1 and Grand Gulf No. 2 the following percentage allocations of power: LP&L, 38.57% and 26.23%; MP&L, 31.63% and 43.97%; and NOPSI, 29.80% and 29.80%, respectively. The rates and charges after commercial operation commences are based on the cost of service of each unit. Various parties, including the APSC, LPSC, MPSC and PSCM, intervened in the proceedings, and some of these intervenors are proposing, among other things, revised allocations of power to the System operating companies, including an allocation of power to AP&L. On August 25, 1982, the FERC accepted the Unit Power Sales Agreement for filing and ordered that it become effective subject to refund upon the initiation of service at the Grand Gulf Station. MSE has petitioned the United States Court of Appeals for the District of Columbia Circuit for review of orders of the FERC requiring that the rates to be charged under the Unit Power Sales Agreement be subject to refund. Oral argument in this matter was concluded in March 1983. On February 3, 1984, the administrative law judge ("ALJ") issued his initial decision in this matter. Principally, the decision recommended that MSE's request for the use of an automatic cost of service adjustment clause for Grand Gulf No. 1 be upheld, that a decision with respect to Grand Gulf No. 2 be deferred, that MSE be granted a 16.04% return on common equity rather than the 18% return originally requested by MSE, that MSE's proposed depreciation method be approved, that MSE's proposed method of decommissioning Grand Gulf No. 1 be approved but that amounts for decommissioning be accumulated in an external fund rather than internally, that MSE's proposed method of tax normalization be approved, that intervenors' requests for adoption of a plant availability incentive rate of return, and requirements that MSE refile the Unit Power Sales Agreement for FERC approval every five years and levelize rates for Grand Gulf No. 1, be denied and, finally, recommended a different allocation of the capacity and energy from Grand Gulf No. 1 from that proposed by MSE. The ALJ followed and recommended a proposal made by the LPSC, an intervenor in the proceeding, to allocate Grand Gulf No. 1 as follows: AP&L, 36%; LP&L, 14%; MP&L, 33%; and NOPSI, 17%. He stated that this allocation would cause each System operating company to have a share of Grand Gulf No. 1 which, when added to its other nuclear capacity, i.e., ANO and Waterford No. 3, would result in the cost of its aggregate nuclear capacity being proportionate to its share of Middle South System demand. He further stated that this allocation method would result in the costs of such capacity being more evenly distributed among the companies than if MSE's proposed allocation method were used. MSE, AP&L and other parties to this proceeding have excepted from the decision. Parties are entitled to respond to such exceptions, following which the FERC will consider the matter and render its decision. At this time, MSE is unable to predict when such decision will be rendered. Reference is made to certain developments in the New System Agreement case described above.

The effect of the administrative law judge's decision in the MSE proceeding and the positions of certain of the parties in the New System Agreement proceeding would be to allocate substantially larger or smaller amounts of production costs of generating units owned by Middle South System companies to each of the System operating companies with consequent significant increases or decreases, as the case may be, in revenue requirements for each of the System operating companies. The System operating companies are seeking or will seek retail rate relief sufficient to cover their respective revenue requirements for purchased power from other Middle South System companies under any allocation alternative. The outcomes of these proceedings cannot be predicted. If the System operating companies are unable to obtain adequate and timely retail rate relief to meet their respective purchased power obligations to other Middle South System companies, the financial condition of the Middle South System, or a particular System operating company or companies, would be adversely affected.

AP&L

On March 9, 1984, AP&L filed an application with the APSC requesting an annual increase in Arkansas retail rates of approximately $70.8 million above the level of rates then in effect. The application also includes a proposed rate rider, to be effective when and if AP&L is required to make payments to MSE for costs associated with the Grand Gulf Station. AP&L is opposing before the FERC in the proceeding on the Unit Power Sales Agreement the administrative law judge's initial decision which, if upheld by the FERC, would require such payments and is supporting the allocation as originally filed by MSE. This rate rider contains an alternate phase-in plan under which portions of any payments AP&L is required to make associated with the Grand Gulf Station could be deferred. Such deferred amounts would aggregate approximately $440 million during the first three years of commercial operation, and would be recovered within the following seven years. Carrying charges on the deferrals would be collected currently.

On May 1, 1981, AP&L filed an application with the APSC to increase its Arkansas retail rates approximately $101.4 million over the level of rates approved by the APSC in May 1981. On March 1, 1982, the APSC entered an order authorizing an estimated increase in retail rates of $26.2 million on an annual basis. The APSC also ordered AP&L to refund approximately $19.3 million to its Arkansas retail customers (over a two year period) relating to collections that the APSC states resulted from AP&L's past practice of tax normalization. AP&L placed into effect in March 1982, the $26.2 million approved by the APSC. After a rehearing, on September 8, 1982, the APSC granted an additional $2.8 million increase, raising the amount allowed from $26.2 million to $29 million. An appeal is currently pending before the Circuit Court of Pulaski County, Arkansas of all of the difference between the $101.4 million sought before the APSC and the $29.0 million granted by the APSC, subject to certain adjustments, and of that portion of the APSC order that directs AP&L to refund approximately $19.3 million. In lieu of collection of the full disputed portion of rates subject to refund during appeal by AP&L, and pursuant to a procedure approved by the APSC, the APSC has approved rate schedules which would allow collection of $33 million of the denied rate relief during the appeal period. Collection of this amount has been deferred by AP&L pending final court review. Any portion of the deferred amount which is finally granted by the Court may be collected by a surcharge over a period equal to the length of deferral which ended with the effective date of the next rate case's decision, August 2,

1983. All other relief granted by the Court will be collected prospectively from the date of the Court's decision. The matter is pending before the Court.

On October 19, 1983, the staff of the APSC filed with the APSC a petition requesting the APSC to order AP&L to appear and show cause why AP&L's rates to customers other than Reynolds should not be adjusted downward to take into consideration revenues greater than rate case test year levels, which will be collected from Reynolds because of Reynolds' higher demand which has occurred since AP&L's most recent retail rate order. The APSC staff alleges that the results without adjustment will be a windfall of approximately $12 million to AP&L. On October 21, 1983, AP&L filed a response to the petition requesting the petition be denied and that the allegation of a $12 million windfall was erroneous. The APSC denied this request and on December 16, 1983, the APSC held a hearing for AP&L to show cause. Post-hearing briefs were filed thereafter. The matter is pending.

Approximately 87% of AP&L's total revenues from sales to retail customers are under rate schedules which have a fuel adjustment clause which provides for recovery of the excess cost of fuel and purchased power in the second preceding month with an assumed or targeted capacity factor for AP&L's nuclear units when the units are not down for refueling. The target capacity factor has associated with it a plus/minus 2½% null zone. The remaining 13% of retail revenues are under rate schedules for the large power supply contracts with Reynolds and rate schedules in effect with respect to AP&L's Missouri retail customers. The recovery of fuel cost and purchased power cost for the Missouri retail customers is presently limited to the amount of such costs included in each service rate schedule. The targeted capacity factor provision applicable to ANO is an incentive and AP&L may either over- or under-recover costs of replacement energy in excess of equal amounts of nuclear energy depending upon the generation from the nuclear units when they are not down for refueling. For the first ten weeks that ANO No. 1 or ANO No. 2 is down for refueling, the targeted capacity factor for such unit is 0 for the purpose of calculating the fuel adjustment factor; however, when either nuclear unit has been out of service for more than 30 days in any consecutive 12 month period for reasons other than the allowed refueling period, beginning with the 31st day the targeted capacity factor is 0 and the fuel adjustment clause provides for the recovery of 90% of the excess fuel and purchased power cost. The lack of any adjustment to the targeted capacity factor during (i) the periods in excess of ten weeks in which ANO No. 1 or ANO No. 2, is down for refueling, and (ii) the first 30 days of a non-refueling outage or outages in any consecutive 12 month period can result in a decrease in AP&L's net income during the period involved. In addition, the fuel adjustment factor contains an amount for a nuclear reserve fund, estimated to cover the replacement cost of energy which would have been generated by nuclear fuel when a nuclear unit is down for refueling. This fund bears interest and is credited to the fuel and purchased power expense incurred during the time the nuclear unit is actually down for refueling.

The monthly energy charges to Reynolds are based upon the estimated annual cost of fuel and purchased power and therefore do not contain a fuel adjustment factor. The actual weighted cost of fuel is calculated at year end and a billing is made for any difference. Both the energy charge to Reynolds and the fuel adjustment factor contain an additional amount based upon the quantity of nuclear energy actually generated in the applicable cost month which is designed to recover the cost of disposing of spent nuclear fuel. For information concerning the power supply contract with Reynolds, see "Business of System Operating Companies".

AP&L's Arkansas wholesale rates to municipal and distribution co-operative customers that are being collected under a settlement agreement contain a fuel adjustment clause that is substantially the same as the originally-filed retail fuel adjustment clause in the case in which the APSC rendered its decision on March 1, 1982. AP&L's Missouri wholesale rate schedule contains a fuel adjustment tariff which allows for the recovery of the weighted average cost of fuel and energy cost of purchased power in excess of a stated base.

Substantially all of AP&L's rate schedules, except the large power supply contract with Reynolds, the service schedules under interconnection agreements with other utilities and those applicable to rural electric cooperatives, contain a tax adjustment clause to cover increases and decreases in taxes which is operative only by approval of the APSC. A municipal tax adjustment rider is in effect in Arkansas retail rates whereby billings to customers of AP&L within a municipality will be increased by an amount equal to the charges (other than special millage or general taxes applicable to all taxpayers) levied by that municipality upon AP&L. On February 7, 1980 the APSC entered an order requiring that each Arkansas utility subject to its jurisdiction, including AP&L, eliminate from base rates an amount representing municipal franchise taxes and collect from customers residing in each municipality all of the franchise tax levied by that municipality on that utility.

LP&L

On January 24, 1983, LP&L filed with the LPSC a general rate increase application with respect to customers under its jurisdiction, asking authorization to put into effect new retail rate schedules designed to provide additional annual net revenues in 1984 of approximately $412 million over projected 1983 revenues based on the assumptions that Grand Gulf No. 1 being constructed by MSE and Waterford No. 3 being constructed by LP&L are in commercial operation throughout the test year and that LP&L would defer for subsequent recovery certain of the costs associated with Grand Gulf No. 1. In light of the LPSC order of March 21, 1983 permitting LP&L to use over a ten year period a portion of the cash proceeds received by LP&L in connection with the settlement of a dispute with Texaco Inc., LP&L reduced its $412 million general rate increase request to $309 million. Under date of February 20, 1984, the LPSC issued its order in the matter. The order used actual financial results for the twelve months ended June 30, 1983 as the test period and included adjustments consistent with the traditional practice of the LPSC. In principal effect, the order (1) after adverting to certain delays in the commercial operation dates for Grand Gulf No. 1 and Waterford No. 3, rejected any allowance in rates which would reflect an in-service status for either Grand Gulf No. 1 or Waterford No. 3, and stated that a new rate filing should be made at an appropriate time for any rate increase to be requested on the basis of the commercial operation of these units; and (2) permitted LP&L an increase of approximately $69 million per year in its rates and charges for electric service. A major portion of LP&L's proposed increase in retail rates had been designed to cover the revenue requirements associated with commercial operation of these units. LP&L is studying the order and has not yet determined whether or not it will appeal therefrom. The LPSC's order stated that if LP&L continues to believe that the commercial operation of these units will require a rate increase, a new rate filing should be made at an appropriate time and that such a filing will be considered in due course by the LPSC. Assuming that LP&L does not appeal from the order, it intends to make all necessary filings with the LPSC and to take all necessary legal and other action in order to put it in a position to obtain the rate relief necessary to enable it to meet its obligations resulting from the in-service status of Grand Gulf No. 1 and Waterford No. 3, promptly as these units go into commercial operation.

All of LP&L's rate schedules include adjustments for changes in the cost of fuel (which generally results in a two month lag between changes in fuel costs and billings therefor) and directly allocable taxes such as sales or excise taxes. LP&L has received authorization from the LPSC allowing and requiring LP&L to credit or charge customers through the fuel adjustment clause for net over- or under-collections of fuel costs in excess of those included in base rates. Concurrently with this change in billing for fuel costs, LP&L commenced deferring on its books fuel costs to be reflected in billings to customers pursuant to the fuel adjustment clause until such amounts are billed to customers.

MP&L

MP&L's retail and wholesale rate schedules include a fuel adjustment clause which permits recovery from customers each month of any increase or decrease in the estimated cost of fuel and purchased energy applicable to sales to Mississippi area customers. The calculations of the monthly fuel adjustment rate involve the use of projected sales and energy costs for the month, adjusted for any over- or under-recoveries due to differences between the actual and estimated costs of energy and sales levels for the second prior month.

NOPSI

On January 28, 1983, NOPSI filed with the LPSC a general rate increase application with respect to the customers under its jurisdiction, asking authorization to put into effect new electric retail rate schedules designed to provide additional annual net electric revenues in 1984 of approximately \$113,000,000 over projected 1983 revenues based on the assumption that Grand Gulf No. 1 being constructed by MSE is in commercial operation throughout the test year and that NOPSI would defer for subsequent recovery certain of the costs associated with Grand Gulf No. 1. Under the date of February 20, 1984, the LPSC issued its order in the matter. The order used actual financial results for the twelve months ended June 30, 1983 as the test period and included adjustments consistent with the traditional practice of the LPSC. In principal effect, the order (1) after adverting to certain delays in the commercial operation date for Grand Gulf No. 1 rejected any allowance in rates which would reflect an in-service status for such unit, and stated that a new rate filing should be made at an appropriate time for any rate increase to be requested on the basis of the commercial operation of this unit; and (2) permitted NOPSI an increase of approximately \$24,000,000 per year in its rates and charges for electric service. A major portion of NOPSI's proposed increase in retail rates had been designed to cover the revenue requirements associated with the commercial operation of Grand Gulf No. 1. NOPSI is studying the order and has not yet determined whether or not it will appeal therefrom. The LPSC's order stated that if NOPSI continues to believe that the commercial operation of Grand Gulf No. 1 will require a rate increase, a new rate filing should be made at an appropriate time and that such a filing will be considered in due course by the LPSC. Assuming that NOPSI does not appeal from the order, NOPSI intends to make all necessary filings with the LPSC and to take all necessary legal and other action, in a timely manner, to put it in a position to obtain the rate relief necessary to enable it to meet its obligations resulting from the in-service status of Grand Gulf No. 1, promptly as Grand Gulf No. 1 goes into commercial operation. The City of New Orleans, on February 29, 1984, sent to the LPSC a Motion for Reconsideration of Commission Order, requesting the LPSC to reconsider and adopt the City of New Orleans' recommendations pertaining to rate of return, attrition allowance, certain amortization charges and rate design. The increased rates authorized by the February 20, 1984 order have been put into effect, but the effect of such motion is to make the increase in revenues subject to refund. NOPSI intends to take any and all necessary steps to oppose this motion.

On July 21, 1982, NOPSI filed an application with the LPSC for an increase in jurisdictional retail natural gas rates designed to produce approximately \$16.8 million of increased annual revenues. On June 24, 1983, the LPSC issued an order rejecting the entire amount of additional gas revenues requested by NOPSI in its application. On June 27, 1983, NOPSI filed a petition for appeal and judicial review of such LPSC order in the Nineteenth Judicial District Court for the Parish of East Baton Rouge, Louisiana. On November 18, 1983, the Court remanded the matter to the LPSC with direction to provide findings as to the disputed issues and a statement of reasons supporting its determination. On November 28, 1983, the LPSC issued an order granting NOPSI the authority to file with the Staff of the LPSC revised tariff schedules producing additional annual gross revenues of \$11.5 million, to become effective upon receipt by NOPSI of written notification from the Staff of its acceptance of the schedules for filing. Such schedules were filed on November 30, 1983, and were so accepted for filing and became effective on December 1, 1983.

NOPSI's electric rate schedules include fuel adjustment clauses which allow for the full recovery of increased power plant and purchased power fuel costs above the fuel costs collected through the basic rates. Similarly, NOPSI's gas rate schedules include a gas cost adjustment clause which allows for the full recovery of increased purchased gas costs above the gas costs collected through the basic rates. Both adjustment clauses allow for the monthly reconciliation of actual fuel or purchased gas costs incurred and billed. Any difference between fuel/purchased gas cost revenues and fuel/purchased gas cost expenses for the current month is included in cumulative over- or under-collection accounts. Surcharges are calculated by dividing the balances in these cumulative accounts by the actual sales for the twelve month period ended with the current month. NOPSI defers on its books fuel and purchased gas costs to be reflected in billings to customers pursuant to the fuel and gas costs adjustment clause until such amounts are billed to customers.

[illegible]GS RATIOS OF SYSTEM OPERATING COMPANIES

T[illegible] companies have calculated ratios of earnings to fixed charges and ratios of ear[illegible]es and preferred dividends pursuant to Item 503 of Regulation S-K of the SEC [illegible]

	Twelve Months Ended December 31,				
	1979	1980	1981	1982	1983
Ratio[illegible]ed Cha[illegible]					
A[illegible]	1.91(c)	1.80	2.18	2.20	2.46
L[illegible]	2.06	2.55	2.78	2.31	2.05
M[illegible]	2.58	3.50	3.56	2.70	3.49
N[illegible]	2.26	1.96	2.59	2.56	2.00
Ratio[illegible]ed Charges and[illegible]s (a) (b)					
A[illegible]	1.60(c)	1.37	1.66	1.71	1.92
L[illegible]	1.64	1.85	1.98	1.69	1.52
M[illegible]	2.21	2.98	2.87	2.02	2.37
N[illegible]	2.01	1.41	1.73	1.63	1.23

[illegible]ent the aggregate of (1) net income, (2) taxes based on income, (3) investment tax [illegible]net and (4) fixed charges. "Fixed Charges" represent interest, related amor[illegible] applicable to rentals charged to operating expenses.

[illegible]ends", as defined, are computed by dividing the preferred dividend requ[illegible]red percent minus the income tax rate.

[illegible] provisions for refunds as ordered by the Arkansas Supreme Court with resp[illegible] the fuel adjustment clause during 1979.

NOPSI INDUSTRY SEGMENTS

Sele[illegible]mation Relating to Industry Segments(1)

	Year Ended December 31,		
	1983	1982	1981
	(In Thousands)		
[illegible]sales to unaffiliated [illegible]to[illegible]3):			
Ele[illegible]	$283,528	$305,484	$302,984
Na[illegible]	136,074	120,673	98,415
[illegible]tal	$419,602	$426,157	$401,399
[illegible]me (loss)(3):			
Ele[illegible]	$ 13,055	$ 13,392	$ 15,563
Na[illegible]	(42)	246	550
[illegible]tal	$ 13,013	$ 13,638	$ 16,113

	Year Ended December 31,		
	1983	1982	1981
	(In Thousands)		
Total utility plant:			
Electric	$370,316	$356,741	$341,355
Natural gas	79,413	76,532	73,975
Transit(3)	—	15,920	15,930
Construction work in progress:			
Electric	756	1,641	5,260
Natural gas	5	14	47
Total	$450,490	$450,848	$436,567

(1) Because it is impracticable to allocate interest charges and other income and deductions, the contribution to net income by type of business is not shown.

(2) NOPSI's intersegment sales are not material (less than 1% of sales to unaffiliated customers).

(3) NOPSI sold, on June 30, 1983, its transit operations to the Regional Transit Authority, a political subdivision of the State of Louisiana, for a purchase price of $21,000,000. Concurrently, NOPSI paid $7,330,000 and agreed to reimburse certain future payments in consideration of the assumption of certain of NOPSI's obligations with respect to retired and disabled transit-related employees. The above reported amounts for revenue and operating income do not reflect the results of transit operations.

Narrative Description of Industry Segments

Electric Service. Electric service was supplied to 199,199 customers at December 31, 1983. During 1983, 34% of electric operating revenues was derived from residential sales, 37% from commercial sales, 13% from industrial sales, 14% from sales to governmental and municipal customers and 2% from sales to public utilities and from other sources.

Natural Gas Service. Natural gas service was supplied to 173,045 customers at December 31, 1983. During 1983, 51% of gas operating revenues was derived from residential sales, 19% from commercial sales, 10% from industrial sales and 20% from sales to governmental and municipal customers. (See "Fuel Supply—Natural Gas Purchased for Resale".)

Employees by Segment

NOPSI's employees by industry segments are as follows:

	December 31, 1983		
	Full Time	Part Time	Total
Electric	550	—	550
Natural Gas	212	—	212
General	760	37	797
Total	1,522	37	1,559

For further information with respect to NOPSI's industry segments, see "Business of System Operating Companies" and "Property".

OPERATING STATISTICS—CONSOLIDATED

ELECTRIC OPERATIONS

	Years Ended December 31,		
	1983	1982	1981
Energy Generated, Purchased and Interchanged (Millions of KWH):			
Generated—net station output	38,556	40,856	45,874
Purchased	16,041	14,092	10,650
Interchanged—net	130	99	47
Total generated, purchased and interchanged	54,727	55,047	56,571
System use, losses and unaccounted for	(4,305)	(3,591)	(3,536)
Total energy sales	50,422	51,456	53,035
Energy Sales (Millions of KWH):			
Residential	15,465	15,596	15,472
Commercial	9,776	9,620	9,396
Industrial	21,084	22,092	23,462
Governmental	2,025	2,045	1,902
Total sales to retail customers	48,350	49,353	50,232
Sales for resale	2,072	2,103	2,803
Total energy sales	50,422	51,456	53,035
Number of Customers (End of period):			
Residential	1,409,022	1,387,389	1,372,106
Commercial	168,652	165,460	164,070
Industrial	26,134	24,390	24,631
Governmental	9,989	9,635	9,444
Total retail customers	1,613,797	1,586,874	1,570,251
Sales for resale	32	30	43
Total customers	1,613,829	1,586,904	1,570,294
Operating Revenues (In Thousands):			
Residential	$ 958,540	$ 926,645	$ 874,505
Commercial	590,380	566,656	533,721
Industrial	931,369	954,195	925,413
Governmental	108,805	107,791	97,042
Total from retail customers	2,589,094	2,555,287	2,430,681
Sales for resale	90,720	95,959	127,996
Total from energy sales	2,679,814	2,651,246	2,558,677
Miscellaneous	36,515	22,326	24,101
Total operating revenues	$2,716,329	$2,673,572	$2,582,778

AP&L

OPERATING STATISTICS

ELECTRIC OPERATIONS

	Years Ended December 31,		
	1983	1982	1981
Energy Generated, Purchased and Interchanged (Millions of KWH):			
Generated—net station output	18,034	15,595	18,722
Purchased	7,402	7,241	5,980
Interchanged—net	100	82	12
Total generated, purchased and interchanged	25,536	22,918	24,714
Company use, losses and unaccounted for	(1,816)	(1,409)	(1,432)
Total energy sales	23,720	21,509	23,282
Energy Sales (Millions of KWH):			
Residential	4,612	4,514	4,418
Commercial	2,927	2,870	2,819
Industrial	6,822	6,327	7,375
Governmental	394	410	312
Total sales to retail customers	14,755	14,121	14,924
Sales for resale	8,965	7,388	8,358
Total energy sales	23,720	21,509	23,282
Number of Customers (End of period):			
Residential	471,508	462,753	458,941
Commercial	57,141	56,709	57,133
Industrial	14,162	13,529	13,530
Governmental	2,481	2,372	2,332
Total retail customers	545,292	535,363	531,936
Sales for resale	17	18	23
Total customers	545,309	535,381	531,959
Operating Revenues (In Thousands):			
Residential	$ 315,960	$ 282,204	$ 257,801
Commercial	169,367	153,393	148,938
Industrial	256,925	234,150	248,858
Governmental	20,989	19,081	14,787
Total from retail customers	763,241	688,828	670,384
Sales for resale	379,598	299,724	298,781
Total from energy sales	1,142,839	988,552	969,165
Miscellaneous	6,052	5,572	5,569
Total operating revenues	$1,148,891	$ 994,124	$ 974,734

LP&L

OPERATING STATISTICS

	Years Ended December 31,		
	1983	1982	1981
Energy Generated, Purchased and Interchanged (Millions of KWH):			
Generated—net station output	12,922	14,540	15,471
Purchased	10,662	10,567	9,745
Interchanged—net	20	9	28
Total generated, purchased and interchanged	23,604	25,116	25,244
Company use, losses and unaccounted for	(1,366)	(1,175)	(1,092)
Total energy sales	22,238	23,941	24,152
Energy Sales (Millions of KWH):			
Residential	6,274	6,429	6,405
Commercial	3,168	3,130	3,016
Industrial	11,491	12,997	13,067
Governmental	525	518	479
Total sales to retail customers	21,458	23,074	22,967
Sales for resale	780	867	1,185
Total energy sales	22,238	23,941	24,152
Number of Customers (End of period):			
Residential	487,148	478,360	469,998
Commercial	53,812	52,001	50,574
Industrial	7,503	6,618	6,655
Governmental	3,551	3,400	3,343
Total retail customers	552,014	540,379	530,570
Sales for resale	11	8	9
Total customers	552,025	540,387	530,579
Operating Revenues (In Thousands):			
Residential	$ 358,840	$ 364,005	$ 341,555
Commercial	186,822	182,981	164,653
Industrial	529,649	574,060	525,349
Governmental	27,176	26,220	22,785
Total from retail customers	1,102,487	1,147,266	1,054,342
Sales for resale	32,112	37,257	55,212
Total from energy sales	1,134,599	1,184,523	1,109,554
Miscellaneous	10,144	11,060	8,207
Total operating revenues	$1,144,743	$1,195,583	$1,117,761

MP&L

OPERATING STATISTICS

	Years Ended December 31,		
	1983	1982	1981
Energy Generated, Purchased and Interchanged (Millions of KWH):			
Generated—net station output	5,446	7,071	7,484
Purchased	3,909	3,493	3,508
Interchanged—net	6	5	5
Total generated, purchased and interchanged	9,361	10,569	10,997
Company use, losses and unaccounted for	(853)	(728)	(692)
Total energy sales	8,508	9,841	10,305
Energy Sales (Millions of KWH):			
Residential	2,936	2,954	2,944
Commercial	2,026	1,989	1,938
Industrial	2,044	2,011	2,197
Governmental	344	362	388
Total sales to retail customers	7,350	7,316	7,467
Sales for resale	1,158	2,525	2,837
Total energy sales	8,508	9,841	10,304
Number of Customers (End of period):			
Residential	272,281	268,556	266,975
Commercial	39,403	38,651	38,427
Industrial	3,246	3,194	3,351
Governmental	2,363	2,309	2,221
Total retail customers	317,293	312,710	310,974
Sales for resale	7	7	14
Total customers	317,300	312,717	310,988
Operating Revenues (In Thousands):			
Residential	$185,917	$173,349	$168,387
Commercial	129,863	121,164	115,147
Industrial	108,365	105,164	110,138
Governmental	19,593	19,261	19,838
Total from retail customers	443,738	418,938	413,510
Sales for resale	59,167	104,122	110,212
Total from energy sales	502,905	523,060	523,722
Miscellaneous	17,198	3,423	8,121
Total operating revenues	$520,103	$526,483	$531,843

NOPSI

OPERATING STATISTICS

ELECTRIC OPERATIONS

	Years Ended December 31,		
	1983	1982	1981
Energy Generated, Purchased and Interchanged (Millions of KWH):			
Generated—net station output	2,154	3,650	4,198
Purchased	2,989	2,158	1,886
Interchanged—net	4	2	2
Total generated, purchased and interchanged	5,147	5,810	6,086
Company use, losses and unaccounted for	(270)	(279)	(321)
Total energy sales	4,877	5,531	5,765
Energy Sales (Millions of KWH):			
Residential	1,642	1,700	1,706
Commercial	1,654	1,631	1,622
Industrial	728	756	823
Governmental	762	756	723
Total sales to retail customers	4,786	4,843	4,874
Sales for resale	91	688	891
Total energy sales	4,877	5,531	5,765
Number of Customers (End of period):			
Residential	178,085	177,720	176,192
Commercial	18,296	18,099	17,936
Industrial	1,223	1,049	1,095
Governmental	1,594	1,554	1,548
Total retail customers	199,198	198,422	196,771
Sales for resale	1	1	1
Total customers	199,199	198,423	196,772
Operating Revenues (In Thousands):			
Residential	$ 97,824	$107,087	$106,762
Commercial	104,328	109,118	104,983
Industrial	36,429	40,820	41,068
Governmental	41,046	43,229	39,633
Total from retail customers	279,627	300,254	292,446
Sales for resale	4,529	34,544	45,831
Interdepartmental	499	949	825
Total from energy sales	284,655	335,747	339,102
Interdepartmental rents	186	243	220
Miscellaneous	3,121	2,272	2,204
Total operating revenues, including interdepartmental	287,962	338,262	341,526
Less interdepartmental	685	1,192	1,045
Total operating revenues, excluding interdepartmental	$287,277	$337,070	$340,481

PROPERTY

Generating Stations

The net capability of the Middle South System's generating stations at December 31, 1983 by company is indicated below:

	Net Capability MW(1)				
		Steam Turbine		Gas Turbine and Internal Combustion	
Company	Total	Fossil Fueled	Nuclear		Hydro
AP&L	5,492	3,444	1,694	285(2)	69
LP&L	4,392	4,373	—	19	—
MP&L	2,972	2,961	—	11	—
NOPSI	1,270	1,254	—	16	—
Total Middle South System	14,126	12,032	1,694	331	69

(1) "Net capability" as used herein is the dependable load carrying ability of the stations, as demonstrated under actual operating conditions based on the primary fuel which each station was designed to utilize.

(2) Includes 188 MW of capacity leased through 1999.

Interconnections

The electric power supply facilities of the Middle South System consist principally of steam-electric production facilities strategically located with reference to availability of fuel, protection of local loads and other controlling economic factors. These are interconnected by a transmission system operating at various voltages up to 500 KV. Generally, operating facilities are owned by the System operating company serving the area in which the facilities are located. However, generating facilities are centrally dispatched and operated with a view to realizing the greatest economy. This operation seeks, among other things, the lowest cost sources of energy from hour to hour. The minimum of investment and the most efficient use of plant are sought to be achieved in part through the coordinated scheduling of maintenance, inspection and overhaul.

Under the terms of the New System Agreement effective January 1, 1983, some of the generating capacity and other power resources are shared. Among other things, the New System Agreement provides that parties having excess generating capacity sell the excess to those parties having deficiencies in generating capacity and that the purchasers pay to the sellers a charge sufficient to cover certain of the sellers' operating expenses, fixed charges on debt, dividend requirements on preferred stock and a fair rate of return on common equity investment. Under the New System Agreement, these charges are based on costs associated with the sellers' steam-electric generating units fueled by oil or gas. In addition, for all energy to be supplied under the New System Agreement, the purchasers are required to pay the cost of fuel consumed in generating such energy plus a charge to cover other associated costs. See "Rate Matters—General" for a discussion of the FERC proceeding relating to the New System Agreement, including proposals of various parties to equalize production costs of Middle South System generating units among the System operating companies.

The System operating companies have direct interconnections with neighboring utilities, including, in individual cases, Gulf States Utilities Company, Mississippi Power Company, Southwestern Electric Power Company, SPA, Central Louisiana Electric Company, Inc., Oklahoma Gas and Electric Company, Empire District Electric Company, Union Electric Company, AECC, TVA, Cajun Electric Power Cooperative, Inc., Associated Electric Cooperative Inc., Municipal Energy Agency of Mississippi and SMEPA.

The System operating companies are members of the Southwest Power Pool, which has 38 members. The primary purpose of the Southwest Power Pool is to ensure the reliability and adequacy of the electric bulk power supply in the Southwest Region of the United States. The Southwest Power Pool is a member of the North American Electric Reliability Council.

Arrangements have been made under which a group of eleven investor-owned utilities, including the System operating companies, and TVA exchange capacity and energy which is available for such purpose because of diversity in the periods of peak demands. The purpose of these exchange arrangements is to effect economies for the benefit of each of the systems involved. The investor-owned companies are supplying 200,000 KW to TVA during the winter exchange period, November 15 through March 15, and TVA is supplying a like amount of power to the investor-owned companies during the summer exchange period, June 1 through October 1. Of the total amount to be exchanged, the Middle South System's share is approximately 30%. Each participant in the arrangements is providing the necessary transmission lines and related facilities in its territory at voltages up to 500 KV. The annual costs of these lines and facilities are shared among the participants in the exchange substantially in proportion to their respective benefits. This exchange is scheduled to be terminated following the summer exchange period in 1987.

The Middle South System peak demand for 1983 of 10,870 MW occurred on August 29, 1983. At that time, net firm purchases available to the System operating companies amounted to 362 MW resulting in a requirement for Middle South System generated output of 10,508 MW. System owned and leased capability, adjusted to reflect curtailments of primary fuel (natural gas) and the use of alternate fuel, plus 464 MW of available non-firm purchases, amounted to 13,831 MW. The reserve margin at the time of peak was approximately 32%. (See "Fuel Supply".)

The peak demand, date of occurrence and net capability of owned and leased generating stations at the time of the peak for the System operating companies are indicated below:

	Peak Demand MW	Date	Net Capability at Time of Peak (MW)
AP&L	3,748	August 24, 1983	5,476
LP&L	4,207	August 29, 1983	4,392(1)
MP&L	1,894	August 25, 1983	2,972
NOPSI	1,106	August 30, 1983	1,270

(1) Excludes 226 MW which represents the capability of generating stations in certain Louisiana towns and cities, which generating stations are being operated as part of the LP&L system.

The Middle South System is installing nuclear- and coal-fueled generating units, which should enable it over the life of these units to reduce the price of electricity by displacing oil and gas generated energy. As a result, the Middle South System expects to have high reserves during a transitional period.

Representatives of the Middle South System regularly review load and capacity projections in order to coordinate and recommend the location and time of installation of additional generating capacity and of interconnections in the light of the availability of power, the location of new loads and maximum economy to the Middle South System. The Middle South System anticipates that it will have the ability to supply its forecasted long-range load, subject to its ability to install presently planned capacity, to the receipt of purchased power under various contracts, to the magnitude, duration and timing of equipment forced outages, to the availability of fuel as required and to other factors.

Other Electric Property

At December 31, 1983, the System operating companies owned and operated 10,867 pole miles of electric lines of 33 KV and over (including 1,051 pole miles of 500 KV) and 66,791 pole miles of electric lines under 33 KV. These companies also owned and operated 800 substations.

Gas Property

At December 31, 1983, NOPSI distributed and transmitted natural gas within the limits of the City of New Orleans through a total of 1,435 miles of gas distribution mains and 39 miles of gas transmission lines. Deliveries of natural gas for distribution purposes by NOPSI are received at eleven separate locations or "City Gates". Gas from United is received by NOPSI at six of the City Gates and intrastate gas from other suppliers is received at the other gates.

At December 31, 1983, Associated owned approximately 602 miles of gas transmission lines ranging in size from 2 inch to 10 inch and approximately 1,336 miles of gas distribution mains.

Titles

The Middle South System's electric generating stations are generally located on lands owned in fee simple. The greater portion of the transmission and distribution lines of System operating companies has been constructed over lands of private owners pursuant to easements or on public highways and streets pursuant to appropriate permits. The rights of each company in the realty on which its properties are located are considered by it to be adequate for its use in the conduct of its business. Minor defects and irregularities customarily found in properties of like size and character exist, but such defects and irregularities do not materially impair the use of the properties affected thereby. The System operating companies generally have the right of eminent domain whereby they may, if necessary, perfect or secure titles to or easements on privately-held lands used or to be used in their utility operations.

Substantially all the physical properties of each System operating company and MSE are subject to the lien of the mortgage and deed of trust securing the first mortgage bonds of such company.

General

In connection with controversies over the cost of power from the Grand Gulf Station and the respective System operating company responsibility therefor, the governor of the State of Arkansas has initiated an investigation into the possibility of the take-over of AP&L by the State of Arkansas or an agency thereof and, in addition, the Council is undertaking studies to consider the possibility of the take-over of NOPSI by the City of New Orleans. Neither AP&L nor NOPSI can predict whether any formal action with respect to these possible take-overs will result. However, AP&L and NOPSI believe that any such take-over would not be in the best interests of AP&L or NOPSI and their respective investors and customers; and will take all necessary actions to oppose any take-over actions.

FUEL SUPPLY

The Middle South System historically burned natural gas as its primary fuel. However, fuel usage in recent years has been affected by the diversification of the Middle South System fuel sources.

The following tabulation shows the percentages of natural gas, fuel oil, nuclear fuel, and coal used in KWH generation and the average fuel cost per KWH generated by each type of fuel during the past three years:

	Natural Gas		Fuel Oil		Nuclear Fuel		Coal	
Year	Percent of Generation	Fuel Cost Per KWH	Percent of Generation	Fuel Cost Per KWH	Percent of Generation	Fuel Cost Per KWH	Percent of Generation	Fuel Cost Per KWH
1981	60	2.62¢	9	4.81¢	20	.72¢	11	1.94¢
1982	67	3.11	2	6.41	18	.74	13	2.11
1983	58	3.35	1	4.79	20	.81	21	2.02

The Middle South System's percentages of generation by type of fuel were, during 1983, and are estimated to be, in 1984, the following:

	Natural Gas		Fuel Oil		Nuclear		Coal	
	1983	1984(3)	1983	1984	1983	1984	1983	1984
Consolidated	58%	46%	1%	1%	20%	33%(2)	21%	20%
AP&L(1)	17	7	0	0	42	51	40	41
LP&L	97	85	3	1	—	14	—	—
MP&L	72	79	1	3	—	—	27	18
NOPSI	99	100	1	0	—	—	—	—

(1) The balance of AP&L's generation was provided by hydroelectric power.

(2) Includes MSE's share of all energy to be generated by Grand Gulf No. 1.

(3) Includes quantities both under firm contracts and projected to be available.

AP&L's ANO No. 2, White Bluff No. 1, White Bluff No. 2, and AP&L's and MP&L's Independence No. 1, which went into commercial operation in March 1980, August 1980, July 1981 and January 1983, respectively, have altered the percentages of generation by fuel source which the Middle South System has experienced in recent years. Additional nuclear units under construction by LP&L and MSE, AP&L's and MP&L's other jointly owned coal-fueled unit at the Independence Station and additional coal-fueled units now in the off-site construction phase are expected to alter these percentages substantially in future years. Factors which may also affect the percentages in future years include availability and price of fuel and purchased power, scheduled and unscheduled outages of generating stations, customer energy requirements, restrictions on coal mining, environmental protection requirements and requirements of the NRC.

System Fuels, Inc.

SFI operates on a non-profit basis for the purposes of planning and implementing programs for the procurement of fuel supplies for the Middle South System. AP&L owns 35%, LP&L owns 33%, MP&L owns 19% and NOPSI owns 13% of the common stock of SFI. SFI supplies fuel for the Middle South System primarily through purchases from third parties.

SFI is also engaged in oil and gas exploration activities. During 1983, SFI had varying degrees of participation in the drilling of 10 wells of which 4 proved commercially productive.

SFI's net investment in developed and undeveloped oil and gas properties amounted to less than 1% of the consolidated assets of the Middle South System at January 31, 1984.

SFI's natural gas production is sold to MP&L and, under certain circumstances, to third parties. Energy generated by MP&L with such gas is shared among SFI's parent companies in proportion to their respective investments in SFI. Because SFI is limited to its recovery of the cost of the reserves on sales to the System operating companies, the cost of this natural gas to MP&L is less than the cost of natural gas which could be purchased in the open market thereby reducing the cost of energy to Middle South System customers.

During 1978, SFI initiated a program of exploration for uranium ores suitable for potential future extraction and conversion into nuclear fuels. To date, uranium exploration efforts have not resulted in any identified commercially producible reserves. No significant activities in this area are scheduled for 1984.

At January 31, 1984, SFI estimated gross expenditures in 1984 of approximately $8.6 million for oil and gas exploration and development.

As of January 31, 1984, SFI had under charter a number of towboats and barges for the transport of fuel oil. For details of other fuel supply activities of SFI, reference is made to the subheadings, "Natural Gas", "Fuel Oil", "Coal" and "Nuclear Fuel" under this heading.

To finance, in part, its fuel supply arrangements, SFI has entered into various borrowing arrangements with its parent companies as follows:

	Period in Effect	Term of Loans Outstanding	Maximum Borrowings Authorized At 1/31/84	Amount Outstanding At 1/31/84
Loan Agreement dated January 5, 1974, as amended	1/5/74-12/31/77	25 years from date of borrowing	—	$ 13,000,000
Loan Agreement dated January 4, 1978, as amended	1/4/78-12/31/83	due 12/31/2008	—	98,000,000
Loan Agreement dated January 1, 1984	1/1/84-12/31/84	due 12/31/2009	$125,000,000(1)	—
				$111,000,000

(1) The unused loan commitment at January 31, 1984 was $125,000,000. SFI's parent companies' shares of the unused loan commitment at January 31, 1984 were as follows: AP&L, $40,000,000; LP&L, $55,000,000; MP&L, $18,750,000; and NOPSI, $11,250,000.

In addition, the System operating companies, as sole owners of the common stock of SFI, have covenanted and agreed, severally in accordance with their respective shares of ownership of SFI's common stock, that they will take any and all action necessary to keep SFI in a sound financial condition and to place SFI in a position to discharge, and to cause SFI to discharge, its obligations under certain borrowing arrangements. The total loan commitments under these arrangements amounted to $295,000,000 at January 31, 1984, of which $171,810,000 had been borrowed by SFI and was outstanding at that date. SFI's parent companies have made similar covenants and agreements in connection with long-term leases of oil storage and handling facilities and coal cars having, at January 31, 1984, an aggregate discounted value of approximately $76,100,000. In addition, MSU has guaranteed the obligations of SFI in connection with long-term leases of other oil storage and handling facilities and bareboat charters of towboats and barges having, at January 31, 1984, an aggregate discounted value of approximately $36,300,000.

For information regarding additional commitments of the System operating companies in connection with SFI's fuel supply business, reference is made to "Coal" under this heading.

Natural Gas

For several years prior to 1979 the interstate pipeline companies serving the Middle South System's power plants, either directly or indirectly through gas distribution companies, had imposed severe levels of curtailment under gas curtailment plans in effect or in the process of development. An improvement in system supply for these pipeline companies became apparent in mid-1979 in the form of higher allowable daily allocations of gas for power station use to various companies. These higher levels of deliveries continued through 1983 and, coupled with more readily available "spot" gas, purchased by SFI on an interruptible basis for Middle South System companies' use from intrastate pipelines and gas distribution companies, accounted for a significant increase as compared to the late 1970s, in the percentage of energy generated by gas-fired units of the Middle South System.

The projected duration of the higher deliveries of power station gas recently experienced is a subject of disagreement among experts in the field of energy forecasting. Factors affecting the amount of gas usable for power stations include: overall supply available to the supplying gas system, costs relative to other energy sources, extent of storage capability, severity of weather in the area to be served, economic activity affecting demand by higher priority gas customers, policy regarding connection of new higher priority customers and conservation efforts by existing customers. Federal energy legislation enacted in 1978 permits curtailment of gas deliveries to power plant users under order of the FERC during national emergency situations. The curtailment policy of United, a major supplier to the Middle South System, is currently the subject of review or litigation before Federal regulatory agencies and the courts and therefore constitutes another area of uncertainty regarding future gas supply.

Fuel Oil

The System operating companies will have an adequate supply of fuel oil for 1984. Such supplies have been and, during 1984, will be supplied primarily by SFI. As of January 31, 1984, the fuel oil requirements of the Middle South System for 1984 were estimated to be approximately 1.2 million barrels, for all of which the Middle South System has contracted. At January 31, 1984, the total fuel oil inventory of the Middle South System was approximately 2.5 million barrels. The Middle South System's storage capacity at January 31, 1984 was 10.3 million barrels.

In 1982, Marathon Oil Corporation and SFI entered into a new agreement for the supply of fuel oil to SFI. The agreement provides for the purchase of 25,000 barrels per day through 1996 with the options of SFI being (1) upon one year's written notice to permanently reduce the contract quantity to no less than 10,000 barrels per day and (2) upon a six-month written notice from time to time the contract quantity can be reduced by up to 10,000 barrels per day independent of (1) above. SFI has an agreement with another major oil company providing for the purchase by SFI of up to 200,000 barrels of oil per month through 1984.

Coal

Coal deliveries to the White Bluff Station began in December, 1979. AP&L estimates that each unit of the White Bluff Station will require approximately 2.5 million tons of coal annually. AP&L has made arrangements for a supply of coal for the White Bluff Station. Thereunder, AP&L has agreed to purchase, over an approximate twenty-year period, 100 million tons of coal. The coal to be purchased under this arrangement is to be supplied by surface mining in the State of Wyoming from a mine which has been operational since January, 1978. A supply of coal of approximately 60 days is maintained at the White Bluff Station, assuming a 61% capacity factor.

In December, 1976, SFI entered into a contract with a joint venture, now North Antelope Coal Company, consisting of a subsidiary of Peabody Coal Company and a subsidiary of Panhandle Eastern Pipeline Company, for the supply of coal from a mine to be developed in Wyoming. This coal has been dedicated to AP&L under a separate agreement to be used in the Independence Station. AP&L, LP&L, MP&L and NOPSI, each acting in accordance with its share of the ownership of SFI, joined in, ratified, confirmed and adopted the contract and the obligations of SFI thereunder and Peabody joined in, ratified, confirmed and adopted the contract and the obligations of the joint venture thereunder. Under the contract, investment in the mine for leases, plant and equipment is the responsibility of the joint venture up to a specified amount. In order to limit the joint venture's investment and, hence, the amount to be paid to it as a component of the price of coal, the contract provides that SFI invest all funds for plant and equipment in excess of $46.4 million. AP&L, MP&L and AECC, as principal co-owners of the Independence Station have chosen to make the investments rather than SFI and, accordingly, as of December 31, 1983, had invested approximately $57.5 million in mine facilities and related capitalized expenses. As a result, SFI, as of December 31, 1983, had no investment under this agreement. During 1984, it is presently estimated AP&L, MP&L and AECC will invest in the aggregate an additional $7 million under this agreement. AP&L has made the required investments on behalf of the municipal co-owners of the Independence Station and is billing them monthly for their share of the additional investments. Under the agreement as amended to date, estimated reserves are presently expected to provide for at least thirty years of projected requirements of the Independence Station. The North Antelope mine is anticipated to produce an estimated three million tons for use at the Independence Station during 1984, increasing to more than five million tons in 1985.

AP&L and/or SFI have instituted numerous regulatory and judicial proceedings commencing in September, 1977, to determine fair railroad rates and conditions for transporting coal to both the White Bluff and Independence Stations. Proceedings encompassing these matters are presently pending before the Interstate Commerce Commission.

In July, 1983, AP&L entered into two long-term contracts, one with Western Railroad Properties, Inc., a wholly owned subsidiary of the Chicago and Northwestern Transportation Company, and the Union Pacific Railroad Company for transportation from the mine to Kansas City, Missouri, and the second with the Missouri Pacific Railroad Company for transportation from Kansas City, Missouri, to destinations at the White Bluff and Independence Stations. These contracts provide more favorable rates, terms and conditions than were available on movements under common carrier tariffs previously offered. Service under its new agreement has been initiated by the Missouri Pacific Railroad Company and Western Railroad Properties, Inc. expects to complete needed construction to commence their service in the last quarter of 1984.

In February, 1980, SFI executed a contract with Shell Oil Company for the purchase of an estimated 247 million tons of lignite in Calhoun County, Arkansas over a 30-year period. The lignite was to be used by AP&L at a two unit 1500 MW lignite fueled electric generating facility. Subsequently, AECC agreed to become a co-owner of the proposed generating facility and assumed 35% of the obligation to purchase the lignite. In view of revised estimates of needed capacity on the part of AECC, AP&L and the Middle South System as a whole, this contract was amended as of November 10, 1982, so that the lignite presently contracted for will be for a 400 MW facility. AECC has agreed to become an owner of 50% of the proposed generating facility and has assumed 50% of the obligation to purchase the lignite. Furthermore, the delivery of lignite is tied to the timing of the commercial operation of the facility, which the contract contemplates may be extended at AP&L's and AECC's option until June 30, 1995. SFI, AP&L and AECC have undertaken to expand the size of the facility if additional co-owners are available or under certain circumstances to meet an increased need of the System operating companies or of AECC for power. AP&L has guaranteed SFI's performance and has agreed to purchase SFI's share of the lignite, which, assuming a 400 MW plant, half of which would be owned by AP&L, is approximately 33 million tons over a thirty (30) year period. The contract is conditioned upon receiving necessary regulatory approvals for construction of the generating facility. The seller of the lignite is now The G-S Lignite Partnership, a partnership composed of Shell Oil Company and GCO Minerals Company, which in turn is a subsidiary of International Paper Company.

In July, 1980, SFI executed a contract with Antelope Coal Company, a subsidiary of NERCO, Inc., for the purchase of an estimated 100 million tons of coal over an 18-year period to be produced from a surface mine in Wyoming with an option to purchase, over a 10-year period thereafter, an additional 50 million tons of coal. By separate agreement, LP&L guaranteed SFI's performance under the contract and agreed to purchase the coal from SFI for use in the Wilton Station. In November, 1983, SFI notified NERCO, Inc. of a delay in the completion date for Wilton No. 1. Originally scheduled for commercial operation in June, 1988, Wilton No. 1 is now scheduled for commercial operation in 1993. SFI and NERCO, Inc. are currently reviewing possible alternatives to eliminate or mitigate the effects of this delay on increasing the price of coal.

SFI has entered into long-term leases for coal cars to be used to supply coal to the White Bluff and Independence Stations, and in January, 1984, entered into an agreement, subject to regulatory approval, for the leasing of 312 additional cars to meet the anticipated increase in coal requirements as Independence No. 2 comes into operation. The additional coal cars are expected to be delivered by mid-summer 1984.

Nuclear Fuel

Generally, the supply of fuel for nuclear generating units involves the mining and milling of uranium ore to produce a concentrate, the conversion of uranium concentrate to uranium hexafluoride, enrichment of that gas, fabrication of the nuclear fuel assemblies and reprocessing of the spent fuel (or disposal of spent fuel in lieu of reprocessing).

Beginning in 1978, SFI assumed the responsibility for contracting for the acquisition, conversion and enrichment of those nuclear materials required for the fabrication of nuclear fuel which may be utilized for any of the Middle South System nuclear units and for establishing an inventory of such materials during the various stages of processing. However, AP&L remained responsible under certain of its then existing supply contracts. Each Middle South System company having nuclear capacity is currently responsible for contracting for the fabrication of its own nuclear fuel and for purchasing the required enriched uranium hexafluoride from SFI. When possible, SFI will arrange for reprocessing of spent fuel and will purchase the uranium and plutonium residuals from the appropriate Middle South System company, unless such company is contractually obligated to sell such residuals to a third party.

SFI has entered into arrangements for the financing of $135,000,000 of expenditures in connection with its nuclear fuel procurement and services program for the Middle South System.

Based upon the scheduled completion dates and planned fuel cycles for the Middle South System's nuclear units (including the two in service), the following tabulation shows the years through which existing contracts will provide materials and services for the continued operation of the respective units:

	Uranium Concentrate	Acquisition of or Conversion to Uranium Hexafluoride	Enrichment	Fabrication	Spent Fuel Disposal(1)	Scheduled Completion Date
ANO No. 1	(2)	1989	2001	1995		In service
ANO No. 2	(2)	1989	2001	1995		In service
Waterford No. 3	1989	1989	2009	1995		1984
Grand Gulf No. 1	1989	1989	2010	1987		1984
Grand Gulf No. 2	(3)	(3)	2012	1990		(4)

(1) The Nuclear Waste Policy Act of 1982 provides for the disposal of spent nuclear fuel or high level waste under a program managed by the DOE. A fee, based on the amount of electricity generated by nuclear power, will be payable quarterly to the DOE. In addition, AP&L must pay a one-time fee of $49.4 million based on its nuclear generation prior to April 7, 1983. AP&L has three options for payment of the one-time fee and is presently studying these options, the selection of which is not required until June 1985. Under the Act, the DOE will begin accepting spent fuel in 1998 and continue until the disposal of all fuel from reactor sites has been accomplished. This program does not preclude reprocessing should it become economical. Existing and planned spent fuel storage capacity is expected to be sufficient until 1998; however, additional storage may be necessary if DOE's program is delayed. The Company is closely monitoring the progress of this program.

(2) Under its existing contracts, AP&L acquires uranium converted to uranium hexafluoride directly from the vendor.

(3) Due to the delays at Grand Gulf No. 2, uranium and conversion service previously contracted for use in Grand Gulf No. 2 will be utilized by other Middle South System reactors. Uranium and conversion service for Grand Gulf No. 2's initial core will be contracted for approximately two years prior to commercial operation.

(4) See "Construction Program—Nuclear" for information concerning the completion date of Grand Gulf No. 2.

Additional arrangements for segments of the nuclear fuel cycle beyond the dates shown above will be required. At this time the Middle South System cannot predict the ultimate availability or cost thereof.

AP&L is a party to two nuclear fuel leases permitting it to lease, in the aggregate, up to a maximum of $150,000,000 of nuclear fuel. Lease payments are based on nuclear fuel use and are treated as a cost of fuel. The leases, unless sooner terminated by one of the parties, will each continue until 2018. The unrecovered cost bases of the leases at December 31, 1983 aggregated $138,708,000.

LP&L is permitted to lease a maximum of $130,000,000 of nuclear fuel under its nuclear fuel lease. Lease payments, based on nuclear fuel use, will be treated as a cost of fuel. The lease, unless sooner terminated by one of the parties, will continue through June 1, 2028. The unrecovered cost base of the lease at December 31, 1983 was $120,332,000.

MSE is permitted to lease under its nuclear fuel lease a maximum of $175,000,000 of nuclear fuel. Lease payments, based upon nuclear fuel use, will be treated as a cost of fuel. The lease, unless sooner terminated by one of the parties, will continue through October 15, 2029. The unrecovered cost base of the lease at December 31, 1983 was $172,377,000.

Natural Gas Purchased for Resale

Associated and NOPSI obtain deliveries of natural gas for resale from various natural gas pipeline companies. Such deliveries of natural gas are subject to curtailments, primarily weather related. As a result, Associated has had some reduction of gas service to interruptible and certain industrial customers.

Associated and NOPSI have also experienced increases in the cost of gas purchased for resale. Gas rate schedules for these companies include adjustment clauses for changes in the cost of gas purchased for resale.

During the year ended December 31, 1983, natural gas entitlements, subject to curtailment, of Associated amounted to approximately 18.0 billion cubic feet. There were no curtailments during this period. Based on the same contract entitlements, it was estimated, at January 31, 1984, that there will be no curtailments for the year ending December 31, 1984.

NOPSI's principal supplier of natural gas for resale is United. On January 31, 1975, NOPSI entered into a service agreement with United extending its contract for the purchase of gas for resale from June 1, 1975 to June 1, 1985. The annual base requirement for resale gas from United is approximately 37.2 billion cubic feet. During 1983, United curtailed deliveries of resale gas in the amount of 92,426 MCF to NOPSI over a period of approximately ten (10) days during the month of December. However, NOPSI's intrastate sources of gas were sufficient to offset United's curtailments during 1983. Therefore, NOPSI was able to meet its customer requirements throughout the year.

NOPSI and Associated anticipate, as of January 31, 1984, that they will be able to obtain an adequate supply of gas to meet the requirements of their "Human Needs" customers. The ability of NOPSI and Associated to serve their industrial customers in the future may be affected by Federal energy legislation enacted in 1978, the severity of future winters and decisions by regulatory and judicial bodies. Because of United's inability from time to time to serve NOPSI's entire requirements, NOPSI has contracted for supplementary supplies of intrastate natural gas to lessen the possibility of having to curtail deliveries to its natural gas customers.

Research

The Middle South System is a member of EPRI which was established in 1973 and through which a broad range of research is conducted that is of value and application to the electric utility industry. The major technical divisions of EPRI are: (1) Electrical Power Systems, (2) Nuclear Power Systems, (3) Coal Combustion Systems, (4) Advanced Power Systems, (5) Energy Management and Utilization and (6) Energy Analysis and Environment. As of December 31, 1983, approximately 450 specific research results and applications have been identified by EPRI. Through the functions of a Middle South Utilities System Research Committee these EPRI research results and applications are systematically screened for specific applicability in the Middle South System and certain projects are recommended for implementation.

During 1981, 1982 and 1983, the Middle South System contributed approximately $12 million, $11 million and $12 million, respectively, for the various research programs in which the Middle South System is involved. Approximately 80% of these funds are contributed to support the work of EPRI and 20% of the funds are expended on local research projects.

REGULATION AND LITIGATION

Holding Company Act

The Company is a registered public utility holding company, subject to the broad regulatory provisions of the Holding Company Act. Section 11(b)(1) of the Holding Company Act limits the operations of a registered holding company system to a single integrated public utility system, plus additional systems and businesses as restricted by that Section.

In the interest of increased economic efficiency, LP&L and NOPSI are developing a plan to consolidate the two companies and their operations, which is planned to become effective as soon as the necessary regulatory and other approvals are received. Under the proposed arrangement, the two companies will be consolidated into a new company to be called Louisiana Power & Light Company. MSU, which currently owns all the outstanding common stock of LP&L and NOPSI, would own all the common stock of the new company.

State Regulation

AP&L is subject to regulation by the APSC, PSCM and TPSC. APSC regulation includes the authority to fix rates, determine reasonable and adequate service, fix the value of property used and useful, require proper accounting, control leasing, acquisition or sale of any public utility plant or property constituting an operating unit or system, fix rates of depreciation, issue certificates of convenience and necessity and certificates of environmental compatibility and public need, and control the issuance and sale of securities. Regulation by the PSCM and the TPSC includes the authority to set standards of service and rates for service to customers in their respective states, require proper accounting, control the issuance and sale of securities and issue certificates of convenience and necessity. Associated is also subject to regulation as a public utility by the APSC and the PSCM.

LP&L is subject to the jurisdiction of the LPSC as to rates and charges, standards of service, depreciation, accounting and other matters. The LPSC does not exercise jurisdiction over the issuance of securities by LP&L because these matters are subject to the jurisdiction of the SEC under the Holding Company Act.

MP&L is subject to regulation as to service, service areas, facilities and retail rates by the MPSC. MP&L is also subject to regulation by the APSC as to the Certificate of Environmental Compatibility and Public Need for the Independence Station.

Effective January 1, 1982, NOPSI's electric and gas service became subject to regulation by the LPSC as to rates and charges, standards of service, depreciation, accounting and other matters. NOPSI had been subject to regulation for such matters, as well as for transit service, by the Council, but the voters of the City of New Orleans, in a November 1981 referendum, approved a change in the City of New Orleans' Home Rule Charter transferring regulatory jurisdiction over electric and gas utilities in the City from the Council to the LPSC. On June 30, 1983, NOPSI sold its transit operations to the Regional Transit Authority, a political subdivision of the State of Louisiana, thereby disposing of NOPSI's entire interest in the transit business. In the light of these developments it appears to be questionable whether Ordinance No. 6822 C.C.S., as amended, of the City of New Orleans, known as the "Settlement Ordinance", which theretofore made it necessary for NOPSI to obtain the approval of the Council for the issuance of securities, other than debt securities having maturities of not more than 12 months, is any longer effective. The LPSC does not exercise jurisdiction over the issuance of securities by NOPSI because these matters are subject to the jurisdiction of the SEC under the Holding Company Act.

Franchises

AP&L holds franchises to provide electric service in 321 incorporated cities and towns, 27 of which are in Missouri. Associated holds franchises to provide gas service in 65 incorporated cities and towns, and has provided gas service to 11 incorporated cities and towns under franchises which have expired, but which are expected to be renewed. In addition, Associated provides gas service to 15 communities in which franchises are not required. LP&L holds franchises to provide electric service in 115 incorporated cities and towns, and also supplies electric service in 374 unincorporated communities, all of which are located in parishes (counties) from which LP&L holds franchises to serve the areas in which the unincorporated communities are located. MP&L has received from the MPSC certificates of public convenience and necessity to provide electric service to the areas of Mississippi which MP&L serves. NOPSI holds indeterminate permits to provide electric and gas service in the City of New Orleans. Ordinances have been introduced before the Council which would repeal the City's grant of indeterminate gas and electric permits to NOPSI and would substitute therefor 60-year franchises. This matter is currently pending before the Council. The ordinances under which NOPSI operates provide, among other things, an option for the City to purchase NOPSI's properties.

Federal Power Act

The System operating companies are subject to regulatory jurisdiction under the Federal Power Act, administered by the FERC and the DOE, over, among other things, the licensing of certain hydroelectric projects, the business of and facilities for the transmission and sale at wholesale of electric energy in interstate commerce and certain other activities of the System operating companies as interstate electric utilities, including accounting policies and practices.

AP&L holds a license for two hydroelectric projects (69 MW) which was renewed on July 2, 1980. This license, granted by the FERC, will expire in February 2003.

Natural Gas Act

Associated is subject to provisions of the Natural Gas Act, as administered by the FERC and the DOE, since certain of its transmission lines, serving various parts of its distribution system, cross the Arkansas-Missouri state line. Regulatory jurisdiction under the Natural Gas Act relates to the construction and operation of facilities used in the transportation of natural gas in interstate commerce, the sale of natural gas in interstate commerce for resale for ultimate public consumption and the abandonment of either transportation facilities or the sale of natural gas for resale.

Environmental Regulation

In the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes and other environmental matters, the System operating companies and MSE are subject to regulation by various federal, state and local authorities. Each of the Middle South System companies considers itself to be in substantial compliance with those environmental regulations currently applicable to its business and operations. As members of various utility groups, Middle South System companies routinely participate in a number of lawsuits challenging environmental regulations. The Middle South System has incurred increased costs of construction and increased operating costs in meeting environmental protection standards. Because environmental regulations are continually changing, the ultimate costs to the Middle South System cannot be precisely estimated at any one time. MSU currently estimates that the Middle South System will make capital expenditures for environmental control purposes of approximately $6.9 million during 1984, $3.0 million during 1985, and $1.0 million during 1986.

In March 1983, LP&L and NOPSI received EPA notices indicating that the companies (among numerous others) may be parties potentially responsible for clean-up costs for a disposal site that is not owned or operated by the Middle South System. On the basis of the information available to them, LP&L and NOPSI have each taken the position, and each so advised the EPA in June 1983, that it did not have any responsibility for such costs in connection with such site. In December 1983, LP&L and NOPSI received similiar notices from the State of Louisiana about the same site.

Atomic Energy Act of 1954 and Energy Reorganization Act of 1974

The Atomic Energy Act of 1954, as amended, vested broad jurisdiction in the AEC over the construction and operation of nuclear reactors, particularly with regard to public health and safety and antitrust matters. Under the terms of the Energy Reorganization Act of 1974, effective January 19, 1975, the AEC was abolished, its general licensing and regulatory jurisdiction was assumed by the NRC, and its general research functions were assumed by the ERDA.

As a result of the incident which occurred in 1979 at the TMI-2 nuclear power plant located near Harrisburg, Pennsylvania, the NRC issued three documents designed to facilitate avoidance of radiological emergencies and to improve response to such emergencies. These documents and subsequent NRC correspondence have been thoroughly studied by the affected companies in the Middle South System and substantial implementation work had been accomplished by the end of 1981. Additional TMI-2 related modifications were made in 1982 and 1983 and will be made in 1984 at both ANO units. Applicable TMI-2 related modifications are being incorporated in Waterford No. 3 and the Grand Gulf Station and the currently scheduled start-up dates reflect the inclusion of applicable TMI-2 related requirements imposed to date by the NRC. The full extent of additional modifications, if any, which may be required at ANO as a result of the incident at TMI-2 and the cost thereof are not known at this time.

As the owner and operator of ANO, AP&L is subject to the jurisdiction of the NRC. ANO No. 1 began commercial operation December 19, 1974. Its nuclear reactor was supplied by Babcock & Wilcox Company and is similar to the TMI-2 reactor. ANO No. 2 was placed in commercial operation on March 25, 1980. The engineering and construction for ANO No. 2 were performed by Bechtel Power Corporation. The turbine-generator was supplied by General Electric Company and the nuclear reactor was supplied by Combustion Engineering, Inc.

LP&L, as owner and prospective operator of Waterford No. 3, is subject to the jurisdiction of the NRC. LP&L's application for the necessary permit and license to construct the Unit was filed with the AEC on December 31, 1970. After hearings with respect to certain interventions, and after LP&L, in connection with the question whether its construction and operation of the Unit would create or maintain a situation inconsistent with the antitrust laws, and for the purpose of maintaining competitive conditions, had accepted licensing conditions relating principally to reserve-sharing coordination, bulk power supply, access to nuclear generation and transmission service, the AEC issued a construction permit for the Unit on November 14, 1974. Construction of the Unit is proceeding under the permit. On September 29, 1978, LP&L filed with the NRC an application for the necessary operating license for the Unit. Petitions for leave to intervene in the operating license proceeding were filed by Oystershell Alliance, Inc., Save Our Wetlands, Inc. and Louisiana Consumers' League, Inc. In general, these petitions ask that LP&L's application be disapproved or, if approved, that it be approved subject to additional safeguards. LP&L answered and opposed these petitions but the interventions were permitted over LP&L's opposition. Thereafter, Louisiana Consumers' League, Inc. withdrew from the proceeding. See "Construction Program—Nuclear" for a discussion of the current status of this licensing proceeding.

MSE, as one of the owners, and MP&L, as prospective operator, of the two units at the Grand Gulf Station are subject to the jurisdiction of the NRC. The application to the AEC for the requisite construction permits was filed on November 17, 1972. The Department of Justice accepted MP&L's and MSE's commitments, including those relating to interconnection, reserve-sharing and coordinated development with certain other systems in Western Mississippi, transmission for other systems, and wholesale power sales or the sale of an undivided interest in the Grand Gulf Station to other systems, and recommended that no antitrust hearing would be necessary on MP&L's and MSE's application if such commitments were imposed by the AEC as construction permit conditions for the Grand Gulf Station. On September 4, 1974, the AEC issued construction permits for the two units containing such conditions. MP&L's and MSE's joint application for operating licenses for Grand Gulf No. 1 and Grand Gulf No. 2 was docketed for review by the NRC on June 30, 1978. See "Construction Program—Nuclear" for a discussion of the current status of this licensing proceeding.

Under the antitrust conditions in the construction permits issued by the AEC for the Grand Gulf Station, MSE was obligated to offer an opportunity to participate in the Grand Gulf Station to entities in a defined area of Western Mississippi through ownership of a portion of the facility or a contractual right to purchase a portion of the output of the facility. Several entities expressed an interest in participating in the ownership of the Grand Gulf Station. MSE has entered into an agreement pursuant to which SMEPA has acquired a 10% undivided ownership interest in the Grand Gulf Station. SMEPA has become responsible for 10% of the cost of construction of the Grand Gulf Station and upon completion of the Grand Gulf Station, SMEPA will be entitled to 10% of the energy from, and liable for 10% of the operating costs of, the facility. The Municipal Energy Agency of Mississippi had previously requested an ownership interest of at least 2.48% in the Grand Gulf Station but notified the NRC in July 1983 that it would not seek participation in the project.

The Price-Anderson Act limits the public liability of a licensee of a nuclear power plant to $580,000,000 for a single nuclear incident, which amount is to be covered by private insurance and indemnity agreements with the NRC. Every licensee of a nuclear power plant is obligated, in the event of a nuclear incident involving any commercial nuclear facility in the United States that results in damages in excess of the private insurance, to pay retrospective assessments of up to $5,000,000 per incident for each licensed reactor operated by it and up to a maximum per reactor owned of $10,000,000 in any calendar year. At December 31, 1983, the Middle South System had three licensed reactors.

AP&L is a member-insured of Nuclear Electric Insurance Limited (NEIL), a mutual insurer which provides its members with insurance coverage for certain costs of replacement power incurred due to certain prolonged outages of nuclear units (NEIL I) and for $425 million of coverage for property damage sustained by the insured in excess of $500 million caused by radioactive contamination or other specified damage (NEIL II). MSE is a member-insured under the NEIL II excess property insurance program and MSE and LP&L are member-insureds under a primary property damage insurance program provided by Nuclear Mutual Limited (NML), another mutual insurer. As member-insureds of these mutuals, AP&L, LP&L and MSE are subject to assessments if losses exceed the accumulated funds available to the insurer. The present maximum assessment for incidents occuring during a policy year is approximately $21 million, $20 million and $54 million for AP&L, LP&L and MSE, respectively.

Other Regulation and Litigation

General

On August 5, 1981, a purported class action suit for damages was filed in Civil District Court for the Parish of Orleans, State of Louisiana, by "Jackson Dunbar individually and d/b/a/ Dunbar's Lounge . . . individually and as representative of all citizens, commercial property owners, business entities and corporations and all similarly situated persons contracting with New Orleans Public Service Inc., . . . for electricity", against NOPSI, LP&L and MSU, claiming damages of $1,000 for petitioner and each member of the alleged class, allegedly totalling approximately $200 million, plus attorneys' fees, interest and costs, for the monetary loss, discomfort, inconvenience and property damage caused by a power outage of "several hours" duration which occurred on July 18, 1981. LP&L and NOPSI intend to deny liability and to defend the suit vigorously. LP&L and NOPSI have filed exceptions including an exception to the class action aspect of the suit. In the respective opinions of LP&L and NOPSI, the final disposition of this matter will not have a material adverse effect upon either LP&L's or NOPSI's respective financial position or results of operations. On September 18, 1981, MSU, with the concurrence of counsel for the plaintiff, was dismissed from the suit.

AP&L

In October 1981, former landowners, whose property was taken as a result of condemnations by AP&L, filed suits charging bad faith on the part of AP&L in the posting of what is alleged in the suits as an inadequate deposit with the Court at the time of taking of the property, prior to judgment. (The condemnation suits themselves have been concluded and all judgments against AP&L have been paid.) The suits were filed in both state and Federal court, each seeking $8.1 million in punitive damages. These suits are now pending as six separate suits filed in both state and Federal court. Each federal suit was dismissed by the District Court. On appeal to the Eighth Circuit Court of Appeals, the decision in one of the cases was reversed and remanded with directions to the District Court to abstain from deciding the case until the state suit asserting the same claims had been concluded. AP&L had filed a Petition for Rehearing with the Court of Appeals which was denied. AP&L also has filed motions to dismiss the pending state court suits. These motions have been denied and one of the six state cases has been set for trial beginning May 1, 1984.

LP&L

On September 5, 1974, LP&L filed suit in Civil District Court for the Parish of Orleans, State of Louisiana, against United and Pennzoil Company, alleging breach of gas supply contracts, tortious conduct, and violations of Louisiana antitrust laws, and seeking compensatory damages in the amount of $182,904,607 (of which $55,639,457 is for the increased cost for replacement fuel through June 1974), trebled to $548,713,821. On the same date LP&L filed with the LPSC a petition for a declaratory order providing a method whereby that part of the damages recovered from United in such suit attributable to increased cost of fuel passed through to LP&L's customers under fuel adjustment clauses would be made available to customers who receive service under the jurisdictional authority of the LPSC, less an appropriate portion of the costs of recovery. Trial began on January 6, 1982, and LP&L completed its direct case on February 25, 1983. On March 31, 1983, the Court, acting on motions of United and Pennzoil Company, dismissed the suit insofar only as concerns the antitrust claim against the defendants and the revocatory action urged against Pennzoil Company (seeking to have returned to United by Pennzoil Company certain dividends which United had paid to Pennzoil Company). On April 5, 1983, LP&L petitioned for and was granted a (non-suspensive) appeal from such judgment of dismissal. If the dismissal of the antitrust claim is upheld, this would bar the trebling of the compensatory damages. The trial is continuing.

On October 31, 1978, a suit was filed against LP&L in the Civil District Court for the Parish of Orleans, State of Louisiana, by Save Our Wetlands, Inc., seeking a declaratory judgment decreeing LP&L's Waterford No. 3 to be a nuisance, apparently on the basis that it will (allegedly) endanger the safety of the public, and an injunction to prevent LP&L from proceeding with the construction of such unit. On November 17, 1978, LP&L filed a declinatory exception directed at the insufficiency of service of process upon it. In addition, on April 2, 1979, a mandamus suit (to which LP&L is not a party) was filed in the same Court by Save Our Wetlands, Inc. against the Governor and the Attorney General of the State of Louisiana and the State itself, asking that the Governor and the Attorney General be ordered to devise an adequate evacuation plan for metropolitan New Orleans in case of a "plant accident" at Waterford No. 3, and if such an evacuation plan is impossible (which plaintiff alleges it is), that these defendants be ordered to immediately enjoin the construction of Waterford No. 3. Both matters are pending.

On June 4, 1982, LP&L effected a substantial compromise settlement agreement with Texaco Inc. ("Texaco") in connection with their dispute concerning short-falls in fuel gas deliveries contracted for by Texaco. By orders dated June 4, 1982 and December 10, 1982 the LPSC found the compromise settlement to be in the public interest; by order dated January 17, 1983, as amended by a further order dated March 21, 1983, the LPSC provided for the manner in which the funds received and to be received by LP&L as a result of the compromise settlement should be refunded to customers (through January 31, 1984, LP&L had refunded more than $646.7 million of such funds to customers in accordance with such order of March 21, 1983); and a number of proceedings before the LPSC and appeals therefrom or in connection therewith to the Courts, some of which are still pending, have resulted from these matters. On May 11, 1983, Harold Noonan, et al., filed against the LPSC in the Nineteenth Judicial District Court for the Parish of East Baton Rouge, Louisiana, a petition for review of or appeal from the LPSC order of March 21, 1983, asking, among other things, that the Court require the LPSC to hold a hearing on the record and after notice to all interested parties for the purpose of investigating the reasonableness and justness of the modification of the January 17, 1983 order effected by the LPSC by its March 21, 1983 order. The International Paper Company has intervened as a party at interest asking for such relief as is necessary to protect its interest. LP&L has intervened in the suit seeking a dismissal of such petition for review or appeal. As of March 15, 1984, the LPSC had filed certain pleadings but had not filed any answer. On or about June 20, 1983 the same petitioners filed against the LPSC in the same Court, but as a separate proceeding, a second petition for review of or appeal from the LPSC order of March 21, 1983, asking for a hearing on their further complaint that such order is so deficient in substance as well as procedure as to render it unjust and unreasonable because, with respect to that part of the settlement agreement providing that Texaco will furnish and/or assist LP&L in acquiring additional quantities of natural gas from other sources between 1982 and 1996 at savings aggregating at least $585,000,000, failing which Texaco will be obligated to make up the difference in cash, the March 21, 1983 order does not require LP&L to use such additional gas if delivered and the schedule of refund payments to customers does not provide for refund of such $585,000,000 to customers if such additional gas is not delivered. As of March 15, 1984, this second petition for review or appeal had not been served on the LPSC and the LPSC had not filed any pleadings in the suit. In the event that the suit proceeds, LP&L intends to intervene and ask that such petition for review or appeal be dismissed. In two other proceedings in said Court, brought by Harold Noonan, et al. against the LPSC, which proceedings have been consolidated, the plaintiffs have asked the Court to hold that the gas contract settlement was not in the public interest, that the LPSC should be ordered to recuse itself from passing on this issue, and that the LPSC be ordered not to allow LP&L to pass through to its customers in the form of any cost or cost adjustment any of the $854 million that LP&L allegedly has allowed itself to lose for its customers under the terms of such settlement. LP&L has intervened in these proceedings and both the LPSC and LP&L have asked that both suits be dismissed. These suits are pending.

On June 16, 1983 a group of industrial customers of LP&L styling themselves as the Louisiana Energy Users Group filed against the LPSC and the members thereof in the Nineteenth Judicial District Court for the Parish of East Baton Rouge, Louisiana, a petition for appeal and judicial review of the LPSC order of March 21, 1983, seeking certain changes in the amounts of and schedule for the refunds to be made under such order. The International Paper Company has intervened as a party at interest, asking for such relief as is necessary to protect its interests. The LPSC and the members thereof have answered, asking that such petition be dismissed. On July 19, 1983, LP&L filed a petition of intervention, joining the LPSC in asking that such petition be dismissed.

On December 1, 1983, LP&L filed suit in the U.S. District Court for the Eastern District of Louisiana against Mercury Company of Norwood, Inc. ("Mercury"), one of the contractors at Waterford No. 3, seeking damages of approximately $30 million for cost overruns and completion delays under its contract for installation of electronic and pneumatic instrumentation. On the same date, Mercury filed suit against LP&L in the U.S. District Court for the Southern District of New York seeking damages in an unspecified amount, in general, for work allegedly performed outside the scope of its original contract and for the alleged failure of Ebasco Services, Inc., the construction manager, as agent of LP&L, to provide information and direction as required by the contract. Mercury has filed in the Louisiana suit its answer and counterclaim asking for dismissal of LP&L's complaint and damages in an unspecified amount (but including a claim for punitive damages of not less than $10 million), essentially on the same basis as claimed in the New York suit, and also a motion to transfer the suit to the U.S. District Court for the Southern District of New York on the alleged ground that the New York court is a more convenient forum. The Louisiana court has denied this motion. LP&L has filed in the New York suit a motion to transfer that suit to the U.S. District Court for the Eastern District of Louisiana on the ground that the Louisiana court is a more convenient forum. These matters are pending.

See General above for information concerning a purported class action suit filed on August 5, 1981 against NOPSI and LP&L.

MP&L

MP&L filed suit on August 30, 1974 against United and Pennzoil Company in the United States District Court for the Southern District of Mississippi, for damages for breach of contract and for misrepresentations made to MP&L. The suit sought the recovery of damages from United and Pennzoil Company in the amount of $160,200,000 incurred as a result of breach of a Gas Sales Agreement between United and MP&L for the supply of up to 190,000 MCF of gas per day for use as fuel in MP&L's Rex Brown and Baxter Wilson Steam Electric Stations. The damages sought include: costs of increased fuel and power costs which MP&L incurred and passed on as fuel adjustment to its customers since United began curtailing gas deliveries and through July 31, 1974, which amount MP&L seeks to refund to its customers; costs incurred or to be incurred by MP&L in converting its power plant facilities to use fuel oil as a primary boiler fuel and costs of replacing capacity lost as a result of modifying its power plant facilities to use fuel oil as a substitute fuel. A declaration of rights is also being sought covering damages accruing with respect to increased fuel and power costs after July 31, 1974 and through the remaining term of the contract. The State of Mississippi intervened in the suit as a plaintiff-intervenor in support of MP&L. On motion of the defendants, the Court on April 4, 1975 stayed these proceedings pending certain FPC actions; and on April 21, 1977, the Court referred the matter to the FPC. The FERC (successor to the FPC) accepted some of the referred issues. On August 9, 1978, the FERC ordered hearings on these issues. Hearings began on December 5, 1978, and concluded on December 4, 1980. A briefing schedule followed. MP&L filed a motion with the District Court on August 24, 1982, to vacate the stay order, dated April 4, 1975, and proceed with the case. On September 14, 1982, the Administrative Law Judge in the FERC proceedings issued an "Initial Decision on Proposed Tariff Provisions" in the case. The decision, which MP&L feels is generally favorable to it, held in part that if an action against United and Pennzoil Company, relating to the natural gas shortage, is based on negligence, gross negligence, or willful or wanton misconduct, then intervenors, which include MP&L, would be afforded the opportunity to prove their case in court. The decision of the Administrative Law Judge is under review by the FERC. On September 22, 1982, the District Court allowed MP&L to amend its Complaint against United and Pennzoil Company to increase the total damages sought by MP&L through December 31, 1981 to $407,844,951, plus interest. On December 13, 1982 the District Court denied MP&L's motion, filed on August 24, 1982, to vacate the stay imposed by the Court and to proceed with the case. In denying MP&L's motion, the District Court held that the stay should not be vacated until the FERC has completed its review.

On August 9, 1974, the United States of America filed suit against MP&L in the United States District Court for the Southern District of Mississippi seeking (1) a determination that MP&L is a government contractor as defined by Executive Order 11246 and subject to the equal employment opportunity clause and other obligations imposed upon contractors with the Federal government pursuant to the Executive Order and (2) an order enjoining MP&L from refusing to comply with the terms and conditions imposed by Executive Order 11246 and implementing regulations issued thereunder. On May 30, 1979, the District Court ruled against MP&L. From this order, MP&L filed an appeal to the Court of Appeals for the Fifth Circuit. On March 6, 1981, the Court of Appeals for the Fifth Circuit ruled against MP&L and held that MP&L was a government contractor and that Executive Order 11246 and implementing regulations issued thereunder were statutorily authorized and a proper exercise of congressional delegated authority and could be applied to MP&L, and that searches thereunder were properly limited in scope, but remanded the case to the District Court for a factual determination as to how the United States would initiate warrantless searches of utilities' records. The only remaining issue in the case is the validity of MP&L's defense based on the Fourth Amendment (warrantless searches). On December 13, 1982, the case was tried before the District Court Judge. On January 5, 1984, the District Court held that the United States violated the Fourth Amendment by the manner in which it selected MP&L for compliance review and that an injunction would not issue against MP&L to require such compliance review.

On April 22, 1983, MP&L filed suit against United in the United States District Court for the Southern District of Mississippi. In the suit, MP&L alleges that United breached the terms of a Gas Sales Agreement by billing and collecting from MP&L, during the period September 1976 through January 1983, rates for gas deliveries greatly in excess of the contract rates and by billing and collecting from MP&L, during the same period, for larger volumes of gas than United actually delivered to MP&L. In the Complaint, MP&L seeks (1) a judgment against United for $31,000,000, including interest; (2) a preliminary injunction against United from continuing its present practices of overcharging MP&L for gas delivered to it; and (3) an order declaring the proper method of calculating the price for gas sold to MP&L under the Gas Sales Agreement and permanently enjoining United from improper practices and overcharges in the future. In September 1983, the MPSC intervened in the suit against United on behalf of MP&L's customers. On March 21, 1984, the District Court granted MP&L and the MPSC a preliminary injunction enjoining United from including in the rates billable to MP&L under the Gas Sales Agreement certain specified costs of gas and associated transportation charges to which MP&L and the MPSC had objected. Of the damages sought by MP&L, United has refunded to MP&L approximately $15 million. The matter is pending.

On December 1, 1982, the MPSC issued an order requiring MP&L and MSE to show cause why they should not adhere to representations allegedly made to the MPSC that MP&L's participation in the Grand Gulf Station would be 19% or less, MPSC Docket No. U-4285. On February 24, 1983, the District Court for the Southern District of Mississippi, Jackson Division, overruled MP&L's and MSE's Motion for a Preliminary Injunction to enjoin the MPSC from further proceedings. In its opinion the District Court set forth certain matters it considered to be within the authority of the MPSC on the one hand and the FERC on the other and stated that MSE and MP&L could come back to the District Court for further relief should they feel any action of the MPSC encroaches upon or unlawfully affects any order or determination made by the FERC. On September 26, 1983, after hearings on this matter, the MPSC issued a statement of Findings of Fact alleging that the actions of MP&L and MSE constituted a circumvention of the terms of the Certificate of Convenience and Necessity granted in 1974 for the construction of the Grand Gulf Station and that MP&L's failure to adhere to representations allegedly made to the MPSC as to the need and economic justification for the Grand Gulf Station constituted "imprudence". The MPSC expressly reserved the right to utilize the Findings of Fact in future proceedings. On October 25, 1983, MP&L and MSE appealed the MPSC's Findings of Fact in this Docket to the Chancery Court of Hinds County, Mississippi, and filed with the Court a Petition for an order suspending and staying the operation and enforcement of the Findings of Fact, pending a final determination of the appeal. The Chancery Court on the same day, October 25, issued an order allowing the appeal and issued another order staying and suspending the Findings of Fact and thereby staying the MPSC from utilizing the Findings of Fact in any other MPSC proceeding, pending a final determination of the appeal. MP&L and MSE feel that the actions of the MPSC encroach upon and/or unlawfully affect matters within the jurisdiction of the FERC and, in addition, are contrary to the facts and law developed in the proceeding. MP&L and MSE intend to take all necessary actions before courts or administrative agencies to preserve their rights and protect their properties. See "Construction Program—Nuclear" for a discussion of a related proceeding before the MPSC in Docket No. U-4387.

NOPSI

On January 30, 1979, a class action suit was filed in the Civil District Court for the Parish of Orleans, State of Louisiana, against NOPSI, the City of New Orleans and the Council by two individuals on behalf of all of NOPSI's electric and gas customers alleging that the Council has allowed NOPSI to subsidize its transit operation with funds which NOPSI had received from its electric and gas customers. Plaintiffs further allege that they have never consented to nor did they have knowledge of this arrangement. A refund of all sums paid by plaintiffs to NOPSI for the subsidization of the transit operation and damages in the amount of $1.0 billion are being sought. NOPSI filed exceptions on April 12, 1979 and the matter is pending. NOPSI has been advised by counsel that based on its understanding of the facts and law, it is counsel's belief that NOPSI has substantial and meritorious defenses which will ultimately prevail.

NOPSI, the City of New Orleans and others filed suit on July 1, 1974 (amended June 8, 1978) against United in the Civil District Court for the Parish of Orleans, State of Louisiana, for damages for breach of contract. Petitioners also include representatives of a class consisting of all persons and organizations purchasing electricity from NOPSI within the City of New Orleans. The suit, as amended, seeks the recovery of damages from United in the amount of $105,187,681 incurred as a result of the breach of a Gas Sales Contract between United and NOPSI for the supply of all NOPSI's natural gas requirements for the generation of electricity. Of the total amount of damages sought, $43.2 million represents the increased amount of fuel costs which NOPSI incurred and passed on to its consumers of electricity through June 1, 1975, since United began curtailing gas deliveries for power plant generation in April 1971. Of the remainder of the damages sought, $62.0 million, $1.2 million represents increases in gross receipt and franchise taxes paid by NOPSI due to increases in gross revenues which resulted from the above mentioned $43.2 million increased cost of fuel being passed on to NOPSI's electric customers through the operation of the fuel adjustment clause in its electric rate schedules; $8.0 million represents expenditures up to June 1, 1975 for conversion of power plants to burn oil for prolonged periods and $52.8 million represents the profits NOPSI would have realized from the generation and sale of additional quantities of electricity had United not breached its contract with NOPSI and delivered to it the volumes of gas which United had contracted with NOPSI to deliver, but did not deliver. The defendant effected the removal of the suit from the state court to the United States District Court for the Eastern District of Louisiana. Plaintiffs moved for the remand of the suit to the state court which was granted by the United States District Court on November 20, 1974. United then filed a motion to dismiss on the grounds that the FPC had primary jurisdiction. On February 7, 1975, the state court denied the motion. On June 26, 1979, the state court denied defendant's motions for referral of issues to the FERC (successor to the FPC) and for stay of trial pending the outcome of such referral. The trial of this matter began on January 6, 1982 and is continuing.

In May 1973, the United States of America filed suit against NOPSI in the United States District Court for the Eastern District of Louisiana seeking a determination that NOPSI is a "government contractor" as defined by Executive Order 11246 and is subject to the equal employment opportunity clause and other obligations imposed upon contractors with the Federal government pursuant to the Executive Order. The United States also sought an order requiring NOPSI to submit to a review of its records and employment practices to determine whether NOPSI meets the non-discrimination requirements prescribed by the Executive Order and requiring NOPSI to comply with its provisions. The District Court rendered a decision on November 16, 1979 holding NOPSI to be a government contractor and entered an order on December 17, 1979 permitting the United States to proceed by administrative action to enforce NOPSI's compliance with the Executive Order and the rules and regulations thereunder. On March 6, 1981, the United States Court of Appeals for the Fifth Circuit issued an opinion affirming that NOPSI is a government contractor, but vacated the order and remanded the case to the District Court for a determination of whether or not the United States satisfied Constitutional criteria in seeking to inspect NOPSI's records without a warrant. On October 13, 1981, the Supreme Court of the United States denied NOPSI's petition for a writ of certiorari in the case. The District Court rendered a decision on September 10, 1982 holding that the Government met the Fourth Amendment test of reasonableness in selecting NOPSI for compliance review and directing that an injunction issue ordering NOPSI to submit to a compliance review. This injunction was issued on January 14, 1983. On January 23, 1984, the United States Court of Appeals for the Fifth Circuit reversed the decision and held that the United States violated the Fourth Amendment in selecting NOPSI for inspection and vacated the District Court's injunctive order.

On March 23, 1984 the City of New Orleans ("City") filed suit against NOPSI, MSU and MSE in the Civil District Court for the Parish of Orleans, State of Louisiana, alleging that the various agreements entered into by NOPSI in connection with the financing of the construction of the Grand Gulf Station and the purchase of power therefrom "... are of such a nature and effect that they substantially amount to ownership by NOPSI of 29.8% of 90% of the dedicated generating capacity of the Grand Gulf Project, and obligate NOPSI for the payment of liabilities and costs, in violation of La. R.S. 33:4406, some of which liabilities are in the nature of payment for construction costs of Grand Gulf I and Grand Gulf II", and seeking (1) a declaratory judgment that because such action was taken without first obtaining a Certificate of Convenience and Necessity from the Council, such agreements were in violation of Louisiana law and of NOPSI's electric franchise from the City, and are unenforceable and prohibited until such a certificate is granted by the Council, and (2) a permanent injunction or other order prohibiting NOPSI from taking any further action or making any expenditure pursuant to such agreements unless and until such a certificate is granted by the Council. NOPSI, MSU and MSE are studying the suit and intend to take all necessary and appropriate defensive action.

On May 26, 1981, NOPSI filed suit against United in the Civil District Court for the Parish of Orleans seeking a declaratory judgment that, among other things, NOPSI's consent to a rate redetermination for power plant gas executed on May 18, 1981 is void because it was procured by duress. NOPSI contends that, by letter dated March 3, 1981 and amended April 7, 1981, United unilaterally and substantially increased the price to NOPSI for power plant gas over that specified in a prior agreement. NOPSI also seeks a declaratory judgment that certain portions of an earlier agreement between NOPSI and United authorizing United "to periodically institute a redetermined rate" are invalid and unenforceable as violative of certain provisions of the Louisiana Civil Code. NOPSI has additionally petitioned the Court to order that United refund to NOPSI any payments made by NOPSI to United for power plant gas in excess of the amounts specified in the previous valid agreements. United has effected a removal of the suit from the state court to the United States District Court for the Eastern District of Louisiana. United filed a motion for summary judgment on December 8, 1981, which was denied by the District Court on January 27, 1982. The suit is pending.

On June 30, 1981, American Standard, Inc. and an association of thirty-six of its industrial insurers filed a suit in United States District Court for the Eastern District of Louisiana against NOPSI, the City of New Orleans, the New Orleans Fire Department and the Sewerage and Water Board of the City of New Orleans alleging that due to the acts or negligence of the defendants, American Standard, Inc. suffered damages of $70,000,000 relating to a fire which damaged its New Orleans plant on July 7, 1980. NOPSI has filed an answer to the suit in which it has denied liability. The suit is pending. It is the opinion of NOPSI that final disposition of this matter will not have a material adverse effect upon NOPSI's financial position or results of operations.

See General above for information concerning a purported class action suit filed on August 5, 1981 against NOPSI and LP&L.

MSE

On January 30, 1979, MSE filed suit in the United States District Court for the Southern District of Mississippi against Zurn Industries, Inc. ("Zurn") alleging breach of the contract between MSE and Zurn for the design and construction of two natural draft cooling towers at the Grand Gulf Station and seeking judgment for damages of $6,000,000. On March 12, 1979, Zurn filed a counterclaim against MSE and Bechtel Power Corporation ("Bechtel"). The counterclaim alleged that MSE and Bechtel breached or caused to be breached the contract between MSE and Zurn and committed other wrongful acts and sought damages against the counter-defendants. In 1980, the District Court allowed MSE to amend its complaint against Zurn and allowed Zurn, in two instances, to amend its counterclaim against MSE and Bechtel, in each case to allege additional damages, and has, on two occasions, granted a motion of MSE and Bechtel for partial summary judgment, dismissing certain of the claims of Zurn for damages. In April 1982, the District Court allowed MSE to file an amended complaint against Zurn making additional claims and alleging additional damages, arising out of Zurn's alleged breach of contract. On February 8, 1983, the District Court allowed Zurn to amend its counterclaim against MSE and Bechtel to allege a conspiracy between MSE and Bechtel to willfully and intentionally defraud Zurn of certain of its contractual rights and to seek judgment for additional actual damages against MSE and Bechtel. In addition, the District Court granted Zurn sanctions against MSE for the untimely production of documents in the amount of $25,000. The total damages sought by MSE in the complaint is now $22,300,000 actual and $20,000,000 punitive; and the total damages sought by Zurn against MSE in the counterclaim is now $38,321,000 actual and $62,000,000 punitive. The matter is pending.

See MP&L above and "Construction Program—Nuclear" for information relating to two proceedings before the MPSC involving MSE and see NOPSI above for information concerning a lawsuit filed against NOPSI, MSE and MSU.

Item 2. ***Properties.***

Reference is made to Item 1—"Business—Property" for information regarding the properties of the registrants.

Item 3. ***Legal Proceedings.***

Reference is made to Item 1—"Business—Rate Matters" for details of registrants' material rate proceedings which are pending or which terminated in the fourth quarter of 1983 and to Item 1—"Business—Regulation and Litigation", "Business—Construction Program—Nuclear" and "Business—Fuel Supply—Coal" for information relating to the registrants' regulatory proceedings (other than rate proceedings) and litigation which are pending or which terminated in the fourth quarter of 1983.

Item 4. ***Submission of Matters to a Vote of Security Holders.***

During the fourth quarter of 1983, no matters which would be described in response to this item were submitted to a vote of the security holders of MSU, AP&L, LP&L, MP&L or NOPSI.

PART II

Item 5. ***Market for the Registrants' Common Equity and Related Stockholder Matters.***

MSU. Reference is made to information contained on page 1 and under the headings "Middle South Utilities, Inc. Corporate Information", "Common Stock Data by Quarter" and Note 7 of "Notes to Consolidated Financial Statements" in MSU's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

AP&L, LP&L, MP&L and NOPSI. No similar information required by Item 201 of Regulation S-K is provided herein with respect to AP&L, LP&L, MP&L and NOPSI because the common stocks of all these companies are held solely by MSU.

Item 6. ***Selected Financial Data.***

MSU. Reference is made to information under the heading "Selected Financial Data—Five Year Comparison" contained in MSU's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

AP&L. Reference is made to information under the heading "Ten Years of Progress/Financial (Consolidated)—Selected Financial Data" contained in AP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

LP&L. Reference is made to information under the heading "Record of Progress 1973-1983" contained in LP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

MP&L. Reference is made to information under the heading "Mississippi Power & Light Company—Record of Progress 1973-1983—Selected Financial Data" contained in MP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

NOPSI. Reference is made to information under the heading "Financial and Operating Statistics—Selected Financial Data" contained in NOPSI's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

MSU. Reference is made to information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in MSU's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

AP&L. Reference is made to information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in AP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

LP&L. Reference is made to information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in LP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

MP&L. Reference is made to information under the heading "Mississippi Power & Light Company—Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in MP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

NOPSI. Reference is made to information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in NOPSI's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data.***

MSU. Reference is made to information under the headings "Auditors' Opinion", "Consolidated Balance Sheets", "Statements of Consolidated Income", "Statements of Consolidated Retained Earnings and Paid-in Capital", "Statements of Changes in Consolidated Financial Position" and "Notes to Consolidated Financial Statements" contained in MSU's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

AP&L. Reference is made to information under the headings "Auditors' Opinion", "Consolidated Balance Sheets at December 31, 1983 and 1982", "Consolidated Statements of Income and Retained Earnings For the Years Ended December 31, 1983, 1982 and 1981", "Consolidated Statements of Changes in Financial Position For the Years Ended December 31, 1983, 1982 and 1981" and "Notes to Consolidated Financial Statements" contained in AP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

LP&L. Reference is made to information under the headings "Auditors' Opinion", "Balance Sheets at December 31, 1983 and 1982", "Statements of Income For the Years Ended December 31, 1983, 1982 and 1981", "Statements of Retained Earnings For the Years Ended December 31, 1983, 1982 and 1981", "Statements of Changes in Financial Position For the Years Ended December 31, 1983, 1982 and 1981" and "Notes to Financial Statements For the Years Ended December 31, 1983, 1982 and 1981" contained in LP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

MP&L. Reference is made to information under the headings "Auditors' Opinion", "Mississippi Power & Light Company Balance Sheets—December 31, 1983 and 1982", "Mississippi Power & Light Company—Statements of Income For the Years Ended December 31, 1983, 1982 and 1981", "Statements of Retained Earnings For the Years Ended December 31, 1983, 1982 and 1981", "Mississippi Power & Light Company—Statements of Changes in Financial Position For the Years Ended December 31, 1983, 1982 and 1981" and "Notes to Financial Statements" contained in MP&L's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

NOPSI. Reference is made to information under the headings "Auditors' Opinion", "Balance Sheets at December 31, 1983 and 1982", "Statements of Income For the Years Ended December 31, 1983, 1982 and 1981", "Statements of Retained Earnings For the Years Ended December 31, 1983, 1982 and 1981", "Statements of Changes in Financial Position For the Years Ended December 31, 1983, 1982 and 1981" and "Notes to Financial Statements For the Years Ended December 31, 1983, 1982 and 1981" contained in NOPSI's 1983 Annual Report to Shareholders, which information is incorporated herein by reference.

Item 9. ***Disagreements on Accounting and Financial Disclosure.***

No event which would be described in response to this item has occurred with respect to MSU, AP&L, LP&L, MP&L or NOPSI.

RT III

Item 10. *Directors and Executive Officers of the Registrants.*(1)

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
MSU					
Directors					

Information called for by this item concerning directors of MSU is set forth under the heading "Ele:.ion of Directors" contained in the Proxy Statement of MSU to be filed in connection with its Annval Meeting of Stockholders to be helc' May 18, 1984, which information is incorporated herein by reference.

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Officers					
Floyd W. Lev is	58	Chairman of the Board and President	1968	1972	Chairman of the Board and President of MSU since May 1980; Chairman of the Board and Chief Executive Officer of MSU from May 1979 to May 1980; President and Chief Executive Officer of MSU from 1972 to May 1979(3)
Edwin Lupberger	47	Senior Vice President—Chief Financial Officer	—	March 1981	Senior Vice President—Chief Financial Officer of MSU and MSS since March 1981; Vice President—Chief Financial Officer of MSU and MSS from May 1980 to February 1981 and Vice President—Finance of MSU and MSS from February 1979 to May 1980; Senior Vice President of Finance of Indianapolis Power and Light Company from 1977 to January 1979
Dan E. Stapp	49	Secretary	—	Nov. 1974	Secretary since November 1974; Senior Vice President and Secretary of MSS since June 1980; Vice President and Secretary of MSS from 1968 to June 1980
Rodney J. Estrada	46	Treasurer	—	Feb. 1979	Treasurer of MSU and MSS since February 1979; Controller of MSS from 1970 to February 1979
AP&L					
Directors					
John A. Cooper, Jr.	45	—	1981	—	President of Cooper Communities, Inc., 1968 to present; Director of Wal Mart Stores, Inc.
Cathy Cunningham	38	—	1983	—	Self employed in real estate development and contracting since April 1982, Heber Springs and Helena, AR.; Vice President of Blackhawk Warehousing and Leasing (warehousing and distribution of agricultural chemicals), 1979 to April 1982, Helena, AR.
Richard P. Herget, Jr.	44	—	1981	—	Pres dent and Director of Atkins Insurance Corporation since February 1984; Executive Vice President & Secretary—Treasurer and Director of Atkins Insurance Corporation prior to February 1984; Vice Chairman of the Board & Secretary-Treasurer and Director of Arkansas All Risks, Inc., Little Rock, AR.
Kaneaster Hodges, Jr.	45	—	1981	—	Attorney-at-Law, Sole Practitioner since October 1981; Partner, Hodges, Hodges & Hodges, Attorneys-at-Law, January 1979 to October 1981; United States Senator, State of Arkansas, January 1978 to January 1979(4)
Hal E. Hunter, Jr.	62	—	1981	—	Prosecuting Attorney, New Madrid County, MO.; Member of Hunter & Hunter, Attorneys-at-Law since 1962

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Floyd W. Lewis	58	—	1971	—	Chairman of the Board and President of MSU since May 1980; Chairman of the Board and Chief Executive Officer of MSU from May 1979 to May 1980; President and Chief Executive Officer of MSU from 1972 to May 1979(3)
Jerry L. Maulden	47	President and Chief Executive Officer	1979	April 1979	President and Chief Executive Officer of AP&L since April 1979; President of MSS from February 1979 through April 1979; Vice President and Treasurer of MSU and MSS from May 1978 to February 1979; Vice President, Treasurer and Secretary of AP&L from May 1975 to February 1979(3)
Raymond P. Miller, Sr.	47	—	1982	—	Physician, Little Rock, AR.
Roy L. Murphy	56	—	1977	—	President, Chief Executive Officer and Director of Mid-South Engineering Co. (Consulting Engineers), Hot Springs, AR.
William C. Nolan, Jr.	44	—	1971	—	Attorney-at-Law, Nolan & Alderson, Attorneys; Director of Murphy Oil Corporation and Subsidiaries and Noalmark Broadcasting Corp.
Robert D. Pugh	54	—	1971	—	Chairman of the Board of Portland Gin Company (Agricultural and Agri-Business), July 1, 1981 to present; President of Portland Gin Company, January 1, 1977 to July 1, 1981, Portland, AR.(3)
George K. Reeves	69	—	1981	—	Partner, Ward & Reeves, Attorneys-at-Law(3)
Reeves E. Ritchie	69	—	1962	—	Chairman of the Board of AP&L from 1976 through July 1979
Gus B. Walton, Jr.	42	—	1981	—	Co-owner of Frederick Poe Travel Service, Inc. since June 1983; Wright, Lindsey & Jennings, Attorneys-at-Law until June 1983, Little Rock, AR.
Michael E. Wilson	41	—	1980	—	President of Lee Wilson & Company from February 1977 to the present; President of Lee Wilson Insurance Agency; President and Director of Delta Valley & Southern Railway Company since February 1979
Officers					
Jerry L. Maulden	47	President and Chief Executive Officer	1979	April 1979	President and Chief Executive Officer of AP&L since April 1979; President of MSS from February 1979 through April 1979; Vice President and Treasurer of MSU and MSS from May 1978 to February 1979; Vice President, Treasurer and Secretary of AP&L from May 1975 to February 1979(3)
James D. Phillips	65	Senior Vice President	—	June 1982	Senior Vice President since June 1982; Director of AP&L, 1972 to May 1983; Senior Vice President—System Engineering and Planning from August 1977 to June 1982
Charles L. Steel	60	Senior Vice President—Assistant to President	—	Jan. 1981	Senior Vice President—Assistant to President since January 1981; Vice President—Assistant to President from May 1979 to January 1981; Vice President, Public Affairs from May 1975 to May 1979
William Cavanaugh, III	45	Senior Vice President—Energy Supply	—	Jan. 1981	Senior Vice President—Energy Supply since January 1981; Senior Vice President—Nuclear Operations of LP&L, April 1983 to August 1983 (temporary assignment); Vice President, Generation and Construction from January 1979 to January 1981; Executive Director of Generation and Construction from August 1977 to January 1979(5)

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Jack L. King	44	Senior Vice President—Energy Delivery and Services	—	Jan. 1981	Senior Vice President—Energy Delivery and Services since January 1981; Vice President, Divisions from December 1979 to January 1981; Director of Divisional Services from August 1978 to December 1979
John J. Harton	42	Vice President, Chief Financial Officer and Treasurer	—	Jan. 1981	Vice President, Chief Financial Officer and Treasurer since January 1981; Treasurer from May 1979 to January 1981; Director of Corporate Planning from April 1974 to May 1979
Michael B. Bemis	37	Senior Vice President—Finance, Regulation and Legal Services	—	Nov. 1982	Senior Vice President—Finance, Regulation and Legal Services since November 1982; Partner, Deloitte Haskins & Sells, New Orleans, La. from June 1979 to November 1982; Manager, Deloitte Haskins & Sells, New Orleans, La. from 1975 to June 1979
John M. Griffin	39	Vice President—Nuclear Operations	—	Oct. 1982	Vice President—Nuclear Operations since October 1982; Assistant Vice President from January 1981 to October 1982; Manager, Nuclear Operations from December 1978 to January 1981
Steve L. Riggs	37	Vice President—General Counsel and Secretary	—	Nov. 1982	Secretary since November 1982; Vice President—General Counsel since October 1982; Assistant Vice President and Assistant Secretary from May 1982 to October 1982; General Counsel from January 1981 to present; Director of Legal Services from January 1980 to January 1981; Partner, House, Holmes & Jewell from 1979 to January 1980; Attorney, House, Holmes & Jewell from 1972 to 1979
Willie Ray Southern	52	Vice President—Administrative Services	—	Jan. 1981	Vice President—Administrative Services since January 1981; Executive Director of Administrative Services from February 1980 to January 1981; Director of Internal Auditing from 1974 until February 1980
Ralph C. Mitchell, III	48	Vice President—Conservation and Renewable Resources	—	Jan. 1981	Vice President—Conservation and Renewable Resources since January 1981; Executive Director Conservation and Renewable Resources from February 1980 to January 1981; Director Corporate Communications from May 1979 to February 1980; Director, Management Services from May 1976 to May 1979
Charles L. Kelly	46	Vice President—Corporate Communications	—	Jan. 1981	Vice President—Corporate Communications since January 1981; Director of Corporate Communications from February 1980 to January 1981; Communications Manager from February 1978 to February 1980
Cecil L. Alexander	48	Vice President—Public Affairs	—	Jan. 1982	Vice President—Public Affairs since January 1982; Director of State Governmental Affairs from 1980 to 1982; Partner, Heber Springs Realty, 1974 to 1980, Heber Springs, AR.
Robert A. Allen	62	Vice President—Customer Services	—	Dec. 1981	Vice President—Customer Services since December 1981; Assistant Vice President and Division Manager, 1979-1981; Division Manager, 1968 to 1979
LP&L					
Directors					
James M. Cain	50	President and Chief Executive Officer	1978	May 1983	President and Chief Executive Officer of LP&L since May 1983; President and Chief Operating Officer of LP&L, August 1982 to May 1983; President and Director of NOPSI, April 1978 to date(3)
Tex R. Kilpatrick	51	—	1972	—	President of Central American Life Insurance Company, West Monroe, LA.; Director of Misco, Inc.

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Joseph J. Krebs, Jr.	53	—	1983	—	Chairman, President and Chief Executive Officer of J. J. Krebs & Sons, Inc. (Engineering, Planning and Surveying); Vice President and Director of Construction Control Services (Construction Management); Director of NOPSI since May 1983
Floyd W. Lewis	58	—	1967	—	Chairman of the Board and President of MSU, since May 1980; Chairman of the Board and Chief Executive Officer of MSU from May 1979 to May 1980; President and Chief Executive Officer of MSU from 1972 to May 1979(3)
H. Duke Shackelford	57	—	1972	—	Planter; President of Shackelford Co., Inc., Shackelford Gin, Inc., and Louisiana Cotton Warehouse Co., Inc., Chairman of Union Oil Mill, Inc. 1981 to date, President prior to 1981. (All Agricultural and Agri-Businesses), Bonita, LA.; Director of Bastrop National Bank, Bastrop, LA.; Director of Mer Rouge State Bank, Mer Rouge, LA.(3)
Wm. Clifford Smith	48	—	1981	—	President of T. Baker Smith & Son, Inc. (Consultants-Civil Engineer and Land Survey); Director of American Bank & Trust; Vice Chairman and Director of American Bancshares, Inc., Houma, LA.(3)
Jack M. Wyatt	65	—	1972	—	Chairman of the Board and Chief Executive Officer from August 1982 to May 1983; President from 1976 to August, 1982; Director of NOPSI from 1976 to date
Officers					
James M. Cain	50	President and Chief Executive Officer	1978	May 1983	President and Chief Executive Officer of LP&L since May 1983; President and Chief Operating Officer of LP&L, August 1982 to May 1983; President and Director of NOPSI, April 1978 to date(3)
Gerald D. McLendon	61	Executive Vice President and General Manager	—	March 1983	Executive Vice President and General Manager since March 1983; Senior Vice President—Operations from May 1977 to March 1983
J. H. Erwin, Jr.	61	Senior Vice President—Accounting & Finance and Treasurer	—	May 1983	Senior Vice President—Accounting & Finance, of LP&L and NOPSI since May 1983 and August 1983, respectively; Vice President of LP&L, January 1974 to May 1983: Treasurer of LP&L since 1967
R. S. Leddick	59	Senior Vice President—Nuclear Operations	—	July 1983	Senior Vice President—Nuclear Operations since July 1983; Program director of nuclear units 3 and 5 of the Washington Public Power Supply System from March 1981 to July 1983; Director of Special Nuclear Programs of Northern States Power Co. from January 1979 to March 1981
William C. Nelson	61	Senior Vice President—Administration & Services	—	Aug. 1983	Senior Vice President—Administration & Services of LP&L and NOPSI since August 1983 and June 1983, respectively; Vice President—Administration and Legal of NOPSI from May 1978 to June 1983; Secretary of NOPSI from November 1976 to June 1983
John J. Cordaro	50	Senior Vice President—External Affairs	—	May 1983	Senior Vice President—External Affairs of LP&L and NOPSI since May 1983 and August 1983, respectively; Vice President—External Affairs of LP&L from December 1982 to May 1983; Vice President—Public Affairs of MSS from July 1980 to December 1982; Director of Public Affairs of MSS from June 1979 to July 1980; Manager of Governmental Affairs of LP&L from January 1978 to June 1979

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
W. H. Talbot	53	Vice President—Assistant to President, and Secretary	—	May 1983	Vice President—Assistant to President of LP&L and NOPSI since May 1983 and August 1983, respectively; Secretary of LP&L and NOPSI since October 1966 and August 1983, respectively; Controller of LP&L from 1968 to May 1983
Donald L. Aswell	57	Senior Vice President—Fossil Operations	—	Aug. 1983	Senior Vice President—Fossil Operations of LP&L and NOPSI since August 1983 and September 1983, respectively; Vice President—Power Production—Fossil of LP&L from May 197[illegible] to August 1983
John H. Chavanne	42	Vice President—Corporate Control, and Assistant Secretary	—	Aug. 1983	Vice President—Corporate Control, and Assistant Secretary of LP&L and NOPSI since August 1983 and May 1983, respectively; Vice President—Finance and Treasurer of NOPSI from April 1981 to May 1983; Vice President—Finance of NOPSI from November 1980 to April 1981; Controller of NOPSI from November 1979 to November 1980
Gus F. Delery	56	Vice President—Consumer Services	—	May 1977	Vice President—Consumer Services from May 1977 to date
D. E. Knowles, Jr.	53	Vice President—Division Operations	—	May 1981	Vice President—Division Operations, May 1981 to date; Manager of Divisions, May 1977 to May 1981
Lee V. Maurin, Jr.	58	Vice President—Fossil Operations	—	Aug. 1983	Vice President—Fossil Operations of LP&L and NOPSI since August 1983 and October 198[illegible], respectively; Vice President—Nuclear Operations of LP&L, November 1981 to August 1983; Assistant Vice President—Nuclear Operations, April 1981 to November 1981; Project Director, September 1980 to April 1981; Production Operations Manager, March 1979 to September 1980
S. G. Cunningham, Jr.	43	Vice President—Rates & Regulatory Affairs	—	May 1983	Vice President—Rates & Regulatory Affairs of LP&L and NOPSI since May 1983 and August 1983, respectively; Vice President—Rates & Research of LP&L from October 1982 to May 1983; Director of Rates and Research of LP&L from February 1979 to October 1982; Assistant Director of Rates and Research of LP&L from January 1978 to February 1979
MP&L					
Directors					
G. Lawrence Adams	70	—	1961	—	Attorney-at-Law, Adams, Forman, Truly, Ward, Smith and Bramlette, Attorneys, Natchez, MS.
Frank R. Day	52	—	1981	—	Chairman of the Board and Chief Executive Officer of First National Bank of Jackson, January 1981 to date; Chairman of the Board and Chief Executive Officer of First Capital Corporation (Bank Holding Company), January 1981to date; President and Director of First Capital Corporation, 1976 to January 1981
Norman B. Gillis, Jr.	56	—	1968	—	Attorney-at-Law, McComb, MS.; Director of the First National Bank of Jackson, MS.
J. Harvey Johnston, Jr.	66	—	1956	—	Surgeon, Jackson, MS.
R. E. Kennington, II	51	—	1974	—	Chairman of the Board and Chief Executive Officer of Grenada Banking System, Grenada, MS.
Floyd W. Lewis	58	—	1971	—	Chairman of the Board and President of MSU since May 1980; Chairman of the Board and Chief Executive Officer of MSU from May 1979 to May 1980; President and Chief Executive Officer of MSU from 1972 to May 1979(3)

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Donald C. Lutken	60	President and Chief Executive Officer	1970	1971	President and Chief Executive Officer of MP&L since 1971; Director of Lamar Life Corp., Lamar Life Insurance Co. and Magna Corp.(3)(5)
John P. Maloney	65	—	1980	—	Chairman of the Board and Chief Executive Officer of Deposit Guaranty Corporation from 1982 to December 1983; Chairman of the Board and Chief Executive Officer of Deposit Guaranty National Bank from 1979 to December 1983; President, Chief Operating Officer and Director of Deposit Guaranty Corporation from 1975 to 1981; Director of Jackson Packing Company
Richard D. McRae	63	—	1976	—	Chairman of the Board and Chief Executive Officer of McRae's, Inc. (Department Stores), Jackson, MS.; Director of Deposit Guaranty Corporation
LeRoy P. Percy	66	—	1959	—	Cotton farmer, Chairman of the Boards of Mississippi Chemical Company, Yazoo City, MS., and First Mississippi Corporation (Agriculture and Chemical Supplies and Gas Exploration), Jackson, MS.; President of Greenville Compress Co., Greenville, MS.(3)
Dr. Walter Washington	60	—	1977	—	President of Alcorn State University, Lorman, MS.(3)
R. M. Williams, Jr.	48	—	1976	—	Partner, Reeves-Williams Builders, Southhaven, MS.
Frank S. York, Jr.	62	Vice President—Finance and Secretary	1981	May 1978	Vice President—Finance since May 1978; Secretary since 1962(5)
Officers					
Donald C. Lutken	60	President and Chief Executive Officer	1970	1971	President and Chief Executive Officer of MP&L since 1971; Director of Lamar Life Corp., Lamar Life Insurance Co. and Magna Corp.(3)(5)
Norris L. Stampley	63	Senior Vice President—Executive Department	—	March 1983	Senior Vice President—Executive Department since March 1983; Senior Vice President—Nuclear from January 1981 to March 1983; Senior Vice President—Engineering, Production and Construction from May 1980 to January 1981; Vice President—Production and Engineering from December 1977 to May 1980(6)
Jackson B. Richard	53	Senior Vice President—Nuclear	—	March 1983	Senior Vice President—Nuclear since March 1983; Manager—System Nuclear Operations at MSS from July 1981 to March 1983; Vice President and General Manager—Gamma Industries (a division of Nuclear Systems, Inc.), Baton Rouge, LA. from September 1978 to July 1981; Secretary and Treasurer of Nuclear Systems, Inc. from September 1978 to July 1980
John D. Holland	61	Vice President—Governmental Affairs	—	June 1983	Vice President—Governmental Affairs, June 1983 to date; Vice President—Area Affairs, from January 1976 to June 1983
J. Stewart Frame	62	Vice President—Personnel and Administration	—	Feb. 1983	Vice President—Personnel and Administration, February 1983 to date; Vice President—Personnel and Administrative Services, May 1978 to February 1983
Thomas A. Dallas	60	Vice President—Chief Engineer	—	June 1980	Vice President—Chief Engineer since June 1980; Manager—Engineering, System Operations and Construction from 1976 to June 1980
Donald E. Meiners	48	Vice President—Customer Services	—	May 1978	Vice President—Customer Services

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
Frank S. York, Jr.	62	Vice President—Finance and Secretary	1981	May 1978	Vice President—Finance since May 1978; Secretary since 1962(5)
James P. McGaughy, Jr.	41	Vice President—Nuclear	—	March 1983	Vice President—Nuclear since March 1983; Assistant Vice President—Nuclear from June 1980 to March 1983; Director—Power Production from April 1978 to June 1980
James R. Martin	53	Treasurer	—	Dec. 1977	Treasurer
NOPSI					
Directors					
James M. Cain	50	President	1978	April 1978	President of NOPSI, April 1978 to date; President and Chief Executive Officer of LP&L since May 1983; President and Chief Operating Officer of LP&L, August 1982 to May 1983; Director of LP&L since 1978(3)
James C. Carter	56	—	1983	—	President of Loyola University, New Orleans, LA since 1974, in his capacity as a Catholic priest in the Order of the Society of Jesus
Brooke H. Duncan	60	—	1967	—	President and director of Jno. Worner & Son, Inc. and The Foster Company, Inc. (Canvas Fabricator); Director of Hibernia Corporation, New Orleans, LA.(3)
Arthur L. Jung, Jr.	68	—	1951	—	Chairman of the Board of Jung Realty Co., Inc. since June 1982; President of Jung Realty Co., Inc. prior to June 1982
Joseph J. Krebs, Jr.	53	—	1983	—	Chairman, President and Chief Executive Officer of J. J. Krebs & Sons, Inc. (Engineering, Planning and Surveying); Vice President and Director of Construction Control Services (Construction Management); Director of LP&L since May 1983
Floyd W. Lewis	58	—	1970	—	Chairman of the Board and President of MSU since May 1980; Chairman of the Board and Chief Executive Officer of MSU from May 1979 to May 1980; President and Chief Executive Officer of MSU from 1972 to May 1979(3)
John B. Smallpage	58	—	1969	—	President-Secretary and Chairman of the Board of Donovan Boat Supplies, Inc., New Orleans, LA.
Charles C. Teamer, Sr.	50	—	1978	—	Vice President for Fiscal Affairs of Dillard University, New Orleans, LA.; Commissioner of the Port of New Orleans since July 1983
Jack M. Wyatt	65	—	1976	—	Chairman of the Board and Chief Executive Officer of LP&L, from August 1982 to May 1983; President of LP&L, 1976 to August 1982; Director of LP&L from 1972 to date
Officers					
James M. Cain	50	President	1978	April 1978	President of NOPSI, April 1978 to date; President and Chief Executive Officer of LP&L since May 1983; President and Chief Operating Officer of LP&L, August 1982 to May 1983; Director of LP&L since 1978(3)
Donald L. Aswell	57	Senior Vice President—Fossil Operations	—	Sept. 1983	Senior Vice President—Fossil Operations of NOPSI and LP&L since September 1983 and August 1983, respectively; Vice President—Power Production—Fossil of LP&L from May 1977 to August 1983

Name	Age	Management Position	Director Since(1)	Date Officer Elected to Present Position	Principal Occupations During Last 5 Years and Other Directorships(2)
John J. Cordaro	50	Senior Vice President—External Affairs	—	Aug. 1983	Senior Vice President—External Affairs of NOPSI and LP&L since August 1983 and May 1983, respectively; Vice President—External Affairs of LP&L from December 1982 to May 1983; Vice President—Public Affairs of MSS from July 1980 to December 1982; Director of Public Affairs of MSS from June 1979 to July 1980; Manager of Governmental Affairs of LP&L from January 1978 to June 1979
J. H. Erwin, Jr.	61	Senior Vice President—Accounting & Finance, and Treasurer	—	Aug. 1983	Senior Vice President—Accounting & Finance of NOPSI and LP&L since August 1983 and May 1983, respectively; Vice President of LP&L, January 1974 to May 1983; Treasurer of LP&L since 1967
S. G. Cunningham, Jr.	43	Vice President—Rates & Regulatory Affairs	—	Aug. 1983	Vice President—Rates & Regulatory Affairs of NOPSI and LP&L since August 1983 and May 1983, respectively; Vice President—Rates & Research of LP&L from October 1982 to May 1983; Director of Rates and Research of LP&L from February 1979 to October 1982; Assistant Director of Rates and Research of LP&L from January 1978 to February 1979
Malcolm L. Hurstell	56	Senior Vice President and General Manager	—	May 1983	Senior Vice President and General Manager since May 1983; Vice President, Engineering and Production from May 1978 to May 1983
William C. Nelson	61	Senior Vice President—Administration & Services	—	May 1983	Senior Vice President—Administration & Services of NOPSI and LP&L since May 1983 and August 1983, respectively; Vice President—Administration and Legal of NOPSI from May 1978 to May 1983; Secretary of NOPSI from November 1976 to May 1983
John H. Chavanne	42	Vice President—Corporate Control & Assistant Secretary	—	May 1983	Vice President—Corporate Control & Assistant Secretary of NOPSI and LP&L since May 1983 and August 1983, respectively; Vice President—Finance and Treasurer of NOPSI from April 1981 to May 1983; Vice President—Finance of NOPSI from November 1980 to April 1981; Controller of NOPSI from November 1976 to November 1980
Hero J. Edwards, Jr.	51	Vice President—Operations	—	June 1978	Vice President—Operations from June 1978 to present
Lee V. Maurin, Jr.	58	Vice President—Fossil Operations	—	Oct. 1983	Vice President—Fossil Operations of LP&L and NOPSI since August 1983 and October 1983, respectively; Vice President—Nuclear Operations of LP&L, November 1981 to August 1983; Assistant Vice President—Nuclear Operations of LP&L, April 1981 to November 1981; Project Director of LP&L, September 1980 to April 1981; Production Operations Manager of LP&L, March 1979 to September 1980
W. H. Talbot	53	Vice President—Assistant to President, and Corporate Secretary	—	Aug. 1983	Vice President—Assistant to President of NOPSI and LP&L since August 1983 and May 1983, respectively; Secretary of NOPSI since August 1983; Secretary of LP&L since 1966; Controller of LP&L from 1968 to May 1983

(Footnotes on following page)

(1) Each director and officer is elected yearly to serve until the first Board meeting after the Annual Meeting of Stockholders of the applicable company, which annual meetings are currently expected to be held as follows:

MSU—May 18, 1984	MP&L—May 16, 1984
AP&L—May 16, 1984	NOPSI—May 14, 1984
LP&L—May 14, 1984	

(2) Directorships shown generally are limited to entities subject to Sections 12 or 15(d) of the Securities Exchange Act of 1934 or to the Investment Company Act of 1940.

(3) Presently a director of MSU.

(4) Nominee for director of MSU.

(5) Effective April 2, 1984, Mr. Donald C. Lutken, presently President and Chief Executive Officer of MP&L will become Chairman of the Board and Chief Executive Officer of MP&L. Mr. William Cavanaugh, III, presently Senior Vice President of AP&L will become President and Chief Operating Officer of MP&L. Effective March 21, 1984, Mr. Cavanaugh was elected to replace Mr. Frank S. York, Jr. as a Director of MP&L.

(6) Mr. Stampley retired effective February 1, 1984.

Item 11. ***Executive Compensation.***

MSU

Information called for by this item concerning the directors and officers of MSU is set forth under the heading "Executive Compensation" contained in the Proxy Statement of MSU to be filed in connection with its Annual Meeting of Stockholders to be held on May 18, 1984, which information is incorporated herein by reference.

The following information is given for the year 1983 with respect to each of the five most highly compensated executive officers of AP&L, LP&L, MP&L and NOPSI whose cash compensation exceeded $60,000 and all executive officers as a group:

AP&L

CASH COMPENSATION TABLE

Name of Individual or Number of Persons in Group	Capacities in Which Served	Cash Compensation
Jerry L. Maulden	President, Chief Executive Officer and Director	$ 215,343
William Cavanaugh, III	Senior Vice President—Energy Supply	112,549
James D. Phillips	Senior Vice President	103,977
Michael B. Bemis	Senior Vice President—Finance, Regulation and Legal Services	97,257
Jack L. King	Senior Vice President—Energy Delivery and Services	96,392
14 executive officers as a group, including the persons listed above		$1,322,695

The directors of AP&L are paid an attendance fee of $550 for attendance at meetings of the Board of Directors. Directors who are not employees of AP&L are paid $550 for meetings of committees of the Board (except in the case of a committee meeting on the same day as a Board meeting, in which case the fee for attendance at the committee meeting is $275). In addition, directors who are not employees of a Middle South System company are paid $325 per month.

AP&L has adopted executive medical and disability plans for certain groups of employees. The plans provide benefits in excess of those benefits generally available to salaried employees. The medical plan provides 100% reimbursement of specified medical expenses defined in Section 213 (e) (1) (A) of the Internal Revenue Code that are not paid by the general benefit plan, up to $4,000 per year for the employee and family. AP&L contributions in 1983 to the executive medical plan for the benefit of the above listed executive officers were $1,615 each and to all executive officers as a group, including the foregoing five— $22,608. The disability plan provides that AP&L will continue to pay 65% of basic earnings not payable by sick leave or basic disability plans.

AP&L participates in the Middle South Utilities System Savings Plan ("Savings Plan") which provides that eligible employees (who elect to participate in the Savings Plan) may contribute through payroll deductions each payroll period from 1% to 6% of their base wages or salary as a Basic contribution, from 1% to 10% of their base wages or salary as a Supplemental contribution and from $240 to $2,000 per year as a System Individual Retirement Account contribution. The employing Middle South System company contributes to the Savings Plan from its current or accumulated earnings and profits an amount equal to 50% of each participant's Basic contribution for each month. AP&L contributions in 1983 to the Savings Plan for the accounts of the above listed executive officers were: Mr. Maulden, $4,631; Mr. Cavanaugh, $422; Mr. Phillips, $3,044; Mr. Bemis, $0; Mr. King, $2,169; and to all executive officers as a group, including the foregoing five— $23,959.

Under the Employee Stock Ownership Plan ("ESOP"), MSU and its subsidiaries may contribute each year to a trustee an amount equal to the additional 1% investment tax credit allowable under the Internal Revenue Code. The trustee uses the contribution to purchase Common Stock of MSU, which is allocated to the account of each eligible employee. No contributions were made during 1983 because the additional 1% investment tax credit claimed for the tax years 1977 through 1982 has not yet been utilized.

The Internal Revenue Code was amended to provide that, commencing with investments made in the year 1983, contributions based on the additional 1% investment tax credit discussed above are no longer allowed. Instead, the Internal Revenue Code provides for an annual contribution equal to a prescribed percentage of eligible employees' compensation. The Internal Revenue Code has set these percentages at ½% in 1983 and 1984 and ¾% in the years 1985 through 1987. The ESOP has not been amended to provide for contributions based upon these compensation based credits.

AP&L's retirement income plan (a defined benefit plan) provides for a benefit at retirement from the Middle South System based upon (1) all years of service, after completion of one year of service, between ages 25 and 65, times (2) 1.5% for each year of service, times (3) the final average salary. Final average salary is based on the highest 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a life-time annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts.

The maximum benefit under the plan is limited by Section 415 of the Internal Revenue Code; however, AP&L has adopted a pension equalization plan for those employees whose benefits would be affected by such limitation.

The following tabulation shows estimated annual benefits upon retirement to persons in specified compensation and years-of-service categories payable pursuant to the retirement income and pension equalization plans described in the preceding two paragraphs:

Annual Covered Compensation	Years of Service 10	20	30	40
$ 60,000	$ 9,000	$18,000	$ 27,000	$ 36,000
80,000	12,000	24,000	36,000	48,000
100,000	15,000	30,000	45,000	60,000
125,000	18,750	37,500	56,250	75,000
150,000	22,500	45,000	67,500	90,000
200,000	30,000	60,000	90,000	120,000
250,000	37,500	75,000	112,500	150,000

The number of credited years of service under the retirement income plans as of December 31, 1983 for the above named individuals was: Mr. Maulden, 17 years; Mr. Cavanaugh, 11 years; Mr. Phillips, 36 years; Mr. Bemis, 0 years; and Mr. King, 16 years.

In addition to the retirement income plans discussed above, AP&L has established a Post-Retirement Plan. Participation in the Plan is at the invitation of AP&L. The participant may receive from AP&L a monthly benefit payment under the Plan not in excess of .0333 times the participant's Average Basic Annual Salary (as defined in the Plan) for a maximum of 120 months. Eligibility for and receipt of this benefit is contingent upon several factors. Eligibility for benefits under the Plan is forfeitable for various reasons including violation of an employment agreement, breach of confidentiality or material failure in performance. The participant must agree that, without the specific consent of AP&L, he may take no employment after retirement with any entity that is in competition with, or similar in nature to, AP&L or any affiliate thereof. The participant must also agree to hold himself available after retirement for limited consulting and special services. As of February 15, 1984, 14 active officers of AP&L have entered into Plan participation contracts.

Pursuant to an agreement dated June 21, 1979, Reeves E. Ritchie has agreed to provide advisory services, if and when requested, to the management of AP&L during the five-year period following his retirement as Chairman of the Board (but not as a director) of AP&L, with compensation at the annual rate of $25,000. Such five-year period commenced on July 31, 1979, the date of his retirement from AP&L.

LP&L

CASH COMPENSATION TABLE

Name of Individual(1) or Number of Persons in Group	Capacities in Which Served	Cash Compensation
James M. Cain	President and Chief Executive Officer and Director	$ 192,570
Jack M. Wyatt	Chairman of the Board and Chief Executive Officer and Director	127,652
Gerald D. McLendon	Executive Vice President and General Manager	120,977
J. H. Erwin, Jr.	Senior Vice President—Accounting and Finance and Treasurer	96,845
John J. Cordaro	Senior Vice President—External Affairs	82,314
13 executive officers as a group, including the persons listed above		$1,121,037(2)

(1) Messrs. Erwin and Cordaro held the same office at NOPSI as they did at LP&L. Mr. Cain holds the office of President of NOPSI and is a director of NOPSI. Mr. Wyatt retired as Chairman of the Board and Chief Executive Officer of LP&L in August, 1983. He remains as a director of LP&L and NOPSI. Mr. Cain was the only listed officer to receive cash compensation from NOPSI, which compensation amounted to $73,855 and is included in the above amounts.

(2) The above number of executive officers as a group does not include two executive officers who are also executive officers of NOPSI. Those officers were compensated only by NOPSI and therefore, such compensation is included in the NOPSI Cash Compensation Table.

The directors of LP&L are paid an attendance fee of $550 for attendance at meetings of the Board of Directors and $550 for meetings of committees of the Board (except in the case of a committee meeting on the same day as a Board meeting, in which case the fee for attendance at the committee meeting is $275). In addition, directors who are not employees of a Middle South System company are paid $300 per month.

LP&L has adopted an executive medical plan for certain groups of employees. The plan provides benefits in excess of those benefits generally available to salaried employees. The medical plan provides 100% reimbursement of specified medical expenses defined in Section 213 (e) (1) (A) of the Internal Revenue Code that are not paid by the general benefit plan, up to $4,000 per year for the employee and family. LP&L contributions in 1983 to the executive medical plan for the benefit of the above listed executive officers were: Mr. Cain, $1,364, which amount includes $673 paid by NOPSI; Mr. Wyatt, $943; Mr. McLendon, $1,633; Mr. Erwin, $1,633; Mr. Cordaro, $1,633; and to all executive officers as a group, including the foregoing five— $17,957.

LP&L participates in the Middle South Utilities System Savings Plan ("Savings Plan") which provides that eligible employees (who elect to participate in the Savings Plan) may contribute through payroll deductions each payroll period from 1% to 6% of their base wages or salary as a Basic contribution, from 1% to 10% of their base wages or salary as a Supplemental contribution and from $240 to $2,000 per year as a System Individual Retirement Account contribution. The employing Middle South System company contributes to the Savings Plan from its current or accumulated earnings and profits an amount equal to 50% of each participant's Basic contribution for each month. LP&L contributions in 1983 to the Savings Plan for the accounts of the above listed executive officers were: Mr. Cain, $4,267, which amount includes $1,747 paid by NOPSI; Mr. Wyatt, $3,689; Mr. McLendon, $3,671; Mr. Erwin, $2,930; Mr. Cordaro, $681; and to all executive officers as a group, including the foregoing five— $27,445.

Under the Employee Stock Ownership Plan ("ESOP"), MSU and its subsidiaries may contribute each year to a trustee an amount equal to the additional 1% investment tax credit allowable under the Internal Revenue Code. The trustee uses the contribution to purchase Common Stock of MSU, which is allocated to the account of each eligible employee. No contributions were made during 1983 because the additional 1% investment tax credit claimed for the tax years 1977 through 1982 has not yet been utilized.

The Internal Revenue Code was amended to provide that, commencing with investments made in the year 1983, contributions based on the additional 1% investment tax credit discussed above are no longer allowed. Instead, the Internal Revenue Code provides for an annual contribution equal to a prescribed percentage of eligible employees' compensation. The Internal Revenue Code has set these percentages at ½% in 1983 and 1984 and ¾% in the years 1985 through 1987. The ESOP has not been amended to provide for contributions based upon these compensation based credits.

LP&L's retirement income plan (a defined benefit plan) provides for a benefit at retirement from the Middle South System based upon (1) all years of service between ages 25 and 65, times (2) 1.5% for each year of service, times (3) the final average salary. Final average salary is based on the highest 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is currently a life-time annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts.

The maximum benefit under the plan is limited by Section 415 of the Internal Revenue Code; however, LP&L has adopted a pension equalization plan for those employees whose benefits would be affected by such limitation.

The following tabulation shows estimated annual benefits upon retirement to persons in specified compensation and years-of-service categories payable pursuant to the retirement income plans described in the preceding paragraph:

Annual Covered Compensation	Years of Service 10	20	30	40
$ 60,000	$ 9,000	$18,000	$ 27,000	$ 36,000
80,000	12,000	24,000	36,000	48,000
100,000	15,000	30,000	45,000	60,000
125,000	18,750	37,500	56,250	75,000
150,000	22,500	45,000	67,500	90,000
200,000	30,000	60,000	90,000	120,000
250,000	37,500	75,000	112,500	150,000

The number of credited years of service under the retirement income plans as of December 31, 1983 for the above named individuals was: Mr. Cain, 23 years; Mr. Wyatt, 40 years; Mr. McLendon, 36 years; Mr. Erwin, 35 years; and Mr. Cordaro, 24 years.

In addition to the retirement income plans discussed above, LP&L has established a Post-Retirement Plan. Participation in the Plan is at the invitation of LP&L. The participant may receive from LP&L a monthly benefit payment under the Plan not in excess of .0333 times the participant's Average Basic Annual Salary (as defined in the Plan) for a maximum of 120 months. Eligibility for and receipt of this benefit is contingent upon several factors. Eligibility for benefits under the Plan is forfeitable for various reasons including violation of an employment agreement, breach of confidentiality or material failure in performance. The participant must agree that, without the specific consent of LP&L, he may take no employment after retirement with any entity that is in competition with, or similar in nature to, LP&L or any affiliate thereof. The participant must also agree to hold himself available after retirement for limited consulting and special services. As of February 15, 1984, 13 active and retired officers of LP&L have entered into Plan participation contracts. Pursuant to the Plan, during 1983, LP&L paid $25,919 to Mr. Wyatt and $22,345 to an executive officer included in the group shown in the Cash Compensation Table.

MP&L

CASH COMPENSATION TABLE

Name of Individual or Number of Persons in Group	Capacities in Which Served	Cash Compensation
Donald C. Lutken	President, Chief Executive Officer and Director	$195,634
Norris L. Stampley	Senior Vice President—Executive Department	103,172
Frank S. York, Jr.	Vice President—Finance, Secretary and Director	92,067
James P. McGaughy, Jr.	Vice President—Nuclear	85,077
Thomas A. Dallas	Vice President—Chief Engineer	81,108
11 executive officers as a group, including the persons listed above		$959,459

The directors of MP&L are paid an attendance fee of $550 for attendance at meetings of the Board of Directors and $550 for meetings of committees of the Board (except in the case of a committee meeting on the same day as a Board meeting, in which case there is no fee for attendance at the committee meeting). In addition, directors who are not employees of a Middle South System company are paid $250 per month.

MP&L has adopted an executive medical plan for certain groups of employees. The plan provides benefits in excess of those benefits generally available to salaried employees. The medical plan provides 100% reimbursement of specified medical expenses defined in Section 213 (e) (1) (A) of the Internal Revenue Code that are not paid by the general benefit plan, up to $4,000 per year for the employee and family. MP&L contributions in 1983 to the executive medical plan for the benefit of the above listed executive officers were $1,615 each and to all executive officers as a group, including the foregoing five— $16,418.

MP&L participates in the Middle South Utilities System Savings Plan ("Savings Plan") which provides that eligible employees (who elect to participate in the Savings Plan) may contribute through payroll deductions each payroll period from 1% to 6% of their base wages or salary as a Basic contribution, from 1% to 10% of their base wages or salary as a Supplemental contribution and from $240 to $2,000 per year as a System Individual Retirement Account contribution. The employing Middle South System company contributes to the Savings Plan from its current or accumulated earnings and profits an amount equal to 50% of each participant's Basic contribution for each month. MP&L contributions in 1983 to the Savings Plan for the accounts of the above listed executive officers were: Mr. Lutken, $5,501; Mr. Stampley, $3,070; Mr. York, $2,502; Mr. McGaughy, $1,914; Mr. Dallas, $2,433; and to all executive officers as a group, including the foregoing five— $23,240.

Under the Employee Stock Ownership Plan ("ESOP"), MSU and its subsidiaries may contribute each year to a trustee an amount equal to the additional 1% investment tax credit allowable under the Internal Revenue Code. The trustee uses the contribution to purchase Common Stock of MSU, which is allocated to the account of each eligible employee. No contributions were made during 1983 because the additional 1% investment tax credit claimed for tax years 1977 through 1982 has not yet been utilized.

The Internal Revenue Code was amended to provide that, commencing with investments made in the year 1983, contributions based on the additional 1% investment tax credit discussed above are no longer allowed. Instead, the Internal Revenue Code provides for an annual contribution equal to a prescribed percentage of eligible employees' compensation. The Internal Revenue Code has set these percentages at ½% in 1983 and 1984 and ¾% in the years 1985 through 1987. The ESOP has not been amended to provide for contributions based upon these compensation based credits.

MP&L's retirement income plan (a defined benefit plan) provides for a benefit at retirement from the Middle South System based upon (1) all years of service, after completion of one year of service between ages 25 and 65, times (2) 1.5% for each year of service, times (3) the final average salary. Final average salary is based on the highest 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a life-time annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts.

The maximum benefit under the plan is limited by Section 415 of the Internal Revenue Code; however, MP&L has adopted a pension equalization plan for those employees whose benefits would be affected by such limitation.

The following tabulation shows estimated annual benefits upon retirement to persons in specified compensation and years-of-service categories payable pursuant to the retirement income plans described in the preceding paragraph:

Annual Covered Compensation	Years of Service 10	20	30	40
$ 60,000	$ 9,000	$18,000	$ 27,000	$ 36,000
80,000	12,000	24,000	36,000	48,000
100,000	15,000	30,000	45,000	60,000
125,000	18,750	37,500	56,250	75,000
150,000	22,500	45,000	67,500	90,000
200,000	30,000	60,000	90,000	120,000
250,000	37,500	75,000	112,500	150,000

The number of credited years of service under the retirement income plans as of December 31, 1983 for the above named individuals was: Mr. Lutken, 33 years; Mr. Stampley, 35 years; Mr. York, 36 years; Mr. McGaughy, 13 years; and Mr. Dallas, 34 years.

In addition to the retirement income plans discussed above, MP&L has established a Post-Retirement Plan. Participation in the Plan is at the invitation of MP&L. The participant may receive from MP&L a monthly benefit payment under the Plan not in excess of .0333 times the participant's Average Basic Annual Salary (as defined in the Plan) for a maximum of 120 months. Eligibility for and receipt of this benefit is contingent upon several factors. Eligibility for benefits under the Plan is forfeitable for various reasons including violation of an employment agreement, breach of confidentiality or material failure in performance. The participant must agree that, without the specific consent of MP&L, he may take no employment after retirement with any entity that is in competition with, or similar in nature to, MP&L or any affiliate thereof. The participant must also agree to hold himself available after retirement for limited consulting and special services. As of February 15, 1984, 12 active and retired officers of MP&L have entered into Plan participation contracts. Pursuant to the Plan, during 1983, MP&L paid $11,734 to an executive officer included in the group shown in the Cash Compensation Table.

NOPSI
CASH COMPENSATION TABLE

Name of Individual(1) or Number of Persons in Group	Capacities in Which Served	Cash Compensation
James M. Cain	President and Director	$192,570
William C. Nelson	Senior Vice President—Administration and Services	94,730
Malcolm L. Hurstell	Senior Vice President and General Manager	89,236
Hero J. Edwards, Jr.	Vice President, Operations	76,588
John H. Chavanne	Vice President—Corporate Control and Assistant Secretary	76,067
6 executive officers as a group, including the persons listed above		$587,078(2)

(1) Messrs. Nelson and Chavanne held the same office at LP&L as they did at NOPSI. Mr. Cain is President and Chief Executive Officer of LP&L. Mr. Cain was the only listed officer to receive cash compensation from LP&L, which compensation amounted to $118,715 and is included in the above amounts.

(2) The above number of executive officers as a group does not include six executive officers who are also executive officers of LP&L. Those officers were compensated only by LP&L and therefore, such compensation is included in the LP&L Cash Compensation Table.

The directors of NOPSI are paid an attendance fee of $550 for attendance at meetings of the Board of Directors and $275 for meetings of the Audit Committee of the Board. In addition, directors who are not employees of a Middle South System company are paid $300 per month.

NOPSI has adopted an executive medical plan for certain groups of employees. The plan provides benefits in excess of those benefits generally available to salaried employees. The medical plan provides 100% reimbursement of specified medical expenses defined in Section 213 (e) (1) (A) of the Internal Revenue Code that are not paid by the general benefit plan, up to $4,000 per year for the employee and family. NOPSI contributions in 1983 to the executive medical plan for the benefit of the above listed executive officers were $1,615 each, except Mr. Cain whose contributions were $1,364, which amount includes $691 paid by LP&L, and to all executive officers as a group, including the foregoing five— $8,900.

NOPSI participates in the Middle South Utilities System Savings Plan ("Savings Plan") which provides that eligible employees (who elect to participate in the Savings Plan) may contribute through payroll deductions each payroll period from 1% to 6% of their base wages or salary as a Basic contribution, from 1% to 10% of their base wages or salary as a Supplemental contribution and from $240 to $2,000 per year as a System Individual Retirement Account contribution. The employing Middle South System company contributes to the Savings Plan from its current or accumulated earnings and profits an amount equal to 50% of each participant's Basic contribution for each month. NOPSI contributions in 1983 to the Savings Plan for the accounts of the above listed executive officers were: Mr. Cain, $4,267, which amount includes $2,520 paid by LP&L; Mr. Nelson, $2,708; Mr. Hurstell, $2,715; Mr. Edwards, $1,746; Mr. Chavanne, $1,734; and to all executive officers as a group, including the foregoing five— $14,569.

Under the Employee Stock Ownership Plan ("ESOP"), MSU and its subsidiaries may contribute each year to a trustee an amount equal to the additional 1% investment tax credit allowable under the Internal Revenue Code. The trustee uses the contribution to purchase Common Stock of MSU, which is allocated to the account of each eligible employee. No contributions were made during 1983 because the additional 1% investment tax credit claimed for tax years 1977 through 1982 has not yet been utilized.

The Internal Revenue Code was amended to provide that, commencing with investments made in the year 1983, contributions based on the additional 1% investment tax credit discussed above are no longer allowed. Instead, the Internal Revenue Code provides for an annual contribution equal to a prescribed percentage of eligible employees' compensation. The Internal Revenue Code has set these percentages at ½% in 1983 and 1984 and ¾% in the years 1985 through 1987. The ESOP has not been amended to provide for contributions based upon these compensation based credits.

NOPSI's retirement income plan (a defined benefit plan) provides for a benefit at retirement from the System based upon (1) all years of service between the ages 25 and 65, times (2) 1.5% for each year of service, times (3) the final average salary. Final average salary is based on the highest 60 months of covered compensation in the last 120 months of service. The normal form of benefit for a single employee is a life-time annuity and for a married employee is a 50% joint and survivor annuity. Other actuarially equivalent options are available to each retiree. Retirement benefits are not subject to any deduction for Social Security or other offset amounts.

The maximum benefit under the plan is limited by Section 415 of the Internal Revenue Code; however, NOPSI has adopted a pension equalization plan for those employees whose benefits would be affected by such limitation.

The following tabulation shows estimated annual benefits upon retirement to persons in specified compensation and years-of-service categories payable pursuant to the retirement income plans described in the preceding paragraph:

Annual Covered Compensation	Years of Service 10	20	30	40
$ 60,000	$ 9,000	$18,000	$ 27,000	$ 36,000
80,000	12,000	24,000	36,000	48,000
100,000	15,000	30,000	45,000	60,000
125,000	18,750	37,500	56,250	75,000
150,000	22,500	45,000	67,500	90,000
200,000	30,000	60,000	90,000	120,000
250,000	37,500	75,000	112,500	150,000

The number of credited years of service under the retirement income plans as of December 31, 1983 for the above named individuals was: Mr. Cain, 23 years; Mr. Nelson, 36 years; Mr. Hurstell, 31 years; Mr. Edwards, 25 years; and Mr. Chavanne, 17 years.

In addition to the retirement income plans discussed above, NOPSI has established a Post-Retirement Plan. Participation in the Plan is at the invitation of NOPSI. The participant may receive from NOPSI a monthly benefit payment under the Plan not in excess of .0333 times the participant's Average Basic Annual Salary (as defined in the Plan) for a maximum of 120 months. Eligibility for and receipt of this benefit is contingent upon several factors. Eligibility for benefits under the Plan is forfeitable for various reasons including violation of an employment agreement, breach of confidentiality or material failure in performance. The participant must agree that, without the specific consent of NOPSI, he may take no employment after retirement with any entity that is in competition with, or similar in nature to, NOPSI or any affiliate thereof. The participant must also agree to hold himself available after retirement for limited consulting and special services. As of February 15, 1984, 6 active and retired officers of NOPSI have entered into Plan participation contracts. Pursuant to the Plan, during 1983, NOPSI paid $7,923 to an executive officer included in the group shown in the Cash Compensation Table.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management.***

(a) MSU owns 100% of the outstanding common stock of the four other registrants, AP&L, LP&L, MP&L and NOPSI. The registrants know of no contractual arrangements which may at a subsequent date result in a change in control of any of the registrants.

(b) Information called for by this item concerning the security ownership of the directors of MSU and the directors and officers of MSU as a group is set forth under the heading "Security Ownership of Management" contained in the Proxy Statement of MSU to be filed in connection with its Annual Meeting of Stockholders to be held May 18, 1984, which information is herein incorporated by reference. The directors listed below and the directors and officers as a group for AP&L, LP&L, MP&L and NOPSI, respectively, beneficially owned directly or indirectly the following cumulative preferred stock of their company and common stock of MSU:

	As of January 31, 1984					
	Preferred Stock, $100 Par Value		Preferred Stock, $25 Par Value		MSU Common Stock	
	Amount and Nature of Beneficial Ownership(A)		Amount and Nature of Beneficial Ownership(A)		Amount and Nature of Beneficial Ownership(A)	
Name	Sole Voting and Investment Power(B)	Other Beneficial Ownership	Sole Voting and Investment Power(B)	Other Beneficial Ownership	Sole Voting and Investment Power(B)	Other Beneficial Ownership(C)(D)
AP&L						
Cathy Cunningham	—	—	—	—	500	—
Richard P. Herget, Jr.	—	—	—	—	111	—
Hal E. Hunter	—	—	—	—	72	—
Floyd W. Lewis	—	—	—	—	7,559	5,696(F)
Jerry L. Maulden	—	100(E)	—	—	—	3,065(G)
Roy L. Murphy	—	—	—	—	1,270	561(H)
Robert D. Pugh	—	—	—	—	238	5,723(I)
George K. Reeves	—	—	—	—	13,069	6,143(R)
Reeves E. Ritchie	654	50(H)	—	—	3,103	—
Gus B. Walton, Jr.	—	—	—	—	17,227	2,600(J)
All directors and officers	664	290	—	—	49,281	37,137
LP&L						
James M. Cain	—	—	—	—	221	2,104(G)
Tex R. Kilpatrick	—	—	—	—	—	705(K)
Floyd W. Lewis	20	100(L)	—	160(L)	7,559	5,696(F)
H. Duke Shackelford	—	—	—	—	3,000	2,590(P)
Wm. Clifford Smith	—	—	—	—	400	—
Jack M. Wyatt	5	—	—	—	3,526	2,634
All directors and officers	45	100	—	160	18,763	27,590

Name	Preferred Stock, $100 Par Value — Amount and Nature of Beneficial Ownership(A) — Sole Voting and Investment Power(B)	Other Beneficial Ownership	Preferred Stock, $25 Par Value — Amount and Nature of Beneficial Ownership(A) — Sole Voting and Investment Power(B)	Other Beneficial Ownership	MSU Common Stock — Amount and Nature of Beneficial Ownership(A) — Sole Voting and Investment Power(B)	Other Beneficial Ownership(C)(D)
As of January 31, 1984						
MP&L						
G. Lawrence Adams	—	—	—	—	396	221(H)
J. Harvey Johnston, Jr.	—	—	—	—	1,499	—
Floyd W. Lewis	—	—	—	—	7,559	5,696(F)
Donald C. Lutken	10	—	—	—	4,725	4,037(M)
LeRoy P. Percy	—	—	—	—	1,380	—
Dr. Walter Washington	—	—	—	—	178	—
Frank S. York, Jr.	—	12(Q)	—	—	706	1,203
All directors and officers	10	12	—	—	20,461	23,063
NOPSI						
James M Cain	—	—	—	—	221	2,104(G)
Brooke H. Duncan	—	—	—	—	1,444	—
Arthur L. Jung, Jr.	—	—	—	—	1,406	3,000(N)
Floyd W. Lewis	—	—	—	—	7,559	5,696(F)
John B. Smallpage	—	—	—	—	—	1,768(O)
Charles C. Teamer	—	—	—	—	222	—
Jack M. Wyatt	—	—	—	—	3,526	2,634
All directors and officers	—	—	—	—	17,049	27,581

(A) Based on information furnished by the respective individuals. The ownership amounts shown for each individual and for directors and officers as a group do not exceed one percent of the outstanding securities of any class of security so owned.

(B) Includes all shares which the individual has the sole power to vote and dispose of, or to direct the voting and disposition of.

(C) Includes, for the named persons, shares of MSU Common Stock held in the Employee Stock Ownership Plan of the registrants as follows: Floyd W. Lewis, 476 shares; Jerry L. Maulden, 183 shares; James M. Cain, 230 shares; Jack M. Wyatt, 292 shares; Donald C. Lutken, 403 shares; Frank S. York, Jr., 178 shares.

(D) Includes, for the named persons, shares of MSU Common Stock held in the Savings Plan as follows: Floyd W. Lewis, 4,537 shares; Jerry L. Maulden, 2,144 shares; James M. Cain, 1,359 shares; Donald C. Lutken, 2,383 shares; Jack M. Wyatt, 2,342 shares; Frank S. York, Jr., 1,025 shares.

(E) Reflects 100 shares held by Jerry L. Maulden for his minor child.

(F) Includes 255 shares held by Floyd W. Lewis' children, and 428 shares held in trusts of which he is a trustee. Floyd W. Lewis disclaims any personal interest in these 683 shares.

(G) Includes, for the named persons, shares of MSU Common Stock held jointly with their wives in which voting and investment powers are shared: James M. Cain, 515 shares; Jerry L. Maulden, 738 shares.

(H) Owned jointly with wife.

(I) Includes 3,100 shares over which Robert D. Pugh has power as attorney-in-fact and in which voting and investment powers are shared. Robert D. Pugh disclaims any personal interest in these shares. Also includes 2,623 shares held by Robert D. Pugh's wife.

(J) Reflects 2,600 shares held in trust equally for two children of which Mr. Walton is Trustee.

(K) Tex R. Kilpatrick is President and 50% owner of Central American Life Insurance Company which owns 705 shares of MSU Common Stock.

(L) Floyd W. Lewis is the trustee of two trusts, the assets of which include 95 shares of 9.52% $100 par value Preferred Stock, 5 shares of 7.84% $100 par value Preferred Stock and 160 shares of 14.72% $25 par value Preferred Stock of LP&L. Floyd W. Lewis disclaims any personal interest in all these shares.

(M) Includes 200 shares held by Donald C. Lutken's wife in which he disclaims any personal interest and 1,051 shares held in trust of which he is trustee.

(N) Arthur L. Jung, Jr. is Chairman of the Board of Jung Realty Co., Inc., which owns 3,000 shares of MSU Common Stock.

(O) Reflects 240 shares held in trusts of which John B. Smallpage is the trustee, in which he has sole voting and investment power. Also includes 1,528 shares over which John B. Smallpage has power as attorney-in-fact and sole voting and investment power. John B. Smallpage disclaims any personal interest in these shares.

(P) Includes 2,000 shares owned by wife of H. Duke Shackelford and 590 shares over which Mr. Shackelford has power of attorney and voting power in all of which he disclaims any personal interest.

(Q) Reflects 12 shares owned by the wife of Frank S. York, Jr., in which he disclaims any personal interest.

(R) Includes 403 shares held jointly with wife and 5,740 shares owned by wife.

Item 13. *Certain Relationships and Related Transactions.*

MSU and certain of its subsidiaries have had, and it is anticipated that they will continue to have, normal banking relationships with Hibernia National Bank in New Orleans ("Hibernia"), through loan agreements, bank accounts and through Hibernia's position as trustee for the Savings Plan. The maximum aggregate principal amount of bank loans to the companies outstanding at any month end during 1983 was $48,776,000, and the aggregate principal amount of such loans outstanding at December 31, 1983 was $6,153,000. In addition, cash received by Hibernia as trustee under the Savings Plan has been, and may in the future be, invested for brief periods of time in United States treasury securities purchased from Hibernia, subject to repurchase agreements of Hibernia (commonly called "Repos"), pending distribution or investment in accordance with the Savings Plan. Mr. Brooke H. Duncan, a director of NOPSI and a director of MSU, is a director of Hibernia and of its parent, Hibernia Corporation.

Lamar Life Insurance Company ("Lamar Life") provides group hospital and medical insurance for MP&L. Total premiums paid by MP&L to Lamar Life for 1983 were approximately $2,137,000. Mr. Donald C. Lutken, President and a director of MP&L and a director of MSU, is also a director of Lamar Life and of its parent, Lamar Life Corporation. In addition, Mr. Lutken owns beneficially approximately 1.4% of the outstanding voting stock of Lamar Life Corporation.

During 1983, the law firm of Adams, Forman, Truly, Ward, Smith and Bramlette rendered incidental legal services to MP&L. Mr. G. Lawrence Adams, a director of MP&L, is a partner in the law firm. MP&L made payments aggregating less than $18,000 for such services.

PART IV

Item 14. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K.***

Page

(a) 1.(a) The following financial statements have been incorporated herein by reference (see Item 8).

MSU and its subsidiaries consolidated:

Auditors' Opinion; Consolidated Balance Sheets at December 31, 1983 and 1982; Statements of Consolidated Income, Changes in Consolidated Financial Position, and Consolidated Retained Earnings and Paid-In Capital for the years ended December 31, 1983, 1982 and 1981; and Notes to Consolidated Financial Statements; all as set forth in MSU's 1983 Annual Report to Shareholders.

AP&L:

Auditors' Opinion; Consolidated Balance Sheets at December 31, 1983 and 1982; Statements of Consolidated Income, Consolidated Retained Earnings and Changes in Consolidated Financial Position for the years ended December 31, 1983, 1982 and 1981; and Notes to Consolidated Financial Statements; all as set forth in the 1983 Annual Report to Shareholders for the above listed company.

LP&L:

Auditors' Opinion; Balance Sheets at December 31, 1983 and 1982; Statements of Income, Retained Earnings and Changes in Financial Position for the years ended December 31, 1983, 1982 and 1981; and Notes to Financial Statements; all as set forth in the 1983 Annual Report to Shareholders for the above listed company.

MP&L:

Auditors' Opinion; Balance Sheets at December 31, 1983 and 1982; Statements of Income, Retained Earnings and Changes in Financial Position for the years ended December 31, 1983, 1982 and 1981; and Notes to Financial Statements; all as set forth in the 1983 Annual Report to Shareholders for the above listed company.

NOPSI:

Auditors' Opinion; Balance Sheets at December 31, 1983 and 1982; Statements of Income, Retained Earnings and Changes in Financial Position for the years ended December 31, 1983, 1982 and 1981; and Notes to Financial Statements; all as set forth in the 1983 Annual Report to Shareholders for the above listed company.

(a) 2. Financial Statement Schedules

Auditors' Opinion 79

Financial Statement Schedules are listed in the Index to Financial Statement Schedules S-1

(a) 3. Exhibits

Exhibits for MSU, AP&L, LP&L, MP&L, and NOPSI are listed in the Exhibit Index E-1

(b) Reports on Form 8-K

a cu[...]port dated November 16, 1983, MSU filed under Item 7—"Fina[...]tements and Exhibits", a conformed copy of Underwriting Agree[...]ated November 16, 1983 between MSU and the underwriters name[...] pursuant to which 7,000,000 shares of MSU's Common Stock, $5 par were to be distributed.

[...]SI:

a cur[...]rt dated November 18, 1983, NOPSI filed under Item 5—"Other Event[...]mation concerning an LPSC order granting NOPSI a natural gas ra[...]ase providing for $11.5 million in additional revenues on an annua[...]

EXPERTS

[...]nts in [...]f this Annual Report on Form 10-K as to matters of law and legal [...]aining [...]tles to properties, franchises and other operating rights of certain of [...]ling th[...]l Report on Form 10-K, and their subsidiaries, the regulations to which [...]and [...] proceedings to which they are parties are made on the authority of [...]e & [...]rst Commercial Building, Little Rock, Arkansas, as to AP&L and [...]roe [...]n (A Professional Corporation), Whitney Building, New Orleans, [...]LP&[...]OPSI; and Wise Carter Child & Caraway, Professional Association, [...]g, Ja[...]ssissippi, as to MP&L.

[...]nts a[...]rs of law and legal conclusions with respect to the proceedings with [...] refe[...]der Item 1—"Business—Regulation and Litigation—Other Regulation [...]have [...]ared under the supervision of, and reviewed by, William C. Nelson, [...]Pres[...]ministration and Services of NOPSI, and such statements are included [...]autho[...] expert.

MIDDLE SOUTH UTILITIES, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MIDDLE SOUTH UTILITIES, INC.

By F. W. Lewis
F. W. Lewis, Chairman of the Board, President and Director

Date March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
F. W. LEWIS F. W. Lewis	Chairman of the Board, President and Director (Principal Executive Officer)	March 29, 1984
EDWIN LUPBERGER Edwin Lupberger	Senior Vice President—Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 1984
.... George F. Bennett	Directors	March 29, 1984
JAMES M. CAIN James M. Cain		
BROOKE H. DUNCAN Brooke H. Duncan		
D. C. LUTKEN D. C. Lutken		
JERRY L. MAULDEN Jerry L. Maulden		
LEROY P. PERCY LeRoy P. Percy		
ROBERT D. PUGH Robert D. Pugh		
.... George K. Reeves		
H. DUKE SHACKELFORD H. Duke Shackelford		
F. G. SMITH F. G. Smith		
WM. CLIFFORD SMITH Wm. Clifford Smith		
WALTER WASHINGTON Walter Washington		

ARKANSAS POWER & LIGHT COMPANY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

ARKANSAS POWER & LIGHT COMPANY

By JERRY L. MAULDEN
Jerry L. Maulden, President, Chief Executive Officer and Director

Date March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
JERRY L. MAULDEN **Jerry L. Maulden**	President, Chief Executive Officer and Director (Principal Executive Officer)	March 29, 1984
JOHN J. HARTON **John J. Harton**	Vice President, Chief Financial Officer, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)	March 29, 1984
JOHN A. COOPER, JR. **John A. Cooper, Jr.** CATHY CUNNINGHAM **Cathy Cunningham** RICHARD P. HERGET, JR. **Richard P. Herget, Jr.** KANEASTER HODGES, JR. **Kaneaster Hodges, Jr.** HAL E. HUNTER, JR. **Hal E. Hunter, Jr.** F. W. LEWIS **F. W. Lewis** RAYMOND P. MILLER, SR. **Raymond P. Miller, Sr.** ROY L. MURPHY **Roy L. Murphy** WILLIAM C. NOLAN, JR. **William C. Nolan, Jr.** ROBERT D. PUGH **Robert D. Pugh** GEORGE K. REEVES **George K. Reeves** REEVES E. RITCHIE **Reeves E. Ritchie** GUS B. WALTON, JR. **Gus B. Walton, Jr.** MICHAEL E. WILSON **Michael E. Wilson**	Directors	March 29, 1984

LOUISIANA POWER & LIGHT COMPANY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

LOUISIANA POWER & LIGHT COMPANY

By JAMES M. CAIN
James M. Cain, President and Chief Executive Officer and Director

Date March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
JAMES M. CAIN **James M. Cain**	President and Chief Executive Officer and Director (Principal Executive Officer)	March 29, 1984
J. H. ERWIN, JR. **J. H. Erwin, Jr.**	Senior Vice President—Accounting & Finance and Treasurer (Principal Financial and Accounting Officer)	March 29, 1984
TEX R. KILPATRICK **Tex R. Kilpatrick**	Directors	March 29, 1984
.... **Joseph J. Krebs, Jr.**		
F. W. LEWIS **F. W. Lewis**		
H. DUKE SHACKELFORD **H. Duke Shackelford**		
WM. CLIFFORD SMITH **Wm. Clifford Smith**		
J. M. WYATT **J. M. Wyatt**		

MISSISSIPPI POWER & LIGHT COMPANY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

MISSISSIPPI POWER & LIGHT COMPANY

By D. C. LUTKEN
D. C. Lutken, President, Chief Executive Officer and Director

Date March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
D. C. LUTKEN **D. C. Lutken**	President, Chief Executive Officer and Director (Principal Executive Officer)	March 29, 1984
F. S. YORK, JR. **F. S. York, Jr.**	Vice President—Finance and Secretary (Principal Financial Officer)	March 29, 1984
J. R. MARTIN **J. R. Martin**	Treasurer and Assistant Secretary (Principal Accounting Officer)	March 29, 1984
G. LAWRENCE ADAMS **G. Lawrence Adams** FRANK R. DAY **Frank R. Day** NORMAN B. GILLIS, JR. **Norman B. Gillis, Jr.** J. HARVEY JOHNSTON, JR. **J. Harvey Johnston, Jr.** ROBERT E. KENNINGTON, II **Robert E. Kennington, II** F. W. LEWIS **F. W. Lewis** JOHN P. MALONEY **John P. Maloney** RICHARD D. MCRAE **Richard D. McRae** . . . . **LeRoy P. Percy** WALTER WASHINGTON **Walter Washington** ROBERT M. WILLIAMS, JR. **Robert M. Williams, Jr.**	Directors	March 29, 1984

NEW ORLEANS PUBLIC SERVICE INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

NEW ORLEANS PUBLIC SERVICE INC.

By JAMES M. CAIN
James M. Cain, President and Director

Date March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Signature	Title	Date
JAMES M. CAIN James M. Cain	President and Director (Principal Executive Officer)	March 29, 1984
J. H. ERWIN, JR. J. H. Erwin, Jr.	Senior Vice President—Accounting & Finance and Treasurer (Principal Financial and Accounting Officer)	March 29, 1984
REV. JAMES C. CARTER, S. J. Rev. James C. Carter, S. J.	Directors	March 29, 1984
BROOKE H. DUNCAN Brooke H. Duncan		
A. L. JUNG, JR. A. L. Jung, Jr.		
.... Joseph J. Krebs, Jr.		
F. W. LEWIS F. W. Lewis		
JOHN B. SMALLPAGE John B. Smallpage		
CHARLES C. TEAMER, SR. Charles C. Teamer, Sr.		
J. M. WYATT J. M. Wyatt		

EXHIBIT 24(a)

CONSENT OF EXPERTS

We hereby consent to the incorporation by reference in the following: Registration Statement No. 2-80186 on Form S-3, and the related Prospectus, pertaining to the Middle South Utilities, Inc. Dividend Reinvestment and Stock Purchase Plan; Registration Statement No. 2-75422 on Form S-8, and the related Prospectus, pertaining to the Middle South Utilities System Savings Plan; and Registration Statement No. 2-88539 on Form S-3, and the related Prospectus, pertaining to the Middle South Utilities, Inc. continuous offering shelf registration program of our opinions dated February 20, 1984 appearing or incorporated by reference in this Annual Report on Form 10-K of Middle South Utilities, Inc. for the year ended December 31, 1983.

We also consent to the incorporation by reference in Registration Statement No. 2-81034 on Form S-3, and the related Prospectus, pertaining to Mississippi Power & Light Company's sale of $80,000,000 principal amount of First Mortgage Bonds of our opinion dated February 20, 1984 appearing or incorporated by reference in this Annual Report on Form 10-K of Mississippi Power & Light Company for the year ended December 31, 1983.

We also consent to the incorporation by reference in Registration Statement No. 2-84087 on Form S-3, and the related Prospectus, pertaining to Arkansas Power & Light Company's sale of $100,000,000 principal amount of First Mortgage Bonds of our opinion dated February 20, 1984 appearing or incorporated by reference in this Annual Report on Form 10-K of Arkansas Power & Light Company for the year ended December 31, 1983.

DELOITTE HASKINS & SELLS
New Orleans, Louisiana
March 29, 1984

EXHIBIT 24(b)

CONSENT OF EXPERTS

We consent to the reference to our firm under the heading "Experts" in this Annual Report on Form 10-K. We further consent to the incorporation by reference of such reference to our firm into MSU's Registration Statement (Form S-3, File No. 2-88539) and related Prospectus, pertaining to MSU's continuous offering shelf registration program, MSU's Registration Statement (Form S-3, File No. 2-80186) and related Prospectus, pertaining to MSU's Dividend Reinvestment and Stock Purchase Plan, and AP&L's Registration Statement (Form S-3, File No. 2-84087) and related Prospectus, pertaining to $100 million in principal amount of AP&L's First Mortgage Bonds.

Very truly yours,

FRIDAY, ELDREDGE & CLARK

Date: March 29, 1984

EXHIBIT 24(c)

CONSENT OF EXPERTS

We consent to the reference to our firm under the heading "Experts" in this Annual Report on Form 10-K. We further consent to the incorporation by reference of such reference to our firm into MSU's Registration Statement (Form S-3, File No. 2-88539) and related Prospectus, pertaining to MSU's continuous offering shelf registration program, and MSU's Registration Statement (Form S-3, File No. 2-80186) and related Prospectus, pertaining to MSU's Dividend Reinvestment and Stock Purchase Plan.

Very truly yours,

MONROE & LEMANN

Date: March 29, 1984

EXHIBIT 24(d)

CONSENT OF EXPERTS

We consent to the reference to our firm under the heading "Experts" in this Annual Report on Form 10-K. We further consent to the incorporation by reference of such reference to our firm into MSU's Registration Statement (Form S-3, File No. 2-88539) and related Prospectus, pertaining to MSU's continuous offering shelf registration program, MSU's Registration Statement (Form S-3, File No. 2-80186) and related Prospectus, pertaining to MSU's Dividend Reinvestment and Stock Purchase Plan, and MP&L's Registration Statement (Form S-3, File No. 2-81034) and related Prospectus, pertaining to $80 million in principal amount of MP&L's First Mortgage Bonds.

Very truly yours,

WISE CARTER CHILD & CARAWAY
Professional Association

By /s/ ROBERT B. MCGEHEE
Robert B. McGehee

Date: March 29, 1984

CONSENT OF EXPERT

I consent to the use of my name under the heading "Experts" in this Annual Report on Form 10-K. I further consent to the incorporation by reference of such use of my name into MSU's Registration Statement (Form S-3, File No. 2-88539) and related Prospectus, pertaining to MSU's continuous offering shelf registration program, and MSU's Registration Statement (Form S-3, File No. 2-80186) and related Prospectus, pertaining to MSU's Dividend Reinvestment and Stock Purchase Plan.

Very truly yours,

William C. Nelson

Date: March 29, 1984

AUDITORS' OPINION

Middle South Utilities, Inc. and Subsidiaries:

We have examined the consolidated financial statements of Middle South Utilities, Inc. and subsidiaries as of December 31, 1983 and 1982 and for each of the three years in the period ended December 31, 1983, and have issued our opinion thereon dated February 20, 1984; we have examined the financial statements of Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company, and New Orleans Public Service Inc., as of December 31, 1983 and 1982 and for each of the three years in the period ended December 31, 1983 and have issued our opinions thereon dated February 20, 1984. The above-mentioned financial statements and opinions are included in your 1983 annual reports to shareholders and are incorporated herein by reference.

In our report dated February 11, 1983, our opinion on the 1982 and 1981 financial statements of Mississippi Power & Light Company was qualified as discussed therein for a matter that was not material in relation to the consolidated financial statements. As discussed in Note 2 of the 1983 financial statements of Mississippi Power & Light Company, the matter was resolved in 1983 based on the final order of the Mississippi Public Service Commission. Accordingly, our present opinion on the 1982 and 1981 financial statements of Mississippi Power & Light Company, as expressed in our report dated February 20, 1984, is different from that expressed in our previous report.

Our examinations also comprehended the supplemental schedules of Middle South Utilities, Inc. and subsidiaries and of certain of its subsidiaries as listed in Item 14 herein. In our opinion, such supplemental schedules, when considered in relation to the basic financial statements, present fairly in all material respects the information shown therein.

DELOITTE HASKINS & SELLS
New Orleans, Louisiana
February 20, 1984

INDEX TO FINANCIAL STATEMENT SCHEDULES

Schedules other than those listed above are omitted because they are either not required, not applicable or the required information is shown in the financial statements or notes thereto.

Columns omitted from schedules filed have been omitted because the information is not applicable.

Separate financial statements of The Arklahoma Corporation (AP&L owns 34% of the capital stock and uses the equity method of accounting) have been omitted since it does not constitute a significant subsidiary.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE V—UTILITY PLANT

Year Ended December 31, 1983

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification (Note 1)	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Notes 2-4)	Balance at End of Period
Electric Utility Plant:					
Intangible	$ 406	$ 16,579	—	—	$ 16,985
Production	2,550,122	194,511	$11,260	$ 21,329	2,754,702
Transmission	785,821	41,600	3,689	3,676	827,408
Distribution	1,677,697	121,682	19,289*	14,793	1,794,883
General	100,101	47,259	2,415	955	145,900
Leased to others	5,144	—	—	—	5,144
Plant held for future use	11,971	—	—	1,225	13,196
Plant purchased or sold	23,685	—	—	(23,685)	—
Completed construction not classified	—	126,780	—	—	126,780
Natural Gas:					
Intangible	603	—	—	—	603
Storage	4,674	12	—	—	4,686
Transmission	15,138	114	1	—	15,251
Distribution	85,645	4,002	311	—	89,336
General	7,357	464	149	—	7,672
Transit:					
Land	135	—	133	(2)	—
Way and structures	4,537	9	4,286	(260)	—
Revenue equipment	8,505	—	8,505	—	—
General	2,743	19	2,575	(187)	—
Construction Work in Progress	5,022,635	900,984	—	—	5,923,619
Nuclear Fuel	153,178	59,346	—	—	212,524
Plant Acquisition Adjustments	4,091	—	—	(363)	3,728
Total Utility Plant	$10,464,188	$1,513,361	$52,613	$ 17,481	$11,942,417

Notes:

(1) All intangibles identifiable in the accounts are set forth above.

(2) Transfers among functional groups of accounts	$ 1,791
(3) Transfer of gross assets from plant purchased or sold to other functional groups of accounts	$41,529
(4) Transfer of the balance in plant purchased or sold to appropriate accounts	$17,844
Amortization of plant acquisition adjustments	(363)
Total	$17,481
*Sales include book value of utility plant sold	$ 502

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE V—UTILITY PLANT

Year Ended December 31, 1982

(In Thousands)

Column A Classification (Note 1)	Column B Balance at Beginning of Period	Column C Additions at Cost	Column D Retirements or Sales	Column E Other Changes—Debits (Credits) (Notes 2-3)	Column F Balance at End of Period
Electric Utility Plant:					
Intangible	$ 406	—	—	—	$ 406
Production	2,528,515	$ 32,324	$10,725	$ 8	2,550,122
Transmission	716,373	72,185	2,496	(241)	785,821
Distribution	1,583,257	111,400	17,208	248	1,677,697
General	96,173	7,278	3,344	(6)	100,101
Leased to others	5,144	—	—	—	5,144
Plant held for future use	11,883	142	54	—	11,971
Plant purchased or sold	23,685	—	—	—	23,685
Natural Gas:					
Intangible	603	—	—	—	603
Storage	4,674	—	—	—	4,674
Transmission	15,076	72	10	—	15,138
Distribution	82,268	3,641	264	—	85,645
General	7,241	398	282	—	7,357
Transit:					
Land	135	—	—	—	135
Way and structures	4,530	10	3	—	4,537
Revenue equipment	8,575	—	70	—	8,505
General	2,690	144	91	—	2,743
Construction Work in Progress	3,882,871	1,164,875	25,111*	—	5,022,635
Nuclear Fuel	101,874	51,304	—	—	153,178
Plant Acquisition Adjustments	4,463	—	—	(372)	4,091
Total Utility Plant	$9,080,436	$1,443,773	$59,658	$ (363)	$10,464,188

Notes:

(1) All intangibles identifiable in the accounts are set forth above.

(2)	Transfers among functional groups of accounts	$ 248
(3)	Adjustment to functional group of accounts	$ 9
	Adjustment to plant acquisition adjustments	(10)
	Amortization of plant acquisition adjustments	(362)
	Total	$ (363)

*Sales include book value of utility plant sold $25,111

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE V—UTILITY PLANT

Year Ended December 31, 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification (Note 1)	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Notes 2-3)	Balance at End of Period
Electric Utility Plant:					
Intangible	$ 440	—	$ 34	—	$ 406
Production	2,324,615	$ 222,787	18,899**	$ 12	2,528,515
Transmission	674,092	55,782	1,223	(12,278)	716,373
Distribution	1,469,619	115,641	14,292	12,289	1,583,257
General	89,579	8,578	1,965	(19)	96,173
Leased to others	5,144	—	—	—	5,144
Plant held for future use	11,917	(58)	—	24	11,883
Plant purchased or sold	23,810	—	—	(125)	23,685
Natural Gas:					
Intangible	297	306	—	—	603
Storage	4,670	4	—	—	4,674
Transmission	14,911	165	—	—	15,076
Distribution	78,761	3,760	253	—	82,268
General	6,964	537	260	—	7,241
Transit:					
Land	135	—	—	—	135
Way and structures	4,385	157	12	—	4,530
Revenue equipment	10,237	—	1,662	—	8,575
General	2,778	56	144	—	2,690
Construction Work in Progress	3,121,294	858,062	96,485*	—	3,882,871
Nuclear Fuel	45,742	74,058	17,926	—	101,874
Plant Acquisition Adjustments	4,246	—	—	217	4,463
Total Utility Plant	$7,893,636	$1,339,835	$153,155	$ 120	$9,080,436

Notes:

(1) All intangibles identifiable in the accounts are set forth above.

(2) Transfers among functional groups of accounts	$ 13,613
(3) Adjustment to plant held for future use	$ 24
Additions due to AP&L/Ark-Mo merger	570
Amortization of plant acquisition adjustments	(349)
Electric plant purchased or sold	(125)
Total	$ 120
* Sales include the following:	
Sale and leaseback transactions	$ 10,853
Book value of utility plant sold	85,632
Total	$ 96,485
** Sale and leaseback transactions	$ 11,996

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE V—UTILITY PLANT

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A Classification	Column B Balance at Beginning of Period	Column C Additions at Cost	Column D Retirements or Sales	Column E Other Changes—Debits (Credits) (Notes 1-3)	Column F Balance at End of Period
Year ended December 31, 1983					
Electric Utility Plant:					
Intangible	$ 343	$ 16,579	—	—	$ 16,922
Production	1,546,896	190,760	$ 6,934	—	1,730,722
Transmission	347,002	16,090	2,863	—	360,229
Distribution	656,736	51,671	8,848*	—	699,559
General	30,988	30,377	876	—	60,489
Plant held for future use	3,184	—	—	—	3,184
Plant purchased or sold	—	—	—	—	—
Natural Gas:					
Intangible	603	—	—	—	603
Storage	4,674	12	—	—	4,686
Transmission	8,778	125	1	—	8,902
Distribution	20,902	1,029	26	—	21,905
General	1,928	214	103	—	2,039
Construction Work in Progress	364,252	(57,854)	—	—	306,398
Nuclear Fuel	16,869	8,110	—	—	24,979
Plant Acquisition Adjustments	1,285	—	—	$ (55)	1,230
Total Utility Plant	$3,004,440	$ 257,113	$ 19,651	$ (55)	$3,241,847
Year ended December 31, 1982					
Electric Utility Plant:					
Intangible	$ 343	—	—	—	$ 343
Production	1,527,526	$ 26,583	$ 7,213**	—	1,546,896
Transmission	325,429	23,055	1,482	—	347,002
Distribution	623,306	41,206	7,776	—	656,736
General	28,550	3,482	1,044	—	30,988
Plant held for future use	3,665	(481)	—	—	3,184
Plant purchased or sold	—	—	—	—	—
Natural Gas:					
Intangible	603	—	—	—	603
Storage	4,674	—	—	—	4,674
Transmission	8,750	38	10	—	8,778
Distribution	20,052	890	40	—	20,902
General	1,808	186	66	—	1,928
Construction Work in Progress	255,468	119,086	10,302*	—	364,252
Nuclear Fuel	10,214	6,655	—	—	16,869
Plant Acquisition Adjustments	1,340	—	—	$ (55)	1,285
Total Utility Plant	$2,811,728	$ 220,700	$ 27,933	$ (55)	$3,004,440

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE V—UTILITY PLANT—(Continued)

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Notes 1-3)	Balance at End of Period
Year ended December 31, 1981					
Electric Utility Plant:					
Intangible	$ 86	—	—	$ 257	$ 343
Production	1,321,375	$214,429	$ 15,427**	7,149	1,527,526
Transmission	269,135	39,686	480	17,088	325,429
Distribution	519,461	52,341	5,522	57,026	623,306
General	19,699	5,116	786	4,521	28,550
Plant held for future use	3,543	(58)	—	180	3,665
Plant purchased or sold	125	—	—	(125)	—
Natural Gas:					
Intangible	—	306	—	297	603
Storage	—	4	—	4,670	4,674
Transmission	—	164	—	8,586	8,750
Distribution	—	1,319	5	18,738	20,052
General	—	435	66	1,439	1,808
Construction Work in Progress	282,376	66,472	96,485*	3,105	255,468
Nuclear Fuel	7,151	3,063	—	—	10,214
Plant Acquisition Adjustments	280	—	—	1,060	1,340
Total Utility Plant	$2,423,231	$383,277	$118,771	$123,991	$2,811,728

Notes:

	1983	1982	1981
(1) Transfers among functional groups of accounts	—	—	$ 12,931
(2) Property acquired through AP&L/Ark-Mo merger	—	—	$123,056
Change in plant acquisition adjustment	$ (55)	$ (55)	1,060
Electric plant purchased or sold	—	—	(125)
Total	$ (55)	$ (55)	$123,991
(3) Amortization of plant acquisition adjustments	$ (55)	$ (55)	$ (51)
Plant acquisition adjustments acquired through AP&L/Ark-Mo merger	—	—	541
Additions to plant acquisition adjustments due to AP&L/Ark-Mo merger	—	—	570
Total	$ (55)	$ (55)	$ 1,060
*Sales include the following:			
Sale and leaseback transactions	—	—	$ 10,853
Book value of utility plant sold	$ 502	$10,302	85,632
Total	$ 502	$10,302	$ 96,485
**Sale and leaseback transactions	—	—	$ 11,996

LOUISIANA POWER & LIGHT COMPANY

SCHEDULE V—UTILITY PLANT

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Notes 1-3)	Balance at End of Period
Year ended December 31, 1983					
Electric Utility Plant:					
Intangible	$ 63	—	—	—	$ 63
Production	505,287	$ 1,795	$ 3,956	$ 22,470	525,596
Transmission	192,088	19,267	254	3,756	214,857
Distribution	625,386	50,067	7,031	14,536	682,958
General	28,211	1,491	848	767	29,621
Leased to others	5,144	—	—	—	5,144
Plant held for future use	4,623	—	—	—	4,623
Plant purchased or sold	23,685	—	—	(23,685)	—
Construction Work in Progress	1,745,854	478,438	—	—	2,224,292
Nuclear Fuel	4,378	386	—	—	4,764
Plant Acquisition Adjustments	1,120	—	—	(126)	994
Total Utility Plant	$3,135,839	$551,444	$12,089	$ 17,718	$3,692,912
Year ended December 31, 1982					
Electric Utility Plant:					
Intangible	$ 63	—	—	—	$ 63
Production	505,573	$ 2,986	$ 3,271	$ (1)	505,287
Transmission	175,567	17,343	586	(236)	192,088
Distribution	587,324	43,692	5,873	243	625,386
General	28,629	1,079	1,491	(6)	28,211
Leased to others	5,144	—	—	—	5,144
Plant held for future use	4,623	—	—	—	4,623
Plant purchased or sold	23,685	—	—	—	23,685
Construction Work in Progress	1,302,147	443,707	—	—	1,745,854
Nuclear Fuel	3,832	546	—	—	4,378
Plant Acquisition Adjustments	1,245	—	—	(125)	1,120
Total Utility Plant	$2,637,832	$509,353	$11,221	$ (125)	$3,135,839
Year ended December 31, 1981					
Electric Utility Plant:					
Intangible	$ 63	—	—	—	$ 63
Production	505,091	$ 984	$ 502	—	505,573
Transmission	167,624	7,619	332	$ 656	175,567
Distribution	552,683	40,554	5,259	(654)	587,324
General	28,642	887	900	—	28,629
Leased to others	5,144	—	—	—	5,144
Plant held for future use	4,599	—	—	24	4,623
Plant purchased or sold	23,685	—	—	—	23,685
Construction Work in Progress	1,030,345	271,802	—	—	1,302,147
Nuclear Fuel	15,175	6,583	17,926	—	3,832
Plant Acquisition Adjustments	1,370	—	—	(125)	1,245
Total Utility Plant	$2,334,421	$328,429	$24,919	$ (99)	$2,637,832

(Footnotes on following page)

LOUISIANA POWER & LIGHT COMPANY

SCHEDULE V—UTILITY PLANT—(Continued)
Years Ended December 31, 1983, 1982 and 1981
(In Thousands)

	1983	1982	1981
Notes:			
(1) Transfer of gross assets from plant purchased or sold to other functional groups of accounts	$41,529	—	—
(2) Transfers among functional groups of accounts	$ 111	$ 243	$ 656
(3) Transfer of the balance in plant purchased or sold to appropriate accounts	$17,844	—	—
Adjustment to plant held for future use	—	—	$ 26
Amortization of plant acquisition adjustments	(126)	$(125)	(125)
Total	$17,718	$(125)	$ (99)

MISSISSIPPI POWER & LIGHT COMPANY

SCHEDULE V—UTILITY PLANT

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Notes 1-2)	Balance at End of Period
Year ended December 31, 1983					
Electric Utility Plant:					
Production	$ 356,298	$ 443	$ 202	$ (1)	$ 356,538
Transmission	210,926	3,819	316	5	214,434
Distribution	235,114	9,645	2,32[illegible]	(5)	242,433
General	22,293	14,685	387	1	36,592
Plant held for future use	3,939	—	—	—	3,939
Completed Construction not Classified	—	126,780	—	—	126,780
Construction Work in Progress	174,744	(91,154)	—	—	83,590
Plant Acquisition Adjustments	1,861	—	—	(181)	1,680
Total Utility Plant	$1,005,175	$ 64,218	$ 3,226	$ (181)	$1,065,986
Year ended December 31, 1982					
Electric Utility Plant:					
Production	$ 355,771	$ 633	$ 106	—	$ 356,298
Transmission	179,778	31,500	347	$ (5)	210,926
Distribution	225,152	12,463	2,506	5	235,114
General	20,646	2,046	399	—	22,293
Plant held for future use	3,316	623	—	—	3,939
Construction Work in Progress	135,606	53,843	14,705	—	174,744
Plant Acquisition Adjustments	2,043	—	—	(182)	1,861
Total Utility Plant	$ 922,312	$101,108	$18,063	$ (182)	$1,005,175
Year ended December 31, 1981					
Electric Utility Plant:					
Intangible	$ 34	—	$ 34	—	—
Production	355,084	$ 2,035	1,369	$ 21	$ 355,771
Transmission	171,810	8,356	383	(5)	179,778
Distribution	212,035	15,673	2,561	5	225,152
General	18,607	2,233	173	(21)	20,646
Plant held for future use	3,316	—	—	—	3,316
Construction Work in Progress	17,702	117,904	—	—	135,606
Plant Acquisition Adjustments	2,224	—	—	(181)	2,043
Total Utility Plant	$ 780,812	$146,201	$ 4,520	$ (181)	$ 922,312

Notes:	1983	1982	1981
(1) Transfers among functional groups of accounts	$ 6	$ 5	$ 26
(2) Amortization of plant acquisition adjustments	$ (181)	$ (182)	$ (181)

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE V—UTILITY PLANT

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Note)	Balance at End of Period
Year ended December 31, 1983					
Electric Utility Plant:					
Production	$141,641	$ 1,514	$ 168	$(1,140)	$141,847
Transmission	35,805	2,424	256	(85)	37,888
Distribution	160,461	10,299	1,089	262	169,933
General	18,609	706	304	187	19,198
Plant held for future use	225	—	—	1,225	1,450
Natural Gas:					
Transmission	6,360	(11)	—	—	6,349
Distribution	64,743	2,973	285	—	67,431
General	5,429	250	46	—	5,633
Transit:					
Land	135	—	133	(2)	—
Way and structures	4,537	9	4,286	(260)	—
Revenue equipment	8,505	—	8,505	—	—
General	2,743	19	2,575	(187)	—
Construction Work in Progress	1,655	(894)	—	—	761
Total Utility Plant	$450,848	$17,289	$17,647	—	$450,490
Year ended December 31, 1982					
Electric Utility Plant:					
Production	$139,654	$ 2,122	$ 135	—	$141,641
Transmission	35,599	287	81	—	35,805
Distribution	147,475	14,039	1,053	—	160,461
General	18,348	671	410	—	18,609
Plant held for future use	279	—	54	—	225
Natural Gas:					
Transmission	6,326	34	—	—	6,360
Distribution	62,216	2,751	224	—	64,743
General	5,433	212	216	—	5,429
Transit:					
Land	135	—	—	—	135
Way and structures	4,530	10	3	—	4,537
Revenue equipment	8,575	—	70	—	8,505
General	2,690	144	91	—	2,743
Construction Work in Progress	5,307	(3,652)	—	—	1,655
Total Utility Plant	$436,567	$16,618	$ 2,337	—	$450,848

(Continued on next page)

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE V—UTILITY PLANT—(Continued)

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Note)	Balance at End of Period
Year ended December 31, 1981					
Electric Utility Plant:					
Production	$135,916	$ 5,339	$1,601	—	$139,654
Transmission	35,504	113	18	—	35,599
Distribution	141,345	7,080	950	—	147,475
General	18,111	343	106	—	18,348
Plant held for future use	279	—	—	—	279
Natural Gas:					
Transmission	6,325	1	—	—	6,326
Distribution	60,023	2,441	248	—	62,216
General	5,525	102	194	—	5,433
Transit:					
Land	135	—	—	—	135
Way and structures	4,385	157	12	—	4,530
Revenue equipment	10,237	—	1,662	—	8,575
General	2,778	56	144	—	2,690
Construction Work in Progress	3,415	1,892	—	—	5,307
Total Utility Plant	$423,978	$17,524	$4,935	—	$436,567

Note:

	1983	1982	1981
Transfers among functional groups of accounts	$1,674	—	—

Includes transfer of land—$1,224,656 from plant in service to plant held for future use as recommended by the 1982 FERC audit report; also includes transfer of $448,568 of transit plant in service to electric plant in service, resulting from the transit divestiture.

TILITIES, INC. AND SUBSIDIARIES

SC DEPRECIATION AND AMORTIZATION OF PROPERTY

Ended December 31, 1983

(In Thousands)

D	C	Column C: Additions — Charged to Income	Column C: Additions — Charged to Other Accounts (Note 1)	Column D: Deductions — Retirements, Renewals and Replacements	Column E: Other Changes — Add (Deduct) (Note 2)	Column F: Balance at End of Period
Accumulate utility p						
Electric:						
Intangil	3	$ 344	—	—	—	$ 597
Product	2	99,219	$1,660	$12,313	$ 11,249	804,817
Transm	5	19,223	37	2,060	(4,689)	216,866
Distribu	2	57,349	54	15,671	(5,767)	577,057
General	2	3,047	433	2,011	(425)	42,476
Leased	6	346	—	—	—	3,962
Natural G						
Intangi	2	68	—	—	—	440
Storage	0	213	—	—	—	2,223
Transm	3	765	—	6	—	7,402
Distribu	4	2,321	—	555	—	35,280
General	5	275	83	108	—	3,355
Transit:						
Way an	3	50	2,493	4,286	—	—
Revenu	6	300	409	8,505	—	—
Genera	7	73	1,731	2,571	—	—
	0	$183,593	$6,900	$48,086	$ 368	$1,694,475
Accumulate non-uti	6	$ 28	—	—	$ (21)	$ 253

Notes:

(1) Provisi estimated life of transportation equipment (autom arged to clearing accounts and allocated on the basis o .... $ 458

Provisi er tangible property (coal mining equipment) charge to operating expense as a portion of the cost of coal 19

Amorti o fuel expense 748

Interes O 912

Accum uipment purchased under a lease-purchase agreem 37

Unreco o transit sale 4,726

.... $ 6,900

(2) Transf rchased or sold $17,793

Deprec by the Mississippi Public Service Commission U-385 .... (17,425)

.... $ 368

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE V—UTILITY PLANT—(Continued)

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes—Debits (Credits) (Note)	Balance at End of Period
Year ended December 31, 1981					
Electric Utility Plant:					
Production	$135,916	$ 5,339	$1,601	—	$139,654
Transmission	35,504	113	18	—	35,599
Distribution	141,345	7,080	950	—	147,475
General	18,111	343	106	—	18,348
Plant held for future use	279	—	—	—	279
Natural Gas:					
Transmission	6,325	1	—	—	6,326
Distribution	60,023	2,441	248	—	62,216
General	5,525	102	194	—	5,433
Transit:					
Land	135	—	—	—	135
Way and structures	4,385	157	12	—	4,530
Revenue equipment	10,237	—	1,662	—	8,575
General	2,778	56	144	—	2,690
Construction Work in Progress	3,415	1,892	—	—	5,307
Total Utility Plant	$423,978	$17,524	$4,935	—	$436,567

Note:

	1983	1982	1981
Transfers among functional groups of accounts	$1,674	—	—

Includes transfer of land—$1,224,656 from plant in service to plant held for future use as recommended by the 1982 FERC audit report; also includes transfer of $448,568 of transit plant in service to electric plant in service, resulting from the transit divestiture.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Year Ended December 31, 1983

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Retirements, Renewals and Replacements	Add (Deduct) (Note 2)	Balance at End of Period
Accumulated depreciation of utility plant:						
Electric:						
Intangible	$ 253	$ 344	—	—	—	$ 597
Production	705,002	99,219	$1,660	$12,313	$ 11,249	804,817
Transmission	204,355	19,223	37	2,060	(4,689)	216,866
Distribution	541,092	57,349	54	15,671	(5,767)	577,057
General	41,432	3,047	433	2,011	(425)	42,476
Leased to others	3,616	346	—	—	—	3,962
Natural Gas:						
Intangible	372	68	—	—	—	440
Storage	2,010	213	—	—	—	2,223
Transmission	6,643	765	—	6	—	7,402
Distribution	33,514	2,321	—	555	—	35,280
General	3,105	275	83	108	—	3,355
Transit:						
Way and structures	1,743	50	2,493	4,286	—	—
Revenue equipment	7,796	300	409	8,505	—	—
General	767	73	1,731	2,571	—	—
Total	$1,551,700	$183,593	$6,900	$48,086	$ 368	$1,694,475
Accumulated depreciation of non-utility property	$ 246	$ 28	—	—	$ (21)	$ 253

Notes:

(1) Provision on basis of usage or estimated life of transportation equipment (automobiles, trucks and aircraft) charged to clearing accounts and allocated on the basis of the use of such equipment .... $ 458

Provision on basis of usage of other tangible property (coal mining equipment) charged to fuel stock and allocated to operating expense as a portion of the cost of coal burned 19

Amortization of pipelines charged to fuel expense 748

Interest on decommissioning of ANO 912

Accumulated depreciation on equipment purchased under a lease-purchase agreement 37

Unrecovered investment relating to transit sale 4,726

Total .... $ 6,900

(2) Transfer of reserve from plant purchased or sold $17,793

Depreciation adjustment ordered by the Mississippi Public Service Commission U-3850 .... (17,425)

Total .... $ 368

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Year Ended December 31, 1982

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Retirements, Renewals and Replacements	Add (Deduct) (Note 2)	Balance at End of Period
Accumulated depreciation of utility plant:						
Electric:						
Intangible	$ 248	$ 5	—	—	—	$ 253
Production	618,747	89,833	$1,453	$ 5,031	—	705,002
Transmission	188,878	17,732	—	2,255	—	204,355
Distribution	502,610	53,688	—	15,031	$ (175)	541,092
General	41,466	2,527	434	2,995	—	41,432
Leased to others	3,270	346	—	—	—	3,616
Natural Gas:						
Intangible	304	68	—	—	—	372
Storage	1,797	213	—	—	—	2,010
Transmission	5,832	812	—	1	—	6,643
Distribution	31,709	2,230	—	425	—	33,514
General	2,992	271	84	242	—	3,105
Transit:						
Way and structures	1,648	99	—	4	—	1,743
Revenue equipment	7,386	480	—	70	—	7,796
General	697	150	—	80	—	767
Total	$1,407,584	$168,454	$1,971	$26,134	$ (175)	$1,551,700
Accumulated depreciation of non-utility property	$ 214	$ 32	—	—	—	$ 246

Notes:

(1) Provision on basis of usage or estimated life of transportation equipment (automobiles, trucks and aircraft) charged to clearing accounts and allocated on the basis of the use of such equipment .... $ 518

Amortization of pipelines charged to fuel expense 738

Interest on decommissioning of ANO 715

Total $1,971

(2) Salvage less cost of removal .... $ (175)

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Year Ended December 31, 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Retirements, Renewals and Replacements	Add (Deduct) (Notes 2-3)	Balance at End of Period
Accumulated depreciation of utility plant:						
Electric:						
Intangible	$ 184	$ 63	—	—	$ 1	$ 248
Production	533,711	84,212	$1,196	$ (342)	(714)	618,747
Transmission	177,870	16,222	—	2,091	(3,123)	188,878
Distribution	460,108	51,565	—	12,186	3,123	502,610
General	39,712	2,296	1,134	1,677	1	41,466
Leased to others	2,924	346	—	—	—	3,270
Natural Gas:						
Intangible	224	80	—	—	—	304
Storage	1,585	212	—	—	—	1,797
Transmission	4,874	803	—	—	155	5,832
Distribution	29,676	2,207	—	408	234	31,709
General	2,863	256	84	228	17	2,992
Transit:						
Way and structures	1,567	96	—	15	—	1,648
Revenue equipment	8,539	508	—	1,661	—	7,386
General	688	147	—	138	—	697
Total	$1,264,525	$159,013	$2,414	$18,062	$ (306)	$1,407,584
Accumulated depreciation of non-utility property	$ 184	$ 30	—	—	—	$ 214

Notes:

(1) Provision on basis of usage or estimated life of transportation equipment (automobiles, trucks and aircraft) charged to clearing accounts and allocated on the basis of the use of such equipment	$1,218
Amortization of pipelines charged to fuel expense	665
Interest on decommissioning of ANO	531
Total	$2,414
(2) Transfers among functional groups of accounts	$3,811
(3) Transfer of reserve from plant sold	$ (713)
Transfer of reserve applicable to property purchased	399
Salvage less cost of removal	8
Total	$ (306)

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income (Note 1)	Charged to Other Accounts (Note 2)	Retirements, Renewals and Replacements	Add (Deduct) (Notes 3-4)	Balance at End of Period
Year ended December 31, 1983						
Accumulated depreciation of utility plant:						
Electric:						
Intangible	$ 253	$ 344	—	—	—	$ 597
Production	289,511	58,603	$ 912	$ 7,923	—	341,103
Transmission	79,456	8,780	—	3,047	—	85,189
Distribution	210,430	22,401	—	7,874	$ (211)	224,746
General	9,775	1,395	160	717	—	10,613
Natural Gas:						
Intangible	372	68	—	—	—	440
Storage	2,010	213	—	—	—	2,223
Transmission	4,402	206	—	6	—	4,602
Distribution	8,257	536	—	79	—	8,714
General	763	74	58	67	—	828
Plant Acquisition Adjustment	175	2	—	—	—	177
Total	$605,404	$92,622	$1,130	$19,713	$ (211)	$679,232
Accumulated depreciation of non-utility property	$ 71	$ 3	—	—	$ (21)	$ 53
Year ended December 31, 1982						
Accumulated depreciation of utility plant:						
Electric:						
Intangible	$ 248	$ 5	—	—	—	$ 253
Production	237,769	52,556	$ 715	$ 1,529	—	289,511
Transmission	73,031	8,204	—	1,779	—	79,456
Distribution	196,723	21,334	—	7,452	$ (175)	210,430
General	9,516	1,025	151	917	—	9,775
Natural Gas:						
Intangible	304	68	—	—	—	372
Storage	1,797	213	—	—	—	2,010
Transmission	4,199	204	—	1	—	4,402
Distribution	7,812	512	—	67	—	8,257
General	689	73	53	52	—	763
Plant Acquisition Adjustment	173	2	—	—	—	175
Total	$532,261	$84,196	$ 919	$11,797	$ (175)	$605,404
Accumulated depreciation of non-utility property	$ 64	$ 7	—	—	—	$ 71

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY—(Continued)

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income (Note 1)	Charged to Other Accounts (Note 2)	Retirements, Renewals and Replacements	Add (Deduct) (Notes 3-4)	Balance at End of Period
Year ended December 31, 1981						
Accumulated depreciation of utility plant:						
Electric:						
Intangible	—	$ 63	—	—	$ 185	$ 248
Production	$184,916	48,008	$531	$ 108	4,422	237,769
Transmission	62,361	7,264	—	1,073	4,479	73,031
Distribution	162,522	20,745	—	4,689	18,145	196,723
General	7,636	792	133	599	1,554	9,516
Natural Gas:						
Intangible	—	80	—	—	224	304
Storage	—	212	—	—	1,585	1,797
Transmission	—	199	—	—	4,000	4,199
Distribution	—	489	—	5	7,328	7,812
General	—	69	47	66	639	689
Plant Acquisition Adjustment	—	—	—	—	173	173
Total	$417,435	$77,921	$711	$ 6,540	$42,734	$532,261
Accumulated depreciation of non-utility property	$ 27	$ 5	—	—	$ 32	$ 64

Notes:

	1983	1982	1981
(1) Accumulated amortization of utility plant acquisition adjustments classified as depreciation	$ 177	$ 175	$ 173
(2) Provision on basis of usage of transportation equipment (automobiles, trucks and aircraft) charged to clearing accounts and allocated on the basis of the use of such equipment	$ 199	$ 204	$ 180
Provision on basis of usage of other tangible property (Coal Mining Equipment) charged to account 151—Fuel Stock and allocated to operating expenses as a portion of tne cost of coal burned	19	—	—
Interest on decommissioning of ANO	912	715	531
Total	$1,130	$ 919	$ 711
(3) Transfers among functional groups of accounts	—	—	$ 3,467
(4) Accrued depreciation acquired through AP&L/Ark-Mo merger	—	—	$42,867
Adjustment for depreciation recorded on plant sold	$ (211)	—	(713)
Reserve applicable to property purchased	—	—	399
Accrued amortization acquired through AP&L/Ark-Mo merger	—	—	173
Salvage less cost of removal	—	$(175)	8
Total	$ (211)	$(175)	$42,734

LOUISIANA POWER & LIGHT COMPANY

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Retirements, Renewals and Replacements	Add (Deduct) (Notes 2-3)	Balance at End of Period
Year ended December 31, 1983						
Accumulated depreciation of utility plant:						
Electric:						
Production	$181,592	$16,420	—	$ 3,983	$ 11,249	$205,278
Transmission	64,601	5,374	—	45	684	70,614
Distribution	200,598	23,182	—	4,642	5,624	224,762
General	17,685	493	$ 122	855	447	17,892
Leased to others	3,616	346	—	—	—	3,962
Total	$468,092	$45,815	$ 122	$ 9,525	$ 18,004	$522,508
Year ended December 31, 1982						
Accumulated depreciation of utility plant:						
Electric:						
Production	$166,996	$17,833	—	$ 3,237	—	$181,592
Transmission	60,079	4,952	—	430	—	64,601
Distribution	183,070	21,688	—	4,160	—	200,598
General	18,360	467	$ 167	1,309	—	17,685
Leased to others	3,270	346	—	—	—	3,616
Total	$431,775	$45,286	$ 167	$ 9,136	—	$468,092
Year ended December 31, 1981						
Accumulated depreciation of utility plant:						
Electric:						
Production	$149,765	$17,788	—	$ 557	—	$166,996
Transmission	55,659	4,630	—	554	$ 344	60,079
Distribution	167,171	20,409	—	4,166	(344)	183,070
General	17,823	446	$ 885	794	—	18,360
Leased to others	2,924	346	—	—	—	3,270
Total	$393,342	$43,619	$ 885	$ 6,071	—	$431,775

Notes:

	1983	1982	1981
(1) Provision on basis of estimated life of transportation equipment (automobiles and trucks) charged to a clearing account and allocated on the basis of the use of such equipment	$ 122	$ 167	$ 885
(2) Transfer among functional groups of accounts	—	—	$ 344
(3) Transfer of reserve from plant purchased or sold	$18,004	—	—
Accumulated depreciation on property acquired	—	—	—
Transfer of gain on sale from reserve to other accounts	—	—	—
Total	$18,004	—	—

MISSISSIPPI POWER & LIGHT COMPANY

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Retirements, Renewals and Replacements	Add (Deduct) (Note 2)	Balance at End of Period
Year ended December 31, 1983						
Accumulated depreciation of utility plant:						
Electric:						
Production	$158,508	$18,489	$ 748	$ 211	—	$177,534
Transmission	43,821	4,077	37	199	$ (5,373)	42,363
Distribution	73,386	6,908	—	2,059	(11,180)	67,055
General	6,600	539	76	161	(872)	6,182
Total	$282,315	$30,013	$ 861	$2,630	$(17,425)	$293,134
Accumulated depreciation of non-utility property	$ 175	$ 25	—	—	—	$ 200
Year ended December 31, 1982						
Accumulated depreciation of utility plant:						
Electric:						
Production	$143,754	$14,097	$ 738	$ 81	—	$158,508
Transmission	40,537	3,623	—	339	—	43,821
Distribution	69,560	6,115	—	2,289	—	73,386
General	6,492	420	75	387	—	6,600
Total	$260,343	$24,255	$ 813	$3,096	—	$282,315
Accumulated depreciation of non-utility property	$ 150	$ 25	—	—	—	$ 175
Year ended December 31, 1981						
Accumulated depreciation of utility plant:						
Electric:						
Production	$129,306	$14,023	$ 665	$ 240	—	$143,754
Transmission	37,758	3,216	—	437	—	40,537
Distribution	66,252	5,751	—	2,443	—	69,560
General	6,218	368	73	167	—	6,492
Total	$239,534	$23,358	$ 738	$3,287	—	$260,343
Accumulated depreciation of non-utility property	$ 125	$ 25	—	—	—	$ 150

Notes:

	1983	1982	1981
(1) Provision on basis of estimated life of transportation equipment (automobiles, trucks and aircraft) charged to a clearing account and allocated on the basis of the use of such equipment	$ 76	$ 75	$ 73
Amortization of pipelines charged to fuel expense	748	738	665
Accumulated depreciation on equipment purchased under a lease-purchase agreement	37	—	—
Total	$ 861	$813	$738
(2) Depreciation adjustment ordered by the MPSC U-3850	$(17,425)	—	—

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note)	Retirements, Renewals and Replacements	Add (Deduct)	Balance at End of Period
Year ended December 31, 1983						
Accumulated depreciation of utility plant:						
Electric:						
Production	$ 75,391	$ 5,707	—	$ 196	—	$ 80,902
Transmission	16,477	992	—	(1,231)	—	18,700
Distribution	56,678	4,858	$ 54	1,096	—	60,494
General	7,372	620	75	278	—	7,789
Natural Gas:						
Transmission	2,241	559	—	—	—	2,800
Distribution	25,257	1,785	—	476	—	26,566
General	2,342	201	25	41	—	2,527
Transit:						
Way and structures	1,743	50	2,493	4,286	—	—
Revenue equipment	7,796	300	409	8,505	—	—
General	767	73	1,731	2,571	—	—
Total	$196,064	$15,145	$4,787	$16,218	—	$199,778
Year ended December 31, 1982						
Accumulated depreciation of utility plant:						
Electric:						
Production	$ 70,228	$ 5,347	—	$ 184	—	$ 75,391
Transmission	15,231	953	—	(293)	—	16,477
Distribution	53,257	4,551	—	1,130	—	56,678
General	7,098	615	$ 41	382	—	7,372
Natural Gas:						
Transmission	1,633	608	—	—	—	2,241
Distribution	23,897	1,718	—	358	—	25,257
General	2,303	198	31	190	—	2,342
Transit:						
Way and structures	1,648	99	—	4	—	1,743
Revenue equipment	7,386	480	—	70	—	7,796
General	697	150	—	80	—	767
Total	$183,378	$14,719	$ 72	$ 2,105	—	$196,064

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE VI—ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY—(Continued)

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions		Deductions	Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note)	Retirements, Renewals and Replacements	Add (Deduct)	Balance at End of Period
Year ended December 31, 1981						
Accumulated depreciation of utility plant:						
Electric:						
Production	$ 64,588	$ 4,393	—	$ (1,247)	—	$ 70,228
Transmission	14,146	1,112	—	27	—	15,231
Distribution	49,485	4,660	—	888	—	53,257
General	6,482	690	$ 43	117	—	7,098
Natural Gas:						
Transmission	1,029	604	—	—	—	1,633
Distribution	22,582	1,718	—	403	—	23,897
General	2,241	187	37	162	—	2,303
Transit:						
Way and structures	1,567	96	—	15	—	1,648
Revenue equipment	8,539	508	—	1,661	—	7,386
General	688	147	—	138	—	697
Total	$171,347	$14,115	$ 80	$ 2,164	—	$183,378

Note:

	1983	1982	1981
Provision on basis of estimated life of transportation equipment (automobiles and trucks) charged to a clearing account and allocated on the basis of the use of such equipment	$ 61	$ 72	$ 80
Unrecovered investment relating to transit sale	4,726	—	—
	$4,787	$ 72	$ 80

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE VIII—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions		Other Changes	
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Deductions from Reserves (Note 2)	Balance at End of Period
Year ended December 31, 1983					
Accumulated Provisions Deducted from Assets—					
Doubtful Accounts	$ 2,602	$ 7,814	—	$ 6,523	$ 3,893
Reserves Not Deducted from Assets:					
Property insurance	$22,722	$ 6,465	$ 307	$ 3,896	$25,598
Injuries and damages (Note 3)	8,629	6,744	375	7,169	8,579
Pensions and benefits (Note 4)	1,974	5,604	2,025	6,728	2,875
Total	$33,325	$18,813	$2,707	$17,793	$37,052
Year ended December 31, 1982					
Accumulated Provisions Deducted from Assets—					
Doubtful Accounts	$ 2,260	$ 7,330	—	$ 6,988	$ 2,602
Reserves Not Deducted from Assets:					
Property insurance	$21,994	$ 4,264	$ 307	$ 3,843	$22,722
Injuries and damages (Note 3)	7,724	7,351	952	7,398	8,629
Pensions and benefits (Note 4)	1,083	5,132	1,526	5,767	1,974
Total	$30,801	$16,747	$2,785	$17,008	$33,325
Year ended December 31, 1981					
Accumulated Provisions Deducted from Assets—					
Doubtful Accounts	$ 2,253	$ 5,718	—	$ 5,711	$ 2,260
Reserves Not Deducted from Assets:					
Property insurance	$16,178*	$ 6,512	$ 307	$ 1,003	$21,994
Injuries and damages (Note 3)	6,901	6,466	1,554	7,197	7,724
Pensions and benefits (Note 4)	1,541	3,054	(252)	3,260	1,083
Total	$24,620	$16,032	$1,609	$11,460	$30,801

Notes:

(1) Charged to clearing and other accounts.

(2) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the reserve for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.

(3) Injuries and damages reserve is provided to absorb all current expenses appropriate thereto and for the estimated cost of settling claims for injuries and damages.

(4) Pensions and benefits reserve is provided to account for provisions made by AP&L for group medical insurance coverage on its employees up to a limit as defined in the policy with the carrier.

---

* Reclassification of the property insurance reserve balance for one subsidiary in 1980 has been made to deferred debits for financial statement presentation.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE VIII—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D		Column E
		Additions				
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions from Reserves (Note 1)	Other Changes (Note 4)	Balance at End of Period
Year ended December 31, 1983						
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 1,538	$2,047	—	$1,406	—	$ 2,179
Reserves Not Deducted from Assets:						
Property insurance	$ 4,520	$1,577	—	$ 806	—	$ 5,291
Injuries and damages (Note 2)	657	2,553	—	2,188	—	1,022
Pension and benefits (Note 3)	1,974	5,604	$2,025	6,728	—	2,875
Total	$ 7,151	$9,734	$2,025	$9,722	—	$ 9,188
Year ended December 31, 1982						
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 1,396	$1,890	—	$1,748	—	$ 1,538
Reserves Not Deducted from Assets:						
Property insurance	$ 3,973	$1,360	—	$ 813	—	$ 4,520
Injuries and damages (Note 2)	781	3,096	—	3,220	—	657
Pension and benefits (Note 3)	1,083	5,132	$1,526	5,767	—	1,974
Total	$ 5,837	$9,588	$1,526	$9,800	—	$ 7,151
Year ended December 31, 1981						
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 1,396	$1,739	—	$1,832	$ 93	$ 1,396
Reserves Not Deducted from Assets:						
Property insurance	$ 825	$3,608	—	$ 428	$ (32)	$ 3,973
Injuries and damages (Note 2)	772	2,858	—	3,099	250	781
Pension and benefits (Note 3)	1,541	3,054	$ (252)	3,260	—	1,083
Total	$ 3,138	$9,520	$ (252)	$6,787	$ 218	$ 5,837

Notes:

(1) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the reserve for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.

(2) Injuries and damages reserve is provided to absorb all current expenses appropriate thereto and for the estimated cost of settling claims for injuries and damages.

(3) Pensions and benefits reserve is provided to account for provisions made by AP&L for group medical insurance coverage on its employees up to a limit as defined in the policy with the carrier.

(4) Amounts in this column reflect the reclassification of 1980 Ark-Mo ending balances to AP&L.

LOUISIANA POWER & LIGHT COMPANY

SCHEDULE VIII—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Deductions from Reserves (Note 2)	Balance at End of Period
Year ended December 31, 1983					
Accumulated Provisions Deducted from Assets— Doubtful Accounts	$ 135	$3,547	—	$3,547	$ 135
Reserves Not Deducted from Assets:					
Property insurance	$4,531	$2,585	—	$2,576	$4,540
Injuries and damages (Note 3)	1,040	1,107	$ 571	1,761	957
Total	$5,571	$3,692	$ 571	$4,337	$5,497
Year ended December 31, 1982					
Accumulated Provisions Deducted from Assets— Doubtful Accounts	$ 135	$2,681	—	$2,681	$ 135
Reserves Not Deducted from Assets:					
Property insurance	$6,137	$ 600	—	$2,206	$4,531
Injuries and damages (Note 3)	1,394	1,073	$ 452	1,879	1,040
Total	$7,531	$1,673	$ 452	$4,085	$5,571
Year ended December 31, 1981					
Accumulated Provisions Deducted from Assets— Doubtful Accounts	$ 135	$1,875	—	$1,875	$ 135
Reserves Not Deducted from Assets:					
Property insurance	$5,905	$ 600	—	$ 368	$6,137
Injuries and damages (Note 3)	1,093	894	$ 587	1,180	1,394
Total	$6,998	$1,494	$ 587	$1,548	$7,531

Notes:

(1) Charged to clearing and other accounts.

(2) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the reserve for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.

(3) Injuries and damages reserve is provided to absorb all current expenses appropriate thereto and for the estimated cost of settling claims for injuries and damages.

MISSISSIPPI POWER & LIGHT COMPANY

SCHEDULE VIII—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions from Reserves (Note 1)	Balance at End of Period
Year ended December 31, 1983					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 154	$ 542	—	$ 17	$ 679
Reserves Not Deducted from Assets:					
Property insurance	$6,332	$1,944	—	$ 348	$ 7,928
Injuries and damages (Note 2)	2,255	372	—	281	2,346
Total	$8,587	$2,316	—	$ 629	$10,274
Year ended December 31, 1982					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 154	$1,106	—	$1,106	$ 154
Reserves Not Deducted from Assets:					
Property insurance	$5,152	$1,944	—	$ 764	$ 6,332
Injuries and damages (Notes 2 and 3)	1,959	372	—	76	2,255
Total	$7,111	$2,316	—	$ 840	$ 8,587
Year ended December 31, 1981					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 154	$1,047	—	$1,047	$ 154
Reserves Not Deducted from Assets:					
Property insurance	$3,208	$1,944	—	—	$ 5,152
Injuries and damages (Notes 2 and 3)	1,046	816	$1,036	$ 939	1,959
Total	$4,254	$2,760	$1,036	$ 939	$ 7,111

Notes:

(1) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the reserve for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.

(2) Injuries and damages reserve is provided to absorb all current expenses appropriate thereto and for the estimated cost of settling claims for injuries and damages.

(3) Effective during 1981, MP&L commenced recognizing deferred income taxes on the injuries and damages reserves which resulted in no effect on net income.

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE VIII—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts (Note 1)	Deductions from Reserves (Note 2)	Balance at End of Period
Year ended December 31, 1983					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 775	$1,678	—	$1,553	$ 900
Reserves Not Deducted from Assets:					
Property insurance	$ 7,339	$ 360	$ 307	$ 166	$ 7,840
Injuries and damages (Note 3)	4,677	2,712	(196)	2,939	4,254
Total	$12,016	$3,072	$ 111	$3,105	$12,094
Year ended December 31, 1982					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 575	$1,653	—	$1,453	$ 775
Reserves Not Deducted from Assets:					
Property insurance	$ 6,732	$ 360	$ 307	$ 60	$ 7,339
Injuries and damages (Note 3)	3,590	2,810	500	2,223	4,677
Total	$10,322	$3,170	$ 807	$2,283	$12,016
Year ended December 31, 1981					
Accumulated Provisions Deducted from Assets—Doubtful Accounts	$ 475	$1,057	—	$ 957	$ 575
Reserves Not Deducted from Assets:					
Property insurance	$ 6,272	$ 360	$ 307	$ 207	$ 6,732
Injuries and damages (Note 3)	3,740	1,898	(69)	1,979	3,590
Total	$10,012	$2,258	$ 238	$2,186	$10,322

Notes:

(1) Charged to clearing and other accounts.

(2) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the reserve for doubtful accounts, such deductions are reduced by recoveries of amounts previously written off.

(3) Injuries and damages reserve is provided to absorb all current expenses appropriate thereto and for the estimated cost of settling claims for injuries and damages.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A Item	Column B Charged to costs and expenses (Notes 1-2)
Year ended December 31, 1983	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 74,264
State and city franchise	27,416
Other	13,773
Total	$115,453
Year ended December 31, 1982	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 70,933
State and city franchise	40,023
Other	13,437
Total	$124,393
Year ended December 31, 1981	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 63,976
State and city franchise	36,772
Other	11,195
Total	$111,943

(1) Taxes other than payroll and income taxes includes taxes charged to clearing accounts and distributed from those accounts to appropriate operating and construction accounts or charged directly to construction and other appropriate accounts and are net of severance tax credits, which credits are included in miscellaneous income and deductions—net for financial statement presentation.

(2) Taxes other than payroll and income taxes excludes taxes on discontinued transit operations.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A Item	Column B Charged to costs and expenses (Note 1)
Year ended December 31, 1983	
Taxes, other than payroll and income taxes:	
Ad Valorem	$25,696
State and city franchise (Note 2)	1,040
Other	6,560
Total	$33,296
Technical services, consultation and assistance rendered at cost under contract with MSS	$22,265
Year ended December 31, 1982	
Taxes, other than payroll and income taxes:	
Ad Valorem	$26,019
State and city franchise	14,297
Other	4,782
Total	$45,098
Technical services, consultation and assistance rendered at cost under contract with MSS	$17,765
Year ended December 31, 1981	
Taxes, other than payroll and income taxes:	
Ad Valorem	$24,201
State and city franchise	13,261
Other	4,395
Total	$41,857
Technical services, consultation and assistance rendered at cost under contract with MSS	$13,613

(1) Taxes other than payroll and income taxes includes taxes charged to clearing accounts and distributed from those accounts to appropriate operating and construction accounts or charged directly to construction and other appropriate accounts.

(2) In 1983, principally all city franchise taxes were no longer reflected on AP&L's books as an expense but were directly recorded as a liability payable to the city.

LOUISIANA POWER & LIGHT COMPANY

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A Item	Column B Charged to costs and expenses (Note 1)
Year ended December 31, 1983	
Taxes, other than payroll and income taxes:	
Ad Valorem	$13,918
State and city franchise	7,719
Other	2,952
Total	$24,589
Technical services, consultation and assistance rendered at cost under contract with MSS	$20,151
Year ended December 31, 1982	
Taxes, other than payroll and income taxes:	
Ad Valorem	$12,757
State and city franchise	7,122
Other	[illegible]
Total	$22,765
Technical services, consultation and assistance rendered at cost under contract with MSS	$14,952
Year ended December 31, 1981	
Taxes, other than payroll and income taxes:	
Ad Valorem	$12,289
State and city franchise	6,535
Other	1,862
Total	$20,686
Technical services, consultation and assistance rendered at cost under contract with MSS	$10,790

(1) Taxes other than payroll and income taxes includes taxes charged to clearing accounts and distributed from those accounts to appropriate operating and construction accounts or charged directly to construction and other appropriate accounts.

MISSISSIPPI POWER & LIGHT COMPANY

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31, 1983, 1982, and 1981

(In Thousands)

Column A Item	Column B Charged to costs and expenses (Note 1)
Year ended December 31, 1983	
Taxes, other than payroll and income taxes:	
Ad Valorem	$13,954
State and city franchise	5,050
Other	1,256
Total	$20,260
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 8,779
Year ended December 31, 1982	
Taxes, other than payroll and income taxes:	
Ad Valorem	$12,658
State and city franchise	5,586
Other	1,048
Total	$19,292
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 6,921
Year ended December 31, 1981	
Taxes, other than payroll and income taxes:	
Ad Valorem	$11,430
State and city franchise	5,300
Other	1,434
Total	$18,164
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 6,276

(1) Taxes other than payroll and income taxes includes taxes charged to clearing accounts and distributed from those accounts to appropriate operating and construction accounts or charged directly to construction and other appropriate accounts.

NEW ORLEANS PUBLIC SERVICE INC.

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31, 1983, 1982 and 1981

(In Thousands)

Column A Item	Column B Charged to costs and expenses (Notes 1-2)
Year ended December 31, 1983	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 5,592
State and city franchise	10,809
Other	131
Total	$16,532
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 5,814
Year ended December 31, 1982	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 5,676
State and city franchise	10,827
Other	48
Total	$16,551
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 5,190
Year ended December 31, 1981	
Taxes, other than payroll and income taxes:	
Ad Valorem	$ 5,070
State and city franchise	10,032
Other	66
Total	$15,168
Technical services, consultation and assistance rendered at cost under contract with MSS	$ 3,999

(1) Taxes other than payroll and income taxes include taxes charged to clearing accounts and distributed from those accounts to appropriate operating and construction accounts or charged directly to construction and other appropriate accounts.

(2) Taxes other than payroll and income taxes excludes taxes on discontinued transit operations.

EXHIBIT INDEX

The following exhibits indicated by an asterisk preceding the exhibit number are filed herewith. The balance of the exhibits have heretofore been filed with the Commission, respectively, as the exhibits and in the file numbers indicated and are incorporated herein by reference. Reference is made to a duplicate list of exhibits being filed as a part of this Form 10-K, which list, prepared in accordance with Item 601 of Regulation S-K of the SEC, immediately precedes the exhibits being physically filed with this Form 10-K.

(3) Articles of Incorporation and By-Laws

MSU

(a) 1—Restated Articles of Incorporation of MSU, as currently in effect (A-1 to Form U-1 in 70-6789).

(a) 2—By-Laws of MSU, as amended and currently in effect (9(a)-2 to Form 10-Q for the quarter ended June 30, 1979, in 1-3517).

AP&L

(b) 1—Agreement of Consolidation or Merger of AP&L, as amended ((3)(b)-1 to Form 10-K for the fiscal year ended December 31, 1981, in 0-375).

(b) 2—Articles of Amendment of the Agreement of Consolidation or Merger (Articles of Incorporation) of AP&L, as executed June 15, 1982 (19(b) to Form 10-Q for the quarter ended June 30, 1982, in 0-375).

*(b) 3—Articles of Amendment of the Agreement of Consolidation or Merger (Articles of Incorporation) of AP&L, as executed January 25, 1984.

*(b) 4—By-Laws of AP&L, as amended and currently in effect.

LP&L

(c) 1—Restated Articles of Incorporation of LP&L, as executed February 21, 1980 (A-1 to Form U-1 in 70-6491).

(c) 2—Articles of Amendment to Restated Articles of Incorporation of LP&L, as executed October 28, 1980 (C-1 to Rule 24 Certificate in 70-6491).

(c) 3—Articles of Amendment to Restated Articles of Incorporation, as amended, of LP&L, as executed May 12, 1982 (C-1 to Rule 24 Certificate in 70-6635).

(c) 4—Articles of Amendment to Restated Articles of Incorporation, as amended, of LP&L, as executed February 16, 1983 (C-1 to Rule 24 Certificate in 70-6834).

(c) 5—By-Laws of LP&L, as amended and currently in effect (A-4 to Form U-1 in 70-6962)

MP&L

(d) 1—Restated Articles of Incorporation of MP&L, as executed December 21, 1983 (A-5 to Form U-1 in 70-6962).

(d) 2—By-Laws of MP&L, as amended and currently in effect, (filed under Item 13(b), MP&L, 1980 Form U5S).

NOPSI

(e) 1—Restatement of Articles of Incorporation of NOPSI, as executed September 30, 1969 (A-1 to Form U-1 in 70-6392).

(e) 2—Articles of Amendment to Restatement of Articles of Incorporation of NOPSI, as executed February 27, 1980 (A-2(a) to Rule 24 Certificate in 70-6392).

(e) 3—Articles of Amendment to Restatement of Articles of Incorporation, as amended, of NOPSI, as executed March 19, 1980 (C-1 to Rule 24 Certificate in 70-6404).

(e) 4—Articles of Amendment to Restatement of Articles of Incorporation, as amended, of NOPSI, as executed January 23, 1984 (A-7(d) to Form U-1 in 70-6962).

(e) 5—By-Laws of NOPSI, as amended and currently in effect (A-8 to Form U-1 in 70-6962).

(4) Instruments Defining Rights of Security Holders, Including Indentures

MSU

(a) 1—Credit Agreement, dated as of June 27, 1980 (B-1 to Rule 24 Certificate, dated June 27, 1980, in 70-6450).

(a) 2—See (4)(b) through (4) (e) below for instruments defining the rights of holders of long-term debt of AP&L, LP&L, MP&L and NOPSI.

(a) 3—Second Amended and Restated Bank Loan Agreement, dated as of June 15, 1981, among MSE, the Banks named in Schedule 1 thereto and Manufacturers Hanover Trust Company, as agent for the Banks (A to Rule 24 Certificate, dated July 1, 1981, in 70-6592), as amended as of February 5, 1982 (A to Rule 24 Certificate, dated June 2, 1982, in 70-6592) as of June 30, 1983 (A to Rule 24 Certificate, dated July 11, 1983, in 70-6592) and as of December 30, 1983 (A to Rule 24 Certificate, dated January 5, 1984, in 70-6592).

(a) 4—Loan Agreement, dated as of February 5, 1982, among MSE, the banks listed therein as lending banks, and Credit Suisse First Boston Limited, as Agent (A to Rule 24 Certificate, dated February 15, 1982, in 70-6600), as amended as of February 18, 1983 (A to Rule 24 Certificate, dated February 28, 1983, in 70-6600) and as of December 30, 1983 (A to Rule 24 Certificate, dated January 5, 1984, in 70-6600).

(a) 5—Mortgage and Deed of Trust, dated as of June 15, 1977 from MSE to United States Trust Company of New York and Malcolm J. Hood, Trustees, as supplemented by three Supplemental Indentures (B and C to Rule 24 Certificate, dated June 30, 1977, in 70-5890 (First); B to Rule 24 Certificate in 70-6259 (Second); and 20(a)-5 to Form 10-Q for the quarter ended June 30, 1981, in 1-3517 (Third)).

(a) 6—Revolving Credit Agreement, dated as of December 31, 1982, among SFI, SFI's parent companies and Hibernia National Bank (14 to Rule 24 Certificate in 70-6803).

(a) 7—Loan Agreement, dated as of December 20, 1972, between SFI, AP&L, LP&L, MP&L, NOPSI and The First National Bank of Chicago (B-3 to Rule 24 Certificate in 70-5274).

(a) 8—Loan Agreement, dated as of December 31, 1982, between MSS and Citibank, N.A. (B-1 to Form U-1 in 70-6804).

(a) 9—Loan Agreement, dated as of May 28, 1980, among SFI, Clipper Oil Corporation and the System operating companies (B-17 to Form U-1 in 70-6428), as amended by First Amendment (B to Rule 24 Certificate, dated July 31, 1981, in 70-6428), and Second Amendment (2 to Rule 24 Certificate, dated January 31, 1983, in 70-6769).

(a) 10—Participation Agreement, dated as of October 31, 1978, between SFI and The Aetna Casualty and Surety Company (J to Rule 24 Certificate, dated January 31, 1979, in 70-6208), as amended by First Amendment (A to Rule 24 Certificate, dated January 31, 1980, in 70-6208).

(a) 11—Letter of Credit and Revolving Loan Agreement, dated September 9, 1982, among SFI and Crocker National Bank (B-2(a) to Rule 24 Certificate, dated October 29, 1982, in 70-6761).

AP&L

(b) —Mortgage and Deed of Trust, as amended by thirty-seven Supplemental Indentures (7(d) in 2-5463 (Mortgage); 7(b) in 2-7121 (First); 7(c) in 2-7605 (Second); 7(d) in 2-8100 (Third); 7(a)-4 in 2-8482 (Fourth); 7(a)-5 in 2-9149 (Fifth); 4(a)-6 in 2-9789 (Sixth); 4(a)-7 in 2-10261 (Seventh); 4(a)-8 in 2-11043 (Eighth); 2(b)-9 in 2-11468 (Ninth); 2(b)-10 in 2-15767 (Tenth); D in 70-3952 (Eleventh); D in 70-4099 (Twelfth); 4(d) in 2-23185 (Thirteenth); 2(c) in 2-24414 (Fourteenth); 2(c) in 2-25913 (Fifteenth); 2(c) in 2-28869 (Sixteenth); 2(d) in 2-28869 (Seventeenth); 2(c) in 2-35107 (Eighteenth); 2(d) in 2-36646 (Nineteenth); 2(c) in 2-39253 (Twentieth); 2(c) in 2-41080 (Twenty-first); C-1 to Rule 24 Certificate in 70-5151 (Twenty-second); C-1 to Rule 24 Certificate in 70-5257 (Twenty-third); C to Rule 24 Certificate in 70-5343 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-5404 (Twenty-fifth); C to Rule 24 Certificate in 70-5502 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-5556 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-5693 (Twenty-eighth); C-1 to Rule 24 Certificate in 70-6078 (Twenty-ninth); C-1 to Rule 24 Certificate in 70-6174 (Thirtieth); C-1 to Rule 24 Certificate in 70-6246 (Thirty-first); C-1 to Rule 24 Certificate in 70-6498 (Thirty-second); A-4b-2 to Rule 24 Certificate in 70-6326 (Thirty-third); C-1 to Rule 24 Certificate in 70-6607 (Thirty-fourth); C-1 to Rule 24 Certificate in 70-6650 (Thirty-fifth); C-1 to Rule 24 Certificate, dated December 1, 1982, in 70-6774 (Thirty-sixth); and C-1 to Rule 24 Certificate, dated February 17, 1983, in 70-6774 (Thirty-seventh))

LP&L

(c) —Mortgage and Deed of Trust, as amended by thirty-one Supplemental Indentures (7(d) in 2-5317 (Mortgage); 7(b) in 2-7408 (First); 7(c) in 2-8636 (Second); 4(b)-3 in 2-10412 (Third); 4(b)-4 in 2-12264 (Fourth); 2(b)-5 in 2-12936 (Fifth); D in 70-3862 (Sixth); 2(b)-7 in 2-22340 (Seventh); 2(c) in 2-24429 (Eighth); 4(c)-9 in 2-25801 (Ninth); 4(c)-10 in 2-26911 (Tenth); 2(c) in 2-28123 (Eleventh); 2(c) in 2-34659 (Twelfth); C to Rule 24 Certificate in 70-4793 (Thirteenth); 2(b)-2 in 2-38378 (Fourteenth); 2(b)-2 in 2-39437 (Fifteenth); 2(b)-2 in 2-42523 (Sixteenth); C to Rule 24 Certificate in 70-5242 (Seventeenth); C to Rule 24 Certificate in 70-5330 (Eighteenth); C-1 to Rule 24 Certificate in 70-5449 (Nineteenth); C-1 to Rule 24 Certificate in 70-5550 (Twentieth); A-6(a) to Rule 24 Certificate in 70-5598 (Twenty-first); C-1 to Rule 24 Certificate in 70-5711 (Twenty-second); C-1 to Rule 24 Certificate in 70-5919 (Twenty-third); C-1 to Rule 24 Certificate in 70-6102 (Twenty-fourth); C-1 to Rule 24 Certificate in 70-6169 (Twenty-fifth); C-1 to Rule 24 Certificate in 70-6278 (Twenty-sixth); C-1 to Rule 24 Certificate in 70-6355 (Twenty-seventh); C-1 to Rule 24 Certificate in 70-6508 (Twenty-eighth); C-1 to Rule 24 Certificate in 70-6556 (Twenty-ninth); C-1 to Rule 24 Certificate in 70-6635 (Thirtieth); C-1 to Rule 24 Certificate in 70-6834 (Thirty-first); and C-1 to Rule 24 Certificate in 70-6886 (Thirty-second)).

MP&L

(d) —Mortgage and Deed of Trust, dated as of September 1, 1944, as amended by twenty Supplemental Indentures (7(d) in 2-5437 (Mortgage); 7(b) in 2-7051 (First); 7(c) in 2-7763 (Second); 7(d) in 2-8484 (Third); 4(b)-4 in 2-10059 (Fourth); 2(b)-5 in 2-13942 (Fifth); A-11 to Form U-1 in 70-4116 (Sixth); 2(b)-7 in 2-23084 (Seventh); 4(c)-9 in 2-24234 (Eighth); 2(b)-9(a) in 2-25502 (Ninth); A-11(a) to Form U-1 in 70-4803 (Tenth); A-12(a) to Form U-1 in 70-4892 (Eleventh); A-13(a) to Form U-1 in 70-5165 (Twelfth); A-14(a) to Form U-1 in 70-5286 (Thirteenth); A-15(a) to Form U-1 in 70-5371 (Fourteenth); A-16(a) to Form U-1 in 70-5417 (Fifteenth); A-17 to Form U-1 in 70-5484 (Sixteenth); 2(a)-19 in 2-54234 (Seventeenth); C-1 to Rule 24 Certificate in 70-6619 (Eighteenth); A-2(c) to Rule 24 Certificate in 70-6672 (Nineteenth); A-2(d) to Rule 24 Certificate in 70-6672 (Twentieth); and C-1(a) to Rule 24 Certificate in 70-6816 (Twenty-first)).

NOPSI

(e) —Mortgage and Deed of Trust, as amended by ten Supplemental Indentures (B-3 in 2-5411 (Mortgage); 7(b) in 2-7674 (First); 4(a)-2 in 2-10126 (Second); 4(b) in 2-12136 (Third); 2(b)-4 in 2-17959 (Fourth); 2(b)-5 in 2-19807 (Fifth); D to Rule 24 Certificate in 70-4023 (Sixth); 2(c) in 2-24523 (Seventh); 4(c)-9 in 2-26031 (Eighth); 2(a)-3 in 2-50438 (Ninth); and 2(a)-3 in 2-62575 (Tenth)).

(10) Contracts

MSU

(a) 1—Agreement, dated April 23, 1982, among certain Middle South System companies, relating to System Planning and Development and Intra-System Transactions (10(a)1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(a) 2—Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(a) 3—Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(a) 4—Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(a) 5—Form of Service Agreement between MSS and each of the other companies in the Middle South System (D in 37-63).

(a) 6—Form of Amendment, dated as of January 1, 1972, to Service Agreement (A to Notice, dated October 14, 1971, in 37-63).

(a) 7—Availability Agreement, dated June 21, 1974, among MSE and certain other Middle South System companies (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(a) 8—First Amendment to Availability Agreement, dated as of June 30, 1977 (B to Rule 24 Certificate, dated June 24, 1977, in 70-5399).

(a) 9—Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(a) 10—First Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with Manufacturers Hanover Trust Company, as Agent (B to exhibit A to Rule 24 Certificate, dated June 24, 1977, in 70-5399).

(a) 11—Second Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with United States Trust Company and Malcolm J. Hood, as Trustees (C to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(a) 12—Third Assignment of Availability Agreement, Consent and Agreement, dated as of January 1, 1980, with United States Trust Company and Malcolm J. Hood, as Trustees (5(a)-11 in 2-66638).

(a) 13—Fourth Assignment of Availability Agreement, Consent and Agreement, dated as of March 20, 1980, with Manufacturers Hanover Trust Company, as Agent (B to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(a) 14—Fifth Assignment of Availability Agreement, Consent and Agreement, dated as of June 15, 1981, with Manufacturers Hanover Trust Company, as Agent (D to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(a) 15—Sixth Assignment of Availability Agreement, Consent and Agreement, dated as of February 5, 1982, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(a) 16—Seventh Assignment of Availability Agreement, Consent and Agreement, dated as of February 18, 1983, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(a) 17—Eighth Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1983, with Manufacturers Hanover Trust Company, as Agent (C to Rule 24 Certificate, dated July 11, 1983, in 70-6592).

(a) 18—Ninth Assignment of Availability Agreement, Consent and Agreement, dated as of December 1, 1983, with Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-3 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

(a) 19—Capital Funds Agreement, dated June 21, 1974, between the Company and MSE (C to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(a) 20—First Supplementary Capital Funds Agreement and Assignment, dated as of June 30, 1977, among MSU, MSE, and Manufacturers Hanover Trust Company, as Agent for various banks (D to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(a) 21—Second Supplementary Capital Funds Agreement and Assignment, dated as of June 30, 1977, among MSU, MSE and United States Trust Company of New York and Malcolm J. Hood, as Trustees (E to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(a) 22—Third Supplementary Capital Funds Agreement and Assignment, dated as of January 1, 1980, among MSU, MSE and United States Trust Company of New York and Malcolm J. Hood, as Trustees (D to Rule 24 Certificate, dated July 9, 1980, in 70-6259).

(a) 23—Fourth Supplementary Capital Funds Agreement and Assignment, dated as of March 20, 1980, among MSU, MSE and Manufacturers Hanover Trust Company, as Agent for various banks (C to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(a) 24—Fifth Supplementary Capital Funds Agreement and Assignment, dated as of June 15, 1981, among MSU, MSE and Manufacturers Hanover Trust Company, as Agent for various banks (C to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(a) 25—Sixth Supplementary Capital Funds Agreement and Assignment, dated as of February 5, 1982, among MSU, MSE and Credit Suisse First Boston Limited, as Agent for various banks (B to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(a) 26—Seventh Supplementary Capital Funds Agreement and Assignment, dated as of February 18, 1983, among MSU, MSE and Credit Suisse First Boston Limited, as Agent for various banks (B to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(a) 27—Eighth Supplementary Capital Funds Agreement and Assignment, dated as of June 30, 1983, among MSU, MSE and Manufacturers Hanover Trust Company, as Agent for various banks (B to Rule 24 Certificate, dated June 30, 1983, in 70-6592).

(a) 28—Ninth Supplementary Capital Funds Agreement and Assignment, dated as of December 1, 1983, among MSU, MSE and Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-4 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

*(a) 29—Agreement, dated May 25, 1983, for the sale of electric power and energy between AP&L and Reynolds.

*(a) 30—Agreement between MSU and Edwin Lupberger.

(a) 31—Power Purchase Advance Payment Agreement, dated as of June 15, 1981, among MSE and certain other Middle South System companies (F to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(a) 32—Reallocation Agreement, dated as of July 28, 1981, among MSE and certain other Middle South System companies (B-1(a) in 70-6624).

(a) 33—Joint Construction, Acquisition and Ownership Agreement, dated as of May 1, 1980, between MSE and SMEPA (B(1)(a) in 70-6337), as amended by Amendment No. 1, dated as of May 1, 1980 (B-1(c) in 70-6337) and Amendment No. 2, dated as of October 31, 1980 (1 to Rule 24 Certificate, dated October 30, 1981, in 70-6337).

(a) 34—Operating Agreement, dated as of May 1, 1980, between MSE and SMEPA, (B(2)(a) in 70-6337).

(a) 35—Substitute Power Agreement, dated as of May 1, 1980, among MP&L, MSE and SMEPA (B(3)(a) in 70-6337).

(a) 36—Compromise and Settlement Agreement, dated June 4, 1982, between Texaco and LP&L (28(a) to Form 8-K, dated June 4, 1982, in 1-3517).

*(a) 37—Post-Retirement Plan.

(a) 38—Unit Power Sales Agreement, dated as of June 10, 1982, between MSE and AP&L, LP&L, MP&L and NOPSI (10(a)1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

AP&L

(b) 1—Agreement, dated April 23, 1982, among AP&L and certain other Middle South System companies, relating to System Planning and Development and Intra-System Transactions, (10(a) 1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(b) 2—Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(b) 3—Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(b) 4—Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(b) 5—Service Agreement with MSS, dated as of April 1, 1963 (5(a)-5 in 2-41080).

(b) 6—Amendment, dated January 1, 1972, to Service Agreement with MSS (5(a)-6 in 2-43175).

(b) 7—Availability Agreement, dated June 21, 1974, among MSE and certain other Middle South System companies (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(b) 8—First Amendment to Availability Agreement, dated June 30, 1977 (B to Rule 24 Certificate, dated June 24, 1977, in 70-5399).

(b) 9—Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(b) 10—First Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with Manufacturers Hanover Trust Company, as Agent (B to exhibit A to Rule 24 Certificate, dated June 24, 1977, in 70-5399).

(b) 11—Second Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with United States Trust Company and Malcolm J. Hood, as Trustees (C to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(b) 12—Third Assignment of Availability Agreement, Consent and Agreement, dated as of January 1, 1980, with United States Trust Company and Malcolm J. Hood, as Trustees (5(a)-11 in 2-66638).

(b) 13—Fourth Assignment of Availability Agreement, Consent and Agreement, dated as of March 20, 1980, with Manufacturers Hanover Trust Company, as Agent (B to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(b) 14—Fifth Assignment of Availability Agreement, Consent and Agreement, dated as of June 15, 1981, with Manufacturers Hanover Trust Company, as Agent (D to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(b) 15—Sixth Assignment of Availability Agreement, Consent and Agreement, dated as of February 5, 1982, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(b) 16—Seventh Assignment of Availability Agreement, Consent and Agreement, dated as of February 18, 1983, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(b) 17—Eighth Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1983, with Manufacturers Hanover Trust Company, as Agent (C to Rule 24 Certificate, dated July 11, 1983, in 70-6592).

(b) 18—Ninth Assignment of Availability Agreement, Consent and Agreement, dated as of December 1, 1983, with Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-3 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

*(b) 19—Agreement, dated May 25, 1983, for the sale of electric power and energy between AP&L and Reynolds.

(b) 20—Agreement, dated August 20, 1954, between AP&L and the United States of America (SPA) (13(h) in 2-11467).

(b) 21—Amendment, dated April 19, 1955, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-2 in 2-41080).

(b) 22—Amendment, dated January 3, 1964, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-3 in 2-41080).

(b) 23—Amendment, dated September 5, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-4 in 2-41080).

(b) 24—Amendment, dated November 19, 1970, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-5 in 2-41080).

(b) 25—Amendment, dated July 18, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-6 in 2-41080).

(b) 26—Amendment, dated December 27, 1961, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-7 in 2-41080).

(b) 27—Amendment, dated January 25, 1968, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-8 in 2-41080).

(b) 28—Amendment, dated October 14, 1971, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-9 in 2-43175).

(b) 29—Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated August 20, 1954 (5(d)-10 in 2-60233).

(b) 30—Agreement, dated May 14, 1971, between AP&L and the United States of America (SPA) (5(e) in 2-41080).

(b) 31—Amendment, dated January 10, 1977, to the United States of America (SPA) Contract, dated May 14, 1971 (5(e)-1 in 2-60233).

(b) 32—Contract, dated May 28, 1943, Amendment to Contract, dated July 21, 1949, and Supplement to Amendment to Contract, dated December 30, 1949, between AP&L and McKamie Gas Cleaning Company; Agreements, dated as of September 30, 1965, between AP&L and former stockholders of McKamie Gas Cleaning Company; and Letter Agreement, dated June 22, 1966, by Humble Oil & Refining Company accepted by AP&L on June 24, 1966 (5(k)-7 in 2-41080).

(b) 33—Sales Contract, dated July 14, 1970, between AP&L and Kerr-McGee Corporation (5(l)-1 in 2-41080).

(b) 34—Amendment to Sales Contract, dated October 19, 1978, between AP&L and Kerr-McGee Nuclear Corporation (5-(l)-2 in 2-63192).

(b) 35—Life Storage Agreement, dated October 19, 1978, between AP&L and Kerr-McGee Nuclear Corporation (5(l)-3 in 2-63192).

(b) 36—Agreement, dated April 3, 1972, between MSS and Gulf United Nuclear Fuels Corporation (5(l)-3 in 2-46152).

(b) 37—Nuclear Fuel Lease, dated as of June 25, 1974, as amended and restated as of August 31, 1978, between AP&L and Southwest Fuel Company (B-1(a) to Rule 24 Certificate, dated September 1, 1978, in 70-6185).

(b) 38—First Amendment, dated as of March 20, 1981, to the Nuclear Fuel Lease, dated as of August 25, 1974, as amended and restated as of August 31, 1978 between AP&L and Russell Energy, Inc. ((10)(b)-78 to Form 10-K for the fiscal year ended December 31, 1980, in 0-375).

(b) 39—Nuclear Fuel Lease, dated as of November 18, 1981, between AP&L and Ozark Fuel Corporation (B-1 to Rule 24 Certificate, dated November 19, 1981, in 70-6644).

(b) 40—White Bluff Operating Agreement, dated June 27, 1977, among AP&L and AECC and Jonesboro (B-2(a) to Rule 24 Certificate, dated June 30, 1977, in 70-6009).

(b) 41—White Bluff Ownership Agreement, dated June 27, 1977, among AP&L and AECC and Jonesboro (B-1(b) to Rule 24 Certificate, dated June 30, 1977, in 70-6009).

(b) 42—Agreement, dated June 29, 1979, between AP&L and Conway (5(r)-3 in 2-66235).

(b) 43—Transmission Agreement, dated August 2, 1977, between AP&L and Jonesboro (5(r)-3 in 2-60233).

(b) 44—Power Coordination, Interchange, and Transmission Service Agreement, dated as of June 27, 1977, between AECC and AP&L (5(r)-4 in 2-60233).

(b) 45—Independence Steam Electric Station Operating Agreement, dated July 31, 1979, among AP&L and AECC and Jonesboro and Conway (5(r)-6 in 2-66235).

(b) 46—Independence Steam Electric Station Ownership Agreement, dated July 31, 1979, among AP&L and AECC and Jonesboro and Conway (5(r)-7 in 2-66235).

(b) 47—Amendment, dated December 28, 1979, to the Independence Steam Electric Station Ownership Agreement (5(r)-7(a) in 2-66235).

(b) 48—Power Coordination, Interchange and Transmission Service Agreement, dated as of July 31, 1979, between AP&L and Jonesboro (5(r)-8 in 2-66235).

(b) 49—Power Coordination, Interchange and Transmission Agreement, dated as of June 29, 1979, between Conway and AP&L (5(r)-9 in 2-66235).

(b) 50—Agreement, dated June 21, 1979, between AP&L and Reeves E. Ritchie ((10)(b)-90 to Form 10-K for the fiscal year ended December 31, 1980, in 0-375).

(b) 51—Agreement, dated as of January 30, 1981, between AP&L and MP&L, relating to the Independence Station (B-3 in 70-6614).

(b) 52—Amendment No. 1, dated as of June 30, 1981, to Agreement, dated as of January 30, 1981, between AP&L and MP&L, relating to the Independence Station (10(b) in 2-73310).

(b) 53—Power Purchase Advance Payment Agreement, dated as of June 15, 1981, among MSE and certain other Middle South System companies (F to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(b) 54—Reallocation Agreement, dated as of July 28, 1981, among MSE and certain other Middle South System companies (B-1(a) in 70-6624).

*(b) 55—Post-Retirement Plan.

(b) 56—Unit Power Sales Agreement, dated as of June 10, 1982, between MSE and AP&L, LP&L, MP&L and NOPSI (10(a) 39 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

*(b) 57—Contract For Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste, dated June 30, 1983, between DOE, SFI and AP&L.

LP&L

(c) 1—Agreement, dated April 23, 1982, among LP&L and certain other Middle South System companies, relating to System Planning and Development and Intra-System Transactions (10(a) 1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(c) 2—Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(c) 3—Amendment, dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(c) 4—Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(c) 5—Service Agreement with MSS, dated as of April 1, 1963 (5(a)-5 in 2-42523).

(c) 6—Amendment, dated as of January 1, 1972, to Service Agreement with MSS (4(a)-6 in 2-45916).

(c) 7—Availability Agreement, dated June 21, 1974, among MSE and certain other Middle South System companies (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(c) 8—First Amendment to Availability Agreement, dated as of June 30, 1977 (B to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(c) 9—Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(c) 10—First Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with Manufacturers Hanover Trust Company, as Agent (B to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(c) 11—Second Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with United States Trust Company and Malcolm J. Hood, as Trustees (C to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(c) 12—Third Assignment of Availability Agreement, Consent and Agreement, dated as of January 1, 1980, with United States Trust Company and Malcolm J. Hood, as Trustees (5(a)-11 in 2-66638).

(c) 13—Fourth Assignment of Availability Agreement, Consent and Agreement, dated as of March 20, 1980, with Manufacturers Hanover Trust Company, as Agent (B to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(c) 14—Fifth Assignment of Availability Agreement, Consent and Agreement, dated as of June 15, 1981 with Manufacturers Hanover Trust Company, as Agent (D to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(c) 15—Sixth Assignment of Availability Agreement, Consent and Agreement, dated as of February 5, 1982, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(c) 16—Seventh Assignment of Availability Agreement, Consent and Agreement, dated as of February 18, 1983, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(c) 17—Eighth Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1983, with Manufacturers Hanover Trust Company, as Agent (C to Rule 24 Certificate, dated July 11, 1983, in 70-6592).

(c) 18—Ninth Assignment of Availability Agreement, Consent and Agreement, dated as of December 1, 1983, with Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-3 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

(c) 19—Power Purchase Advance Payment Agreement, dated as of June 15, 1981, among MSE and certain other Middle South System companies (F to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(c) 20—Nuclear Fuel Lease, dated as of June 1, 1978, between Bayou Fuel Company and LP&L (B-2(b) to Rule 24 Certificate, dated June 2, 1978, in 70-6159).

(c) 21—Reallocation Agreement, dated as of July 28, 1981, among MSE and certain other Middle South System companies (B-1(a) in 70-6624).

(c) 22—Compromise and Settlement Agreement, dated June 4, 1982, between Texaco and LP&L (28(a) to Form 8-K, dated June 4, 1982, in 0-1236).

*(c) 23—Post-Retirement Plan.

(c) 24—Unit Power Sales Agreement, dated as of June 10, 1982, between MSE and AP&L, LP&L, MP&L and NOPSI (10(a) 39 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

MP&L

(d) 1—Agreement, dated April 23, 1982, among MP&L and certain other Middle South System companies, relating to System Planning and Development and Intra-System Transactions (10(a)-1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(d) 2—Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(d) 3—Amendment, dated February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(d) 4—Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(d) 5—Service Agreement with MSS, dated as of April 1, 1963 (D in 37-63).

(d) 6—Amendment, dated January 1, 1972, to Service Agreement with MSS (A to Notice, dated October 14, 1971, in 37-63).

(d) 7—Availability Agreement, dated June 21, 1974, among MSE and certain other Middle South System companies ("Availability Agreement") (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(d) 8—First Amendment to Availability Agreement, dated as of June 30, 1977 (B to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(d) 9—Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(d) 10—First Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with Manufacturers Hanover Trust Company, as Agent (B to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(d) 11—Second Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with United States Trust Company and Malcolm J. Hood, as Trustees (C to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(d) 12—Third Assignment of Availability Agreement, Consent and Agreement, dated as of January 1, 1980, with United States Trust Company and Malcolm J. Hood, as Trustees (5(a)-11 in 2-66638).

(d) 13—Fourth Assignment of Availability Agreement, Consent and Agreement, dated as of March 20, 1980, with Manufacturers Hanover Trust Company, as Agent (B to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(d) 14—Fifth Assignment of Availability Agreement, Consent and Agreement, dated as of June 15, 1981, with Manufacturers Hanover Trust Company, as Agent (D to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(d) 15—Sixth Assignment of Availability Agreement, Consent and Agreement, dated as of February 5, 1982, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(d) 16—Seventh Assignment of Availability Agreement, Consent and Agreement, dated as of February 18, 1983, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(d) 17—Eighth Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1983, with Manufacturers Hanover Trust Company, as Agent (C to Rule 24 Certificate, dated July 11, 1983, in 70-6592).

(d) 18—Ninth Assignment of Availability Agreement, Consent and Agreement, dated as of December 1, 1983, with Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-3 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

(d) 19—Substitute Power Agreement, dated as of May 1, 1980, between MP&L, MSE and SMEPA (B-3(a) in 70-6337).

(d) 20—Agreement, dated as of January 30, 1981, between AP&L and MP&L, relating to the Independence Station (B-3 in 70-6614).

(d) 21—Amendment No. 1 dated as of June 30, 1981, to Agreement, dated as of January 30, 1981, between AP&L and MP&L, relating to the Independence Station (10(f) (2) in 2-73309).

(d) 22—Power Purchase Advance Payment Agreement, dated as of June 15, 1981, among MSE and certain other Middle South System companies (F to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(d) 23—Reallocation Agreement, dated as of July 28, 1981, among MSE and certain other Middle South System companies (B-1(a) in 70-6624).

*(d) 24—Post-Retirement Plan.

(d) 25—Unit Power Sales Agreement, dated as of June 10, 1982, between MSE and AP&L, LP&L, MP&L and NOPSI (10(a) 39 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

NOPSI

(e) 1—Agreement among NOPSI and certain other Middle South System companies, relating to System Planning and Development and Intra-System Transactions, dated April 23, 1982 (10(a)-1 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(e) 2—Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-2 in 2-41080).

(e) 3—Amendment, dated as of February 10, 1971, to Middle South Utilities System Agency Agreement, dated December 11, 1970 (5(a)-4 in 2-41080).

(e) 4—Middle South Utilities System Agency Coordination Agreement, dated December 11, 1970 (5(a)-3 in 2-41080).

(e) 5—Service Agreement with MSS, dated as of April 1, 1963 (5(a)-5 in 2-42523).

(e) 6—Amendment, dated as of January 1, 1972, to Service Agreement with MSS (4(a)-6 in 2-45916).

(e) 7—Availability Agreement, dated June 21, 1974, among MSE and certain other Middle South System companies (B to Rule 24 Certificate, dated June 24, 1974, in 70-5399).

(e) 8—First Amendment to Availability Agreement, dated June 30, 1977 (B to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(e) 9—Second Amendment to Availability Agreement, dated as of June 15, 1981 (E to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(e) 10—First Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with Manufacturers Hanover Trust Company, as Agent (B to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5399).

(e) 11—Second Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1977, with United States Trust Company and Malcolm J. Hood, as Trustees (C to exhibit A to Rule 24 Certificate, dated June 30, 1977, in 70-5890).

(e) 12—Third Assignment of Availability Agreement, Consent and Agreement, dated as of January 1, 1980, with United States Trust Company and Malcolm J. Hood, as Trustees (5(a)-11 in 2-66638).

(e) 13—Fourth Assignment of Availability Agreement, Consent and Agreement, dated as of March 20, 1980, with Manufacturers Hanover Trust Company, as Agent (B to Rule 24 Certificate, dated March 28, 1980, in 70-5399).

(e) 14—Fifth Assignment of Availability Agreement, Consent and Agreement, dated as of June 15, 1981, with Manufacturers Hanover Trust Company, as Agent (D to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(e) 15—Sixth Assignment of Availability Agreement, Consent and Agreement, dated as of February 5, 1982, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 15, 1982, in 70-6600).

(e) 16—Seventh Assignment of Availability Agreement, Consent and Agreement, dated as of February 18, 1983, with Credit Suisse First Boston Limited, as Agent (C to Rule 24 Certificate, dated February 28, 1983, in 70-6600).

(e) 17—Eighth Assignment of Availability Agreement, Consent and Agreement, dated as of June 30, 1983, with Manufacturers Hanover Trust Company, as Agent (C to Rule 24 Certificate, dated July 11, 1983, in 70-6592).

(e) 18—Ninth Assignment of Availability Agreement, Consent and Agreement, dated as of December 1, 1983, with Citibank, N.A. and Deposit Guaranty National Bank, as Trustee (B-3 to Rule 24 Certificate, dated January 5, 1984, in 70-6913).

(e) 19—1983 Subsidy and Indemnity Agreement, executed as of December 31, 1982 between the City of New Orleans and NOPSI (10(e)24 to Form 10-K for the fiscal year ended December 31, 1982, in 1-1319).

(e) 20—Power Purchase Advance Payment Agreement, dated as of June 15, 1981, among MSE and certain other Middle South System companies (F to Rule 24 Certificate, dated July 1, 1981, in 70-6592).

(e) 21—Reallocation Agreement, dated as of July 28, 1981, among MSE and certain other Middle South System companies (B-1(a) in 70-6624).

*(e) 22—Post-Retirement Plan.

(e) 23—Unit Power Sales Agreement, dated as of June 10, 1982, between MSE and AP&L, LP&L, MP&L and NOPSI (10(a) 39 to Form 10-K for the fiscal year ended December 31, 1982, in 1-3517).

(e) 24—Transfer Agreement, dated as of June 28, 1983, among the City of New Orleans, NOPSI and Regional Transit Authority (2(a) to Form 8-K, dated June 24, 1983, in 1-1319).

(12) Statement Re Computation of Ratios

*(a) AP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

*(b) LP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

*(c) MP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

*(d) NOPSI's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

(13) Annual Report to Security Holders

*(a) MSU's 1983 Annual Report to Shareholders

*(b) AP&L's 1983 Annual Report to Shareholders

*(c) LP&L's 1983 Annual Report to Shareholders

*(d) MP&L's 1983 Annual Report to Shareholders

*(e) NOPSI's 1983 Annual Report to Shareholders

***(22) Subsidiaries of the Registrants**

(24) Consents of Experts and Counsel

*(a) The consent of Deloitte Haskins & Sells is contained herein at page 74.

*(b) The consent of Messrs. Friday, Eldredge & Clark is contained herein at page 75.

*(c) The consent of Monroe & Lemann (A Professional Corporation) is contained herein at page 76.

*(d) The consent of Wise Carter Child & Caraway, Professional Association, is contained herein at page 77.

*(e) The consent of W. C. Nelson, Esq. is contained herein at page 78.

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1984

Commission File Number	Company	I. R. S. Employer Identification No.
1-3517	MIDDLE SOUTH UTILITIES, INC. (A Florida Corporation) 225 Baronne Street New Orleans, Louisiana 70112 Telephone (504) 529-5262	13-5550175
0-375	ARKANSAS POWER & LIGHT COMPANY (An Arkansas Corporation) P. O. Box 551 Little Rock, Arkansas 72203 Telephone (501) 371-4000	71-0005900
0-1236	LOUISIANA POWER & LIGHT COMPANY (A Louisiana Corporation) 142 Delaronde Street New Orleans, Louisiana 70174 Telephone (504) 366-2345	72-0245590
0-320	MISSISSIPPI POWER & LIGHT COMPANY (A Mississippi Corporation) P. O. Box 1640 Jackson, Mississippi 39205 Telephone (601) 969-2311	64-0205830
1-1319	NEW ORLEANS PUBLIC SERVICE INC. (A Louisiana Corporation) 317 Baronne Street New Orleans, Louisiana 70112 Telephone (504) 595-3100	72-0273040

Common Stock Outstanding		Outstanding at April 30, 1984
Middle South Utilities, Inc.	($5 par value)	170,683,282

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes ✓ No ____

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
INDEX TO QUARTERLY REPORT ON FORM 10-Q

March 31, 1984

This combined Form 10-Q is separately filed by Middle South Utilities, Inc., Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other companies.

DEFINITIONS

The following abbreviations or acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
ECC	Arkansas Electric Cooperative Corporation
FDC	Allowance for Funds used During Construction
NO	AP&L's Arkansas Nuclear One Generating Station
P&L	Arkansas Power & Light Company
PSC	Arkansas Public Service Commission
ailability Agreement	Availability Agreement, dated June 21, 1974, between MSE and the System operating companies, as amended, and the assignments thereof
uncil	Council of the City of New Orleans
IP	Construction Work in Progress
RC	Federal Energy Regulatory Commission
rm 10-K	Annual Report on Form 10-K
and Gulf 1	Unit No. 1 of the Grand Gulf Station
and Gulf 2	Unit No. 2 of the Grand Gulf Station
and Gulf Station	MSE's Grand Gulf Generating Station (nuclear)
lding Company Act	Public Utility Holding Company Act of 1935
dependence Station	AP&L's and MP&L's Independence Steam Electric Generating Station (coal)
S	Internal Revenue Service
H	Kilowatt - Hours
&L	Louisiana Power & Light Company
SC	Louisiana Public Service Commission
F	1,000 cubic feet
Middle South System or System	MSU and its various direct and indirect subsidiaries
MP&L	Mississippi Power & Light Company
MPSC	Mississippi Public Service Commission
MSE	Middle South Energy, Inc.
MSS	Middle South Services, Inc.
MSU	Middle South Utilities, Inc.
New System Agreement	Agreement, effective January 1, 1983, subject to refund, among the System operating companies, relating to the sharing of generating capacity and other power resources
NOPSI	New Orleans Public Service Inc.
NRC	Nuclear Regulatory Commission
Power Purchase Advance Payment Agreement	Agreement, effective June, 1981, between MSE and the System operating companies, relating to advance payments for power purchases
PSCM	Public Service Commission of Missouri
Reallocation Agreement	Agreement, effective November 1981, among the System operating companies and MSE relating to the capacity of the Grand Gulf Station
SEC	Securities and Exchange Commission
SFI	System Fuels, Inc.

DEFINITIONS (concluded)

Abbreviation or Acronym	Term
System Agreement..	Agreement, effective July 2, 1973, among the System operating companies, relating to the sharing of generating capacity and other power sources
System operating companies.......	AP&L, LP&L, MP&L and NOPSI
Unit Power Sales Agreement.......	Agreement, dated as of June 10, 1982, among the System operating companies and MSE, relating to sale of capacity and energy from MSE's share of the Grand Gulf Station

Abbreviation or Acronym	Term
United...........	United Gas Pipe Line Company
Waterford 3.......	Unit No. 3 of the Waterford Station
Waterford Station.........	LP&L's Waterford Steam Electric Generating Station (nuclear)
White Bluff Station.........	AP&L's White Bluff Steam Electric Generating Station (coal)
Wilton Station....	LP&L's and NOPSI's Wilto Steam Electric Generat Station (coal)

Deloitte
Haskins+Sells

39th Floor
One Shell Square
New Orleans, Louisiana 70139
(504) 581-2727
Cable DEHANDS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Middle South Utilities, Inc.,
Its Directors and Stockholders:

We have made a review of the condensed consolidated financial statements of Middle South Utilities, Inc. and subsidiaries and the condensed financial statements of certain of its subsidiaries, as listed in the accompanying index, as of March 31, 1984 and for the three-month periods ended March 31, 1984 and 1983, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the aforementioned condensed financial statements as of March 31, 1984 and for the three-month periods ended March 31, 1984 and 1983, for them to be in conformity with generally accepted accounting principles.

We have previously examined, in accordance with generally accepted auditing standards, the consolidated financial statements (not presented herein) of Middle South Utilities, Inc. and subsidiaries and of Arkansas Power & Light Company and subsidiary and the financial statements (not presented herein) of Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc. as of December 31, 1983 and 1982 and for each of the three years in the period ended December 31, 1983 and have expressed our unqualified opinions dated February 20, 1984. In our opinion, the information set forth in the accompanying condensed consolidated balance sheets of Middle South Utilities, Inc. and subsidiaries and of Arkansas Power & Light Company and subsidiary and the condensed balance sheets of Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc. as of December 31, 1983 is fairly stated in all material respects in relation to the balance sheets from which it has been derived.

DELOITTE HASKINS & SELLS

May 4, 1984

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$ 5,736,513	$ 5,688,426
Natural gas	118,573	117,848
Construction work in progress	6,164,583	5,923,619
Nuclear fuel	215,068	212,524
Total	12,234,737	11,942,417
Less - Accumulated depreciation	1,736,592	1,694,475
Utility plant - net	10,498,145	10,247,942
Other Property and Investments	74,280	75,979
Current Assets:		
Cash	14,950	2,843
Special deposits	11,598	12,507
Temporary investments - at cost, which approximates market	14,404	9,129
Notes receivable	2,759	2,663
Accounts receivable:		
Customer (less allowance for doubtful accounts of (in thousands) $4,120 in 1984 and $3,893 in 1983)	160,831	174,936
Other	46,370	43,025
Accrued unbilled revenues (Note 2)	34,530	....
Receivable from gas supplier (Note 3)	....	250,000
Deferred fuel cost	(19,642)	3,698
Fuel inventory - at average cost	133,264	110,076
Materials and supplies - at average cost	63,862	61,845
Other	49,945	26,177
Total	512,871	696,899
Deferred Debits	80,704	79,847
TOTAL	$11,166,000	$11,100,667

See Notes to Consolidated Financial Statements.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $5 par value, authorized 250,000,000 shares; issued and outstanding 168,630,425 shares in 1984 and 166,082,128 shares in 1983 (Note 4)...	$ 843,152	$ 830,411
Paid-in capital	1,291,351	1,271,152
Retained earnings (Note 5)	960,879	899,979
Total common shareholders' equity	3,095,382	3,001,542
Subsidiaries' preferred stock without sinking fund..	330,967	330,967
Subsidiaries' preferred stock with sinking fund	428,156	429,601
Long-term debt	5,194,264	5,032,175
Total	9,048,769	8,794,285
Current Liabilities:		
Notes payable (Note 1):		
Banks	117,396	114,573
Commercial paper	124,000	123,000
Other	54,080	50,471
Currently maturing long-term debt	103,456	228,009
Accounts payable	203,116	264,892
Gas contract settlement - liability to customers (Note 3)	56,403	58,884
Customer deposits	54,131	53,285
Taxes accrued	74,025	75,576
Accumulated deferred income taxes	9,145	1,980
Interest accrued	161,294	161,965
Dividends declared	93,588	92,583
Other	62,496	63,720
Total	1,113,130	1,288,938
Deferred Credits:		
Accumulated deferred income taxes	386,386	370,166
Accumulated deferred investment tax credits	72,976	73,849
Gas contract settlement - liability to customers (Note 3)	452,348	475,000
Other	57,562	61,377
Total	969,272	980,392
Reserves	34,829	37,052
Commitments and Contingencies (Note 1)		
TOTAL	$11,166,000	$11,100,667

See Notes to Consolidated Financial Statements.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Operating Revenues:		
Electric	$656,718	$580,418
Natural gas	83,331	70,748
Total	740,049	651,166
Operating Expenses:		
Operation:		
Fuel for electric generation	207,609	184,670
Purchased power	86,367	99,411
Gas purchased for resale	58,505	62,897
Deferred fuel and other	106,555	94,042
Maintenance	33,567	36,151
Depreciation	47,506	44,675
Taxes other than income taxes	28,455	27,282
Income taxes	55,344	16,708
Total	623,908	565,836
Operating Income	116,141	85,330
Other Income:		
Allowance for equity funds used during construction	73,295	56,371
Miscellaneous income and deductions - net	2,347	3,796
Income taxes - credit	46,547	34,862
Total	122,189	95,029
Interest and Other Charges:		
Interest on long-term debt	146,964	122,739
Other interest - net	8,782	17,099
Allowance for borrowed funds used during construction	(54,277)	(40,749)
Preferred dividend requirements of subsidiaries	20,319	18,863
Total	121,788	117,952
Income Before Cumulative Effect of a Change in Accounting Method	116,542	62,407
Cumulative Effect to January 1, 1984 of Accruing Unbilled Revenues (net of income taxes of $16,548 thousand) (Note 2)	17,626	....
Net Income	$134,168	$ 62,407
Earnings Per Average Common Share:		
Before cumulative effect of a change in accounting method	$ 0.69	$ 0.43
Cumulative effect to January 1, 1984 of accruing unbilled revenues-net (Note 2)	0.11	....
Total	$ 0.80	$ 0.43
Dividends Declared Per Common Share	$ 0.435	$ 0.425
Average Number of Common Shares Outstanding	168,212,879	144,730,127

See Notes to Consolidated Financial Statements.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN CONSOLIDATED FINANCIAL POSITION
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Funds Provided By:		
Operations:		
Income before cumulative effect of a change in accounting method (Note 2)	$ 116,542	$ 62,407
Cumulative effect (Note 2)	17,626	....
Net income	134,168	62,407
Depreciation	47,506	44,675
Deferred income taxes and investment tax credit adjustments - net	22,512	(18,234)
Allowance for funds used during construction	(127,572)	(97,120)
Total funds provided by operations	76,614	(8,272)
Other:		
Allowance for funds used during construction	127,572	97,120
Funds on hand or due from gas supplier (Note 3)	248,260	419,317
Gas contract settlement (Note 3)	(25,133)	(415,012)
Deferred costs relating to SFI's fuel acquisition program	3,680	1,130
Miscellaneous - net	....	7,247
Total funds provided excluding financing transactions	430,993	101,530
Financing transactions:		
Common stock (Note 4)	32,877	161,811
Preferred stock	....	85,000
First mortgage bonds	....	225,000
Promissory notes and other long-term debt	64,395	130,055
Short-term securities - net	3,897	....
Total funds provided by financing transactions	101,169	601,866
Total funds provided	$ 532,162	$ 703,396
Funds Applied To:		
Utility plant additions:		
Construction expenditures for utility plant	$ 296,513	$ 300,961
Nuclear fuel	2,544	8,069
Total gross additions (includes allowance for funds used during construction)	299,057	309,030
Other:		
Dividends declared on common stock	73,268	63,526
Accrued unbilled revenues	34,530	....
Increase in working capital*	89,538	56,711
Miscellaneous - net	7,221	....
Total other funds applied	204,557	120,237
Financing transactions:		
Redemption of preferred stock	1,437	2,397
Retirement of first mortgage bonds	965	12,895
Retirement of promissory notes and other long-term debt	26,146	81,473
Short-term securities - net	....	177,364
Total funds applied to financing transactions	28,548	274,129
Total funds applied	$ 532,162	$ 703,396

*Working capital does not include short-term securities, gas contract settlement, current maturities of long-term debt, or deferred taxes included in current liabilities. The 1984 net increase in working capital is primarily due to a decrease in accounts payable; the 1983 net increase in working capital is primarily due to a decrease in accounts payable offset by decreases in customer accounts receivable and deferred fuel cost.

See Notes to Consolidated Financial Statements.

NOTE 1. COMMITMENTS AND CONTINGENCIES

At March 31, 1984 the Middle South System's construction program contemplated expenditures of approximately $1,299.2 million in 1984, $798.5 million in 1985, and $828.7 million in 1986 (including AFDC of $505.8 million in 1984, $121.1 million in 1985, and $167.8 million in 1986). Substantial additional capital requirements would result in the period 1984-1986 if certain costs associated with Grand Gulf 1 and Waterford 3 are deferred in accordance with rate moderation proposals contained in retail rate applications filed by System operating companies (See Part II, Item 1 - "Legal Proceedings"). Of these expenditures, $418.4 million, $326.9 million, and $387.9 million, respectively (including AFDC of $313.3 million in 1984, $103.6 million in 1985, and $145.7 million in 1986), are applicable to MSE's 90% ownership interest in the Grand Gulf Station, a two-unit nuclear generating station. MSE currently estimates the commercial operation date of Grand Gulf 1 to be in the fourth quarter of 1984 at a total cost (excluding nuclear fuel) of approximately $2.9 billion for its 90% ownership interest. A limited amount of construction on Grand Gulf 2 was performed during the first quarter of 1984. Full resumption of construction on Grand Gulf 2 and the cost to complete Grand Gulf 2 will be dependent, among other things, upon completion and commercial operation of Grand Gulf 1. Through March 31, 1984, MSE had invested $3,442.3 million in the Grand Gulf Station. MSE estimates, pending a final review of the cost allocation between the two units upon the completion of Grand Gulf 1, that of this total, $2,706.2 million was invested in Grand Gulf 1 and $736.1 million in Grand Gulf 2.

In connection with Grand Gulf, MSU has undertaken, to the extent not obtained by MSE from other sources, to furnish or cause to be furnished to MSE sufficient capital for construction and operation of the station and related purposes. Through March 31, 1984, MSU had invested $691.9 million in the common stock of MSE. In addition, at March 31, 1984 MSE's outstanding debt included short-term borrowings of $96.3 million, bank borrowings of $1,514 million (which are due December 31, 1986) under a $1,711 million revolving loan agreement with a group of domestic banks, bank borrowings of $378 million (which are due February 5, 1989) under a $378 million revolving loan agreement with a group of foreign banks, $49.5 million of Claiborne County, Mississippi Pollution Control Revenue Bonds due December 1, 2013, $328 million of First Mortgage Bonds 9.25% Series due 1989, and $98.5 million of First Mortgage Bonds 12.50% Series due 2000.

MSE is obligated to make annual cash sinking fund payments with respect to its first mortgage bonds in varying amounts designed to retire $349.5 million of those bonds by maturity, including a $48 million payment due July 1, 1984. In addition, MSE is obligated to make prepayments of $100 million at the end of both 1984 and 1985 under its $1,711 million loan agreement. With respect to its $378 million loan agreement, MSE is obligated, commencing February 5, 1985, to make semi-annual prepayments of one-ninth of the amount of borrowings outstanding on the date that these revolving credit borrowings convert to a term loan. MSE has covenanted with the bondholders that it will complete Grand Gulf 1 no later than December 31, 1984 and that Grand Gulf 2 will be completed no later than December 31, 1988. Either unit would be considered complete under the covenant if, among other things, it were licensed and ready for commercial operation. In the event either of these covenants is not fulfilled or MSE defaults in respect of either the bonds or the bank borrowings, the bonds and the bank borrowings will become due and payable unless extensions of time can be arranged. In this event, MSU would be required to provide MSE with sufficient funds, to the extent not obtained by MSE from other sources, to meet the payment obligations of MSE with respect to any of the bonds and bank borrowings under the $1,711 million and $378 million revolving loan agreements then outstanding.

Reference is made to "Construction Program - Nuclear - Grand Gulf Station" in Form 10-K and to the factors described therein which have delayed full power licensing for and commercial operation of Grand Gulf 1. To extend its financing resources in the event commercial operation of the unit is delayed further for these or any other reasons, MSE is seeking from its principal creditor groups various approvals and consents to achieve the following: extension of the revolving periods under both the domestic and foreign bank loan agreements to June 30, 1985; elimination of the $100 million prepayment due in 1984 under the domestic bank loan agreement and of the $42 million prepayment due in February 1985 under the foreign bank loan agreement; extension of the stipulated completion date for Grand Gulf 1 in the Mortgage and the stipulated start-up date of Availability Agreement payments in respect of Grand Gulf 1 from December 31, 1984 to December 31, 1985; extension of maturity of the foreign bank loans from February to August, 1989; and extension of the Power Purchase Advance Payment Agreement payments (referred to below) from December 31, 1984 to December 31, 1985.

MSE believes that its resources will be adequate in 1984 to enable it to finance its share of the cost of completing Grand Gulf 1 and to meet its sinking fund requirements on outstanding debt through a combination of the changes described in the preceding paragraph and sales of additional common stock to MSU, together with the planned sale of additional pollution control revenue bonds and bank borrowings. In the event that capital requirements for completion of Grand Gulf 1 are increased as a result of a further delay in commercial operation or for any other reason, MSE will require substantial additional external financing, the source or availability of which cannot be predicted at this time.

MSE's foreign and domestic loan agreements were amended to extend the period during which revolving loans may be made from December 30, 1983 to June 30, 1984. MSE is presently required to convert borrowings under these agreements to term loans as of June 30, 1984 but, as noted above, is seeking to extend the revolving periods to the end of 1985. The conversions are subject to MSE's fulfilling certain conditions and obtaining waivers of certain other conditions. If the planned extensions are not accomplished and waivers cannot be obtained and the remaining conditions cannot be fulfilled, the bank loans will then be due and payable.

Following commencement of commercial operation of Grand Gulf 1, MSE will require substantial funds to finance maturing indebtedness, including the December 31, 1986 maturity of its $1,711 million domestic loan agreement, to meet sinking fund obligations, and to finance continuation of construction of Grand Gulf 2. MSE expects to obtain a significant portion of such funds through its receipt of payments from the sale of power to the System operating companies under the Unit Power Sales Agreement, approval of the terms of which is currently pending in a proceeding before the FERC. The balance of amounts needed by MSE for refinancing and construction of Grand Gulf 2 will be obtained from external sources. MSE's ability, generally, to obtain new funds externally will depend on a number of factors, including the results of retail rate proceedings filed by the System operating companies for recovery of Grand Gulf 1 costs (See Part II, Item 1 - "Legal Proceedings"), contractual restrictions contained in MSE's first mortgage bond indenture and credit agreements, market conditions, the availability of financing sources, and the credit ratings of MSE's securities. MSE expects during the period from commercial operation through December 31, 1986 to retire a significant portion of the indebtedness under the domestic loan agreement through use of internal funds and funds obtained through the issuance of common stock, first mortgage bonds, and preferred stock. In addition, during such period, MSE would seek to extend, for a limited period, the maturity of a portion of the borrowings under the domestic loan agreement.

The System operating companies are obligated under the Availability Agreement in accordance with stated percentages (AP&L 17.1%, LP&L 26.9%, MP&L 31.3%, NOPSI 24.7%) to make payments or subordinated advances adequate to cover all of the operating expenses and certain of the capital costs of MSE. In addition under the Power Purchase Advance Payment Agreement the System operating companies agreed, if Grand Gulf 1 were not placed in commercial operation by December 31, 1983, to make advance payments to MSE for power purchases which in the aggregate total $12.5 million per month. Such payments, adjusted to exclude AP&L as contemplated by the agreement discussed in the next paragraph, commenced January 2, 1984 and will continue until commercial operation of Grand Gulf 1 or December 31, 1984, whichever occurs earlier. As noted above, MSE, in conjunction with other changes to its credit agreements, is proposing to extend the December 31, 1984 date to December 31, 1985.

Effective November 1981, the System operating companies entered into a Reallocation Agreement allocating the capacity and energy available to MSE from Grand Gulf 1 and 2 as follows: LP&L, 38.57% and 26.23%, MP&L, 31.63% and 43.97%, and NOPSI, 29.80% and 29.80%, respectively. This allocation was consistent with a prior allocation of capacity and energy for the units among LP&L, MP&L, and NOPSI, pursuant to a memorandum of understanding executed by the System operating companies on July 21, 1980. Under the Reallocation Agreement, LP&L, MP&L, and NOPSI, in proportion to such allocations, have agreed to assume and hold AP&L harmless from all of the responsibilities and obligations of AP&L with respect to the Availability Agreement and the Power Purchase Advance Payment Agreement and, in consideration thereof, AP&L has relinquished its rights in the Grand Gulf Station. Each of the System operating companies, including AP&L, will, however, remain primarily liable to MSE and its assignees for payments or advances under the Availability Agreement and the Power Purchase Advance Payment Agreement in accordance with the respective original percentages set forth in the immediately preceding paragraph. AP&L would be obligated to make its share of the payments or advances only if the other System operating companies were unable to meet their contractual obligations.

LP&L, MP&L, and NOPSI have requested or will request from their respective state public utility commissions rate adjustments adequate to permit them to meet their obligations to MSE to purchase power under the Unit Power Sales Agreement. An Administrative Law Judge (ALJ) of the FERC has rendered his initial decision regarding such Agreement. The ALJ has deferred any decision on Grand Gulf 2 and has recommended that capacity and energy from Grand Gulf 1 be allocated to AP&L as well as the other operating companies. The ALJ has rendered his decision which allocates Grand Gulf 1, 36% to AP&L, 14% to LP&L, 33% to MP&L, and 17% to NOPSI, compared to MSE's request that such costs be allocated 38.6% to LP&L, 31.6% to MP&L, and 29.8% to NOPSI. This decision, which AP&L is opposing, is subject to review of the FERC. AP&L has filed with the APSC and the PSCM for increases in rates to recover any revenue requirements in the event AP&L is required to make payments to MSE for costs associated with the Grand Gulf Station. LP&L and NOPSI have filed applications with the LPSC for increases in rates to recover their revenue requirements resulting from any obligation to purchase power under the Unit Power Sales Agreement.

On April 30, 1982, MSS, on behalf of the System operating companies, filed for approval with the FERC a new agreement providing for the coordinated planning, construction, and operation of its generation and transmission facilities. Rates under the new agreement became effective on January 1, 1983, subject to refund. Various parties have intervened in these proceedings. Some parties are contesting the method by which the agreement equalizes capacity and energy among the System operating companies and certain proposals, if adopted, could cause significant changes in the allocation of costs among the companies. Testimony was concluded in December 1983. On February 2, 1984, MSS notified the presiding ALJ, designated by the FERC to hear this proceeding, that LP&L, MP&L, and NOPSI will support an alternate cost allocation method designed to bring about a form of equalization of production costs among the operating companies and that AP&L will continue to support the original proposal. Subsequently, LP&L, MP&L, and NOPSI filed Statements of Separate Positions pursuant to the notice filed by MSS. The matter is pending before the ALJ.

In connection with a Show Cause Order issued by the MPSC relative to the need for, and continued construction of, Grand Gulf 2, MSE has filed testimony supporting the continued construction of Grand Gulf 2 as an economical option for providing the Middle South System capacity needed to meet projected System loads. Current projected loads reflect a need for additional capacity of the size of Grand Gulf 2 in 1990. Based on an economic and feasibility study on the construction of Grand Gulf 2 which assumed resumption of full construction in July 1984, the commercial operation date of the unit would be April 1990 with a total construction cost for MSE's 90% ownership interest of $3.44 billion. MSE has covenanted with bondholders that it will complete Grand Gulf 2 no later than December 31, 1988. MSE plans to seek from its creditors whatever waivers or amendments are necessary to change the stipulated completion date relative to Grand Gulf 2.

If, as a result of the effects of the MPSC proceeding, it is ultimately decided, however, that Grand Gulf 2 should be cancelled, MSE believes that its investment in Grand Gulf 2 will be determined to have been prudent and MSE will take all actions necessary before administrative agencies and courts to recover its investment in Grand Gulf 2 through rate relief and thereby seek to minimize the effects of cancellation on the Middle South System's financial condition.

SFI is a jointly-owned subsidiary of the System operating companies. SFI operates on a non-profit basis for the purpose of planning and implementing programs for the procurement of fuel supplies for the operating companies; its costs are primarily recovered through charges for fuel delivered. The common stock of SFI is owned 35% by AP&L, 33% by LP&L, 19% by MP&L, and 13% by NOPSI.

In connection with certain of SFI's borrowing arrangements, SFI's parent companies have covenanted and agreed, severally in accordance with their respective shares of ownership of SFI's common stock, that they will take any and all action necessary to keep SFI in a sound financial condition and to place SFI in a position to discharge, and to cause SFI to discharge, its obligations under these arrangements. At March 31, 1984 the total loan commitment under these arrangements amounted to $295.0 million of which $178.1 million was outstanding. Also, SFI's parent companies have made similar covenants and agreements in connection with long-term leases by SFI of oil storage and handling facilities and coal hopper cars. At March 31, 1984 the aggregate discounted value of these lease arrangements was $75.4 million. In addition, MSU has guaranteed the obligations of SFI in connection with long-term leases of other oil storage and handling facilities and bareboat charters of towboats and barges having, at March 31, 1984, an aggregate discounted value of approximately $36.0 million.

SFI has contracted with a joint venture for a supply of coal from a mine being developed in Wyoming which is expected to provide up to 185 million tons over a period of twenty-six to forty-two years primarily for the Independence Station. By separate agreement, AP&L has contracted to purchase the coal from SFI. SFI's parent companies, each acting in accordance with its share of the ownership of SFI, joined in, ratified, confirmed, and adopted the contract and the obligations of SFI thereunder. Under the contract, investment in the mine for leases, plant, and equipment is the responsibility of the joint venture. In order to limit the joint venture's investment rights and, hence, the amount to be paid to it as a component of the price of coal, the contract provided that SFI invest any funds for plant and equipment in excess of a specified amount. AP&L, MP&L, and AECC, as co-owners in part of the Independence Station, have agreed to make the investments rather than SFI and, accordingly, have reimbursed SFI for investments previously made by it. Mine construction is nearing completion and first contract deliveries were made in January 1984. Through March 31, 1984, AP&L and MP&L had invested $26.0 million and $14.4 million, respectively, in mine facilities and costs incurred by SFI. In addition to these amounts, it is anticipated that approximately $28 million in current dollars, including $7 million in 1984, will be required over the life of the contract. AP&L's and MP&L's respective shares of the additional requirements would be $11.2 million and $7.0 million, including $2.8 million and $1.8 million in 1984.

SFI has a number of contracts for the purchase of fuels for use at various generating stations within the Middle South System. Among the contracts is one for 100 million tons of coal for LP&L's Wilton Station (Reference is made to "Coal" on Page 33 of Form 10-K) and another for 33 million tons of lignite for AP&L's share of a future power station in Arkansas. In addition, SFI has a long-term oil supply agreement with a major oil company providing for the purchase of 25,000 barrels of oil per day through 1996 with an option to reduce, within certain limits, the contract quantity either temporarily or permanently. AP&L is currently purchasing coal for the White Bluff Station under an agreement that will provide approximately 100 million tons of coal over an approximately twenty-year period.

SFI has a long-term program for the acquisition, conversion, and enrichment of nuclear materials required for the fabrication of nuclear fuel which may be utilized in any of the present or proposed Middle South System nuclear generating stations. SFI has firm purchase commitments for the acquisition in 1984 of approximately 500,000 pounds of uranium in various stages of processing.

MSS is developing a standard design for the construction of coal-fueled or lignite-fueled electric generating stations for the Middle South System. As of March 31, 1984, total costs incurred of $36.5 million had been deferred, including capitalized interest costs of $4.5 million. MSS has equipment commitments totaling approximately $282 million relating to this project. MSS will be reimbursed by the System operating companies for the costs of the project.

The Price-Anderson Act limits the public liability of a licensee of a nuclear power plant to $585 million for a single nuclear incident. Insurance for this exposure is provided by private insurance and an indemnity agreement with the NRC. Every licensee of a nuclear power plant is obligated, in the event of a nuclear incident involving any commercial nuclear facility in the United States that results in damages in excess of the private insurance, to pay retrospective assessments of up to $5 million per incident for each licensed reactor it operates or up to a maximum per reactor owned of $10 million in any calendar year. At March 31, 1984 the Middle South System had three licensed reactors.

AP&L is a member-insured of Nuclear Electric Insurance Limited (NEIL), a mutual insurer that provides its members with insurance coverage for certain costs of replacement power incurred due to certain prolonged outages of nuclear units (NEIL I) and for $435 million of coverage for property damage sustained by the insured in excess of $500 million caused by radioactive contamination or other specified damage (NEIL II). MSE is a member-insured under the NEIL II excess property insurance program and MSE and LP&L are member-insureds under a primary property damage insurance program provided by Nuclear Mutual Limited, another mutual insurer. As member-insureds with these mutuals, AP&L, LP&L, and MSE are subject to assessments if losses exceed the accumulated funds available to the insurer. The present maximum assessment for incidents occurring during a policy year is approximately $21 million, $16 million, and $39 million for AP&L, LP&L, and MSE, respectively.

Under the terms of their nuclear fuel leases, three subsidiaries are responsible for the disposal of spent nuclear fuel. These companies consider all costs incurred or to be incurred in the use and disposal of nuclear fuel to be proper components of nuclear fuel expense and provisions to recover such costs have been or will be made in applications to regulatory commissions. The affected Middle South System companies have executed contracts with the Department of Energy (DOE) whereby the DOE will furnish disposal service for the companies' spent nuclear fuel at a cost of one mill per kilowatt-hour of gross generation on or after April 7, 1983 plus one-time fees for discharged fuel and in-core burned fuel. AP&L, through rates and a settlement of a past disposal contract, has recorded the approximately $49.4 million necessary for payment to the DOE for the disposal of all spent nuclear fuel on hand. In addition to the recovery of costs associated with the disposal of spent nuclear fuel, AP&L is recovering a total of approximately $160 million for decommissioning costs for its two nuclear units.

The Federal income tax returns for the years 1971 through 1976 have been examined by the IRS and adjustments have been proposed. The principal issue is whether customer deposits are includable in taxable income. Formal written protests have been filed and conferences have been held with Appeals Officers of the IRS. All issues, other than an issue involving the taxability of customer deposits, have been settled and approved. MSU believes that adequate provisions have been recorded on the books. Any final liability that may result from resolution of the customer deposits issue would not have a material effect on net income, because income taxes on customer deposits would be normalized.

In the interest of increased economic efficiency, LP&L and NOPSI are continuing the development of a plan to consolidate the two companies and their operations into a new company to be called Louisiana Power & Light Company. MSU, which currently owns all of the outstanding common stock of LP&L and NOPSI, would own all of the common stock of the new company.

NOTE 2. CHANGE IN ACCOUNTING METHOD

Prior to December 31, 1983 LP&L recognized revenue when billed. To provide a better matching of revenues and expenses, effective January 1, 1984, LP&L adopted, in March 1984, a change in its accounting method to provide for accrual of the non-fuel portion of estimated unbilled revenues. Unbilled revenues result from energy delivered since the period covered by the latest billings to customers. The cumulative effect of this accounting change as of January 1, 1984 was recorded in March 1984 and increased first quarter 1984 net income approximately $17.6 million.

Had this new accounting method been in effect during 1983, consolidated net income before the cumulative effect would not have been materially different from that shown in the accompanying financial statements.

NOTE 3. SETTLEMENT AGREEMENT WITH GAS SUPPLIER

During the first quarter of 1984, LP&L continued to make refunds to its customers, in accordance with the March 1983 order by the LPSC, in connection with a settlement agreement with a gas supplier. Through March 31, 1984, LP&L had refunded $646.7 million of such funds.

NOTE 4. COMMON STOCK

During the first quarter of 1984 MSU issued and sold the remaining 131,900 shares previously authorized under its continuous offering common stock program. In addition, MSU received SEC authorization in March 1984 to issue and sell an additional 2,000,000 shares of its common stock on a continuous offering basis and by March 31, 1984 had sold 49,900 of such shares. MSU also sold 2,227,493 shares and 139,004 shares through its Dividend Reinvestment and Stock Purchase Plan and Employee Savings Plan, respectively. The proceeds of $32.9 million from these issues were used by MSU to reduce its bank borrowings, to purchase common stock of MSE, and for other corporate purposes. MSU has filed with the SEC for approval to offer an additional 10,000,000 shares of its common stock.

NOTE 5. RETAINED EARNINGS

The Holding Company Act prohibits MSU's subsidiaries from making loans or advances to MSU. The indenture provisions relating to the operating subsidiaries' long-term debt and transfers by such subsidiaries from retained earnings to the stated value of common stock and the provisions of the MSE bank loan agreements and indenture restrict the amount of consolidated retained earnings available for cash dividends on common stock of the subsidiaries. As of March 31, 1984, $166.4 million of consolidated retained earnings were free from such restrictions, including $128.2 million of unrestricted, undistributed retained earnings of MSU's subsidiaries. The unrestricted, undistributed retained earnings of any subsidiary of MSU are not available for distribution to the common stockholders of MSU until such earnings are made available to MSU through the declaration of dividends by any such subsidiary. See Note 2 to NOPSI's Financial Statements - "Retained Earnings".

NOTE 6. RATE MATTERS

See Part II, Item 1. - "Legal Proceedings" for information regarding rate matters of the Middle South System companies.

In the opinion of MSU, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results for the interim periods presented. However, the business of the Middle South System is subject to seasonal fluctuations with the peak period occurring during the summer months. Accordingly, the results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Financial Condition

During the first quarter of 1984, the Middle South System's financial condition showed improvement. This improvement is evidenced by a significant increase in net income as well as an improvement in the quality of net income. Principle reasons for this improvement are rate increases totaling approximately $186.7 million annually granted and implemented during 1983 and the first quarter of 1984, an increase in industrial activity as the economy of the System's service area began to recover from the recession, and a slight reduction in construction expenditures compared to first quarter 1983 expenditures.

The System's ability to continue to improve its financial condition, however, is still dependent upon the placing into commercial operation of two nuclear facilities, presently scheduled for the fourth quarter of 1984, and the concurrent receipt of adequate rate relief to recover the System's investment in the facilities and to earn a return on that investment. The System's investment in CWIP was approximately $6.2 billion at March 31, 1984, as compared to $5.0 billion at the end of the first quarter of 1983. When Grand Gulf 1 and Waterford 3 are placed in commercial operation, the expenditures needed to support the System's construction program will be reduced substantially. Additional rate relief is critical, however, with the commercial operation of the two units because the System operating companies must begin to recover those costs that have not previously been allowed in rates and to earn a return on the investment.

LP&L currently expects to receive an operating license for the Waterford 3 facility in the second quarter of 1984. The license will permit LP&L to load nuclear fuel and to conduct low-power testing. Grand Gulf 1 completed its low-power testing in November 1983 and then was shut down for maintenance. In April 1984, Grand Gulf 1 was restarted and reached approximately 4.0 percent power, which will be maintained until a full-power operating license is granted by the NRC. At that time the facility will proceed into power ascension testing above 5 percent power and ultimate commercial operation.

At April 30, 1984, the System operating companies had approximately $458 million in rate increase requests that were either pending or on appeal. This amount included a $316 million increase in annual revenues filed by LP&L in April 1984 and a $26 million annual increase by NOPSI, also filed in April 1984. The LP&L request is based on additional revenue requirements due to the commercial operation of both Grand Gulf 1 and Waterford 3 and includes a plan to phase into rates a portion of the revenues associated with Waterford 3. NOPSI's request is intended to cover increased revenue requirements associated with Grand Gulf 1 being placed into service and also includes a rate phase-in plan to moderate the initial impact on its customers' bills. Since December 31, 1983, AP&L has filed with the APSC a rate request of approximately $71 million for its Arkansas customers and filed with the PSCM a rate request of approximately $7 million for its Missouri customers. In these requests, AP&L included a contingency increase, over and above the requested amount, that would be effective if the capacity and energy of Grand Gulf 1 is to be allocated to AP&L in addition to the other System operating companies. (See Note 1 to the Consolidated Financial Statements - "Commitments and Contingencies".) AP&L's rate requests also included phase-in plans to mitigate the initial impact on its customers of any Grand Gulf-related rate increases. MP&L has not yet filed a rate increase request in connection with Grand Gulf 1.

Liquidity and Capital Resources

Construction expenditures for the first quarter of 1984 were $296.5 million compared to $301.0 million for the same period a year ago. These expenditures were funded largely through internally generated funds. The estimated construction expenditures for the Middle South System of $1,299.2 million for 1984, $798.5 million for 1985, and $828.7 million for 1986 (including $418.4 million, $326.9 million, and $387.9 million of AFDC in 1984, 1985, and 1986, respectively) are unchanged from the year-end projection.

During the first three months of 1984, MSU sold 2,548,297 shares of its common stock through the dividend reinvestment plan, the employee savings plan, and the continuous offering program for $32.9 million, the proceeds of which were used primarily to reduce its bank borrowings, to purchase the common stock of MSE, and for other corporate purposes. MSU had $12.3 million , bank borrowings outstanding at March 31, 1984 and had unused credit lines of $102.7 million.

The System operating companies issued no long-term securities during the first quarter of 1984. At March 31, 1984, they could have issued under the earnings coverage tests in the instruments governing these securities, in the aggregate, approximately $880.5 million of additional first mortgage bonds (plus any bonds issued for refunding purposes), subject to the availability of bondable property, or $469.0 million of preferred stock, assuming an annual interest rate or preferred dividend rate of 14.5%. The System operating companies had sufficient property additions available at March 31, 1984 to issue approximately $579 in first mortgage bonds on the basis of unfunded bondable property. The operating companies are currently authorized to make short-term bank borrowings in the aggregate of up to the lesser of $443.0 million or 10 percent of capitalization. Unused short-term borrowing authority of the System operating companies at March 31, 1984 amounted to $353.9 million.

MSE's first quarter construction program was financed through the sale of $2.0 million of its common stock to MSU, through $61.0 million of intermediate-term bank borrowings, and through short-term bank borrowings of $59.6 million. At March 31, 1984, $197.0 million of MSE's domestic revolving line of credit remained unused and $3.2 million of its short-term lines were available. (See Note 1 to the Consolidated Financial Statements - "Commitments and Contingencies" for information with respect to the financial capabilities of MSE.)

Results of Operations

Net income and earnings per share for the first quarter of 1984 were $134.2 million and 80 cents, respectively, compared with $62.4 million and 43 cents, respectively, for the first three months of 1983. The significant increases of $71.8 million, or 115 percent, and 37 cents per share, or 86 percent, respectively, were the result of a number of factors. First, revenues for the first quarter of 1984 included the full effect of rate increases implemented during 1983. Also, the effect of rate increases implemented during March 1984 was included in revenues for a part of the quarter. Second, billings in January and February, reflecting record-breaking cold temperatures during the 1983/1984 winter, resulted in an unusual increase in revenues. Third, the recent upswing in economic activity was reflected in an increase in energy sales to industrial customers. Fourth, AFDC for the first quarter of 1984 increased by $30.5 million, or 31.4 percent, over the same quarter in 1983. Fifth, LP&L, effective January 1, 1984, began to accrue the non-fuel portion of estimated unbilled revenues, which result from energy delivered but not yet billed. The cumulative effect of this accounting change, which was recorded in March 1984, was to increase first quarter 1984 net income by $17.6 million, or 11 cents per share. (See Note 2 to the Consolidated Financial Statements - "Change in Accounting Method".) Finally, for comparative purposes, net income for the first quarter of 1983 was unusually depressed due to low electric and gas energy sales, which decreased from those recorded during the first quarter of 1982. In addition, purchased power expense and maintenance expense were both high during the first quarter of 1983 because an extended maintenance period during and following refueling at ANO 1 caused a loss of nuclear generation and additional maintenance costs during that period.

AFDC increased to $127.6 million for the first quarter of 1984 compared to $97.1 million for the first three months of 1983. Despite this increase, the quality of the first quarter 1984 consolidated earnings improved as AFDC as a percent of net income decreased to 95 percent. AFDC as a percent of income before the cumulative effect of the accounting change, referred to above, was 109 percent, which was still an improvement over the first quarter 1983 percentage of 156 percent as well as the first quarter 1982 percentage of 114 percent. AFDC, which reflects the System's increasing investment in CWIP, will remain a substantial portion of net income until the two nuclear generating stations scheduled for commercial operation in the latter part of 1984 are placed in service.

Electric operating revenues for the first quarter of 1984 were $656.7 million, an increase of $76.3 million, or 13.1 percent, over the first quarter of 1983. The increase was due to an unusual increase in energy sales that resulted from colder than normal weather conditions, to rate increases implemented during 1983 and the first quarter of 1984, and to an increase in industrial activity.

Energy sales to retail customers increased 12.1 percent during the first quarter of 1984 compared to the same quarter a year ago. The increase was due to a 16.5 percent increase in KWH sales to residential customers and an 11.1 percent increase in KWH sales to commercial customers, both of which resulted from colder than normal weather conditions during the 1983/1984 winter. Also, the 10.1 percent increase in KWH sales to industrial customers reflects the improvement in industrial activity in much of the System's service area.

Gas operating revenues for the first quarter of 1984 were $83.3 million, an increase of $12.6 million, or 17.8 percent, compared to the corresponding quarter in 1983. The increase is due to a 21.5 percent increase in MCF sales resulting from the unusually cold weather and to a NOPSI rate increase implemented in December 1983. Gas purchased for resale decreased for the first quarter of 1984 by 7.0 percent from the first quarter of 1983 because of a decrease in the price of purchased gas.

The decrease in other interest-net of $8.3 million, or 48.6 percent, during the first quarter of 1984 as compared to the same period a year ago was due to a reduction in the average outstanding amount of short-term borrowings from external sources during the quarter.

Income tax expense increased by $50.3 million for the 1984 quarter, or 97.6 percent, because the increase in pre-tax book income was greater than the offsetting increase in recorded AFDC.

Summary

The System's overall financial condition improved during the first quarter of 1984. The increase in net income as well as the quality of those earnings, resulting principally from the recent rate increases granted for certain of the System operating companies, the improvement in business activity in the System's service area, and the leveling off of construction expenditures during the quarter, are indicative of the System's improved financial condition. However, the ability of the System operating companies to secure adequate and timely rate relief as a result of their rate increase requests either currently pending or to be filed before their public service commissions to cover the costs associated with the in-service status of Waterford 3 and Grand Gulf 1 will have a significant effect on their ability to continue to improve in the future. Such financial improvement is essential if the System operating companies are to be able to provide the generating capacity and other resources necessary to serve the present and future energy requirements of their customers and if MSU is to provide a reasonable return to its stockholders.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$2,911,084	$2,871,858
Natural gas	38,542	38,435
Construction work in progress	305,937	306,398
Nuclear fuel	16,819	24,979
Total	3,272,382	3,241,670
Less - Accumulated depreciation	701,320	679,055
Utility plant - net	2,571,062	2,562,615
Other Property and Investments:		
Investment in subsidiary companies - at equity	36,165	36,165
Other - at cost (less accumulated depreciation)	588	664
Total	36,753	36,829
Current Assets:		
Cash and special deposits	12,172	7,831
Temporary investments - at cost, which approximates market:		
Associated companies	38,000	29,000
Other	5,453	2,060
Notes receivable - net	1,683	1,622
Accounts receivable:		
Customer (less allowance for doubtful accounts of (in thousands) $2,306 in 1984 and $2,179 in 1983)	59,199	71,007
Associated companies	15,486	23,555
Other	16,932	17,918
Deferred fuel cost	(9,766)	5,717
Fuel inventory - at average cost	71,866	44,610
Materials and supplies - at average cost	38,009	33,711
Other	9,993	10,750
Total	259,027	247,781
Deferred debits	13,693	12,292
TOTAL	$2,880,535	$2,859,517

See Notes to Consolidated Financial Sta ments.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $12.50 par value, authorized 325,000,000 shares; issued and outstanding 54,980,196 shares....	$ 687,252	$ 687,252
Paid-in capital..................................	6,108	6,045
Retained earnings (Note 2).......................	29,583	28,158
Total common shareholder's equity................	722,943	721,455
Preferred stock without sinking fund.............	126,890	126,890
Preferred stock with sinking fund................	132,486	133,931
Long-term debt...................................	1,198,146	1,197,588
Total..	2,180,465	2,179,864
Current Liabilities:		
Currently maturing long-term debt................	8,865	9,865
Accounts payable:		
Associated companies.............................	3,124	6,896
Other..	86,277	87,007
Customer deposits................................	6,966	6,723
Taxes accrued....................................	48,087	35,784
Accumulated deferred income taxes................	(3,080)	2,798
Interest accrued.................................	40,370	43,975
Dividends declared...............................	32,902	26,254
Nuclear refueling reserve........................	8,367	12,651
Other..	45,010	41,960
Total..	276,888	273,913
Deferred Credits:		
Accumulated deferred income taxes................	258,739	246,640
Accumulated deferred investment tax credits......	141,641	129,252
Other..	16,134	20,660
Total..	416,514	396,552
Reserves...	6,668	9,188
Commitments and Contingencies (Note 1)		
TOTAL..	$2,880,535	$2,859,517

See Notes to Consolidated Financial Statements.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
STATEMENTS OF CONSOLIDATED INCOME
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Operating Revenues:		
Electric	$289,301	$224,459
Natural gas	26,403	23,913
Total	315,704	248,372
Operating Expenses:		
Operation:		
Fuel for electric generation	82,904	58,342
Purchased power	33,225	44,968
Gas purchased for resale	20,476	19,168
Deferred fuel and other	50,869	42,185
Maintenance	11,342	13,793
Depreciation	23,925	22,581
Taxes other than income taxes	8,866	8,843
Income taxes	26,230	3,975
Total	257,837	213,855
Operating Income	57,867	34,517
Other Income:		
Allowance for equity funds used during construction	5,227	5,100
Miscellaneous income and deductions - net	1,585	3,052
Income taxes - credit	1,806	1,435
Total	8,618	9,587
Interest and Other Charges:		
Interest on long-term debt	30,080	29,393
Other interest - net	1,792	1,460
Allowance for borrowed funds used during construction	(2,694)	(2,538)
Total	29,178	28,315
Net Income	$ 37,307	$ 15,789

See Notes to Consolidated Financial Statements.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
STATEMENTS OF CHANGES IN CONSOLIDATED FINANCIAL POSITION
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Funds Provided By:		
Operations:		
Net income	$37,307	$15,789
Depreciation	23,925	22,581
Deferred income taxes and investment tax credit adjustments - net	18,610	5,731
Allowance for funds used during construction	(7,921)	(7,638)
Total funds provided by operations	71,921	36,463
Other:		
Allowance for funds used during construction	7,921	7,638
Decrease in working capital*	11,000	....
Miscellaneous - net	....	6,644
Total funds provided excluding financing transactions	90,842	50,745
Financing transactions:		
First mortgage bonds	....	25,000
Other long-term debt	1,447	1,340
Book value of utility plant sold	....	291
Short-term securities - net	....	18,305
Total funds provided by financing transactions	1,447	44,936
Total funds provided	$92,289	$95,681
Funds Applied To:		
Utility plant additions:		
Construction expenditures for utility plant	$40,832	$40,257
Nuclear fuel	(8,160)	(1,339)
Total gross additions (includes allowance for funds used during construction)	32,672	38,918
Other:		
Dividends declared on preferred stock	6,083	6,223
Dividends declared on common stock	29,799	18,536
Investment in subsidiary company (Note 1)	....	232
Increase in working capital*	....	28,480
Miscellaneous - net	7,940	....
Total other funds applied	43,822	53,471
Financing transactions:		
Redemption of preferred stock	1,437	2,397
Retirement of first mortgage bonds	965	895
Retirement of other long-term debt	1,000	....
Short-term securities - net	12,393	....
Total funds applied to financing transactions	15,795	3,292
Total funds applied	$92,289	$95,681

*Working capital does not include short-term securities, current maturities of long-term debt, or deferred taxes included in current liabilities. The 1984 net decrease in working capital is primarily due to decreases in accounts receivable and deferred fuel cost, partially offset by an increase in fuel inventory. The 1983 net increase in working capital is primarily due to a decrease in accounts payable.

See Notes to Consolidated Financial Statements.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. COMMITMENTS AND CONTINGENCIES

At March 31, 1984 AP&L's construction program contemplated expenditures (including AFDC) of approximately $258.7 million in 1984, $219.4 million in 1985, and $201.2 million in 1986.

The parent companies of SFI have agreed to make loans to SFI to finance its fuel supply business under a loan agreement dated January 3, 1984, which provides for SFI to borrow up to $125 million from its parent companies through December 31, 1984. As of March 31, 1984 AP&L had made no loans to SFI under this agreement and AP&L's share of the unused loan commitment was $40 million. Notes under this agreement mature December 31, 2009. In addition, AP&L had loaned SFI $36 million under previous loan agreements. Notes mature in 2002 and 2008 under provisions of the previous loan agreements.

AP&L has agreed to purchase over an approximately twenty-year period, 100 million tons of coal for use at the White Bluff Station presently in commercial operation. SFI has entered into a contract with a joint venture for a supply of coal from a mine in Wyoming, which is expected to provide up to 185 million tons over a period of twenty-six to forty-two years primarily for the Independence Station. By separate agreement, AP&L has contracted to purchase the coal from SFI.

SFI executed a contract, as amended in November 1982, for the purchase of lignite to be used at a future lignite-fueled power plant in Arkansas. AECC has agreed to become an owner of 50% of the proposed plant and assume 50% of SFI's obligation to purchase lignite. Delivery of lignite is tied to the commercial operation of the plant, which may be delayed at the owner's option until July 1995. AP&L and AECC have undertaken to expand the size of the plant if additional co-owners are available or under certain circumstances to meet an increased need of the System operating companies or AECC for power. AP&L has guaranteed SFI's performance and agreed to purchase SFI's share of the lignite, which assuming half ownership and no expansion of the plant is approximately thirty-three million tons, over a thirty-year period. The contract, including the guaranty, is conditional upon receipt of the regulatory approvals for the construction of the plant.

AP&L has agreements for the purchase and fabrication of fuel assemblies for its nuclear plant, ANO. AP&L has agreed to purchase from Kerr-McGee Nuclear Corporation 1.108 million kg of uranium over the next six years. AP&L also has agreements with the Babcock & Wilcox Company and the Combustion Engineering Company for the fabrication of fuel assemblies used at the plant.

See MSU and Subsidiaries Notes to Consolidated Financial Statements for information regarding commitments and financing obligations of the Middle South System, including AP&L.

NOTE 2. RETAINED EARNINGS

The indenture relating to AP&L's long-term debt and provisions of the articles of incorporation relating to AP&L's preferred stock provide for restrictions on the payment of cash dividends on common stock. As of March 31, 1984, all retained earnings were free from such restrictions.

NOTE 3. RATE MATTERS

See Part II, Item 1. - "Legal Proceedings" regarding certain of AP&L's rate matters.

In the opinion of AP&L, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results for the interim periods presented. However, the business of AP&L is subject to seasonal fluctuations with the peak period occurring during the summer months. Accordingly, the results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

ARKANSAS POWER & LIGHT COMPANY AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Financial Condition

AP&L's financial position continued its steady trend of improvement in the first quarter of 1984. This trend is evidenced by an increase in net income, improvement in the quality of net income, improved mortgage and charter coverage ratios, and AP&L's decreasing dependence on external financing. During the quarter, construction requirements were funded from internally generated funds while at the same time temporary investments, which were $31 million at the beginning of the quarter, increased to $43 million at the end of the quarter. The mortgage and charter coverage ratios are at the highest levels in recent years.

Liquidity and Capital Resources

The present estimate for construction expenditures (excluding nuclear fuel) for 1984 is $259 million including AFDC of $24 million. First quarter 1984 expenditures, excluding nuclear fuel and AFDC, totaled $33 million. This amount was funded by internally generated funds, which after dividends amounted to $36 million. Internally generated funds will primarily be relied upon to meet the balance of the 1984 construction expenditures. In comparison, internally generated funds for the first quarter of 1983 and 1982 totaled $12 million and $22 million, respectively, after dividends.

The mortgage coverage ratio, which must be a minimum of 2.0 to issue additional first mortgage bonds, was 3.57 as of March 31, 1984. This is a substantial increase from the 3.14 level at December 31, 1983 and the 2.35 level as of March 31, 1983. At this current level, $585 million of new first mortgage bonds could be issued, subject to the availability of bondable property, assuming an interest rate of 14.5%. AP&L had sufficient unfunded bondable property available at March 31, 1984 to issue approximately $395 million in first mortgage bonds. The charter coverage ratio, which must be a minimum of 1.50 to issue additional preferred stock, was 1.88 as of March 31, 1984. This is an increase from the 1.73 level at December 31, 1983 and the 1.47 level as of March 31, 1983. At the current level, $261 million of new preferred stock could be issued assuming a dividend rate of 14.5%.

AP&L presently has authorization from the SEC, under Rule 415, to sell through May 31, 1984 up to $100 million of new first mortgage bonds. Authority to extend this authorization through May 31, 1985 is being sought. AP&L had temporary investments of $43 million at March 31, 1984. This is an increase of $12 million since December 31, 1983. AP&L had short-term borrowing authority of $125 million, all of which was unused at March 31, 1984, and has the ability, with SEC approval, to increase the short-term borrowing authority to a total of $213 million, or 10 percent of capitalization.

Results of Operations

Net income for the first quarter of 1984 was $37.3 million. This was an increase of $21.5 million, or 136 percent, over the same period for 1983. This was principally due to an increase in electric operating revenues, which was partially offset by increases in operating expenses and income taxes. It should be noted that 1983's first quarter net income was lower than normal causing the percent of increase in 1984's first quarter net income to be abnormally high. First quarter 1983 net income was $8.9 million less than 1982's first quarter net income. This decrease was primarily due to expenses at ANO 1 for maintenance of plant equipment as well as the loss of nuclear generation due to the extended maintenance period during and following the normal scheduled refueling of the plant which occurred during the latter months of 1982 and the first months of 1983.

Revenues from retail electric sales for the first quarter of 1984 totaled $204.0 million. This was an increase of $56.6 million, or 38 percent, above last year's level. Electric sales for resale for the quarter totaled $84.3 million, representing an increase of $8.1 million, or 11 percent. This increase in revenues was caused by increases in usage as well as increases in rates. KWH sales to retail customers increased by 21 percent while KWH sales to resale customers increased 26 percent. The increase in retail KWH sales was primarily due to the colder than average temperatures that occurred during the 1983/1984 winter. The increase in KWH sales to resale customers was principally due to an increase in sales to affiliates caused primarily by having more generation available at lower cost than in the preceding year. The increase in rates was principally due to higher retail rates, which were placed in effect in August 1983.

Operation and maintenance expenses increased $20.4 million, or 11.4 percent. This increase was primarily due to a $15.8 million, or 15 percent, increase in fuel costs, purchased power costs, and other fuel-related costs.

Summary

AP&L's first quarter 1984 results are substantially better than the same period last year. This increase was due primarily to larger than normal expenses in 1983, greater customer usage of electric energy in the first three months of 1984 and higher electric rates, which were placed in effect in August 1983. Maintaining and/or continuing such improvement is largely contingent on AP&L's ability to charge adequate rates to recover costs and allow for a fair rate of return on its shareholder's investment. AP&L's costs could increase substantially if a ruling by an administrative law judge of the FERC is upheld concerning the allocation of power to AP&L from the Grand Gulf Station, or if, in a second unrelated case, a proposal for allocation of production costs among the System operating companies is accepted by the FERC. Neither the allocation nor the proposal is supported by AP&L. AP&L has filed, on March 9, 1984 and on April 20, 1984, applications with the APSC and PSCM, respectively, requesting, among other things, recovery through rates of the revenue requirements resulting from any obligation, as found by the FERC, to purchase power from the Grand Gulf Station. (See Note 1 to the MSU Consolidated Financial Statements - "Commitments and Contingencies".)

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$1,468,776	$1,463,856
Construction work in progress	2,319,702	2,224,292
Nuclear fuel	4,911	4,764
Total	3,793,389	3,692,912
Less - Accumulated depreciation	531,175	522,508
Utility plant - net	3,262,214	3,170,404
Other Property and Investments:		
Investment in subsidiary company - at equity	46,073	46,073
Other	524	515
Total	46,597	46,588
Current Assets:		
Cash and special deposits	8,920	4,357
Temporary investments - at cost, which approximates market	8,809	7,069
Notes receivable	818	841
Accounts receivable:		
Customer and other (less allowance for doubtful accounts of $135 thousand)	52,463	55,738
Associated companies	3,584	197
Accrued unbilled revenues (Note 2)	34,530	....
Receivable from gas supplier (Note 3)	....	250,000
Deferred fuel cost	1,977	4,577
Materials and supplies - at average cost	9,127	11,355
Other	5,419	4,105
Total	125,647	338,239
Deferred Debits:		
Power purchase advance payments	14,792	....
Other	3,518	3,586
Total	18,310	3,586
TOTAL	$3,452,768	$3,558,817

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, no par value, authorized 150,000,000 shares; issued and outstanding 112,111,100 shares	$ 738,900	$ 738,900
Retained earnings (Note 4)	53,061	39,898
Total common shareholder's equity	791,961	778,798
Preferred stock without sinking fund	145,882	145,882
Preferred stock with sinking fund	240,951	240,951
Long-term debt	1,172,019	1,173,453
Total	2,350,813	2,339,084
Current Liabilities:		
Notes payable:		
Associated companies	68,000	100,100
Banks	21,101	77,900
Currently maturing long-term debt	20,509	20,462
Accounts payable:		
Associated companies	32,489	48,782
Other	33,275	56,620
Gas contract settlement - liability to customers (Note 3)	56,403	58,884
Customer deposits	24,670	24,220
Taxes accrued	13,787	4,088
Accumulated deferred income taxes	17,677	2,216
Interest accrued	34,530	33,916
Dividends declared	40,764	32,418
Other	1,303	2,010
Total	364,508	461,616
Deferred Credits:		
Accumulated deferred income taxes	117,787	115,845
Accumulated deferred investment tax credits	136,231	136,506
Gas contract settlement - liability to customers (Note 3)	452,348	475,000
Other	24,849	25,269
Total	731,215	752,620
Reserves	6,232	5,497
Commitments and Contingencies (Note 1)		
TOTAL	$3,452,768	$3,558,817

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Operating Revenues	$267,901	$267,205
Operating Expenses:		
Operation:		
Fuel	73,578	75,406
Purchased power	92,230	85,606
Deferred fuel and other	26,464	37,258
Maintenance	12,302	12,932
Depreciation	11,907	11,433
Taxes other than income taxes	6,678	5,935
Income taxes	13,077	5,619
Total	236,236	234,189
Operating Income	31,665	33,016
Other Income:		
Allowance for equity funds used during construction	22,902	14,812
Miscellaneous income and deductions - net	2,600	2,183
Income taxes - credit	7,087	4,622
Total	32,589	21,617
Interest Charges:		
Interest on long-term debt	31,776	26,999
Other interest - net	1,810	9,771
Allowance for borrowed funds used during construction	(8,906)	(5,760)
Total	24,680	31,010
Income Before Cumulative Effect of a Change in Accounting Method	39,574	23,623
Cumulative Effect to January 1, 1984, of Accruing Unbilled Revenues (net of income taxes of $16,548 thousand) (Note 2)	17,626	....
Net Income	$ 57,200	$ 23,623

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN FINANCIAL POSITION
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Funds Provided By:		
Operations:		
Income before cumulative effect of a change in accounting method	$ 39,574	$ 23,623
Cumulative effect (Note 2)	17,626	....
Net income	57,200	23,623
Depreciation	11,907	11,433
Deferred income taxes and investment tax credit adjustments - net	17,128	(4,986)
Allowance for funds used during construction	(31,808)	(20,572)
Total funds provided by operations	54,427	9,498
Other:		
Funds on hand or due from gas supplier (Note 3)	248,260	419,317
Gas contract settlement (Note 3)	(25,133)	(415,012)
Allowance for funds used during construction	31,808	20,572
Total funds provided excluding financing transactions	309,362	34,375
Financing transactions:		
Preferred stock	....	75,000
First mortgage bonds	....	200,000
Total funds provided by financing transactions	....	275,000
Total funds provided	$309,362	$ 309,375
Funds Applied To:		
Utility plant additions:		
Construction expenditures for utility plant	$102,803	$ 115,973
Nuclear fuel	147	49
Total gross additions (includes allowance for funds used during construction)	102,950	116,022
Other:		
Dividends declared on preferred stock	11,301	10,696
Dividends declared on common stock	32,736	26,636
Investment in subsidiary company (Note 1)	....	337
Accrued unbilled revenues	34,530	....
Increase in working capital*	22,374	5,226
Power purchase advance payments	14,792	....
Miscellaneous - net	234	2,985
Total other funds applied	115,967	45,880
Financing transactions:		
Retirement of other long-term debt	1,546	1,473
Short-term securities - net	88,899	146,000
Total funds applied to financing transactions	90,445	147,473
Total funds applied	$309,362	$ 309,375

*Working capital does not include short-term securities, gas contract settlement, current maturities of long-term debt, or deferred taxes included in current liabilities. The 1984 net increase in working capital is primarily due to a decrease in accounts payable. The 1983 net increase in working capital is primarily due to a decrease in accounts payable partially offset by a decrease in deferred fuel cost.

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. COMMITMENTS AND CONTINGENCIES

At March 31, 1984 LP&L's construction program contemplated expenditures (including AFDC) of approximately $539.2 million in 1984, $150.5 million in 1985, and $220.0 million in 1986.

The parent companies of SFI have agreed to make loans to SFI to finance its fuel supply business under a loan agreement dated January 3, 1984, which provides for SFI to borrow up to $125 million from its parent companies through December 31, 1984. As of March 31, 1984 LP&L had made no loans to SFI under this agreement and LP&L's share of the unused loan commitment was $55 million. Notes under this agreement mature December 31, 2009. In addition, LP&L had loaned SFI $46.1 million under previous loan agreements. Notes mature in 2002 and 2008 under provisions of the previous loan agreements.

SFI executed a contract for the purchase of an estimated 100 million tons of coal with an option to purchase an additional 50 million tons of coal. By separate agreement, LP&L guaranteed SFI's performance of the contract and agreed to purchase the coal from SFI. The coal is to be used at the Wilton Station, the commercial operation of which is now expected sometime in 1993. SFI has notified the coal supplier of this delay from the original in-service date of 1988 and is reviewing with the coal supplier possible alternatives to eliminate or mitigate the effect of this delay on increasing the price of coal.

See MSU and Subsidiaries Notes to Consolidated Financial Statements for information regarding the proposed consolidation of LP&L and NOPSI and certain commitments and financing obligations of the Middle South System, including LP&L.

NOTE 2. CHANGE IN ACCOUNTING METHOD

Prior to December 31, 1983 LP&L recognized revenue when billed. To provide a better matching of revenues and expenses, effective January 1, 1984, LP&L adopted, in March 1984, a change in accounting method to provide for accrual of the non-fuel portion of estimated unbilled revenues. Unbilled revenues result from energy delivered since the period covered by the latest billings to customers. The cumulative effect of this accounting change as of January 1, 1984 was recorded in March 1984 and increased first quarter 1984 net income approximately $17.6 million.

Had this new accounting method been in effect during 1983, LP&L's net income before the cumulative effect would have been approximately $2.0 million lower than that shown in the accompanying financial statements.

LOUISIANA POWER & LIGHT COMPANY
NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 3. SETTLEMENT AGREEMENT WITH GAS SUPPLIER

During the first quarter of 1984, LP&L continued to make refunds to its customers, in accordance with the March 1983 order by the LPSC, in connection with a settlement agreement with a gas supplier. Through March 31, 1984, LP&L had refunded $646.7 million of such funds.

NOTE 4. RETAINED EARNINGS

The Mortgage relating to LP&L's long-term debt and the Articles of Incorporation relating to LP&L's preferred stock contain provisions restricting the payment of cash dividends on common stock. At March 31, 1984, all retained earnings were free from such restrictions.

NOTE 5. RATE MATTERS

See Part II, Item 1. - "Legal Proceedings" regarding LP&L's rate matters.

In the opinion of LP&L, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results for the interim periods presented. However, the business of LP&L is subject to seasonal fluctuations with the peak period occurring during the summer months. Accordingly, the results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

LOUISIANA POWER & LIGHT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

LP&L's financial condition improved in the first quarter of 1984. This improvement is primarily the result of its including in net income for the quarter the cumulative effect to January 1, 1984 of the following change in accounting method. Effective January 1, 1984, LP&L began accruing as revenues the non-fuel portion of charges for electric service related to energy delivered but not yet billed (See Note 2 to Financial Statements - "Change in Accounting Method"). Previously, revenues were recorded as billed.

At March 31, 1984, the earnings coverage for LP&L's first mortgage bonds was 2.06 times the annual mortgage bond interest requirements, and its earnings coverage for preferred stock was 1.64 times the annual interest charges and preferred dividend requirements. Based upon these coverages, which include the cumulative effect of the above-mentioned accounting change, LP&L could have issued approximately $25 million principal amount of additional first mortgage bonds at an assumed annual interest rate of 14.5% (plus any first mortgage bonds issued for refunding purposes), subject to the availability of bondable property, or approximately $121 million aggregate par value of additional preferred stock at an assumed annual dividend rate of 14.5%.

With regard to rate matters, on April 12, 1984, LP&L filed with the LPSC a request for a $316 million net increase in its revenues from retail customers. The increase will be needed to provide cash earnings that reflect the in-service status of Waterford 3 and Grand Gulf 1, both of which are presently scheduled for commercial operation in the fourth quarter of 1984. In connection with that portion of the request related to Waterford 3, LP&L has proposed a plan to phase into rates the costs associated with that facility. The Grand Gulf 1 portion of this filing is based on LP&L receiving a 14 percent allocation of MSE's share of the unit, as provided in the initial decision by an administrative law judge (ALJ) of the FERC. The ALJ's decision now goes before the FERC, which has not yet ruled on the matter. Because the question of how much of Grand Gulf 1's output will be assigned to LP&L remains unsettled, the rate application proposes a formula-type rate adjustment clause. The proposed clause would permit LP&L to recover non-fuel related expenses associated with buying power from Grand Gulf 1, no matter what portion of the unit's output is allocated to LP&L. Accordingly, if LP&L were allocated 38.57 percent of MSE's share of Grand Gulf 1 (as initially proposed to the FERC), its requested net increase in revenues would be $496 million.

Liquidity and Capital Resources

Construction expenditures (including AFDC) decreased from $116 million in the first quarter of 1983 to $102.8 million in the corresponding period in 1984. LP&L satisfied its cash requirements in respect of first quarter construction costs in part through application of a portion of the cash proceeds from a settlement with a gas supplier and in part with funds provided from operations. In January 1984, LP&L received a third cash installment of

$250 million from the gas supplier. For further information regarding the related settlement, reference is made to Note 3 to Financial Statements - "Settlement Agreement with Gas Supplier".

LP&L's projection of construction costs for the remainder of 1984 is currently $436 million (including AFDC of $98 million). LP&L's obligations in respect of cash sinking funds and debt maturities during this period will amount to $24 million. In addition, LP&L is required to make advance power purchase payments of $4.8 million per month until the earlier of the date Grand Gulf 1 is placed in commercial operation or December 31, 1984. In order to meet these and its other corporate requirements, LP&L estimates that it will need to raise from external sources during the remainder of 1984 up to $320 million. To that end, LP&L currently plans to sell up to $50 million aggregate par value of its preferred stock, to issue up to $125 million of its common stock (to its parent, MSU), to obtain up to $120 million as the proceeds from the sale of pollution control revenue bonds, and to sell such other securities, including short-term debt, as may be appropriate. In this latter connection, LP&L is currently authorized to make short-term borrowings of up to the lesser of $200 million or 10 percent of capitalization, of which $89.1 million was outstanding at March 31, 1984.

Results of Operations

Net income for the first quarter of 1984 increased $33.6 million, or 142 percent, over the corresponding period of 1983. The increase was due primarily to the change in accounting method mentioned above. The cumulative effect of this change, after deducting income taxes, was to increase net income by $17.6 million. In addition, the increasing amount of AFDC attributable to the continuing construction of Waterford 3 accounted for $11.2 million of the total increase in net income. Other factors contributing to the increase included cooler than normal weather conditions, the initial effect of a $69 million annual retail rate increase implemented on March 2, 1984, and continuing cost control measures.

The $4.8 million net increase in fuel and purchased power expenses in the first quarter of 1984 was primarily due to a net increase in energy requirements. Deferred fuel costs decreased by $12 million during the first quarter of 1984 reflecting the offset to the difference between energy costs recorded and energy costs recovered under the fuel adjustment clause.

Income tax expense increased in the first quarter of 1984 because the increase in pre-tax book income was greater than the offsetting increase in recorded AFDC.

For the quarter ended March 31, 1984, the combined interest on long-term debt and other interest-net decreased by $3.2 million primarily as a result of decreased interest accrual requirements by LP&L on the portion of the proceeds used by LP&L of the above-mentioned settlement entered into by LP&L with a gas supplier.

Summary

LP&L believes that with the retail rate relief received in the first quarter of 1984, together with anticipated sales of securities, LP&L should be able to complete its 1984 construction program and meet its other corporate requirements for 1984. However, the ability of LP&L to secure adequate and timely rate relief to cover the expenses associated with the in-service status of Waterford 3 and Grand Gulf 1 will have a significant effect on LP&L's ability to remain financially sound in the future, and thus be able to provide the generating capacity and other resources necessary to serve the present and future energy requirements of its customers.

MISSISSIPPI POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric..	$ 984,326	$ 982,396
Construction work in progress......................	94,705	83,590
Total..	1,079,031	1,065,986
Less - Accumulated depreciation....................	300,453	293,134
Utility plant - net..........................	778,578	772,852
Other Property and Investments:		
Investment in subsidiary company - at equity.......	18,274	18,274
Other..	786	792
Total..	19,060	19,066
Current Assets:		
Cash and special deposits..........................	2,959	643
Temporary investments - associated companies (at cost which approximates market).................	....	23,500
Accounts receivable:		
Customer and other (less allowance for doubtful accounts of $679 thousand)............	26,959	25,313
Associated companies............................	1,168	369
Fuel inventory - at average cost...................	2,586	2,935
Materials and supplies - at average cost...........	8,748	8,444
Other..	8,910	6,771
Total..	51,330	67,975
Deferred Debits:		
Power purchase advance payments....................	12,130	....
Other..	2,394	2,356
Total..	14,524	2,356
TOTAL..	$ 863,492	$ 862,249

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1984 and December 31, 1983

CAPITALIZATION AND LIABILITIES	1984 (Unaudited)	1983
	(In Thousands)	
Capitalization:		
Common stock, no par value (stated value $23 per share), authorized 15,000,000 shares; issued and outstanding 5,840,000 shares	$134,320	$134,320
Retained earnings (Note 2)	85,326	83,604
Total common shareholder's equity	219,646	217,924
Preferred stock without sinking fund	38,077	38,077
Preferred stock with sinking fund	40,000	40,000
Long-term debt	342,468	340,506
Total	640,191	636,507
Current Liabilities:		
Currently maturing long-term debt	482	482
Accounts payable:		
Associated companies	6,056	12,501
Other	18,683	24,036
Customer deposits	12,894	12,814
Taxes accrued	19,131	18,478
Interest accrued	10,289	9,551
Dividends declared	10,209	8,554
Other	5,781	1,904
Total	83,525	88,320
Deferred Credits:		
Accumulated deferred income taxes	78,319	77,084
Accumulated deferred investment tax credits	44,457	43,443
Other	6,601	6,621
Total	129,377	127,148
Reserves	10,399	10,274
Commitments and Contingencies (Note 1)		
TOTAL	$863,492	$862,249

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Operating Revenues	$120,101	$110,442
Operating Expenses:		
Operation:		
Fuel	33,583	39,720
Purchased power	24,304	21,825
Other	14,183	12,547
Maintenance	5,753	4,697
Depreciation	7,651	7,017
Taxes other than income taxes	5,819	5,555
Income taxes	10,718	5,794
Total	102,011	97,155
Operating Income	18,090	13,287
Other Income:		
Allowance for equity funds used during construction	1,305	1,282
Miscellaneous income and deductions - net	722	437
Income taxes - credit	156	196
Total	2,183	1,915
Interest Charges:		
Interest on long-term debt	7,670	6,313
Other interest - net	347	1,360
Allowance for borrowed funds used during construction	(575)	(505)
Total	7,442	7,168
Net Income	$ 12,831	$ 8,034

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN FINANCIAL POSITION
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Funds Provided By:		
Operations:		
Net income	$12,831	$ 8,034
Depreciation	7,651	7,017
Deferred income taxes and investment tax credit adjustments - net	2,249	149
Allowance for funds used during construction	(1,880)	(1,787)
Total funds provided from operations	20,851	13,413
Other:		
Allowance for funds used during construction	1,880	1,787
Decrease in working capital*	....	3,922
Miscellaneous - net	347	678
Total funds provided excluding financing transactions	23,078	19,800
Financing transactions:		
Preferred stock	....	10,000
Other long-term debt	1,948	1,415
Short-term securities - net	23,500	1,000
Total funds provided by financing transactions	25,448	12,415
Total funds provided	$48,526	$32,215
Funds Applied To:		
Utility plant additions - construction expenditures for utility plant (includes allowance for funds used during construction)	$13,637	$10,605
Other:		
Dividends declared on preferred stock	2,115	2,015
Dividends declared on common stock	8,994	7,482
Investment in subsidiary company	....	113
Increase in working capital*	11,650	....
Power purchase advance payments	12,130	....
Total other funds applied	34,889	9,610
Financing transactions - retirement of first mortgage bonds	....	12,000
Total funds applied	$48,526	$32,215

*Working capital does not include short-term securities or current maturities of long-term debt. The 1984 net increase in working capital is due primarily to a decrease in accounts payable. The 1983 net decrease in working capital is due primarily to an increase in accounts payable.

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. COMMITMENTS AND CONTINGENCIES

At March 31, 1984 MP&L's construction program for 1984 contemplated expenditures (including AFDC) of approximately $59.5 million, including approximately $26.1 million for MP&L's 25% interest in the Independence Station. Construction expenditures (including AFDC) for 1985 and 1986 are estimated to be $48.5 million and $40.4 million, respectively.

The parent companies of SFI have agreed to make loans to SFI to finance its fuel supply business under a loan agreement dated January 3, 1984, which provides for SFI to borrow up to $125 million from its parent companies through December 31, 1984. As of March 31, 1984 MP&L had made no loans to SFI under this agreement and MP&L's share of the unused loan commitment was $18.8 million. Notes under this agreement mature December 31, 2009. In addition, MP&L loaned SFI $18.3 million under previous loan agreements. Notes mature in 2002 and 2008 under provisions of the previous loan agreements.

The electric power supply facilities of MP&L are interconnected with the facilities of Mississippi Power Company, a neighboring utility which is part of the Southern Company System. In May 1980, MP&L entered into a long-term agreement which provided for MP&L to purchase 200 megawatts of capacity from Southern Company Services, Inc. (SCSI) when available during the period July 1, 1980 through December 31, 1986. The energy cost, which includes a capacity charge, is based upon a formula which adjusts for hourly incremental cost of SCSI coal-fueled steam generation. If the energy is to be supplied from higher cost sources MP&L may, at its option, refuse the purchase and a credit adjustment to the capacity charge will be made.

See MSU and Subsidiaries Notes to Consolidated Financial Statements for information regarding certain commitments and financing obligations of the Middle South System, including MP&L.

MISSISSIPPI POWER & LIGHT COMPANY
NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 2. RETAINED EARNINGS

The indenture relating to MP&L's long-term debt and the Articles of Incorporation relating to MP&L's preferred stock contain provisions which provide for restrictions on the payment of cash dividends on common stock. As of March 31, 1984, $44.7 million of retained earnings were free from such restrictions.

In the opinion of MP&L, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results for the interim periods presented. However, the business of MP&L is subject to seasonal fluctuations with the peak period occurring during the summer months. Accordingly, the results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

MISSISSIPPI POWER & LIGHT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Financial Condition

The financial condition of MP&L improved during the quarter ended March 31, 1984. Net income for the quarter was $12.8 million, an increase of $4.8 million, or 59.7 percent, over the corresponding quarter of the prior year. The increase in net income was due principally to two factors: first, record-setting cold weather during the January billing cycles that resulted in increased revenues; second, the full effect of the $47.5 million rate increase that was put into effect on February 15, 1983 was included in net income. Investment in plant at March 31, 1984 was $1,079 million, an increase of $63.9 million, or 6.3 percent, over the March 31, 1983 amount.

At March 31, 1984, earnings coverage for MP&L's first mortgage bonds was 4.49 times the annual mortgage bond interest requirements, and the earnings coverage for preferred stock was 1.93 times the annual interest charges and preferred dividend requirements. These coverages were sufficient to allow the issuance of additional securities as stated below.

During the quarter ended March 31, 1984, retained earnings increased by $1.7 million after deducting preferred and common dividends of $11.1 million.

Liquidity and Capital Resources

MP&L's construction expenditures for 1984 are expected to be $59.5 million. In addition, under the Power Purchase Advance Payment Agreement, MP&L is required to make payments of $4 million per month until the earlier of commercial operation of Grand Gulf 1 or December 31, 1984. MP&L presently expects to secure new permanent financing of approximately $51 million in 1984 through the issuance and sale of preferred stock, common stock, and the draw-down of funds previously arranged through pollution control revenue bond financing. MP&L also expects to use short-term borrowings on an interim basis. The amount of short-term borrowings authorized by the SEC is the lesser of $73 million or 10 percent of capitalization.

As of March 31, 1984, assuming an interest rate and a preferred stock dividend rate of 14.5%, MP&L could have issued approximately $232 million of additional first mortgage bonds, subject to the availability of bondable property, or approximately $83 million of additional preferred stock. MP&L had sufficient unfunded bondable property available at March 31, 1984 to issue approximately $147 million in first mortgage bonds. As of March 31, 1984, MP&L had no short-term debt outstanding and had unused short-term borrowing authority in the amount previously mentioned.

Results of Operations

As mentioned above, net income for the quarter ended March 31, 1984 increased 59.7 percent over the corresponding quarter of 1983. Of the $12.8 million in net income for the quarter, $1.9 million, or 14.8 percent, represented AFDC. By comparison, in the first quarter of 1983, AFDC was $1.8 million, or 22.5 percent of net income.

Sales to retail customers for the quarter were 1,864 million KWH, an increase of 194 million KWH, or 12 percent, over the first quarter of 1983. As mentioned earlier, this increase in sales was due mainly to the colder than normal temperatures during the quarter ended March 31, 1984.

Summary

MP&L is currently in satisfactory financial condition. However, the ability of MP&L to secure adequate and timely rate relief, which will be requested, to cover the costs of its portion of the Grand Gulf Station and Unit 2 of the Independence Station and other cost increases will have a significant effect on MP&L's ability to maintain its financial integrity in the future, and thus be able to provide the generating capacity and other resources necessary to serve the present and future energy requirements of its customers.

NEW ORLEANS PUBLIC SERVICE INC.
BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$372,327	$370,316
Natural gas	80,031	79,413
Construction work in progress	1,970	761
Total	454,328	450,490
Less - Accumulated depreciation	203,642	199,778
Utility plant - net	250,686	250,712
Other Property and Investments:		
Investment in subsidiary company - at equity	10,688	10,688
Other	49	49
Total	10,737	10,737
Current Assets:		
Cash and special deposits	2,993	2,326
Temporary investments - at cost, which approximates market-associated companies	23,800	32,800
Accounts receivable:		
Customer (less allowance for doubtful accounts of (in thousands) $900 in 1984 and $800 in 1983)	29,275	30,848
Other - net	1,270	2,304
Deferred electric fuel and resale gas costs	(11,853)	(6,595)
Materials and supplies - at average cost	7,979	8,336
Other	5,415	1,616
Total	58,879	71,635
Deferred Debits:		
Power purchase advance payments	11,428	....
Other	2,203	2,439
Total	13,631	2,439
TOTAL	$333,933	$335,523

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
BALANCE SHEETS
March 31, 1984 and December 31, 1983

	1984 (Unaudited)	1983
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $10 par value, authorized 7,000,000 shares; issued and outstanding 5,935,900 shares..	$ 59,359	$ 59,359
Retained earnings (Note 2)........................	10,225	9,944
Total common shareholder's equity..............	69,584	69,303
Preferred stock without sinking fund...............	20,117	20,117
Preferred stock with sinking fund..................	14,720	14,720
Long-term debt.....................................	114,453	114,458
Total capitalization...........................	218,874	218,598
Current Liabilities:		
Currently maturing long-term debt..................	6,000	6,000
Accounts payable:		
Associated companies.............................	9,455	10,618
Other..	18,439	25,651
Customer deposits..................................	9,602	9,529
Taxes accrued......................................	12,646	5,829
Accumulated deferred income taxes..................	(5,452)	(3,034)
Interest accrued...................................	3,875	2,082
Dividends declared.................................	820	820
Other..	1,720	1,526
Total..	57,105	59,021
Deferred Credits:		
Accumulated deferred income taxes..................	32,298	31,587
Accumulated deferred investment tax credits........	12,290	12,350
Other..	1,836	1,874
Total..	46,424	45,811
Reserves...	11,530	12,093
Commitments and Contingencies (Note 1)		
TOTAL..	$333,933	$335,523

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Operating Revenues:		
Electric	$ 64,477	$ 58,095
Natural gas	56,929	46,835
Total	121,406	104,930
Operating Expenses:		
Operation:		
Fuel for electric generation	17,545	11,202
Purchased power	23,778	26,796
Gas purchased for resale	38,029	43,728
Deferred electric fuel and resale gas costs and other	18,375	8,166
Maintenance	4,170	4,729
Depreciation	4,024	3,644
Taxes other than income taxes	5,368	4,872
Income taxes	3,947	(187)
Total	115,236	102,950
Operating Income	6,170	1,980
Other Income:		
Miscellaneous income and deductions - net	1,471	682
Income taxes - (debit)	(631)	(313)
Total	840	369
Interest and Other Charges:		
Interest on long-term debt	2,128	2,190
Other interest - net	111	126
Allowance for borrowed funds used during construction	(22)	(13)
Total	2,217	2,303
Income from Continuing Operations	4,793	46
Income from Discontinued Transit Operations (net of income taxes of $371 thousand in 1983) (Note 3)	....	372
Net Income	$ 4,793	$ 418

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
STATEMENTS OF CHANGES IN FINANCIAL POSITION
For the Three Months Ended March 31, 1984 and 1983
(Unaudited)

	1984	1983
	(In Thousands)	
Funds Provided By:		
Continuing Operations:		
Income from continuing operations................	$ 4,793	$ 46
Depreciation..	4,024	3,644
Deferred income taxes and investment tax credit adjustments - net....................	(1,767)	1,919
Allowance for funds used during construction.....	(22)	(13)
Total funds provided by continuing operations..................................	7,028	5,596
Income from discontinued operations (Note 3).......	....	372
Total funds provided by operations..........	7,028	5,968
Other:		
Allowance for funds used during construction.....	22	13
Decrease in working capital*.....................	4,258	....
Miscellaneous - net..............................	....	656
Total funds provided excluding financing transactions....................	11,308	6,637
Financing transactions - short-term securities - net..................................	9,000	8,500
Total funds provided......................	$20,308	$15,137
Funds Applied To:		
Utility plant additions - construction expenditures for utility plant (includes allowance for funds used during construction)........................	$ 4,024	$ 4,810
Other:		
Dividends declared on preferred stock...........	820	820
Dividends declared on common stock...............	3,692	....
Investment in subsidiary company (Note 1)........	....	67
Increase in working capital*.....................	....	9,440
Power purchase advance payments..................	11,428	....
Miscellaneous - net..............................	344	....
Total other funds applied..................	16,284	10,327
Total funds applied......................	$20,308	$15,137

*Working capital does not include short-term securities, current maturities of long-term debt, or deferred taxes included in current liabilities. The net decrease in working capital in 1984 is primarily due to a decrease in deferred fuel cost and an increase in taxes accrued partially offset by a decrease in accounts payable. The net increase in working capital in 1983 is primarily due to an increase in special deposits.

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SFRVICE INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. COMMITMENTS AND CONTINGENCIES

At March 31, 1984 NOPSI's construction program contemplated expenditures (including AFDC) of approximately $17.0 million in 1984, $41.8 million in 1985, and $32.3 million in 1986.

The parent companies of SFI have agreed to make loans to SFI to finance its fuel supply business under a loan agreement dated January 3, 1984, which provides for SFI to borrow up to $125 million from its parent companies through December 31, 1984. As of March 31, 1984 NOPSI had made no loans to SFI under this agreement and NOPSI's share of the unused loan commitment was $11.3 million. Notes under this agreement mature December 31, 2009. In addition, NOPSI had loaned SFI $10.7 million under previous loan agreements. Notes mature in 2002 and 2008 under the provisions of the previous loan agreements.

In October 1983 NOPSI cancelled its plans to construct a coal-fueled generating unit in East New Orleans. As of September 30, 1983, $2.6 million had been expended on this project. These costs are being amortized over a three-year period. As of March 31, 1984, $1.5 million of these costs less related income taxes of $0.7 million were outstanding and are being amortized through 1985.

See MSU and Subsidiaries Notes to Consolidated Financial Statements for information regarding the proposed consolidation of LP&L and NOPSI and certain commitments and financing obligations of the Middle South System, including NOPSI.

NOTE 2. RETAINED EARNINGS

The indenture relating to NOPSI's long-term debt and provisions of the articles of incorporation relating to NOPSI's preferred stock provide for restrictions on the payment of cash dividends on common stock. As of March 31, 1984, $0.9 million of retained earnings were free from such restrictions.

NOTE 3. TRANSIT DIVESTITURE

As previously reported, on June 30, 1983 NOPSI sold its transit operations to the Regional Transit Authority, a political subdivision of the State of Louisiana. The statements of income for the three months ended March 31, 1983 have been reclassified to report separately the results of discontinued operations.

NOTE 4. RATE MATTERS

See Part II, Item 1. - "Legal Proceedings" regarding NOPSI's rate matters.

In the opinion of NOPSI, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results for the interim periods presented. However, the business of NOPSI is subject to seasonal fluctuations with the peak electric period occurring during the summer months and the peak gas period occurring during the winter months. Accordingly, the results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

NEW ORLEANS PUBLIC SERVICE INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Financial Condition

NOPSI's financial condition at March 31, 1984 reflects improvement due principally to a gas rate increase in December 1983 and an electric rate increase in March 1984. Net income for the first quarter of 1984 was $4.8 million, a significant improvement over the same quarter of 1983 when net income was only $0.4 million. The return on common equity for the twelve months ended March 31, 1984 was 13.94 percent, up from 4.74 percent for the same period of 1983.

The indenture provisions relating to NOPSI's first mortgage bonds provide restrictions on the payment of cash dividends on common stock and at March 31, 1984 $0.9 million of retained earnings were free from such restrictions.

On April 12, 1984, NOPSI filed a request with the LPSC for a $26.0 million, or 8.3 percent, increase in its electric rates. The proposed increase, which is based on placing in service Grand Gulf 1 and assumes that NOPSI will have a 17 percent share of MSE's share of the power from Grand Gulf 1 (as provided in an initial decision by an ALJ of the FERC), will not go into effect until the new plant is in commercial operation, which is scheduled for the fourth quarter of 1984. A formula-type rate adjustment was proposed because the question of allocation of power from Grand Gulf 1 remains unsettled. If NOPSI were allocated a 29.8 percent share of MSE's share of power from Grand Gulf 1 (as initially proposed to the FERC), the requested increase in revenues would be $58.4 million. A "phase-in" plan was included in the filing whereby some of the costs of the unit would be deferred as a means of reducing the initial impact on customers' bills.

Liquidity and Capital Resources

At March 31, 1984, NOPSI's earnings coverage for its first mortgage bonds was 3.32 times the annual mortgage bond interest requirements, and its earnings coverage for preferred stock was 1.57 times the annual interest charges and preferred dividend requirements. These coverages include the results of operations of the discontinued transit operations but exclude the gain on the sale of the transit operations. Under NOPSI's governing instruments the minimum earnings coverage test are 2.0 times for selling additional first mortgage bonds and 1.5 times for selling additional preferred stock. As of March 31, 1984, NOPSI could have issued approximately $38.5 million of additional first mortgage bonds (plus any first mortgage bonds issued for refunding purposes), subject to the availability of bondable property, or approximately $4.0 million of additional preferred stock assuming annual interest and dividend rates of 14.5%. NOPSI had sufficient unfunded bondable property available at March 31, 1984 to issue approximately $12 million in first mortgage bonds.

Funds for construction expenditures of $4.0 million for the first quarter of 1984 were obtained through short-term investments on hand at year-end 1983 and internally generated funds. NOPSI had authorization to make short-term borrowings of up to the lesser of $45 million or 10 percent of capitalization, at March 31, 1984; there were no short-term borrowings during the first quarter of 1984. NOPSI contemplates that its construction and other corporate commitments for the remainder of 1984 will be financed through the use of internally generated funds, short-term investments on hand at March 31, 1984, short-term borrowings, and permanent financings that include the sale of $15 million of common stock in 1984 and the sale of $10 million of bonds in late 1984, principally to refinance the payment of $6 million of first mortgage bonds maturing on December 1, 1984. Under the Power Purchase Advance Payment Agreement NOPSI is required to make advance power purchase payments of $3.7 million per month, which commenced January 2, 1984 and will continue until the earlier of the date the first unit of the Grand Gulf Station is placed in commercial operation or December 31, 1984.

At March 31, 1984, CWIP was $2.0 million, or less than 1 percent of plant in service.

Results of Operations

Net income for the first quarter of 1984 was $4.8 million, which was $4.4 million more than the $0.4 million earned in the first quarter of 1983. Approximately $2.1 million of this increase was due to the gas rate increase effective in December 1983 and approximately $0.4 million of the net income increase was due to the electric rate increase effective in March 1984. Gas and electric sales also increased in the quarter ended March 31, 1984 as compared to the same quarter of 1983.

The $6.4 million, or 11 percent, increase in electric operating revenues for the first quarter was due to an 11 percent increase in total electric energy sales, increased fuel costs recovered, and the rate increase of March 1984. The rate increase amount of approximately $0.7 million was billed subject to refund.

Gas operating revenues for the first quarter of 1984 increased $10.1 million, or 21 percent, compared to the corresponding quarter in 1983. This increase was due to the rate increase of December 1983 and a 20 percent increase in gas sales due to unusually cold weather. The amount of the increase due to the rate increase was $3.9 million.

Summary

Although the recent LPSC electric and gas rate orders will improve NOPSI's financial condition, the ability of NOPSI to secure adequate and timely rate relief to cover its portion of the fixed costs of the Grand Gulf Station will have a material effect on the ability of NOPSI to remain financially viable in the future, and thus be able to provide the resources necessary to serve the present and future energy requirements of its customers.

MIDDLE SOUTH UTILITIES, INC. AND SUBSIDIARIES
PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Middle South Utilities, Inc. and Subsidiaries

MSU

As stated on page 45 of MSU's Form 10-K for the year ended December 31, 1983, MSE filed suit against Zurn Industries, Inc. ("Zurn") for breach of contract for the design and construction of two natural draft cooling towers at the Grand Gulf Station. Zurn filed a counterclaim in the suit. MSE's complaint and Zurn's counterclaim were subsequently amended such that the total damages sought by MSE from Zurn were $22,300,000 actual and $20,000,000 punitive and the total damages sought by Zurn against MSE were $38,321,000 actual and $62,000,000 punitive. Zurn and MSE have entered into an agreement to settle the suit. The agreement provides that the terms of the settlement are not to be disclosed. The terms of settlement will not have a material effect on the financial condition of MSE.

MSU, MP&L

As discussed on page 8 of MSU's Form 10-K for the year ended December 31, 1983, the MPSC, on September 26, 1983, in MPSC Docket No. U-4387, issued a Citation to Show Cause to MP&L and MSE to show why they should not be ordered to adhere to representations relied upon and incorporated by the MPSC in determining the need and economic justification for additional generating capacity in the form of the Grand Gulf Station. On January 5, 1984, the MPSC issued an Order Amending Citation to Show Cause to relate the Show Cause proceedings solely to the continued construction and need for Grand Gulf 2. On April 24, 1984, the MPSC issued an Order Amending Citation to Show Cause to add SMEPA as a Party. SMEPA owns a 10% interest in the Grand Gulf Station and was ordered by the MPSC to join with MP&L and MSE to show cause for the continued construction and need for Grand Gulf 2. On May 9, 1984, the MPSC issued an Order establishing a hearing schedule for the Show Cause proceeding. Hearing dates were scheduled in July, August and September of 1984.

AP&L

(a) As discussed on page 16 of Form 10-K for the year ended December 31, 1983, AP&L, on March 9, 1984, filed an application with the APSC requesting an annual increase in Arkansas retail rates of approximately $70.8 million above the level of rates then in effect. The application also includes a proposed rate rider, to be effective when and if AP&L is required to make payments to MSE for costs associated with the Grand Gulf Station. AP&L is opposing before the FERC in the proceeding on the Unit Power Sales Agreement the administrative law judge's initial decision which, if upheld by the FERC, would require such payments and is supporting the allocation as originally filed by MSE. This rate rider contains an alternate phase-in plan under which portions of any payments AP&L is required to make associated with the Grand Gulf Station could be deferred. Such deferred amounts would aggregate approximately $440 million during the first three years of commercial operation, and would be recovered within the following seven years. Carrying charges on the deferrals would be collected currently.

(b) On April 20, 1984, AP&L filed an application with the PSCM for an annual increase in Missouri retail rates of approximately $6.7 million. The application also includes a $10.6 million contingency increase to be effective only in the event AP&L is required to make payments to MSE for costs associated with the Grand Gulf Station. AP&L is opposing before the FERC in the proceeding on the Unit Power Sales Agreement the administrative law judge's initial decision which, if upheld by the FERC, would require such payments and is supporting the allocation as originally filed by MSE. AP&L has developed a phase-in plan under which portions of any payments AP&L is required to make associated with the Grand Gulf Station could be deferred. Under this plan, the first year contingency increase to Missouri retail customers would be approximately $2 million.

LP&L

On April 12, 1984, LP&L filed with the LPSC a general rate increase application with respect to customers under its jurisdiction. LP&L requested authorization to put into effect, upon commencement of commercial operation of Waterford 3, new retail rate schedules designed to provide additional annual net revenues, based on the test year ended June 30, 1983, of $234,517,582. The amount so requested was based on the additional revenue requirements of LP&L after giving effect to the projected reduction in fuel costs associated with nuclear generation in the amount of approximately $119,845,000 and a rate moderation proposal. This rate moderation proposal contemplates that LP&L would defer the collection from customers of an aggregate of $270,000,000 of the amount otherwise recoverable by it on its investment in Waterford 3 during the first three years of commercial operation of that unit, would neither defer further amounts nor recover any deferred amounts in the fourth year, and would collect such aggregate deferred amount from customers over the following five years. The proposal further contemplates that LP&L would fund a substantial portion of its cash requirements in respect of the deferred amount through external financing arrangements and would bill the related carrying costs to customers on a current basis until the deferred amount has been fully recovered. The application requested alternatively, in the event that Waterford 3 is not in commercial operation when this matter is decided, that the LPSC grant such additional rate relief as will result from a continuation of the rate-making treatment given Waterford 3 in LPSC Order No. U-15684, dated February 20, 1984 (with respect to which see LP&L's Annual

Report on Form 10-K for the year ended December 31, 1983). The application further requested that, in addition to the rate relief related to Waterford 3, the LPSC issue an order prior to the in-service date of Grand Gulf 1, to be put into effect when that unit commences commercial operation, accepting and approving "formula rates" proposed in the application in order to provide LP&L with the additional electric revenues it will need to meet its purchased power expenses associated with power and energy from Grand Gulf 1. These formula rates, if applied on the basis of the allocation to LP&L of a 14% share of MSE's share of the power from Grand Gulf 1 as determined in the initial decision of the administrative law judge of the FERC in proceedings pending before the FERC, would require a net increase in test year revenues of $81,042,000, or, if applied on the basis of a 38.57% share of MSE's share of power from Grand Gulf 1 being allocated to LP&L in such FERC proceedings, as originally proposed in such proceedings, would require a $261,135,000 net increase in test year revenues. These amounts give effect to the projected reduction in fuel costs associated with the nuclear fuel component of such purchased power expenses in the amounts of approximately $12,439,000 and $28,960,000, respectively. LP&L can not predict what action the LPSC will take in respect of such rate increase application, or when such action may be taken.

NOPSI

On April 12, 1984, NOPSI filed with the LPSC a general rate increase application with respect to customers under its jurisdiction, asking that the LPSC issue an order, prior to the in-service date of Grand Gulf 1, accepting and approving "formula rates" necessary to provide NOPSI with the additional electric revenues needed by it to meet the purchased power expenses associated with power and energy from Grand Gulf 1. The application requested favorable action on a rate moderation proposal contemplating that NOPSI would defer the collection from customers of an aggregate of $136,629,000 or $239,503,000 (depending upon the resolution of proceedings before the FERC as described below) of such expenses during the first three years of commercial operation of Grand Gulf 1, would neither defer further amounts nor recover any deferred amounts in the fourth year, and would collect such aggregate deferred amount from customers over the following five years. The proposal further contemplates that NOPSI would fund a substantial portion of its cash requirements in respect of the deferred amount through external financing arrangements and would bill the related carrying costs to customers on a current basis until the deferred amount has been fully recovered. Using the test year ended June 30, 1983, and assuming favorable action by the LPSC on the rate moderation proposal, the formula rates, if applied on the basis of the allocation to NOPSI of a 17% share of MSE's share of the power from Grand Gulf 1 as determined in the initial decision of the administrative law judge of the FERC in proceedings pending before the FERC, would require a net increase in test year revenues of $26,028,000, or, if applied on

Item 1. Legal Proceedings (concluded)

the basis of a 29.8% share of MSE's share of power from Grand Gulf 1 being allocated to NOPSI in such FERC proceedings, as originally proposed in such proceedings, would require a net $58,404,000 increase in test year revenues. These amounts give effect to the projected reduction in fuel costs associated with the nuclear fuel component of such purchased power expenses of approximately $32,921,000 and $47,169,000, respectively. NOPSI can not predict what action the LPSC will take in respect of such rate increase application, or when such action may be taken.

Item 5. Other Information

MSU

COMMON STOCK PRICE RANGE AND DIVIDENDS

The shares of MSU's Common Stock are listed on the New York, Midwest and Pacific Stock Exchanges. The high and low sale prices of MSU's Common Stock, for the first quarter of 1984, as reported by the Wall Street Journal as composite transactions, were 14 3/4 and 12 5/8, respectively.

For the twelve months ended April 30, 1984, MSU paid annual dividends on its Common Stock of $1.72 per share.

MSU, AP&L, LP&L, MP&L and NOPSI

As discussed on page 7 of MSU's Form 10-K for the year ended December 31, 1983, MSE anticipated the need to restart Grand Gulf 1 by the end of April to regenerate the Unit's start-up neutron sources; however, restart of the Unit to the NRC authorized 5% power level had been delayed pending review by the NRC of the Unit's Technical Specifications. On April 18, 1984 the NRC issued an Order requiring certain specified revisions to the Grand Gulf Technical Specifications before restarting Grand Gulf 1. MP&L revised the Technical Specifications in accordance with the NRC Order and restarted the Unit on April 22, 1984, in order to recharge its neutron sources and to conduct further low power testing. Further changes to the Grand Gulf Technical Specifications can be expected to be made before Grand Gulf 1 is authorized to operate above 5% power, but MSE does not anticipate any such changes to delay for more than a few weeks licensing of Grand Gulf 1 for full power operations or commercial operation of the Unit.

In addition, in connection with its request for a full power operating license and with industry-wide problems with the DeLaval diesel generators used to provide emergency back-up electricity for use at nuclear plants, MSE submitted to the NRC a comprehensive program to verify and enhance the reliability of the DeLaval diesel generators at Grand Gulf 1. MSE had projected resolution of this issue and authorization to operate Grand Gulf 1 at full power by mid-May, 1984. MSE has since proposed an alternate program to the NRC to resolve this

Item 5 Other Information (continued)

issue which would not delay the full power license or the commercial operation of the Unit. MSE cannot determine, at this time, whether such proposal will be acceptable to the NRC. Another alternative being considered by the NRC would be to disassemble and inspect completely at least one DeLaval diesel generator. If MSE is required to disassemble and inspect a DeLaval diesel generator prior to being authorized to operate at full power, such authorization could be delayed and commercial operation of Grand Gulf 1 could be delayed until early 1985. Any delay in commercial operation of Grand Gulf 1 results in the cost of MSE's share in the Unit increasing by approximately $25 million per month primarily as a result of on-going financing charges.

As discussed on page 12 of the 10-K, MSE has covenanted with its first mortgage bondholders that it will complete Grand Gulf 1 no later than December 31, 1984. In addition, as discussed on page 14 of the 10-K, LP&L, MP&L and NOPSI are obligated to begin making payments to MSE equal to the operating costs of both Grand Gulf Units if Grand Gulf 1 is not in commercial operation by December 31, 1984. MSE has commenced discussions with its lenders, and has filed an application with the SEC, to change these specified dates to December 31, 1985. For further information about these and related matters see "Notes 1. Commitments and Contingencies" to the Consolidated Financial Statements of MSU and Subsidiaries in this Form 10-Q.

The source and availability of additional financing required by a delay in commercial operation of Grand Gulf 1, if any, cannot be determined at this time.

AP&L, LP&L, MP&L and NOPSI

EARNINGS RATIOS OF SYSTEM OPERATING COMPANIES

AP&L, LP&L, MP&L and NOPSI have calculated ratios of earnings to fixed charges and ratios of earnings to fixed charges and preferred dividends pursuant to Item 503 of Regulation S-K of the SEC as follows:

	Twelve Months Ended					
	December 31,					March 31,
	1979	1980	1981	1982	1983	1984
Ratios of Earnings to Fixed Charges (a)						
AP&L	1.91(c)	1.80	2.18	2.20	2.46	2.73
LP&L	2.06	2.55	2.78	2.31	2.05	2.46
MP&L	2.58	3.50	3.56	2.70	3.49	3.76
NOPSI	2.26	1.96	2.59	2.56	2.00	2.97
Ratios of Earnings to Fixed Charges and Preferred Dividends (a) (b)						
AP&L	1.60(c)	1.37	1.66	1.71	1.92	2.12
LP&L	1.64	1.85	1.98	1.69	1.52	1.76
MP&L	2.21	2.98	2.87	2.02	2.37	2.54
NOPSI	2.01	1.41	1.73	1.63	1.23	1.81

Item 5. Other Information (concluded)

(a) "Earnings" represent the aggregate of (1) net income, (2) taxes based on income, (3) investment tax credit adjustments - net and (4) fixed charges. "Fixed Charges" represent interest, related amortization and interest applicable to rentals charged to operating expenses.

(b) "Preferred Dividends", as defined, are computed by dividing the preferred dividend requirement by one hundred percent minus the income tax rate.

(c) Restated to reflect provisions for refunds as ordered by the Arkansas Supreme Court with respect to applications of the fuel adjustment clause during 1979.

LP&L

As discussed on page 6 of Form 10-K for the year ended December 31, 1983, LP&L as owner and prospective operator of Waterford 3 anticipated receiving an operating license for the Unit in April 1984. As a result of delays in completing testing and turnover of systems, the anticipated date for readiness for fuel load has been revised to late May 1984. Although LP&L has requested a full power operating license, it is expected, based upon recent NRC practice, that the initial license will be a "5% power license" which will permit LP&L to load fuel at Waterford 3 and to operate at up to 5% of full power to conduct low power testing. Should a 5% power operating license be granted in May 1984, LP&L will proceed with arrangements for NRC reviews toward obtaining the full power license consistent with the start-up and power ascension schedule. Nuclear generating units under construction have been experiencing delays during this period not only as a result of the testing process but also as a result of regulatory delays and opposition before regulators, or otherwise, of anti-nuclear groups. Assuming that the NRC issues an operating license in late May 1984, as expected, LP&L estimates that the Unit will be placed in commercial operation in the fourth quarter of 1984 at a total cost for such Unit (excluding nuclear fuel) of $2.65 billion. Any delay in commercial operation would result in the cost of Waterford 3 increasing by approximately $12.25 million per month as a result of on-going financing charges.

NOPSI

On March 1, 1984, the FERC approved a stipulation agreement among United and its wholesale gas customers in conjunction with United's wholesale rate increase aplication filed with the FERC in 1982. NOPSI, which purchases its principal supplies of natural gas for resale from United, and the LPSC had intervened in the proceedings before the FERC for the purpose of protesting the proposed increase in wholesale gas rates. The stipulation agreement provides, among other things, for United to refund to NOPSI approximately $11.9 million of overcollections made during the period September 1982 through December 1983, and also provides for the withdrawal by United of an additional wholesale gas rate increase request filed with the FERC in 1983. The resultant savings to NOPSI in resale gas costs will be passed on to NOPSI's retail gas customers.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits*

15 - Letter of Deloitte Haskins & Sells as to unaudited financial information

18 - Letter of Deloitte Haskins & Sells as to preferability of change in accounting method.

19 - By-Laws of MP&L, as amended and currently in effect (filed as Exhibit B-6b under Item 9, MP&L, 1983 Form U5S).

24(a) - Consent of Messrs. Friday, Eldredge & Clark

24(b) - Consent of Monroe & Lemann (A Professional Corporation)

24(c) - Consent of Wise Carter Child & Caraway, Professional Association

24(d) - Consent of W. C. Nelson, Esq.

28(a) - AP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

28(b) - LP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

28(c) - MP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

28(d) - NOPSI's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined

(b) Reports on Form 8-K

MSU, AP&L, LP&L, MP&L AND NOPSI

(a) In current reports dated February 2, 1984, MSU, AP&L, LP&L, MP&L and NOPSI filed under Item 5. - "Other Events", information concerning the initial decision issued on February 3, 1984 by the Administrative Law Judge in the FERC proceeding relating to the Unit Power Sales Agreement. Also, reported was information concerning notification by MSS to the administrative law judge in the FERC proceeding relating to the New System Agreement, that LP&L, MP&L and NOPSI would support a method or methods of allocation designed to bring about a form of equalization of production costs among the System operating companies and AP&L would continue to support the original cost allocation method proposed in the New System Agreement.

* Reference is made to a duplicate list of exhibits being filed as a part of Form 10-Q for the quarter ended March 31, 1984, which list, prepared in accordance with Item 601 of Regulation S-K of the Securities and Exchange Commission, immediately precedes the exhibits being physically filed with Form 10-Q for the quarter ended March 31, 1984.

Item 6. Exhibits and Reports on Form 8-K (concluded)

(b) In current reports dated February 28, 1984, MSU, AP&L, LP&L, MP&L and NOPSI filed under Item 5. - "Other Events", information concerning the status of construction on Grand Gulf 2. It was reported that MSE filed with the MPSC testimony supporting the continued construction of Grand Gulf 2 as an economical option for meeting Middle South System capacity needed to meet projected System loads and that based on an economic and feasibility study which assumed resumption of construction in July 1984, the commercial operation date of the unit would be April 1990 with a total construction cost for MSE's 90% interest of $3.44 billion.

MSU, LP&L

In current reports dated February 20, 1984, MSU and LP&L reported under Item 5. - "Other Events" information concerning an order issued by the LPSC, on February 20, 1984, permitting LP&L an increase of approximately $69,000,000 per year in its rates and charges for electric service.

MSU, MP&L

In current reports dated December 29, 1983, MSU and MP&L filed under Item 5 - "Other Events", information concerning an (i) agreement entered into by MSE with Claiborne County, Mississippi to sell pollution control bonds in an aggregate principal amount of $49,500,000, (ii) amendments to MSE's foreign revolving bank loan agreement and domestic revolving bank loan agreement, (iii) questions raised by the NRC relating to Grand Gulf 1, (iv) the estimated date for commercial operation of Grand Gulf 1 and (v) an MPSC proceeding relative to Grand Gulf 2.

MSU, NOPSI

In current reports dated February 20, 1984, MSU and NOPSI reported under Item 5. - "Other Events" information concerning an order issued by the LPSC, on February 20, 1984, permitting NOPSI an increase of approximately $24,000,000 per year in its rates and charges for electric service.

EXPERTS

All statements in Part II of this Quarterly Report on Form 10-Q as to matters of law and legal conclusions pertaining to the titles to properties, franchises and other operating rights of certain of the registrants filing this Quarterly Report on Form 10-Q, and their subsidiaries, the regulations to which they are subject and any legal proceedings to which they are parties are made on the authority of Friday, Eldredge & Clark, First Commercial Building, Little Rock, Arkansas, as to AP&L and Associated Natural Gas Company; Monroe & Lemann (A Professional Corporation), Whitney Building, New Orleans, Louisiana, as to LP&L and NOPSI; and Wise Carter Child & Caraway, Professional Association, Heritage Building, Jackson, Mississippi, as to MP&L.

The statements as to matters of law and legal conclusions with respect to the proceedings with respect to NOPSI have been prepared under the supervision of, and reviewed by, William C. Nelson, Esq., Senior Vice President-Administration and Services of NOPSI, and such statements are included herein upon his authority as an expert.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signatures for each undersigned company shall be deemed to relate only to matters having reference to such a company or its subsidiary.

MIDDLE SOUTH UTILITIES, INC.

/s/ Edwin Lupberger
Edwin Lupberger, Senior Vice President - Chief Financial Officer

/s/ Rodney J. Estrada
Rodney J. Estrada, Treasurer

ARKANSAS POWER & LIGHT COMPANY

/s/ John J. Harton
John J. Harton, Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

/s/ Steve L. Riggs
Steve L. Riggs, Vice President, General Counsel and Secretary

LOUISIANA POWER & LIGHT COMPANY

/s/ J. H. Erwin, Jr.
J. H. Erwin, Jr., Senior Vice President - Accounting & Finance, and Treasurer

/s/ W. H. Talbot
W. H. Talbot, Vice President - Assistant to President, and Secretary

MISSISSIPPI POWER & LIGHT COMPANY

/s/ F. S. York, Jr.
F. S. York, Jr., Vice President - Finance, and Secretary

/s/ J. R. Martin
J. R. Martin, Treasurer and Assistant Secretary

NEW ORLEANS PUBLIC SERVICE INC.

/s/ J. H. Erwin, Jr.
J. H. Erwin, Jr., Senior Vice President - Accounting & Finance, and Treasurer

/s/ John H. Chavanne
John H. Chavanne, Vice President - Corporate Control and Assistant Secretary

Date: May 14, 1984

7. Describe aspects of the regulatory environment including, but not necessarily limited to, the following: Prescribed treatment of construction work in progress and allowance for funds used during construction; rate base (original cost, fair value, other); accounting for deferred income taxes and investment tax credits; fuel adjustment clauses in effect or proposed; historical, partially projected, or fully projected test year.

RESPONSE:

The Louisiana Public Service Commission's practice has been to use a historical test year. The Commission also uses an average original cost rate base that includes all Construction Work in Progress (CWIP) but they also include in income Allowance for Funds Used During Construction (AFUDC). In LP&L's last three rate cases, the Commission's orders lowered the AFUDC rate to 5% on $736.2 million of CWIP (1/1/80 through 5/26/81), to 3% on LP&L's investment in Waterford No. 3 up to an investment of $1.3 billion (5/27/81 through 3/1/84) and to 3-1/2% on LP&L's investment in Waterford No. 3 up to an investment of $1.7 billion (3/2/84 to date), thus allowing the Company additional cash earnings.

All non-investor supplied capital, including deferred income taxes and pre-1971 investment tax credits, are deducted from the rate base.

LP&L's fuel adjustment clause in all of its rates subject to the Louisiana Public Service Commission reads as follows: "Plus .001 cent per kwh used during the month for each .001 cent of the average fuel cost per kwh as delivered to Company's customers during the second preceding calendar month, adjusted for any over or under collection."

This clause allows LP&L to pass through its total fuel cost associated with generating kwh's for its Louisiana customers. In addition, LP&L is allowed to pass through the energy cost of any kwh's which were purchased for its Louisiana customers with the exception of emergency power on which only the fuel cost can be passed through.

7 - Continued

Corrections for over and under collections are made by taking the cumulative over and under amount and dividing by the kwh sales for the twelve month period ending with the current month. This adjustment factor is added or subtracted to the fuel cost delivered, which is based on the second prior month's costs and generation.

8. Provide citations and relevant excerpts from state and/or Federal statutes, rules or regulations (if any) that designate and require regulatory authorities to establish rates such that the applicant may recover all reasonable costs of operation incurred in the providing of utility service to customers. Also provide the citations and relevant excerpts from any administrative rulings or court decisions interpreting such statutes, rules, or regulations in the establishing of rates to allow recovery of costs incurred in the providing of utility service.

RESPONSE:

See Attached

The power to fix just and reasonable rates is delegated to the Louisiana Public Service Commission (PSC) in the Louisiana Constitution as well as by statute. La. Const. Art. IV, §21(B); La. R.S. 45: 1176. Article IV, Section 21(B) of the 1974 Constitution provides that:

> The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

La. R.S. 45:1163 ("the commission shall exercise all necessary power and authority over any street railway, gas, electric light, heat, power, waterworks, or other local public utility for the purpose of fixing and regulating the rates charged or to be charged by and service furnished by such public utilities") and La. R.S. 45:1164 ("the power, authority, and duties of the commission shall affect and include all matters and things connected with, concerning, and growing out of the service to be given or rendered by such public utility, except in the parish of Orleans"), vest the PSC with the power to regulate corporations, such as Louisiana Power & Light Company (LP&L), that operate facilities for furnishing at retail electric service to or for the public. Louisiana Power & Light Co. v. Louisiana Pub. Serv. Comm'n, 343 So.2d 1040, 1043 (La. 1977)("The general order was issued upon the constitutional authority of the commission to regulate public utilities and to adopt reasonable rules and regulations necessary for the discharge of this duty."); Louisiana Power & Light Co. v. Louisiana Pub. Serv. Comm'n, 256 La. 656, 237 So.2d 673, 675 (1970)("The Louisiana Public Service Commission thus has broad power to regulate the service of electric public utilities.").

The power to establish rates for interstate sales at wholesale of electric energy is, however, vested exclusively in the Federal Energy Regulatory Commission (FERC), under the Federal Power Act, 16 U.S.C. §§824(a), (b) and 824d (1976 & Supp. V 1981). New England Power Co. v. New Hampshire, 455 U.S. 331 (1982); Federal Power Comm'n v. Southern Cal. Edison Co., 376 U.S. 205, 214 (1964)("What Congress did was to adopt a test developed in the Attleboro line which denied state power to regulate a sale 'at wholesale to local distributing companies' and allowed state regulation of a sale at 'local retail rates to ultimate consumers.' "); Montana-Dakota Utils. Co. v. Northwestern Pub. Serv. Co. 341 U.S. 240, 250 n.6 (1951)("Section 205 (a) of the Act, 49 Stat. 851, 16 U. S. C. §824d (a), states that: 'all rates and charges ... and all rules and regulations affecting or pertaining to such rates or charges shall be just and reasonable, and any such rate or charge that is not just and reasonable is hereby declared to be unlawful.' "); Public Utils. Comm'n of R.I. v. Attleboro Steam & Elec. Co., 273 U.S. 83 (1927). The United States Supreme Court, in New England Power Co. v. New Hampshire, supra, 455 U.S. at 340, noted that:

In 1935, Congress enacted Part II of the Federal Power Act, 16 U.S.C. §§ 824-824k (1976 ed. and Supp. IV), which delegated to the Federal Power Commission, now the Federal Energy Regulatory Commission, exclusive authority to regulate the transmission and sale at wholesale of electric energy in interstate commerce, without regard to the source of production. United States Public Utilities Comm'n of California, 345 U.S. 295 (1953). The 1935 enactment was a 'direct result' of this Court's holding in Public Utilities Comm'n v. Attleboro Steam & Electric Co., supra, that the states lacked the power to regulate the rates governing interstate sales of electricity for resale. United States v. Public Utilities Comm'n of California, supra, at 311. Part II of the Act was intended to 'fill the gap' created by Attleboro by establishing exclusive federal jurisdiction over such sales. 345 U. S., at 307-311.

The commissions are charged with ensuring that rates established are just and reasonable; to be just and reasonable, rates must generate revenue sufficient to meet the company's cost of furnishing services and to provide its investors with a fair and reasonable return on their investments. Permian Basin Area Rate Cases, 390 U.S. 747, 792 (1968)("The court must determine whether the order may reasonably be expected to maintain financial integrity, attract necessary capital, and fairly compensate investors for the risks they have assumed, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable."); Federal Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944)("From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard the return to the equity owner should be commensurate with returns on investments and other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.")(citation omitted); Bluefield Water Works and Improvement Co. v. Public Serv. Comm'n, 262 U.S. 679, 690 (1923)("Rates which are not sufficient to yield a reasonable return on the value of the property used at the time it is being used to render the service are unjust, unreasonable and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment. This is so well settled by numerous decisions of this Court that citation of the cases is scarcely necessary."); South Cent. Bell Tel. Co. v. Louisiana Pub. Serv. Comm'n, 352 So.2d 964, 967 (La. 1977)("The primary purpose of the rate-making process is to set rates at such a level that the utility's revenue will be sufficient to permit the utility both to pay its legitimate operating expenses and to provide a return on investment adequate to compensate existing investors and attract new capital as it is required."); Louisiana Power & Light Co. v. Louisiana Pub. Serv. Comm'n, 343 So.2d 1040 (La. 1977).

9. Describe the nature and amount of its most recent rate relief action(s). In addition, indicate the nature and amount of any pending rate relief action(s). Use the attached form to provide this information. Provide copies of the submitted, financially related testimony and exhibits of the staff and company in the most recent rate relief action or pending action. Furnish copies of the hearing examiner's report and recommendation, and final opinion last issued with respect to each participant, including all financially related exhibits referred to therein.

RESPONSE:

The consolidation of Louisiana Power & Light Company and New Orleans Public Service Inc. has not yet taken place. Therefore, there have been no rate relief actions, nor any pending rate relief actions, for the consolidated company.

However, in an effort to be responsive to this item, we are providing the data for LP&L and NOPSI individually.

See Attachment for Item 9.

ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

LOUISIANA POWER & LIGHT COMPANY	Electric	Gas	Steam
Granted			
Test year utilized	12 M.E. 6-30-83	NONE	NONE
Annual amount of revenue requested - test year basis (000's)	317,029		
Date petition filed	1-24-83		
Annual amount of revenue increase allowed - test year basis (000's)	68,982		
Percent increase in revenues allowed	6.3%		
Date of final order	2-20-84		
Effective date	3-02-84		
Rate base finding (000's)	2,024,842		
Construction work in progress included in Rate base (000's)	*		
Rate of return on rate base authorized	12.45%		
Rate of return on common equity authorized	15%		
Revenue Effect (000's)			
Amount received in year granted	57,900		
Amount received in subsequent year	69,000		
(If not available, annualize amounts received in year granted)			
Pending Requests			
Test year utilized	12 M.E. 6-30-83		
Amount (000's)	315,559 (NET)**		
cent increase	27.04%		
Date petition filed	4-12-84		
Date by which decision must be issued	4-12-85		
Rate of return on rate base requested	12.82%		
Rate of return on common equity requested	16%		
Amount of rate base requested	2,902,286		
Amount of construction work in progress requested for inclusion in rate base	32,011		

* LP&L was required to capitalize AFUDC at a 3.5% rate on its investement in its Waterford-3 nuclear generating station up to an investment of $1,695,000,000, and at a net-of-tax rate consistent with the 12.45% rate of return on the remaining CWIP and any investment in Waterford-3 in excess of $1,695,000,000.

** See attached sheet.

LOUISIANA POWER & LIGHT COMPANY
SUMMARY OF REQUESTED LPSC JURISDICTIONAL RATE INCREASES
NEEDED UPON THE COMMERCIAL OPERATION OF
WATERFORD UNIT NO. 3 AND GRAND GULF UNIT NO. 1
(BASED ON A 14.0% ALLOCATION OF GRAND GULF)

(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirements Upon Commercial Operation of:		Increased/ (Decreased) Revenues
	WATERFORD UNIT NO. 3		
1	In-service costs (capital, operating, etc.)	$ 502,437	
2	Fuel savings	(119,845)	
3	Phase-in adjustments	(143,836)	
4	Non-jurisdictional revenue requirements	(4,239)	
5	Subtotal - Waterford Unit 3 Jurisdictional Revenue Requirements		$234,517
	GRAND GULF UNIT NO. 1		
6	In-service costs (capital, operating, etc.)	93,687	
7	Fuel savings	(12,439)	
8	Non-jurisdictional revenue requirements	(206)	
9	Subtotal - Grand Gulf Unit 1 Jurisdictional Revenue Requirements		81,042
10	TOTAL L.P.S.C. JURISDICTIONAL REVENUE REQUIREMENTS		$315,559

NOTE: LP&L's total additional revenue requirements supported in the pending Application, based on a 14.0% allocation of Grand Gulf, amount to $320,004, of which $315,559 is LPSC jurisdictional. The 14.0% allocation of Grand Gulf is in accordance with the initial decision of the Administrative Law Judge in FERC Docket No. ER82-616-000. If this decision is not ultimately sustained, then the Grand Gulf revenue requirement will change.

Item No. 9

Attached is a copy of the financially related testimony and exhibits (titled "Direct Testimony of John H. Erwin, Jr." and "Exhibits of John H. Erwin, Jr.") for LP&L's most recent pending action. Since no hearings have yet been conducted for this case, there is no staff testimony, examiner's report or final opinion available.

LOUISIANA POWER & LIGHT COMPANY

DIRECT TESTIMONY

OF

JOHN H. ERWIN, JR.

Direct Testimony of

John H. Erwin, Jr.

Q. Please state your name and business address.

A. John H. Erwin, Jr., 142 Delaronde Street, New Orleans, Louisiana 70174.

Q. By whom are you employed and in what capacity?

A. I am Senior Vice President-Accounting & Finance and Treasurer of Louisiana Power & Light Company and New Orleans Public Service Inc.

Q. Please describe your educational background and experience.

A. I am a graduate of Louisiana State University, having received a Bachelor of Science degree in Accounting in 1948. I have held several positions with Louisiana Power & Light Company since joining the Company in 1948, including Accountant, Statistician, Assistant Treasurer and Assistant Secretary, Treasurer and Assistant Secretary, Vice President and Treasurer, and I became Senior Vice President-Accounting & Finance and Treasurer of Louisiana Power & Light Company and New Orleans Public Service Inc. in 1983.

Q. What are your duties in your present capacity?

A. I am the Company's principal accounting and financial officer. In my capacity as principal accounting officer, I am responsible for all accounting functions and reports of the Company. In my capacity as principal financial officer, I am responsible for the Company's long-term and short-term financing programs.

This includes planning, scheduling and administering the Company's financial requirements, including the sale and issuance of long-term securities such as first mortgage bonds, preferred stock, and common stock, all of which are required in order to raise the large sums of money needed to finance the Company's construction program. The short-term interim financing program involves negotiating bank loan agreements. In addition, the Company is a participant in the Middle South Money Pool. Short-term financing provides the day-to-day availability of the necessary funds to meet the Company's obligations and expenses.

Q. What is the purpose and scope of your testimony?

A. The purpose of my testimony in this proceeding is to explain the necessity for the rate increase requested by pointing out the continuing decline in the Company's earnings, discussing the Company's construction program, the effect of placing Waterford Unit No. 3 in service, the recovery of the cost of Grand Gulf Unit No. 1 allocated to LP&L by the FERC and the critical need for timely rate relief. In addition to the financial testimony, I am presenting exhibits which were prepared either under my supervision and direction or of which I have direct knowledge. These exhibits are numbered LPL Erwin Ex. 1 through LPL Erwin Ex. 18.

Q. What is the Company requesting in this rate application?

A. The Company has filed this application based on a June 30, 1983 test year with pro-forma adjustments which show the effect of the Commission's Order No. U-15684, of Waterford Unit No. 3 being in service for twelve months and the Company's costs associated with

Grand Gulf Unit No. 1 in service for twelve months. Also included in the adjustments are the fuel savings associated with nuclear generation and the "Phase In" of a portion of the operating expenses of Waterford Unit No. 3.

The requested rate of return on rate base is 12.82%.

Q. What is the net additional revenue being requested?

A. The net additional revenue necessary to provide the requested return on rate base and the recovery of a 14% allocation of Grand Gulf Unit No. 1 by the FERC, after giving effect to nuclear fuel savings, the proposed phase-in and reduced purchased power costs, would be $320,004,000 as shown on Mr. Cain's Exhibit 1. An allocation by the FERC of 38.57% would require $500,578,000 of net additional revenue.

Q. Would you explain the phase-in revenue recovery concept proposed by the Company?

A. I will briefly describe this proposal which Mr. Chavanne addresses in specific detail in his testimony.

In order to considerably reduce the initial impact on its customers of revenue increases needed by the Company to meet the added costs of providing electric service, LP&L is proposing that this Commission authorize a gradual phasing-in of a significant portion of Waterford's operating expenses over a period of several years. If approved as requested, the increase would be phased-in during years 1 through 3 and amounts deferred in that period recovered during subsequent years.

The proposed "phase-in" will involve the deferral of $150,000,000 of Waterford 3's operating expenses in the first full year of that unit's operation. The Plan provides for lesser amounts being deferred during the second and third years of Waterford 3's operation and the full recovery of cumulative deferred amounts by the end of the ninth year that Waterford 3 has been in commercial operation.

Q. Mr. Erwin, why is the Company proposing a Grand Gulf adjustment clause?

A. The proposed clause will simply allow LP&L to recover the costs that ultimately come out of the FERC hearings. Since we have no way of knowing what that ultimate decision will be, the proposed clause will provide for recovering the additional Grand Gulf costs allocated to the Company whether it be 14%, 38.57% or other percentage.

Q. How does LP&L's Waterford nuclear unit affect this rate filing?

A. Waterford has a major impact on this filing because of the very large investment the Company has put into the construction of this plant. At the end of 1984, the Company's total utility plant is estimated to be \$4.164 billion and of this amount Waterford will be \$2.635 billion or about 63% of total utility plant.

Q. Let us now commence the portions of your testimony relating to your exhibits. First, would you please review the growth in utility plant and the Company's construction program?

A. LPL Erwin Ex. 1 shows that LP&L's total utility plant at the end of 1979, after more than 52 years of operation, totalled \$2.069 billion and that it will increase to \$4.164 billion by the end of 1984. This is an increase in only 5 years of \$2.095 billion, which is an increase of 101%, or more than doubling utility plant during this short period of time.

LPL Erwin Ex. 2 sets forth construction costs by years and indicates the tremendous amounts of money that will be invested in plant facilities by the end of 1984. LP&L's construction expenditures during the 5-year period 1975-1979 totalled $999,000,000. For the 5-year period 1980-1984, construction expenditures are estimated to total $2,200,000,000. Additionally, the Company's construction program for the years beyond 1984 is estimated to continue to require large sums of money in order for the Company to be able to provide the electrical power requirements of its customers in the 1990's.

Q. Will LP&L be able to finance this construction program?

A. LP&L will not be able to continue to finance its construction program without an increase in earnings sufficient to provide the coverages required to finance. <u>This will require timely rate relief</u>.

LPL Erwin Ex. 3, pages 1 and 2, reflect LP&L's bond and preferred stock coverages during 1983. As shown by Page 1 of this exhibit, after selling the $200 million of First Mortgage Bonds in March 1983, earnings were below 2.0 times annual bond interest requirement. At the end of 1983 bond coverages were 1.70. The Company is prohibited from selling any additional bonds (except for refunding purposes) until earnings improve the coverage above the 2.0 times requirement.

LPL Erwin Ex. 3, page 2, shows the Company's Preferred Stock coverage by months during 1983. This exhibit shows that after the Preferred Stock sale in February, the coverage was below the 1.5 times earnings requirement. At the end of 1983 preferred coverages were 1.43 and the Company is prohibited from selling any additional preferred stock until earnings improve this coverage above the 1.5 times requirement.

Q. Would you review LP&L's capital structure?

A. LPL Erwin Ex. 4 shows that at the end of 1983, the Company's capital structure consisted of 49.6% debt, 16.7% preferred stock and 33.7% common equity.

Q. Does the Company's present capital structure represent the respective levels of capital anticipated in the foreseeable future?

A. No. Based on a number of factors, including a review of the capital structure of utility companies having higher security ratings and discussions with rating agency personnel, the Company has a corporate objective of increasing its common equity ratio to 35% - 40% and lowering its preferred stock ratio to 10% while maintaining the debt ratio at 50% as shown on page 2 of Exhibit 4. These targeted ratios are easily attainable, given a reasonable level of earnings, and are consistent with the Commission's February 20, 1984 order which adopted the following guideline capital structure: debt - 50%; preferred stock - 13%; and common equity - 37%.

Q. What action must the Company take to achieve its targeted capital structure?

A. To achieve the desired capital structure, the Company must raise a larger portion of its external capital from the sale of common stock. In order to do so, the Company must have earnings that will provide an adequate return on the funds invested in the Company.

Q. Would you review the Company Bond Ratings and Preferred Stock Ratings?

A. The history of the Company's securities ratings are shown on LPL Erwin Ex. 5. As can readily be seen, each type of securities has suffered at least one downgrading. The current bond rating is such that further lowering of bond ratings would place them below investor grade and thus prohibit certain institutions from investing in them. Dr. Charles Phillips shows in his testimony that the result of having progressively lower security ratings is a higher cost of capital to the issuing company and ultimately higher bills to customers.

Q. Let us now turn to another important topic. Please tell us how regulatory lag affects a company?

A. One of the most serious problems facing electric utility companies and regulators today is that it is almost impossible for a company to earn the rates of return granted by regulatory commissions. The problem arises, to a large extent, because of the use of historical test periods during periods of rising costs. The problem is further enlarged by the delay that takes place while the company puts the rate case together and the time that passes after filing an application before the rate proceedings can be held and then the additional time required thereafter for the Commission to weigh the evidence and render its decision.

Any company with a large construction program that has to finance a large part of the construction costs from external financing will suffer a rapid decline in its financial position.

LP&L has suffered from regulatory lag over the past few years and it is one of the principal reasons the Company's financial position deteriorated in 1983 as shown by LPL Erwin Ex. 3.

Q. Please define attrition.

A. Attrition is the deterioration in the rate of return that a company is able to earn and results from faster growth in rate base and expenses than in revenues. Inflation, such as we have been experiencing in recent years, is the major cause of attrition. The Commission should include an attrition allowance in making its final revenue determination.

Q. Will you please describe LPL Erwin Ex. 6, pages 1 and 2?

A. LPL Erwin Ex. 6, pages 1 and 2, is the Balance Sheet of the Company at June 30, 1983.

Q. Will you please describe what is shown by LPL Erwin Ex. 7?

A. LPL Erwin Ex. 7 shows the Statement of Income of the Company for the year ended June 30, 1983.

Q. Will you please describe what is shown by LPL Erwin Ex. 8?

A. LPL Erwin Ex. 8 shows Electric Operating Revenues, Customers and MWH Sales by revenue classification for the twelve months ended June 30, 1983.

Q. What is shown by LPL Erwin Ex. 9?

A. LPL Erwin Ex. 9 shows the revenues and MWH sales to other electric utilities and the purchased power expenses and MWH of energy purchased for the twelve months ended June 30, 1983.

Q. Will you please describe what is shown by LPL Erwin Ex. 10?

A. LPL Erwin Ex. 10 sets forth the sources and disposition of electric energy in MWH for the twelve months ended June 30, 1983.

Q. What does LPL Erwin Ex. 11 show?

A. LPL Erwin Ex. 11 sets forth the original cost of Electric Plant in Service by functional classifications at June 30, 1982, the additions and retirements during the subsequent twelve months, and the resulting balances at June 30, 1983.

Q. Please turn to LPL Erwin Ex. 12 and tell us what it shows.

A. LPL Erwin Ex. 12 sets forth the Accumulated Provision for Depreciation of Electric Plant in Service by functional classifications at June 30, 1982, the depreciation expense and retirements during the subsequent twelve months, and the resulting balances at June 30, 1983. Depreciation expense applicable to transportation equipment has been reassigned to operation and maintenance expenses and other accounts.

Q. What is shown by your LPL Erwin Ex. 13?

A. LPL Erwin Ex. 13 shows a summary of Construction Work in Progress by functional classifications at June 30, 1982, the property additions and transfers during the subsequent twelve months, and the resulting balances at June 30, 1983.

Q. Will you please describe what is shown in LPL Erwin Ex. 14?

A. LPL Erwin Ex. 14 shows operation and maintenance expenses by functional classifications and MWH supply and total requirements for the twelve months ended June 30, 1983.

Q. Please tell us what your LPL Erwin Ex. 15 shows.

A. LPL Erwin Ex. 15 sets forth the Taxes Other Than Income Taxes charged to operating expenses during the twelve months ended June 30, 1983.

Q. What does your LPL Erwin Ex. 16 show?

A. LPL Erwin Ex. 16, page 1, reflects the Net Operating Income for the twelve months ended June 30, 1983. Page 2 sets forth the Rate Base for the twelve months ended June 30, 1983 and most of the information presented in Column 3 is also on various exhibits mentioned previously in my testimony with the exception of Cash Working Capital included in the Rate Base. Cash Working Capital as shown on this exhibit is equal to 1/8 of operation and maintenance expenses excluding fuel and purchased power expenses. The 1/8 represents the generally accepted 45-day formula for Cash Working Capital.

Q. Please explain the adjustments included in this filing.

A. The adjustments included in LPL Erwin Ex. 17, pages 1, 2 and 3, reflect the effect of Waterford Unit No. 3 being in operation for the full test year as well as certain other necessary adjustments. These adjustments affect Operating Revenues, Operating Expenses, Taxes, Net Operating Income, Plant in Service, Working Capital, Deferred Fuel and, of course, Total Rate Base and Return on Rate Base.

The major adjustments are as follows:

(1) Column 4 reflects the adjustment reclassifying the investment in SFI to include it in the rate base and to reclassify the interest income to operating revenues.

(2) Column 8 reflects the adjustment to the Texaco settlement portion of the rate base to include the additional interest of $32,628,000 in accordance with the LPSC Order U-15684, less the refund of $56,403,000 due in February 1985.

(3) Column 14 reflects the adjustment of the amount of Waterford 3 included in CWIP to the total estimated cost of the unit upon completion.

(4) Column 16 reflects the adjustments relating to the disallowance by the LPSC, in each of LP&L's previous rate cases, of the Deferred State Income Taxes attributable to Accelerated Depreciation.

(5) Column 17 reflects the first year of three years' amortization necessary to adjust the vintage years' Federal Statutory rates to the current Federal Statutory rate of 46% in accordance with the LPSC Order No. U-15684.

(6) Column 18 reflects a reduction in revenue, and associated expenses, as a result of reduced requirements of certain large industrial customers.

(7) Column 20 reflects the additional revenue increase of $68,982,000 granted by the LPSC in its Order No. U-15684.

(8) Column 21 reflects the adjustment transferring the cost of Waterford 3 from CWIP to Plant in Service and the operating expenses excluding fuel costs but including decommissioning costs for the initial year's operation.

(9) Column 22 reflects the reduction in purchased power costs as a result of Waterford 3 being placed in service.

(10) Column 23 reflects the savings in energy costs attributable to Waterford 3 being placed in service.

(11) Column 26 reflects the net effect of all of the adjustments and includes Waterford Unit No. 3 in operation for a full twelve months.

(12) Column 27 reflects a Pro-Forma rate base of $2,931,171,000 and a Pro-Forma return on rate base of $127,046,000.

Pages 4, 5 and 6 of LPL Erwin Ex. 17 provide detail information relative to each of the adjustments shown on pages 1, 2 and 3.

Q. Would you please describe your Exhibit 18?

A. LP&L Erwin Ex. 18 is a summary of the pro-forma income and rate base supporting the requested rate increase for Waterford 3 in-service, the Phase-in Adjustment clause, the fuel savings and the Grand Gulf Adjustment clause necessary to reflect Grand Gulf in-service.

Page 1 of this exhibit contains, in Columns 3, 4 and 5, a summary of my Exhibit 17. Column 3 shows the actual per books income and rate base for the twelve months ended June 30, 1983. Column 4 contains the total of all of the individual pro-forma adjustments contained on Exhibit 17 including the effects of Waterford 3 in-service. Also included in Column 4, is an estimated fuel saving of $119,845,000 when Waterford 3 is placed in commercial operation.

Column 5 is the sum of Columns 3 and 4 showing the projected pro-forma income and rate base for the test year.

Column 6 reflects the required revenues necessary to produce the requested return on rate base of 12.82%. This revenue increase has been determined by Mr. Treich in his Exhibit RDT-2.

Column 8 contains the revenue reduction due to the Phase-in Adjustment clause which is discussed in detail by Mr. Chavanne. The proposed clause would reduce revenues by $143,836,000 after consideration of the carrying charges and franchise taxes on the proposed $150,00,0000 phase-in amount.

Columns 10 and 11 reflect the revenue and expense changes resulting from Grand Gulf Unit No. 1 being in service and LP&L being allocated 14% of the Unit.

Column 10 shows the fuel savings and Column 11 shows the revenue required to cover the payments for the 14% allocation. The amount in Column 11 is proposed to be recovered through the Grand Gulf Adjustment clause, which is covered by Mr. Cunningham.

Page 2 of this Exhibit is similar to Page 1 with the only changes being the effects of an allocation of 38.57% of Grand Gulf Unit No. 1 to LP&L.

Q. Would you please summarize your analysis of LP&L's current financial condition?

A. LP&L's financial condition is such that since the sale of bonds in the first quarter of 1983, earnings coverages have fallen below minimum requirements and the Company is prohibited from selling additional amounts of First Mortgage Bonds. The Company's budget projections indicate that, even with the rate increase granted February 20, 1984, bond coverages will not improve to the point that additional First Mortgage Bonds can be sold in 1984. The Company is continuing its efforts to raise funds through the sale of pollution control bonds and long-term secured loans; however, because of the uncertainty of the in-service date of the nuclear units, without rate relief the Company may not be able to continue to finance its construction program.

I plead with this Commission to very carefully and realistically analyze this rate application, recognize the critical financial condition of this Company and timely grant the revenue increases requested in this filing.

Q. Does this complete your testimony?

A. Yes, it does.

VERIFICATION

STATE OF LOUISIANA

PARISH OF ORLEANS

BEFORE ME, the undersigned authority, personally came and appeared J. H. ERWIN, JR. who after by me being duly sworn did depose and say that the above and foregoing is his sworn testimony in connection with Louisiana Power & Light Company's application for rate relief and that the statements contained therein are true and correct to the best of his knowledge, information, and belief.

J. H. Erwin, Jr.

J. H. Erwin, Jr.

Sworn to and subscribed before me

this 6th day of April

1984.

Notary Public

LOUISIANA POWER & LIGHT COMPANY

EXHIBITS

OF

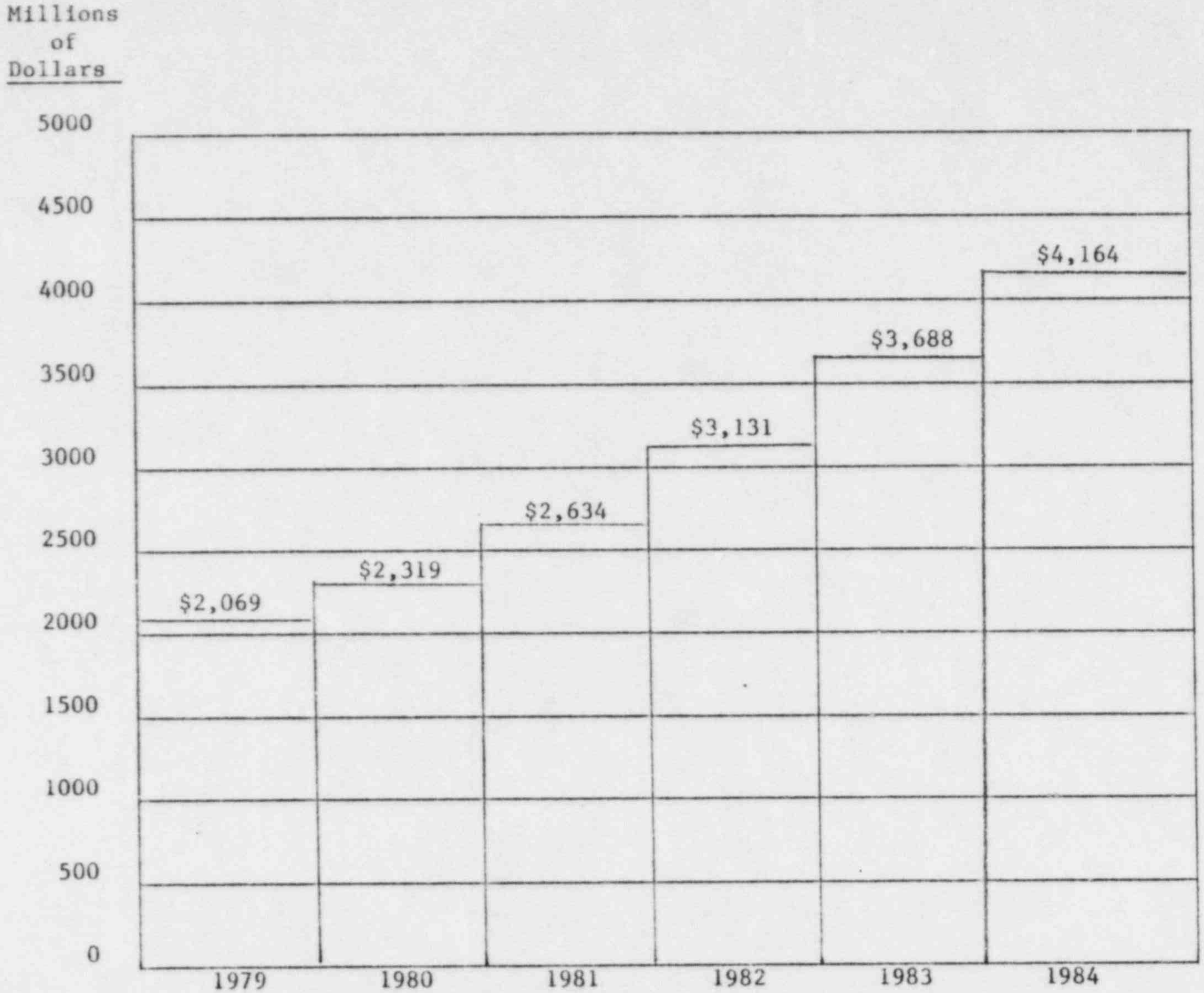
J. H. ERWIN, JR.

LPL Erwin Ex. 1

LOUISIANA POWER & LIGHT COMPANY

TOTAL UTILITY PLANT

1979 - 1984

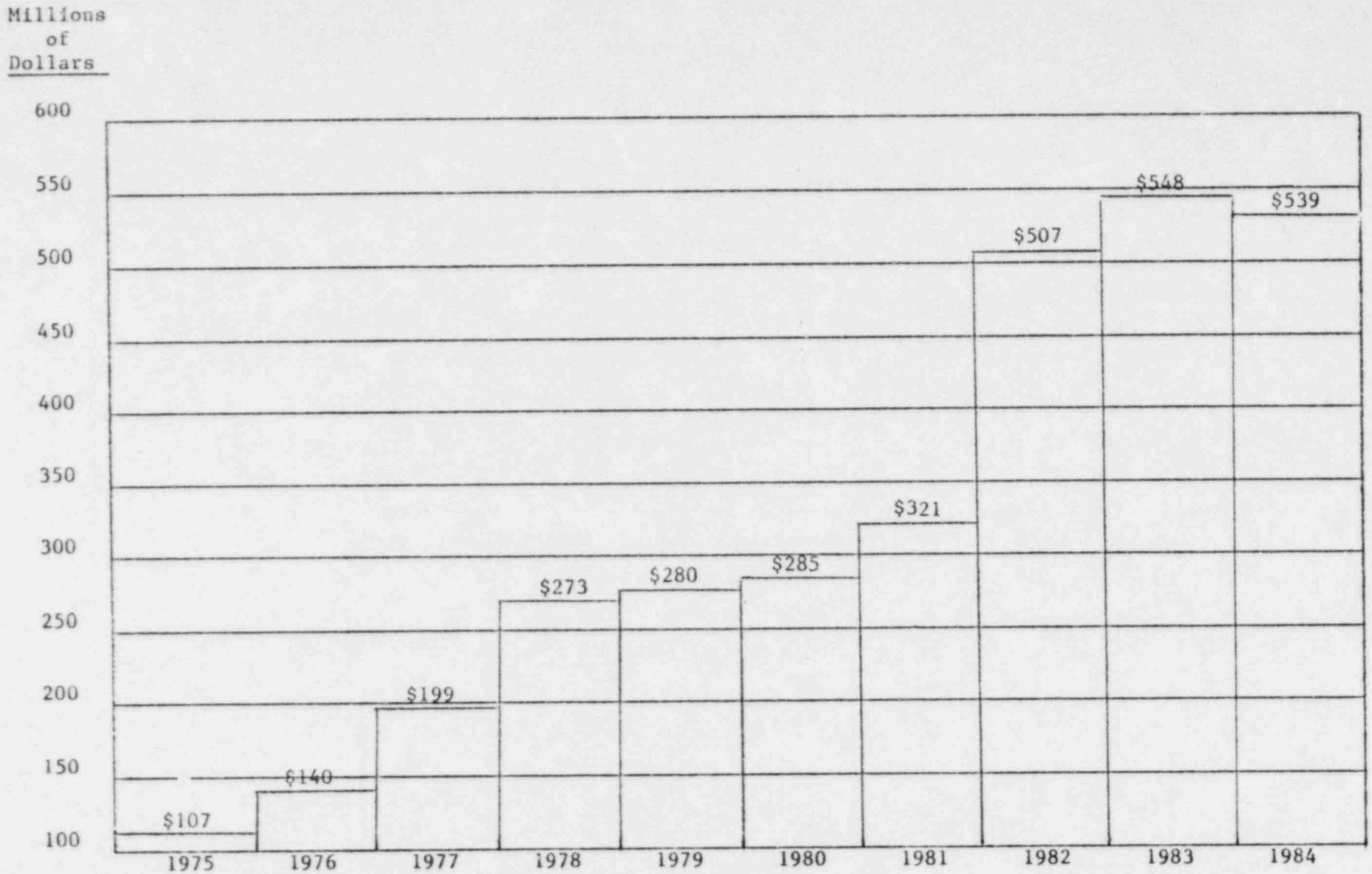


LPL Erwin Ex. 2

LOUISIANA POWER & LIGHT COMPANY

CONSTRUCTION EXPENDITURES

1975 - 1984



Louisiana Power & Light Company

Interest Coverage on First Mortgage Bonds

By Months

1983

12 Months Ended	January	2.68	July	1.77
	February	2.61	August	1.79
	* March	2.01	September	1.76
	April	1.98	October	1.76
	May	1.92	November	1.75
	June	1.86	December	1.70

* Reflects sale of $200 million of bonds in March 1983.

Louisiana Power & Light Company

Preferred Stock Coverage

By Months

1983

12 Months Ended	January	1.48	July	1.31
	* February	1.39	August	1.34
	** March	1.28	September	1.35
	April	1.29	October	1.38
	May	1.30	November	1.40
	June	1.31	December	1.43

* Reflects sale of $75 million of Preferred Stock in February 1983 using November 1982 coverages of 1.70x.

** Reflects the effect of the sale of $200 Million of First Mortgage Bonds in March 1983.

Louisiana Power Light Company

Capitalizatior Ratios

12/31/83

	%
First Mortgage Bonds	49.60
Preferred Stock	16.72
Common Equity	33.68
	100.00

Louisiana Power & Light Company

Target Capitalization Ratios

	%
First Mortgage Bonds	50.00
Preferred Stock	10.00
Common Equity	40.00
	100.00

LPL Erwin Ex. 5

Louisiana Power & Light Company

Downgradings of Securities

Standard & Poor's Corporation

First Mortgage Bonds			Preferred Stock		
From	To	Date	From	To	Date
A	A-	12/76	A	A-	12/76
A-	BBB	1/78	A-	BBB	10/77
BBB	BBB-	4/79	BBB	BBB-	4/79
			BBB-	BB	7/79

Moody's Investors Service Inc.

First Mortgage Bonds			Preferred Stock			Commercial Paper		
From	To	Date	From	To	Date	From	To	Date
A	Baa	12/76	A	Baa	12/76	P-1	P-2	12/76
Baa	Baa3	4/82	Baa	Ba	10/77	P-2	P-3	10/77
			Ba	Ba1	5/82	Rating Withdrawn		2/83
			Ba1	Ba2	2/83			

Duff & Phelps, Inc.

First Mortgage Bonds			Preferred Stock		
From	To	Date	From	To	Date
-	9	4/80	-	9	4/80
9	7	6/82	9	8	6/82
7	8	2/83	8	9	2/83

Fitch Commercial Paper

From	To	Date
F-2	F-3	1/79
F-3	F-2	11/81
Rating Withdrawn		2/83

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEET
AT JUNE 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Title of Account	(3) Actual
	ASSETS	
	Utility Plant	
1	Plant in Service	$1,364,304
2	Construction Work in Progress	1,987,058
3	Plant Held for Future Use	4,623
4	Plant Acquisition Adjustments	1,057
5	Plant Leased to Others	5,144
6	Plant Purchased or Sold	23,685
7	Nuclear Fuel	4,524
8	Total	3,390,395
9	Less Accumulated Depreciation	488,634
10	Utility Plant-Net	2,901,761
	Other Property and Investments	
11	Investment in Associated Company-At Equity	42,252
12	Other	497
13	Total	42,749
	Current Assets	
14	Cash	(10,050)
15	Special Deposits	10,394
16	Temporary Investments-At Cost, which approx.mkt.	119,054
17	Accounts Receivable-Net:	
18	Customer and Other	64,202
19	Associated Companies	46
20	Receivable from Gas Supplier	250,000
21	Deferred Fuel Costs	17,090
22	Materials and Supplies-At Average Cost	8,211
23	Prepayments	2,103
24	Other	10,239
25	Total	471,289
	Deferred Debits	
26	Accumulated Deferred Income Taxes	19,969
27	Other	2,588
28	Total	22,557
29	TOTAL	$3,438,356

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEET
AT JUNE 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Title of Account	(3) Actual
	CAPITALIZATION AND LIABILITIES	
	Capitalization	
1	Common Stock	$588,900
2	Retained Earnings	37,588
3	Preferred Stock	386,833
4	Long-Term Debt	1,198,635
5	Total	2,211,956
	Current Liabilities	
6	Notes Payable	50,000
7	Accounts Payable to Associated Companies	32,861
8	Accounts Payable-Other	37,219
9	Customer Deposits	22,629
10	Taxes Accrued	3,046
11	Interest Accrued	32,723
12	Dividends Declared	35,274
13	Gas Contract Settlement-Liability to Customers	238,979
14	Other	1,202
15	Total	453,933
	Deferred Credits	
16	Customer Advances for Construction	14,399
17	Accum. Deferred Investment Tax Credits	122,662
18	Accum. Deferred Income Taxes	141,956
19	Gas Contract Settlement-Liability to Customers	475,000
20	Other	11,763
21	Total	765,780
	Operating Reserves	
22	Property Insurance	5,061
23	Injuries and Damages	1,626
24	Total	6,687
25	TOTAL	$3,438,356

LPL Erwin Ex. 7

LOUISIANA POWER & LIGHT COMPANY
STATEMENT OF INCOME
FOR THE 12 MONTHS ENDED JUNE 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Title of Account	(3) Actual
1	Operating Revenues	$1,199,942
	Operating Expenses:	
2	Operation	875,962
3	Maintenance	48,879
4	Depreciation	45,550
5	Taxes Other Than Income Taxes	22,997
6	Federal Income Taxes	10,511
7	State Income Taxes	7,437
8	Deferred Federal Income Taxes-Net	668
9	Deferred State Income Taxes-Net	312
10	Investment Tax Credit Adjustments-Net	32,753
11	Total	1,045,069
12	Operating Income	154,873
	Other Income:	
13	Allowance for Equity Funds Used During Const.	54,349
14	Interest Income from Associated Company	5,840
15	Miscellaneous Income	2,360
16	Total	62,549
	Other Income Deductions:	
17	Miscellaneous Income Deductions	498
18	Income Taxes	(18,073)
19	Total	(17,575)
	Interest Charges:	
20	Interest on Long-Term Debt	108,390
21	Amortization of Debt Prem.,Discount & Exp.-Net	670
22	Interest on Customer Deposits	1,305
23	Imputed Interest-Settlement Agreement Funds	28,317
24	Other Interest	1,792
25	Allowance for Borrowed Funds Used During Const.	(21,135)
26	Total	119,339
27	NET INCOME	$115,658

LOUISIANA POWER & LIGHT COMPANY
ELECTRIC OPERATING REVENUES, CUSTOMERS AND SALES
FOR THE 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Items		(3) Actual
	ELECTRIC OPERATING REVENUES		
	Ultimate Customers		
1	Residential		$364,964
2	Commercial		186,136
3	Industrial		571,509
4	Governmental		27,159
5	Total Ultimate Customers		1,149,768
	Other		
6	Sales for Resale: System Companies		35,185
7	Other		4,968
8	Total Other		40,153
9	Total Sales of Electricity		1,189,921
	Other Operating Revenues		
10	Forfeited Discounts		5,672
11	Miscellaneous Service Revenues		1,896
12	Rent from Electric Property		1,943
13	Plant Leased to Others		505
14	Other Electric Revenues		5
15	Total Other Operating Revenues		10,021
16	Total Electric Operating Revenues		$1,199,942
	CUSTOMERS		
	Ultimate Customers	Average	At 6/30/83
17	Residential	478,495	482,257
18	Commercial	52,075	52,805
19	Industrial	6,678	7,123
20	Governmental	3,417	3,464
21	Total Ultimate Customers	540,665	545,649
22	Sales For Resale	10	10
23	Total Electric Customers	540,675	545,659

LOUISIANA POWER & LIGHT COMPANY
ELECTRIC OPERATING REVENUES, CUSTOMERS AND SALES
FOR THE 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Items	(3) Actual
	MWH ENERGY SALES	
	Ultimate Customers	
24	Residential	6,285,016
25	Commercial	3,108,031
26	Industrial	12,325,816
27	Governmental	521,610
28	Total Ultimate Customers	22,240,473
	Other	
29	Interdepartmental	-
30	Sales for Resale	956,178
31	Total Electric Energy Sales	23,196,651

LOUISIANA POWER & LIGHT COMPANY
SALES TO OTHER ELECTRIC UTILITIES AND PURCHASED POWER
FOR 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Particulars	(3) Actual
	SALES TO OTHER ELECTRIC UTILITIES	
	Operating Revenues	$000
1	Sales for Resale - System Companies	$35,185
2	Municipalities	4,526
3	Other Non-Associated Utilities	442
4	Total	$40,153
		MWH
	MWH Energy Sales	
5	Sales for Resale - System Companies	846,874
6	Municipalities	102,045
7	Other Non-Associated Utilities	7,259
8	Total Other Electric Utility Sales	956,178
	PURCHASED POWER	
	Operating Expenses	$000
9	Transactions with Associated Companies	$238,820
10	Other Non-Associated Utilities	124,326
	Total Other Utilities	363,146
	Facilities Charges	
11	Associated Companies	11,431
12	Outside Utilities	(865)
13	Total Facilities Charges	10,566
14	Total Purchased Power	$373,712
		MWH
	MWH Energy Purchased	
15	Transactions with Associated Companies	5,007,765
16	Other Non-Associated Utilities	5,564,624
17	Total Purchased Power	10,572,389

LPL Erwin Ex. 10

LOUISIANA POWER & LIGHT COMPANY
SOURCES AND DISPOSITION OF ENERGY
FOR 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Particulars	(3) MWH
	SOURCES OF ENERGY	
1	Generation: Steam and Combined Cycle	13,595,700
2	Purchases	10,572,389
3	Interchanges In (Out) - Net	(18,690)
4	Total Sources of Energy	24,149,399
	DISPOSITION OF ENERGY	
5	Sales to Ultimate Customers	22,240,473
6	Sales for Resale	956,178
7	Energy Furnished Without Charge	4,144
8	Energy Used By Company	25,261
9	Unaccounted for Losses	923,343
10	Total Disposition of Energy	24,149,399
11	Energy Losses as % of Total	3.8%

LPL Erwin Ex. 11

LOUISIANA POWER & LIGHT COMPANY

COST OF ELECTRIC UTILITY PLANT
AT 6/30/82 AND 6/30/83

(1) Line No.	(2) Function	(3) Balance 6/30/82 $000	(4) Additions $000	(5) Retirements $000	(6) Balance 6/30/83 $000
	ELECTRIC PLANT IN SERVICE				
1	Intangible	63	-	-	63
	Production				
2	Steam Production	483,581	3,583	1,282	485,882
3	Other Production	22,045	(94)	1,724	20,227
4	Total Production	505,626	3,489	3,006	506,109
5	Transmission	187,307	5,459	472	192,294
6	Distribution	599,081	44,726	6,343	637,464
7	General	28,126	1,568	1,320	28,374
8	Total Elec. Plt. in Service	1,320,203	55,242	11,141	1,364,304
9	Plant Acquisition Adjustment	1,182	(125)	-	1,057
10	Elec. Plt. Leased to Others	5,144	-	-	5,144
11	Plant Held for Future Use	4,623	-	-	4,623
12	Elec. Plt. Purchased or Sold	23,685	-	-	23,685
13	Total Utility Plant Completed	1,354,837	55,117	11,141	1,398,813
14	Construction Work in Progress	1,486,222	500,836	-	1,987,058
15	Nuclear Fuel	4,010	514	-	4,524
16	Total Elec. Utility Plant	2,845,069	556,467	11,141	3,390,395

LPL Erwin Ex. 12

LOUISIANA POWER & LIGHT COMPANY

ACCUMULATED PROVISION FOR DEPRECIATION
OF ELECTRIC PLANT IN SERVICE
AT 6/30/82 AND 6/30/83

(1) Line No.	(2) Function	(3) Balance 6/30/82 $000	(4) Depre- ciation $000	(5) Retirements $000	(6) Balance 6/30/83 $000
1	Steam Production	161,084	15,205	1,302	174,987
2	Other Production	14,552	1,956	1,672	14,836
3	Transmission	62,556	5,114	500	67,170
4	Distribution	192,228	22,450	4,493	210,185
5	General	18,209	619	1,161	17,667
6	Electric Plant Leased to Others	3,443	346	-	3,789
7	Total	452,072	45,690	9,128	488,634
8	Less: Vehicle Depreciation (General Plant)		140		
9	Income Depreciation		45,550		

LPL Erwin Ex. 13

LOUISIANA POWER & LIGHT COMPANY

SUMMARY OF CONSTRUCTION WORK IN PROGRESS
AT 6/30/82 AND 6/30/83

(1) Line No.	(2) Function	(3) Balance 6/30/82 $000	(4) Additions $000	(5) Transfers $000	(6) Balance 6/30/83 $000
	Production:				
1	Waterford 3	1,457,332	492,301	-	1,949,633
2	Other	3,719	4,680	3,489	4,910
3	Total	1,461,051	496,981	3,489	1,954,543
4	Transmission	10,461	9,317	5,459	14,319
5	Distribution	13,945	48,043	44,726	17,262
6	General	765	1,737	1,568	934
7	Total	1,486,222	556,078	55,242	1,987,058

LOUISIANA POWER & LIGHT COMPANY
OPERATION AND MAINTENANCE EXPENSES BY FUNCTIONAL CLASSIFICATIONS
FOR THE 12 MONTHS ENDED JUNE 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Particulars	(3) Actual
	Production	
	Generation	
	Steam:	
	Operation:	
1	Fuel	$393,645
2	Other	11,542
3	Total Operation	405,187
4	Maintenance	29,809
5	Total Steam	434,996
	Other:	
	Operation:	
6	Fuel	723
7	Other	369
8	Total Operation	1,092
9	Maintenance	296
10	Total Other	1,388
11	Total Generation	436,384
	Other	
12	Purchased Power	373,712
13	Deferred Fuel Costs	16,738
14	Other	743
15	Total Other	391,193
16	Total Production	827,577
	Transmission	
17	Operation	1,130
18	Maintenance	2,190
19	Total Transmission	3,320
	Distribution	
20	Operation	8,541
21	Maintenance	14,412
22	Total Distribution	22,953
23	Customer Accounts-Operation	14,425
24	Customer Service and Information-Operation	4,591
25	Sales-Operation	65
	Administrative and General	
26	Operation	49,738
27	Maintenance	2,172
28	Total Administrative and General	51,910
29	Total Operation and Maintenance	$924,841

LOUISIANA POWER & LIGHT COMPANY

MWH SUPPLY AND REQUIREMENTS STATISTICS
FOR 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Particulars	(3) Actual
	MWH STATISTICS	
	Supply	
1	Steam Generation Exc. Sta. Use - Gas	13,573,523
2	- Oil	22,177
3	Total Generation Exc. Sta. Use	13,595,700
4	Purchases	10,572,389
5	Interchanges - In	734,755
6	Total Supply	24,902,844
	Requirements	
7	Sales	23,196,651
8	Interchanges - Out	753,445
9	Furnished Without Charge	4,144
10	Used by Electric Utility	25,261
11	Lost or Unaccounted For	923,343
12	Total Requirements	24,902,844

LOUISIANA POWER & LIGHT COMPANY
TAXES OTHER THAN INCOME TAXES CHARGED TO OPERATING EXPENSES
FOR THE 12 MONTHS ENDED JUNE 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Particulars	(3) Actual $000
	Federal Taxes	
1	FICA	2,691
2	Unemployment	87
3	Total Federal Taxes	2,778
	State and Local Taxes	
4	Corporate Franchise	3,264
5	Unemployment	143
6	Property Tax	12,344
7	Receipts and Sales (Permits)	222
8	Regulatory Commission	82
9	Franchise Requirements	4,151
10	Workmen's Compensation	13
11	Total State and Local Taxes	20,219
12	Total Charged to Operating Expenses	22,997

LOUISIANA POWER & LIGHT COMPANY
NET OPERATING INCOME
FOR THE 12 MONTHS ENDED JUNE 30, 1983

(1) Line No.	(2) Particulars	(3) Actual $000
	OPERATING REVENUES	
1	Sales of Electricity:	
2	Sales to Ultimate Customers	$1,149,768
3	Sales for Resale	40,153
4	Total Sales of Electricity	1,189,921
5	Other Operating Revenues:	
6	Forfeited Discounts	5,672
7	Rent from Electric Property	1,943
8	Plant Leased to Others	505
9	Miscellaneous	1,901
10	Total Other Operating Revenues	10,021
11	Total Operating Revenues	1,199,942
	OPERATING EXPENSES	
12	Operation and Maintenance:	
13	Production	827,577
14	Transmission	3,320
15	Distribution	22,953
16	Customer Accounts	14,425
17	Customer Service and Information	4,591
18	Sales	65
19	Administrative and General	51,910
20	Total Operation and Maintenance	924,841
21	Depreciation	45,550
22	Taxes Other Than Income Taxes	22,997
23	Income Taxes	51,681
24	Total Operating Expenses	1,045,069
	NET OPERATING INCOME	$154,873

LOUISIANA POWER & LIGHT COMPANY
RATE BASE
AT JUNE 30, 1983, UNADJUSTED

(1) Line No.	(2) Particulars	(3) Actual $000
	Rate Base	
1	Total Electric Plant in Service	1,384,732
2	Plus: Plant Held for Future Use	4,623
3	Plant Leased to Others	5,144
4	Construction Work in Progress	1,736,640
5	Plant Acquisition Adjustments	1,120
6	Less: Accumulated Depreciation	(489,147)
7	Net Electric Plant	2,643,112
8	Cash Working Capital (See Calculation Below)	19,595
9	Materials and Supplies	9,003
10	Prepayments	1,460
11	Deferred Fuel Costs	14,404
12	Customer Advances	(13,545)
13	Accumulated Deferred Income Taxes	(116,397)
14	Deferred Investment Tax Credit Pre-1971	(3,617)
15	Deferred Texaco Settlement	(475,000)
16	Rate Base	2,079,015
17	Calculation of Cash Working Capital	
18	Total Operation and Maintenance Expense	924,841
19	Less: Fuel	(394,368)
20	Purchased Power	(373,712)
21	Working Capital Base	156,761
22	(1/8 or 45 days)	x.125
23	Cash Working Capital	19,595

Louisiana Power & Light Company
All Jurisdictions
Pro Forma Return on Rate Base
At June 30, 1983
(Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			ADJUSTMENTS							
Line No.	Account	Actual	Investment in SFI	Customer Deposits	Cooperative Transmission Chgs.	Income Taxes	Texaco Settlement	Payroll Increases	FICA Increase	Svgs.Plan Increase
1	Operating Revenues	$1,199,942	$5,417		$4,026					
2										
3	Operating Expenses:									
4	Operation and Maintenance	924,841		$1,305	4,026			$3,956		$72
5	Depreciation	45,550								
6	Taxes Other Than Income Taxes	22,997							$340	
7	Federal Income Taxes	10,511	2,380			$1,932		(1,738)	(250)	(32)
8	State Income Taxes	7,437	243			(162)		(177)	(25)	(3)
9	Deferred Fed. Income Tax-Net	668							100	
10	Deferred State Income Taxes	312							10	
11	Investment Tax Credit-Net	32,753				(1,933)				
12	Total Operating Expenses	1,045,069	2,623	1,305	4,026	(163)		2,041	175	37
13										
14	Net Operating Income	154,873	2,794	(1,305)		163		(2,041)	(175)	(37)
15	AFUDC	75,484								
16	Return on Rate Base	$230,357	$2,794	$(1,305)		$163		$(2,041)	$(175)	$(37)
17										
18	Rate Base									
19	Plant in Service	$1,384,732								
20	Construction Work in Progress	1,736,640								
21	Plant Held for Future Use	4,623								
22	Plant Acquisition Adjustments	1,120								
23	Plant Leased to Others	5,144								
24	Nuclear Fuel	4,267								
25	Accum. Prov. for Depreciation	(489,147)								
26	Net Plant	2,647,379								
27	Working Capital	30,058						$495		$9
28	Investment in SFI		$43,498							
29	Deferred Fuel Costs	14,404								
30	Deferred ITC Pre-1971	(3,617)								
31	Acc. Deferred Income Taxes	(116,397)							$(55)	
32	Customer Adv. for Const.	(13,545)								
33	Customer Deposits			$(21,613)						
34	Deferred Texaco Settlement	(475,000)					$23,775			
35	Unamortized Gain-Bldg. Sale	(11,759)								
36	Total Rate Base	$2,071,523	$43,498	$(21,613)			$23,775	$495	$(55)	$9

Louisiana Power & Light Company
All Jurisdictions
Pro Forma Return on Rate Base
At June 30, 1983
(Thousands of Dollars)

(1)	(2)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
		ADJUSTMENTS							
Line No.	Account	Grp. Life Ins. Increase	Pen. Plan Increase	Waterford 3 Const. Expend.	Property Taxes	Tax Depreciation	Excess DFIT	Revenue Changes	St. Rosalie Abandonment
1	Operating Revenues							$(35,368)	
2									
3	Operating Expenses:								
4	Operation and Maintenance	$199	$1,648					(28,135)	$(3,186)
5	Depreciation								
6	Taxes Other Than Income Taxes				$943			(129)	
7	Federal Income Taxes	(87)	(1,220)	$(2,012)	(415)	$825		(3,121)	1,400
8	State Income Taxes	(9)	(125)	(206)	(42)	84		(319)	143
9	Deferred Fed. Income Tax-Net		496	2,012		(297)	$(1,655)		
10	Deferred State Income Taxes		51	206		(978)			
11	Investment Tax Credit-Net								
12	Total Operating Expenses	103	850		486	(366)	(1,655)	(31,704)	(1,643)
13									
14	Net Operating Income	(103)	(850)		(486)	366	1,655	(3,664)	1,643
15	AFUDC								
16	Return on Rate Base	$(103)	$(850)		$(486)	$366	$1,655	$(3,664)	$1,643
17									
18	Rate Base								
19	Plant in Service								
20	Construction Work in Progress			$931,315					
21	Plant Held for Future Use								
22	Plant Acquisition Adjustments								
23	Plant Leased to Others								
24	Nuclear Fuel								
25	Accum. Prov. for Depreciation								
26	Net Plant			$931,315					
27	Working Capital	$25	$206						
28	Investment in SFI								
29	Deferred Fuel Costs								
30	Deferred ITC Pre-1971								
31	Acc. Deferred Income Taxes		(273)	(2,218)		$4,509	$828		
32	Customer Adv. for Const.								
33	Customer Deposits								
34	Deferred Texaco Settlement								
35	Unamortized Gain-Bldg. Sale								
36	Total Rate Base	$25	$(67)	$929,097		$4,509	$828		

Louisiana Power & Light Company
All Jurisdictions
Pro Forma Return on Rate Base
At June 30, 1983
(Thousands of Dollars)

(1)	(2)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
		ADJUSTMENTS							
Line No.	Account	Rate Increase	Waterford 3 In Service	Capacity Charges	Energy Costs	Proposed New State Taxes	Tax Effect on Int. Synchronization	Net Adjustments	Pro-Forma
1	Operating Revenues	$68,982			$(114,342)			$(71,285)	$1,128,657
2									
3	Operating Expenses:								
4	Operation and Maintenance		$91,430	$(48,954)	(114,342)	$469		(91,512)	833,329
5	Depreciation		99,835					99,835	145,385
6	Taxes Other Than Income Taxes	252	1,230		(437)	7		2,206	25,203
7	Federal Income Taxes	30,198	(116,450)	21,509	192	1,873	$(9,233)	(74,249)	(63,738)
8	State Income Taxes	3,082	(11,887)	2,196	19	(4,548)	(1,745)	(13,481)	(6,044)
9	Deferred Fed.Income Tax-Net		37,385			157		38,198	38,866
10	Deferred State Income Taxes					(282)		(993)	(681)
11	Investment Tax Credit-Net							(1,933)	30,820
12	Total Operating Expenses	33,532	101,543	(25,249)	(114,568)	(2,324)	(10,978)	(41,929)	1,003,140
13									
14	Net Operating Income	35,450	(101,543)	25,249	226	2,324	10,978	(29,356)	125,517
15	AFUDC		(73,955)					(73,955)	1,529
16	Return on Rate Base	$35,450	$(175,498)	$25.249	$226	$2,324	$10,978	$(103,311)	$127,046
17									
18	Rate Base								
19	Plant in Service		$2,634,798					$2,634,798	$4,019,530
20	Construction Work in Progress		(2,634,798)					(1,703,483)	33,157
21	Plant Held for Future Use								4,623
22	Plant Acquisition Adjustments								1,120
23	Plant Leased to Others								5,144
24	Nuclear Fuel								4,267
25	Accum. Prov. for Depreciation		(99,835)					(99,835)	(588,982)
26	Net Plant		(99,835)					831,480	3,478,859
27	Working Capital		16,113			$192		17,040	47,098
28	Investment in SFI							43,498	43,498
29	Deferred Fuel Costs								14,404
30	Deferred ITC Pre-1971								(3,617)
31	Acc. Deferred Income Taxes		(37,386)			63		(34,532)	(150,929)
32	Customer Adv. for Const.								(13,545)
33	Customer Deposits							(21,613)	(21,613)
34	Deferred Texaco Settlement							23,775	(451,225)
35	Unamortized Gain-Bldg. Sale								(11,759)
36	Total Rate Base		$(121,108)			$255		$859,648	$2,931,171

Louisiana Power & Light Company
All Jurisdictions
Explanation of Adjustments in the
Pro Forma Return on Rate Base and Rate Base
At June 30, 1983

Column	Explanation
4	INVESTMENT IN SFI. Interest income received in the 12 months ended June 30, 1983 and related taxes on other income, less the interest income and income taxes associated with the deferred charges for the Peabody coal contract subsequently reimbursed, are reclassified for ratemaking purposes as operating revenues and operating income taxes, respectively. Adjustment is also made to include the investment in SFI, less the investment associated with the Peabody coal contract, in the rate base.
5	CUSTOMER DEPOSITS. Interest on customer deposits is reclassified as an operating expense and customer deposits is included as a reduction of rate base.
6	COOPERATIVE TRANSMISSION CHARGES. The transmission charges to cooperatives are reclassified for ratemaking purposes from a credit to purchased power expenses to operating revenues.
7	INCOME TAXES. This adjustment includes a correction to the distribution of income taxes caused primarily by inadvertently classifying the income tax effect of certain other income and deduction items as operating income taxes. In addition, a non-recurring adjustment to income taxes and investment tax credit for periods prior to 1982 is eliminated.
8	TEXACO SETTLEMENT. The Texaco settlement portion of the rate base is adjusted to include additional interest per the LPSC Order No. U-15684, \$32,628,000, less the refund due in February 1985, \$56,403,000.
9	PAYROLL INCREASES. This adjustment gives effect to the annualization of wage and salary increases given through August 31, 1983 which are to be charged to operation and maintenance expenses.
10	FICA INCREASE. This adjustment gives effect to the increase in the FICA tax as a result of annualizing payroll increases. Allocation is made to taxes other than income taxes and related income taxes. In addition, allocation is also made to CWIP and RWIP resulting in a decrease in income taxes offset by an increase in deferred income taxes. The rate base is reduced by 1/2 of the increase in deferred income taxes.

Column	Explanation
11	SAVINGS PLAN INCREASE. This contribution is anticipated to increase operation and maintenance by approximately 1.8% of Column 9.
12	GROUP LIFE INSURANCE INCREASE. Life insurance coverage is anticipated to increase in proportion to the payroll increase shown in Column 9. Such increase in operation and maintenance amounts to approximately $37,000. During the 12 months ended June 30, 1983, the Company received two refunds - $236,592 in August 1982 covering the period 8/1/80 - 8/1/81, and $385,700 covering the period 8/1/81 - 8/1/82. The effect of the first refund ($236,592 of which $161,971 was charged to operation and maintenance) is eliminated in this column.
13	PENSION PLAN INCREASE. As a result of a recent actuarial valuation for the 1983 Plan Year Contributions, this column reflects an anticipated increase in operation and maintenance of $1,648,000. In addition, pensions charged to construction, approximately $1,128,000, further reduces income taxes offset by an increase in deferred income taxes. The rate base is reduced by 1/2 of the increase in deferred income taxes.
14	WATERFORD 3 CONSTRUCTION EXPENDITURES. This column adjusts the cost of Waterford 3 included in CWIP to the total estimated cost of the unit upon completion. Deferred income taxes applicable to taxes and pensions are also updated.
15	PROPERTY TAXES. The 10-year exemption on Ninemile Point Unit No. 3 ends 12/31/83. This adjustment gives effect to the estimated increase in property taxes in 1984 attributable to such unit.
16	TAX DEPRECIATION. This column reflects the adjustments to reverse the current and prior provisions for deferred state income taxes attributable to liberalized tax depreciation since they were never reflected in the cost of service for ratemaking purposes. As a result, the provisions for deferred federal income taxes attributable to liberalized depreciation are grossed up to each of the vintage year's federal statutory income tax rate. In addition, income taxes and deferred income taxes attributable to ACRS depreciation reflect the change from liberalized rates to straight-line rates effective with the calendar year 1982.
17	EXCESS DFIT. This column reflects the first of 3 years' amortization of the reduction in deferred federal income taxes attributable to liberalized depreciation from each of the vintage year's federal statutory income tax rate (see Column 16) to the current federal statutory income tax rate of 46% in accordance with LPSC Order No. U-15684.

Column	Explanation
18	REVENUE CHANGES. Revenue is reduced as a result of reduced requirements of certain industrial customers.
19	ST. ROSALIE ABANDONMENT. In accordance with LPSC Order No. U-15684, this adjustment returns to ratepayers over a 3-year period the costs of the St. Rosalie abandonment prorated to the other companies of the Middle South System.
20	RATE INCREASE. This column reflects the additional revenue increase of $68,982,000 granted by the LPSC in its Order No. U-15684.
21	WATERFORD 3 IN SERVICE. Operation (exclusive of fuel costs) and maintenance, depreciation (including decommissioning of $12,017,000) taxes other than income taxes and income taxes are included in operating expenses of the unit's initial year of service. In addition, income taxes and deferred federal income taxes are adjusted to reflect the additional tax depreciation taken. As for the rate base, the cost of the unit is transferred from CWIP to Plant in Service, accumulated depreciation reflects the initial year's depreciation expense and accumulated deferred income taxes are adjusted as above.
22	CAPACITY CHARGES. Charges for intercompany reserve equalization and White Bluff are reduced as a result of Waterford 3 being placed in service.
23	ENERGY COSTS. This column reflects the savings in energy costs attributable to Waterford 3 being placed in service, $119,845,000, and the increase in off-system revenues, $5,503,000.
24	PROPOSED NEW STATE TAXES. This column reflects the anticipated increase in state taxes resulting from the special session of the Louisiana legislature that began March 19, 1984.
25	TAX EFFECT ON INTEREST SYNCHRONIZATION. Income taxes are reduced by the tax effect of the pro forma interest charges as compared to the interest charges per books for the 12 months ended 6/30/83.

Louisiana Power & Light Company
All Jurisdictions
Pro Forma Revenue Requirements
At June 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Account	(3) Actual	(4) Adjustments Per Ex.17	(5) Sub-Total	(6) Revenue Required to Earn 12.82%	(7) Sub-Total	(8) Phase-In Adjustment	(9) Sub-Total	(10) Energy Costs	(11) 14% Grand Gulf Grand Gulf Adjustment	(12) Total
1	Operating Revenues	$1,199,942	$(71,285)	$1,128,657	$502,437	$1,631,094	$(143,836)	$1,487,258	$(12,439)	$93,687	$1,568,506
2											
3	Operating Expenses:										
4	O & M	924,841	(91,512)	833,329		833,329	(143,311)	690,018	(12,439)	93,345	770,924
5	Depreciation	45,550	99,835	145,385		145,385		145,385			145,385
6	Other Taxes	22,997	2,206	25,203	1,773	26,976	(525)	26,451		342	26,793
7	Fed. Income Taxes	10,511	(74,249)	(63,738)	211,881	148,143	(63,480)	84,663			84,663
8	State Income Taxes	7,437	(13,481)	(6,044)	40,053	34,009	(12,000)	22,009			22,009
9	Def.Fed.Inc.Tax	668	38,198	38,866		38,866	63,480	102,346			102,346
10	Def.State Inc.Taxes	312	(993)	(681)		(681)	12,000	11,319			11,319
11	ITC-Net	32,753	(1,933)	30,820		30,820		30,820			30,820
12	Total	1,045,069	(41,929)	1,003,140	253,707	1,256,847	(143,836)	1,113,011	(12,439)	-93,687	1,194,259
13											
14	Net Operating Income	154,873	(29,356)	125,517	248,730	374,247		374,247			374,247
15	AFUDC	75,484	(73,955)	1,529		1,529		1,529			1,529
16	Return on Rate Base	$230,357	$(103,311)	$127,046	$248,730	$375,776		$375,776			$375,776
17											
18	Rate Base										
19	Plant in Service	$1,384,732	$2,634,798	$4,019,530		$4,019,530		$4,019,530			$4,019,530
20	CWIP	1,736,640	(1,703,483)	33,157		33,157		33,157			33,157
21	Future Use Plant	4,623		4,623		4,623		4,623			4,623
22	Plant Acq. Adj.	1,120		1,120		1,120		1,120			1,120
23	Leased Plant	5,144		5,144		5,144		5,144			5,144
24	Nuclear Fuel	4,267		4,267		4,267		4,267			4,267
25	Accum.Prov.for Depr.	(489,147)	(99,835)	(588,982)		(588,982)		(588,982)			(588,982)
26	Net Plant	2,647,379	831,480	3,478,859		3,478,859		3,478,859			3,478,859
27	Working Capital	30,058	17,040	47,098		47,098		47,098			47,098
28	Investment in SFI		43,498	43,498		43,498		43,498			43,498
29	Def.Fuel Costs	14,404		14,404		14,404		14,404			14,404
30	Def.ITC Pre-1971	(3,617)		(3,617)		(3,617)		(3,617)			(3,617)
31	Acc.Def.Inc.Taxes	(116,397)	(34,532)	(150,929)		(150,929)		(150,929)			(150,929)
32	Cust.Adv.for Const.	(13,545)		(13,545)		(13,545)		(13,545)			(13,545)
33	Customer Deposits		(21,613)	(21,613)		(21,613)		(21,613)			(21,613)
34	Def.Texaco Settlement	(475,000)	23,775	(451,225)		(451,225)		(451,225)			(451,225)
35	Unam.Gain-Bldg. Sale	(11,759)		(11,759)		(11,759)		(11,759)			(11,759)
36	Total Rate Base	$2,071,523	$859,648	$2,931,171		$2,931,171		$2,931,171			$2,931,171

Louisiana Power & Light Company
All Jurisdictions
Pro Forma Revenue Requirements
At June 30, 1983
(Thousands of Dollars)

(1) Line No.	(2) Account	(3) Actual	(4) Adjustments Per Ex.17	(5) Sub-Total	(6) Revenue Required to Earn 12.82%	(7) Sub-Total	(8) Phase-In Adjustment	(9) Sub-Total	(10) 38.57% Grand Gulf: Energy Costs	(11) 38.57% Grand Gulf: Grand Gulf Adjustment	(12) Total
1	Operating Revenues	$1,199,942	$(71,285)	$1,128,657	$502,437	$1,631,094	$(143,836)	$1,487,258	$(28,960)	$290,782	$1,749,080
2											
3	Operating Expenses:										
4	O & M	924,841	(91,512)	833,329		833,329	(143,311)	690,018	(28,960)	289,721	950,779
5	Depreciation	45,550	99,835	145,385		145,385		145,385			145,385
6	Other Taxes	22,997	2,206	25,203	1,773	26,976	(525)	26,451		1,061	27,512
7	Fed. Income Taxes	10,511	(74,249)	(63,738)	211,881	148,143	(63,480)	84,663			84,663
8	State Income Taxes	7,437	(13,481)	(6,044)	40,053	34,009	(12,000)	22,009			22,009
9	Def.Fed.Inc.Tax	668	38,198	38,866		38,866	63,480	102,346			102,346
10	Def.State Inc.Taxes	312	(993)	(681)		(681)	12,000	11,319			11,319
11	ITC-Net	32,753	(1,933)	30,820		30,820		30,820			30,820
12	Total	1,045,069	(41,929)	1,003,140	253,707	1,256,847	(143,836)	1,113,011	(28,960)	290,782	1,374,833
13											
14	Net Operating Income	154,873	(29,356)	125,517	248,730	374,247		374,247			374,247
15	AFUDC	75,484	(73,955)	1,529		1,529		1,529			1,529
16	Return on Rate Base	$230,357	$(103,311)	$127,046	$248,730	$375,776		$375,776			$375,776
17											
18	Rate Base										
19	Plant in Service	$1,384,732	$2,634,798	$4,019,530		$4,019,530		$4,019,530			$4,019,530
20	CWIP	1,736,640	(1,703,483)	33,157		33,157		33,157			33,157
21	Future Use Plant	4,623		4,623		4,623		4,623			4,623
22	Plant Acq. Adj.	1,120		1,120		1,120		1,120			1,120
23	Leased Plant	5,144		5,144		5,144		5,144			5,144
24	Nuclear Fuel	4,267		4,267		4,267		4,267			4,267
25	Accum.Prov.for Depr.	(489,147)	(99,835)	(588,982)		(588,982)		(588,982)			(588,982)
26	Net Plant	2,647,379	831,480	3,478,859		3,478,859		3,478,859			3,478,859
27	Working Capital	30,058	17,040	47,098		47,098		47,098			47,098
28	Investment in SFI		43,498	43,498		43,498		43,498			43,498
29	Def.Fuel Costs	14,404		14,404		14,404		14,404			14,404
30	Def.ITC Pre-1971	(3,617)		(3,617)		(3,617)		(3,617)			(3,617)
31	Acc.Def.Inc.Taxes	(116,397)	(34,532)	(150,929)		(150,929)		(150,929)			(150,929)
32	Cust.Adv.for Const.	(13,545)		(13,545)		(13,545)		(13,545)			(13,545)
33	Customer Deposits		(21,613)	(21,613)		(21,613)		(21,613)			(21,613)
34	Def.Texaco Settlement	(475,000)	23,775	(451,225)		(451,225)		(451,225)			(451,225)
35	Unam.Gain-Bldg. Sale	(11,759)		(11,759)		(11,759)		(11,759)			(11,759)
36	Total Rate Base	$2,071,523	$859,648	$2,931,171		$2,931,171		$2,931,171			$2,931,171

Louisiana Power & Light Company
All Jurisdictions
Explanation of the Columns in the
Pro Forma Revenue Requirements
At June 30, 1983

Column	Explanation
3, 4 & 5	These columns are transferred from LPL Erwin Ex. 17, Columns 3, 26 and 27.
6	REVENUE REQUIRED TO EARN 12.82%. This column reflects the additional annual revenue requirement less the related taxes other than income taxes (franchise requirements) and income taxes necessary to earn 12.82% on the rate base of $2,931,171,000.
8	PHASE-IN ADJUSTMENT. This column reflects the deferral of $150 million of the additional annual revenue requirement. The $150 million will be charged to deferred debits and credited to purchased power expense which will decrease revenue through the phase-in adjustment clause. Taxes other than income taxes are adjusted for the revenue decrease and income taxes are adjusted accordingly. Deferred income taxes are applicable to the $150 million deferral. This proposed deferral also reflects no rate base treatment to the deferred debit and the related accumulated deferred income taxes. It is also proposed that the carrying charges on such phase-in net of accumulated deferred income taxes, $6,689,000, be collected through the phase-in adjustment clause. Such carrying charges will be charged to purchased power expense with an offsetting credit to other income.
10	ENERGY COSTS. The savings in energy costs attributable to Grand Gulf Unit No. 1 being placed in service are shown in this column.
11	GRAND GULF ADJUSTMENT. The Company's share of Grand Gulf No. 1's capacity costs and its related revenue requirement are shown in this column.

ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

New Orleans Public Service Inc.

	Electric	Gas	Steam
Granted			
Test year utilized	12 M.E. 6-30-83	1981 with Proforma Adjustments to 1983	NONE
Annual amount of revenue requested - test year basis (000's)	52,533	$16,857	
Date petition filed	1-28-83	7/21/82	
Annual amount of revenue increase allowed - test year basis (000's)	24,008	$11,530	
Percent increase in revenues allowed	7.7%	9.28%	
Date of final order	2-20-84	11/28/83	
Effective date	3-02-84	12/1/83	
Rate base finding (000's)	187,117	$42,068	
Construction work in progress included in Rate base (000's)	0	0	
Rate of return on rate base authorized	12.45%	9.13%	
Rate of return on common equity authorized	15%	13%	
Revenue Effect (000's)			
Amount received in year granted	20,000	$1,063	
Amount received in subsequent year (If not available, annualize amounts received in year granted)	24,008	$11,530	
Pending Requests		NONE	
Test year utilized	12 M.E. 6-30-83		
Amount (000's)	26,028 (NET)*		
Percent increase	8.3%		
Date petition filed	4-12-84		
Date by which decision must be issued	4-12-85		
Rate of return on rate base requested	12.45%		
Rate of return on common equity requested	15%		
Amount of rate base requested	187,117		
Amount of construction work in progress requested for inclusion in rate base	0		

* The net amount of the increase is based on a 17.0% Allocation of Grand Gulf Unit No. 1, which is in accordance with the initial decision of the Administrative Law Judge in FERC Docket No. ER82-616-000 If this decision is not ultimately sustained, then the Grand Gulf revenue requirement will change.

Item No. 9

Attached is a copy of the financially related testimony and exhibits (titled "Direct Testimony of John H. Erwin, Jr." and "Exhibits of John H. Erwin, Jr.") for LP&L's most recent pending action. Since no hearings have yet been conducted for this case, there is no staff testimony, examiner's report or final opinion available.

NEW ORLEANS PUBLIC SERVICE INC.

DIRECT TESTIMONY

OF

JOHN H. ERWIN, JR.

Direct Testimony of

John H. Erwin, Jr.

Q. Please state your name and business address.

A. John H. Erwin, Jr., 317 Baronne Street, New Orleans, Louisiana 70160.

Q. By whom are you employed and in what capacity?

A. I am Senior Vice President-Accounting & Finance and Treasurer of New Orleans Public Service Inc. and Louisiana Power & Light Company.

Q. Please describe your educational background and experience.

A. I am a graduate of Louisiana State University, having received a Bachelor of Science degree in Accounting in 1948. I have held several positions with Louisiana Power & Light Company since joining that Company in 1948, including Accountant, Statistician, Assistant Treasurer and Assistant Secretary, Treasurer and Assistant Secretary, Vice President and Treasurer, and I became Senior Vice President-Accounting & Finance and Treasurer of NOPSI and LP&L in 1983.

Q. What are your duties in your present capacity?

A. I am the Company's principal accounting and financial officer. In my capacity as principal accounting officer, I am responsible for all accounting functions and reports of the Company. In my capacity as principal financial officer, I am responsible for the Company's long-term and short-term financing programs.

This includes planning, scheduling and administering the Company's financial requirements, including the sale and issuance of long-term securities such as first mortgage bonds, preferred stock, and common stock, each of which may be required in order to raise the funds needed to finance the Company's construction program. The short-term interim financing program involves negotiating agreements for bank loans. In addition, the Company is a participant in the Middle South Money Pool. Short-term financing provides the day-to-day availability of the necessary funds to meet the Company's obligations and expenses.

Q. What is the purpose and scope of your testimony?

A. The purpose of my testimony in this proceeding is to explain the necessity for the additional revenue requested in this filing, which is the recovery of whatever cost of Grand Gulf Unit No. 1 is allocated to the Company by the FERC. In addition, I am presenting exhibits which were prepared either under my supervision and direction or of which I have direct knowledge. These exhibits are numbered NOPSI Erwin Ex. 1 and NOPSI Erwin Ex. 2.

Q. What is the Company requesting in this rate application?

A. The Company has filed this application based on a June 30, 1983 test year with pro-forma adjustments which show the effect of the Commission's Order No. U-15689 and the Company's costs associated with Grand Gulf Unit No. 1 in service for twelve months. Also included in the adjustments are the fuel savings associated with nuclear generation, the Grand Gulf adjustment clause which provides for the recovery of the amount allocated to the Company by the FERC and the phase-in adjustment which defers the collection of a portion of the total revenue requirements requested by the Company.

Q. What is the amount of additional electric revenue being requested?

A. The amount of additional electric revenue requested by NOPSI in this filing represents a recovery of the first year costs associated with the Company's portion of Grand Gulf Unit No. 1 allocated to it by the FERC. Since we have no way of knowing what the ultimate allocation percentage will be, Mr. Cain, in his testimony, reviews two allocations, 17% and 29.8%. Under the 17% allocation, the total billings NOPSI would receive for the first year's operation of Grand Gulf are projected to be $138,836,000, and under the 29.8% allocation the total billings would be $243,372,000.

However, in an effort to considerably reduce the initial impact on customers, the Company is proposing the gradual phasing-in over several years of the annual charges associated with Grand Gulf.

In addition to the proposed phase-in, in the first year customer bills would be reduced by fuel savings and a reduction in purchased power costs.

The total net effect on NOPSI customers, under the two allocation percentages of Grard Gulf Unit No. 1 in its first full year of operation, would be $26,028,000 and $58,404,000, respectively.

Q. Would you explain the phase-in revenue recovery concept proposed by the Company?

A. I will briefly describe this proposal which Mr. Chavanne addresses in specific detail in his testimony.

In order to significantly reduce the initial impact on customer bills, the Company is proposing that this Commission authorize a gradual phase-in on customer bills of a large portion of the additional revenue requested. If approved as requested, the increase would be phased-in during years 1 through 3 and amounts deferred in those years recovered during subsequent years. The yearly amounts are set forth in NOPSI Chavanne Ex. 1. Under the 17% allocation, the phase-in would defer $76,360,000 in the first full year.

Q. Let us now turn to your Exhibits. Would you please review NOPSI Erwin Ex. 1?

A. NOPSI Erwin Ex. 1 is a summary of the actual test year ended June 30, 1983 as adjusted by the Commission's Order No. U-15689, the fuel savings and the Grand Gulf adjustment clause necessary to reflect Grand Gulf Unit No. 1 in-service, and the phase-in adjustment clause.

Page 1 of this exhibit contains in Column 3 the actual test year as adjusted in Columns 4, 5 and 6 pursuant to the Commission's Order. Column 4 is a summary of the income and rate base adjustments contained in the Order and is detailed by item on NOPSI Erwin Ex. 2. Columns 5 and 6 contain the attrition adjustment and resulting rate increase authorized, respectively. Column 7 is the result of these adjustments applied to the actual test year resulting in the adjusted test year showing the authorized return on rate base of 12.45%.

Columns 8 and 9 are the revenue and expense changes due to Grand Gulf Unit No. 1 being in-service with NOPSI receiving a 17% allocation of the unit. Column 8 contains the fuel savings of $32,921,000 which would automatically flow to the customers through the current LPSC fuel adjustment clause. Column 9 reflects the revenue requirements of $133,825,000 necessary to cover the purchases from Grand

Gulf, after considering the reduction in the reserve equalization and short-term unit power purchase, which is proposed to be recovered through the Grand Gulf adjustment clause which is covered in detail by Mr. Cunningham in his testimony.

Column 10 reflects the proposed phase-in adjustment clause as described by Messrs. Cunningham and Chavanne. This column also assumes a phase-in of the 17% allocation of Grand Gulf Unit No. 1 to NOPSI and reflects a deferral of $76,360,000 in the first full year.

Column 11 is a summation of Columns 8, 9 and 10 and reflects the net increase of $26,028,000.

Column 12 reflects the pro-forma revenue requirements and shows that the Total Rate Base and Rate of Return on Lines 33 and 34 of Column 7 are unchanged by the adjustments in Columns 8, 9 and 10.

Page 2 of NOPSI Erwin Ex. 1 is the same as Page 1 except that it relates to a 29.8% allocation of Grand Gulf Unit No. 1 to NOPSI. This different allocation only changes Columns 8 through 12. Column 11 shows that the net increase to NOPSI customers would be $58,404,000.

Q. Mr. Erwin, would you please describe NOPSI Erwin Ex. 2?

A. NOPSI Erwin Ex. 2 is an itemization of each of the authorized pro-forma adjustments from Order No. U-15689. Columns 3 through 28 reflect each adjustment contained in either the Order or in the Commission Staff Consultant's testimony. The sum of these adjustments as shown in Column 29 is the same as Column 4 of NOPSI Erwin Ex. 1.

Q. Would you please summarize your testimony?

A. The additional revenues requested in this filing represent the Company's recovery of the additional costs that will be incurred when Grand Gulf Unit No. 1 goes into service based on two possible FERC allocations of the unit. NOPSI Erwin Ex. 1 shows that neither Net Operating Income, Rate Base nor Return on Rate Base are affected.

However, as can so readily be seen by this exhibit, the Company must recover these costs when the Company becomes obligated, based on whatever allocation is made by the FERC.

I cannot overemphasize that, while the 17% allocation would result in billings to NOPSI of $138,836,000 in the first year, the net increase to NOPSI customers would only be $26,028,000.

Q. Does this complete your testimony?

A. Yes, it does.

VERIFICATION

STATE OF LOUISIANA

PARISH OF ORLEANS

BEFORE ME, the undersigned authority, personally came and appeared J. H. ERWIN, JR. who after by me being duly sworn did depose and say that the above and foregoing is his sworn testimony in connection with New Orleans Public Service Inc.'s application for rate relief and that the statements contained therein are true and correct to the best of his knowledge, information, and belief.

J. H. Erwin, Jr.

Sworn to and subscribed before me this 6th day of April 1984.

Notary Public

NEW ORLEANS PUBLIC SERVICE INC.
PRO FORMA ELECTRIC REVENUE REQUIREMENT
(ASSUMING 17.0% ALLOCATION FOR GRAND GULF UNIT NO. 1)
(THOUSANDS OF DOLLARS)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			Adjustment Per LPSC Rate Order No. U-15689				Adjustments Required Assuming Full Year's Effect of Grand Gulf #1 Nuclear Generation				
Line No.		Actuals 12 Months Ended 6/30/83	Net Operating Income & Rate Base	Attrition Adjustment	Revenue Requirement to Earn Authorized Return	Adjusted For Authorized LPSC Rate Order	Fuel Savings	Grand Gulf Adjustment	Phase-In Adjustment	Subtotal (Columns 8 + 9 + 10)	Pro-Forma Revenue Requirement (Columns 7 + 11)
1	Operating Revenues	$ 298,374	3,829	(1,741)	24,008	324,470	(32,921)	133,825	(74,876)	26,028	350,498
	Operating Expenses:										
2	Operation & Maintenance	257,663	7,113			264,776	(32,921)	130,479	(76,360)	21,198	285,974
3	Carrying Charge on Def.Cap.Cost	-				-			3,356	3,356	3,356
4	Interest On Customers Deposit	-	157			157				-	157
5	Depreciation	11,709				11,709				-	11,709
6	Taxes Other Than Income Taxes	13,899	324	(44)	600	14,779		3,346	(1,872)	1,474	16,253
7	Federal Income Taxes	2,275	(2,880)	(746)	10,285	8,934			(33,550)	(33,550)	(24,616)
8	State Income Taxes	466	(297)	(76)	1,050	1,143			(3,425)	(3,425)	(2,282)
9	Def.Federal Income Tax - Net	(443)	(926)			(1,369)			33,550	33,550	32,181
10	Def.State Income Tax - Net	(110)	(103)			(213)			3,425	3,425	3,212
11	Investment Tax Credit - Net	1,304				1,304				-	1,304
12	Total Operating Expenses	286,763	3,388	(866)	11,935	301,220	(32,921)	133,825	(74,876)	26,028	327,248
13	AFUDC	47	(1)			46				-	46
14	Net Operating Income	$ 11,658	440	(875)	12,073	23,296	- 0 -	- 0 -	- 0 -	- 0 -	23,296
	Rate Base										
15	Plant	$ 357,361				357,361				-	357,361
16	CWIP	2,415				2,415				-	2,415
17	Accum.Prov.for Depreciation	(156,544)				(156,544)				-	(156,544)
18	Net Plant	203,232				203,232				-	203,232
19	Working Capital	15,353	(2,143)			13,210				-	13,210
20	Cust.Adv.for Construction	(471)				(471)				-	(471)
21	Def.Invest.Tax Cr.Pre. 1971	(1,672)				(1,672)				-	(1,672)
22	Accum.Def.Income Taxes	(25,643)	526			(25,117)				-	(25,117)
23	Def.Dr.Prelim.Survey & Invest.	2,397	(2,143)			254				-	254
24	Def.Dr.Research & Development	60	(60)			-				-	-
25	Def.Fuel Cost	(1,260)	1,260			-				-	-
26	Investment in SFI	-	11,035			11,035				-	11,035
27	Customers Deposits	-	(4,722)			(4,722)				-	(4,722)
28	Test Year AFUDC	-	(12)			(12)				-	(12)
29	Contractor Retentions	-	(56)			(56)				-	(56)
30	Operating Reserves	-	(8,648)			(8,648)				-	(8,648)
31	Unamortized Gain on Sale of Transit	-	(1,190)			(1,190)				-	(1,190)
32	Unamortized Plant Loss	-	1,274			1,274				-	1,274
33	TOTAL RATE BASE	$ 191,996	(4,879)			187,117				-	187,117
34	RETURN ON RATE BASE	6.07				12.45					12.45

NEW ORLEANS PUBLIC SERVICE INC.
PRO FORMA ELECTRIC REVENUE REQUIREMENT
(ASSUMING 29.8% ALLOCATION FOR GRAND GULF UNIT NO. 1)
(THOUSANDS OF DOLLARS)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			Adjustment Per LPSC Rate Order No. U-15689				Adjustments Required Assuming Full Year's Effect of Grand Gulf #1 Nuclear Generation				
Line No.		Actuals 12 Months Ended 6/30/83	Net Operating Income & Rate Base	Attrition Adjustment	Revenue Requirement to Earn Authorized Return	Adjusted For Authorized LPSC Rate Order	Fuel Savings	Grand Gulf Adjustment	Phase-In Adjustment	Subtotal (Columns 8 + 9 + 10)	Pro-Forma Revenue Requirement (Columns 7 + 11)
1	Operating Revenues	$ 298,374	3,829	(1,741)	24,008	324,470	(47,169)	236,827	(131,254)	58,404	382,874
	Operating Expenses:										
2	Operation & Maintenance	257,663	7,113			264,776	(47,169)	230,906	(133,855)	49,882	314,658
3	Carrying Charge on Def.Cap.Cost	-				-			5,882	5,882	5,882
4	Interest On Customers Deposit	-	157			157				-	157
5	Depreciation	11,709				11,709				-	11,709
6	Taxes Other Than Income Taxes	13,899	324	(44)	600	14,779		5,921	(3,281)	2,640	17,419
7	Federal Income Taxes	2,275	(2,880)	(746)	10,285	8,934			(58,812)	(58,812)	(49,878)
8	State Income Taxes	466	(297)	(76)	1,050	1,143			(6,003)	(6,003)	(4,860)
9	Def.Federal Income Tax - Net	(443)	(926)			(1,369)			58,812	58,812	57,443
10	Def. State Income Tax - Net	(110)	(103)			(213)			6,003	6,003	5,790
11	Investment Tax Credit - Net	1,304				1,304				-	1,304
12	Total Operating Expenses	286,763	3,388	(866)	11,935	301,220	(47,169)	236,827	(131,254)	58,404	359,626
13	AFUDC	47	(1)			46				-	46
14	Net Operating Income	$ 11,658	440	(875)	12,073	23,296	- 0 -	- 0 -	- 0 -	- 0 -	23,296
	Rate Base										
15	Plant	$ 357,361				357,361				-	357,361
16	CWIP	2,415				2,415				-	2,415
17	Accum.Prov.for Depreciation	(156,544)				(156,544)				-	(156,544)
18	Net Plant	203,232				203,232				-	203,232
19	Working Capital	15,353	(2,143)			13,210				-	13,210
20	Cust.Adv.for Construction	(471)				(471)				-	(471)
21	Def.Invest.Tax Cr.Pre.1971	(1,672)				(1,672)				-	(1,672)
22	Accum.Def.Income Taxes	(25,643)	526			(25,117)				-	(25,117)
23	Def.Dr.Prelim.Survey & Invest.	2,397	(2,143)			254				-	254
24	Def.Dr.Research & Development	60	(60)			-				-	-
25	Def. Fuel Cost	(1,260)	1,260			-				-	-
26	Investment in SFI	-	11,035			11,035				-	11,035
27	Customers Deposits	-	(4,722)			(4,722)				-	(4,722)
28	Test Year AFUDC	-	(12)			(12)				-	(12)
29	Contractor Retentions	-	(56)			(56)				-	(56)
30	Operating Reserves	-	(8,648)			(8,648)				-	(8,648)
31	Unamortized Gain on Sale of Transit	-	(1,190)			(1,190)				-	(1,190)
32	Unamortized Plant Loss	-	1,274			1,274				-	1,274
33	TOTAL RATE BASE	$ 191,996	(4,879)			187,117				-	187,117
34	RETURN ON RATE BASE	6.07				12.45					12.45

New Orleans Public Service Inc.
Details of Adjustments to
Income and Rate Base per
LPSC Rate Order No. U-15689
(Thousands of Dollars)

(1) Line No.	(2) Account	(3) Interest on Customers Deposits	(4) Investment in SFI	(5) Payroll 1982 Merit Increases	(6) Payroll 1983 Merit Increases	(7) Payroll 1983 General Increases	(8) 1983 Changes in SUTA/FUTA	(9) Pro Forma FICA	(10) Reallocate Transit Empl. Benefits	(11) Normalized Regulatory Expense
1	Operating Revenues		1,380							
2										
3	Operating Expenses:									
4	Operation & Maintenance			296	364	1,886			1,584	555
5	Carrying Charge on Def. Cap. Cost									
6	Interest on Customer Deposit	157								
7	Depreciation									
8	Taxes Other Than Income Taxes				6		17	192		
9	Federal Income Taxes		606	(130)	(162)	(828)	(7)	(84)	(696)	(244)
10	Federal Income Taxes									
11	State Income Taxes		62	(13)	(17)	(85)	(1)	(9)	(71)	(25)
12	State Income Taxes									
13	Def. Federal Income Tax - Net									
14	Def. State Income Tax - Net									
15	Investment Tax Credit - Net									
16	Total Operating Expenses	157	668	153	191	973	9	99	817	286
17	AFUDC									
18	Net Operating Income	(157)	712	(153)	(191)	(973)	(9)	(99)	(817)	(286)
19										
20	Rate Base									
21	Plant									
22	CWIP									
23	Accum. Prov. for Depreciation									
24	Net Plant									
25	Working Capital									
26	Cust. Adv. for Construction									
27	Def. Invest. Tax Cr. Pre. 1971									
28	Accum. Def. Income Taxes									
29	Def. Dr. Prelim. Survey & Invest.									
30	Def. Dr. Research & Development									
31	Def. Fuel Cost									
32	Investment in SFI		11,035							
33	Customers Deposits	(4,722)								
34	Test Year AFDUC									
35	Contractor Retentions									
36	Operating Reserves									
37	Unamort. Gain on Sale of Tr.									
38	TOTAL RATE BASE	(4,722)	11,035							

New Orleans Public Service Inc.
Details of Adjustments to
Income and Rate Base per
LPSC Rate Order No. U-15689
(Thousands of Dollars)

(1) Line No.	(2) Account	(12) Amort. Prelim. Survey & Invest. Cost	(13) Normalize Capitalized Pensions	(14) Normalize Capitalized Taxes	(15) Normalize Capitalized Cost of Removal	(16) Change to ACRS- Str. Line Inj. & Damages	(17) Pro Forma Property Taxes	(18) Reallocate Transit Overheads	(19) Res. Eq.& Unit Pwr. Purchase	(20) Amortize Transit Gains	(21) Amortize Excess Def. Inc. Tax
1	Operating Revenues								1,526	923	
2											
3	Operating Expenses:										
4	Operation & Maintenance	260				(403)		2,563			
5	Carrying Charge on Def. Cap. Cost										
6	Interest on Customer Deposit										
7	Depreciation										
8	Taxes Other Than Income Taxes						109				
9	Federal Income Taxes	(114)		139		177	(48)	(1,126)	671	406	
10	Federal Income Taxes										
11	State Income Taxes	(12)		14		18	(5)	(115)	68	41	
12	State Income Taxes										
13	Def. Federal Income Tax - Net		127		(542)						(511)
14	Def. State Income Tax - Net		13		(60)						(56)
15	Investment Tax Credit - Net										
16	Total Operating Expenses	134	140	153	(602)	(208)	56	1,322	739	447	(567)
17	AFUDC										
18	Net Operating Income	$(134)	(140)	(153)	602	208	(56)	(1,322)	787	476	567
19											
20	Rate Base										
21	Plant										
22	CWIP										
23	Accum. Prov. for Depreciation										
24	Net Plant										
25	Working Capital										
26	Cust. Adv. for Construction										
27	Def. Invest. Tax Cr. Pre. 1971										
28	Accum. Def. Income Taxes										
29	Def. Dr. Prelim. Survey & Invest.	(2,143)									
30	Def. Dr. Research & Development										
31	Def. Fuel Cost										
32	Investment in SFI										
33	Customers Deposits										
34	Test Year AFUDC										
35	Contractor Retentions										
36	Operating Reserves										
37	Unamort. Gain on Sale of Tr.										
38	TOTAL RATE BASE	$(2,143)									

New Orleans Public Service Inc.
Details of Adjustments to
Income and Rate Base per
LPSC Rate Order No. U-15689
(Thousands of Dollars)

(1) Line No.	(2) Account	(22) Correct Tax Computation	(23) Adjust AFUDC to Net FRR	(24) Remove Promotional Advertising	(25) Amortization of Saint Rosalie	(26) Pro Forma Interest	(27) Removal Fringe Ben. Costs	(28) Other Rate Base Adjust.	(29) Total Adjustments
1	Operating Revenues								3,829
2									
3	Operating Expenses:								
4	Operation & Maintenance								
5	Carrying Charge on Def. Cap. Cost			(353)	549		(188)		7,113
6	Interest on Customer Deposit								157
7	Depreciation								--
8	Taxes Other Than Income Taxes								324
9	Federal Income Taxes	25		155	(241)	(1,462)	83		(2,880)
10	Federal Income Taxes								
11	State Income Taxes	3		16	(75)	(149)	8		(297)
12	State Income Taxes								
13	Def. Federal Income Tax - Net								(926)
14	Def. State Income Tax - Net								(103)
15	Investment Tax Credit - Net								--
16	Total Operating Expenses	28		(182)	283	(1,611)	(97)		(3,388)
17	AFUDC		(1)						(1)
18	Net Operating Income	$ (28)	(1)	182	(283)	1,611	97		440
19									
20	Rate Base								
21	Plant								
22	CWIP								
23	Accum. Prov. for Depreciation								
24	Net Plant								
25	Working Capital								
26	Cust. Adv. for Construction							(2,143)	(2,143)
27	Def. Invest. Tax Cr. Pre. 1971								
28	Accum. Def. Income Taxes								
29	Def. Dr. Prelim. Survey & Invest.							526	526
30	Def. Dr. Research & Development								(2,143)
31	Def. Fuel Cost							(60)	(60)
32	Investment in SFI							1,260	1,260
33	Customers Deposits								11,035
34	Test Year AFDUC								(4,722)
35	Contractor Retentions							(12)	(12)
36	Operating Reserves							(56)	(56)
37	Unamort. Gain on Sale of Tr.							(8,648)	(8,648)
38	Unamort. Plant Loss							(1,190)	(1,190)
38	TOTAL RATE BASE							1,274	1,274
								(9,049)	(4,879)

10. Complete the enclosed form entitled, "Financial Statistics," for the most recent 12-month period and for the previous three calendar years.

RESPONSE:

See the attached forms entitled "Financial Statistics" for Louisiana Power & Light Company and Louisiana Power & Light Company and New Orleans Public Service Inc. Consolidated.

ATTACHMENT FOR ITEM NO. 10
FINANCIAL STATISTICS
LOUISIANA POWER & LIGHT COMPANY

	12 months ended			
	3/31/84	12/31/83	12/31/82	12/31/81
	(dollars in millions)			
Earnings available to common equity	$120	$88	$85	$96
Average Common equity	$714	$714	$633	$590
Rate of return on average common equity	16.8%	12.3%	13.4%	16.3%
Times total interest earned before FIT: Gross income (both including and excluding AFUDC) + current and deferred FIT ÷ total interest charges + amortization of debt discount and expense: Incl. AFDC	2.25	2.08	2.34	2.88
Excl. AFDC	1.46	1.39	1.93	2.39
Times long-term interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT ÷ long-term interest charges + amortization of debt discount and expense: Incl. AFDC	2.48	2.43	3.02	3.35
Excl. AFDC	1.61	1.62	2.49	2.78
Bond ratings (end of period)				
Standard and Poor's	BBB-	BBB-	BBB-	BBB-
Moody's	Baa3	Baa3	Baa3	Baa
Times interest and preferred dividends earned after FIT: Gross income (both including and excluding AFDC) ÷ total interest charges + amortization of debt discount and expense + preferred dividends: Incl. AFDC	1.55	1.47	1.52	1.75
Excl. AFDC	.96	.94	1.19	1.37
AFUDC	$110	$99	$54	$49
Net income after preferred dividends	$120	$88	$85	$96
%	91.9%	112.8%	64.0%	50.5%
Market price of common per share *	$13.125	$13.375	$14.875	$12.625
Book value of common per share *	$18.36	$18.07	$17.81	$17.66
Market-book ratio (end of period)*	71.5%	74.0%	83.5%	71.5%
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	$79	$52	$125	$133
Common dividends	$114	$108	$100	$84
Ratio	.70	.48	1.25	1.58
Short-term debt				
Bank loans	$21	$78	$44	$37
Commercial paper	-	-	-	$20
Associated companies	$68	$100	-	-
Capitalization (Amount & Percent)				
Long-term debt	$1,172/50%	$1,173/50%	$947/50%	$1,001/53%
Preferred stock	$387/16%	$387/17%	$315/16%	$267/14%
Common equity	$792/34%	$779/33%	$650/34%	$616/33%

* If subsidiary company, use parent's data. (Middle South Utilities, Inc. data)

ATTACHMENT FOR ITEM NO. 10
FINANCIAL STATISTICS
LOUISIANA POWER & LIGHT COMPANY AND NEW ORLEANS PUBLIC SERVICE INC. CONSOLIDATED

	3/31/84	12/31/83	12/31/82	12/31/81
	12 months ended (dollars in millions)			
Earnings available to common equity	$129	$93	$90	$103
Average Common equity	$782	$783	$701	$661
Rate of return on average common equity	16.5%	11.9%	12.9%	15.6%
Times total interest earned before FIT:				
Gross income (both including and excluding AFUDC) + current and deferred FIT ÷ total interest charges + amortization of debt discount and expense: Incl. AFDC	2.30	2.07	2.35	2.84
Excl. AFDC	1.56	1.42	1.96	2.40
Times long-term interest earned before FIT:				
Gross income (both including and excluding AFDC) + current and deferred FIT ÷ long-term interest charges + amortization of debt discount and expense: Incl. AFDC	2.53	2.42	2.98	3.31
Excl. AFDC	1.72	1.66	2.49	2.79
Bond ratings (end of period)				
Standard and Poor's	NA	NA	NA	NA
Moody's	NA	NA	NA	NA
Times interest and preferred dividends earned after FIT:				
Gross income (both including and excluding AFDC) ÷ total interest charges + amortization of debt discount and expense + preferred dividends: Incl. AFDC	1.55	1.45	1.51	1.72
Excl. AFDC	.99	.95	1.20	1.38
AFUDC	$110	$99	$54	$49
Net income after preferred dividends	$129	$93	$90	$103
%	85.2%	106.7%	60.3%	47.2%
Market price of common per share *	$13.125	$13.375	$14.875	$12.625
Book value of common per share *	$18.36	$18.07	$17.81	$17.66
Market-book ratio (end of period)*	71.5%	74.0%	83.5%	71.5%
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	$121	$75	$147	$153
Common dividends	$120	$111	$108	$94
Ratio	1.01	.68	1.36	1.62
Short-term debt				
Bank loans	$21	$78	$44	$37
Commercial paper	-	-	-	$20
Associated companies	$68	$100	-	-
Capitalization (Amount & Percent)				
Long-term debt	$1,286/50%	$1,288/50%	$1,068/50%	$1,128/53%
Preferred stock	$422/16%	$422/17%	$350/16%	$302/14%
Common equity	$862/34%	$848/33%	$717/34%	$685/33%

* If subsidiary company, use parent's data. (Middle South Utilities, Inc. data)