Entergy
Operations

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April 14, 1992

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U. S. Nuclear Regulatory Commission
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Subject: Arkansas Nuclear One - Units 1 and 2
Docket Nos. 50-313 & 50-368
License Nos. DPR-51 & NFP-6
1991 Annual Financial Report - Proof of Financial Protection

Gentlemen:

The 1991 Annual Financial Report for Entergy Corporation is attached. This report is submitted in accordance with the requirements of 10CFR140.15(b)(1) to show that Entergy Corporation has adequate resources to provide financial protection for unforeseen nuclear occurrences which may result in liabilities.

The Annual Financial Report contains certified financial statements for the fiscal years 1989, 1990, and 1991, together with an independent auditor's report. The financial statements include balance sheets, operating statements, plus supporting schedules which may be needed for interpretation of the balance sheets and operating statements.

If there are any questions concerning this submittal, please contact me at (501) 964-8601.

Very truly yours,

James J. Fisicaro

James J. Fisicaro
Director, Licensing

JJF/SAB/sjf
Attachments

M004 /1

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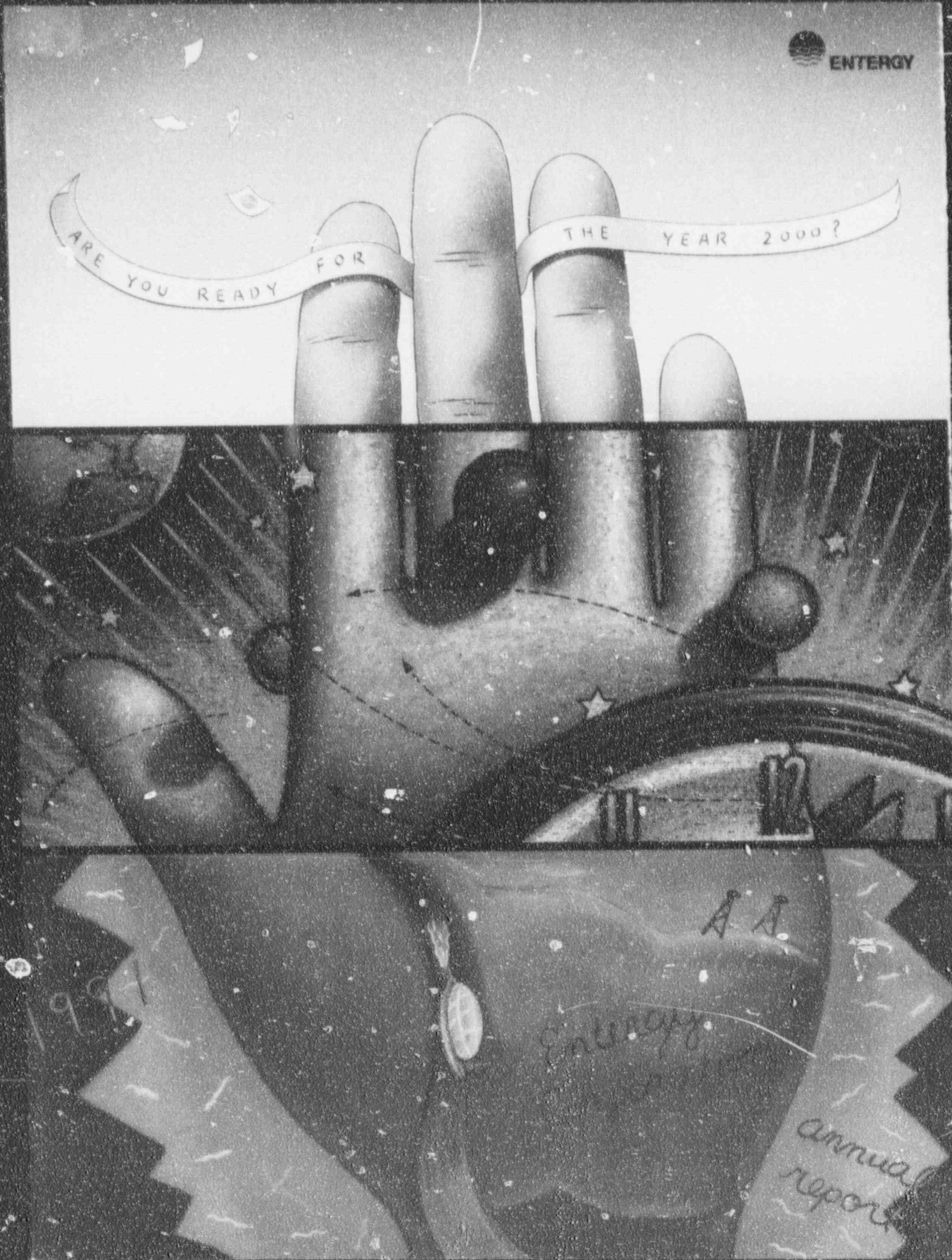

ENTERGY
ARE YOU READY FOR THE YEAR 2000?
1997
Entergy
annual report

Nuclear Operations

A third functional organization, Entergy Operations, Inc., was established in 1990 to manage all System nuclear operations. Headquartered in Jackson, Mississippi, Entergy Operations manages and operates the System's nuclear power plants under agreements with the owner companies. The plants are Arkansas Nuclear One (Units 1 & 2), located in Russellville, Arkansas, and owned by AP&L; Grand Gulf Nuclear Station, located in Port Gibson, Mississippi, and owned by System Energy Resources, Inc.; and Waterford 3, located in Taft, Louisiana, and owned by LP&L.

Combined, the nuclear plants accounted for about 48 percent of the total electric energy generated by the Entergy System in 1991, and comprise approximately 25 percent of the System's total capacity.

Entergy Business Support

A fourth functional unit, formed in 1991, is Entergy Business Support, which provides financial, technical, administrative, and corporate services to the System's other functional teams.

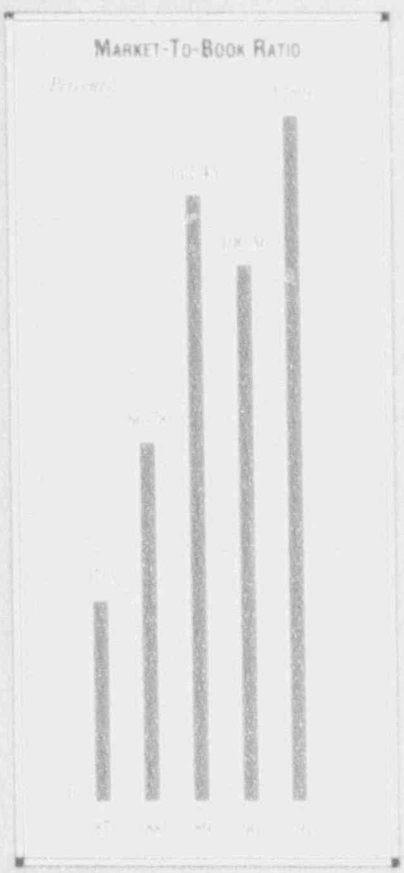
Other Principal Subsidiaries

Electec, Inc.

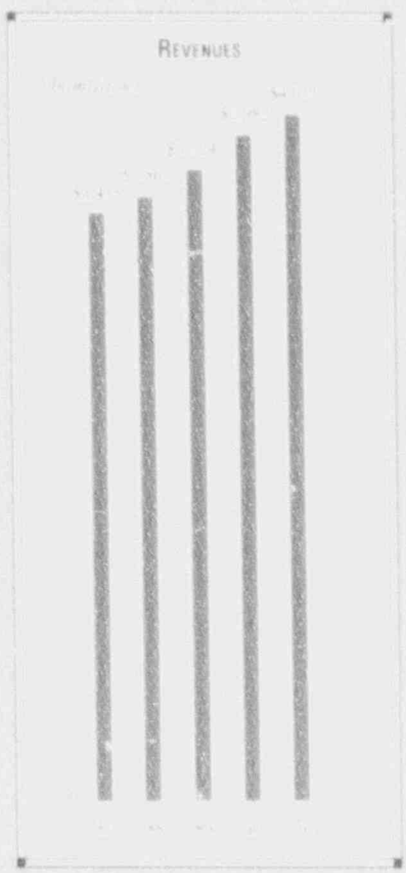
A nonregulated, nonutility subsidiary, Electec markets Entergy's technology and expertise worldwide to other utilities and industrial customers.

System Fuels, Inc.

A special-purpose company, System Fuels plans and implements programs for the procurement, delivery, and storage of fuel supplies for the System. The company's stock is owned by the operating companies.



Market-To-Book Ratio



Revenues

Net Income (Loss)

Entergy Corporation is one of the largest investor-owned public utility holding companies in the United States, and the leading electricity supplier in the Middle South region. Headquartered in New Orleans, Louisiana, Entergy serves more than 1.7 million retail customers through its operating companies in Arkansas, Louisiana, and Mississippi. Entergy also provides wholesale electricity off-System to other utilities, and markets its energy expertise worldwide through various subsidiaries.

In 1991, Entergy completed an internal restructuring along functional lines that resulted in the formation of four System teams: the Distribution and Customer Service organization, the Generation and Transmission organization, Nuclear Operations, and Entergy Business Support.

Distribution And Customer Service

DCS is the System's "retail side" and includes the corporation's four retail operating companies. Under the leadership of the DCS headquarters staff in Little Rock, employees at the operating companies are working together to realize cost efficiencies through standardization of programs and processes.

Retail Operating Companies

Arkansas Power & Light

Headquartered in Little Rock, AP&L provides electric service to approximately 575,000 customers in 63 of Arkansas' 75 counties.

Louisiana Power & Light

Headquartered in New Orleans, LP&L provides electric service to nearly 590,000 customers in 46 of Louisiana's 64 parishes.

Mississippi Power & Light

Headquartered in Jackson, MP&L provides electric service to over 350,000 customers in 45 counties of western Mississippi.

New Orleans Public Service Inc.

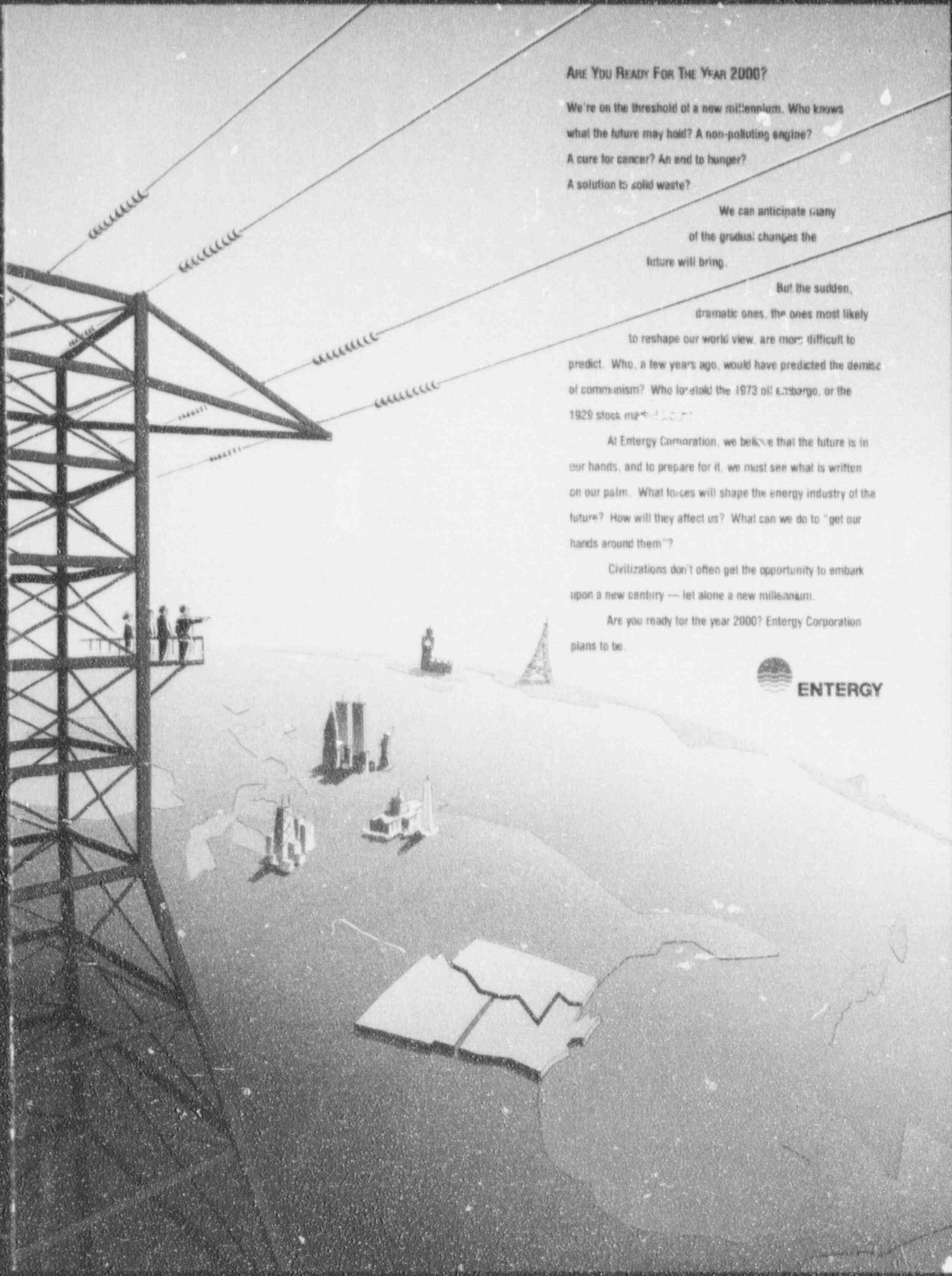
NOPSI provides electric service to approximately 190,000 customers and natural gas service to about 154,000 customers in the city of New Orleans.

Generation And Transmission

The G&T organization has under its umbrella all fossil and hydro power plants in the Entergy System. These plants comprise approximately 50 generating units that use coal, natural gas, oil, or hydroelectric power. Combined, they accounted for about 52 percent of the total electric energy generated by the Entergy System in 1991 and constitute 75 percent of its capacity.

The System Operations Center, also part of G&T, centrally dispatches the power, including that from Entergy's nuclear plants, across more than 80,000 miles of interconnected transmission and distribution lines in the System, as well as to off-System customers. Located in Pine Bluff, Arkansas, the SOC also helps ensure the reliability of an interconnected electric system that stretches from the Gulf of Mexico to Missouri and beyond, and is tied into utilities extending from the Rocky Mountains to the eastern United States.

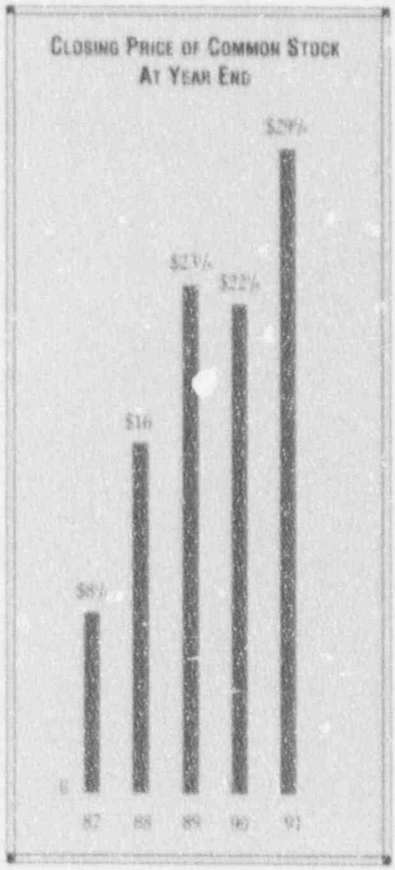
Also included in G&T is Entergy Power, a subsidiary formed in 1990 as an independent power producer, which primarily sells its capacity and energy off-System to the wholesale market.


ARE YOU READY FOR THE YEAR 2000?
We're on the threshold of a new millennium. Who knows what the future may hold? A non-polluting engine? A cure for cancer? An end to hunger? A solution to solid waste?
We can anticipate many of the gradual changes the future will bring.
But the sudden, dramatic ones, the ones most likely to reshape our world view, are more difficult to predict. Who, a few years ago, would have predicted the demise of communism? Who foretold the 1973 oil embargo, or the 1929 stock ma
At Entergy Corporation, we believe that the future is in our hands, and to prepare for it, we must see what is written on our palm. What forces will shape the energy industry of the future? How will they affect us? What can we do to "get our hands around them"?
Civilizations don't often get the opportunity to embark upon a new century — let alone a new millennium.
Are you ready for the year 2000? Entergy Corporation plans to be.
ENTERGY

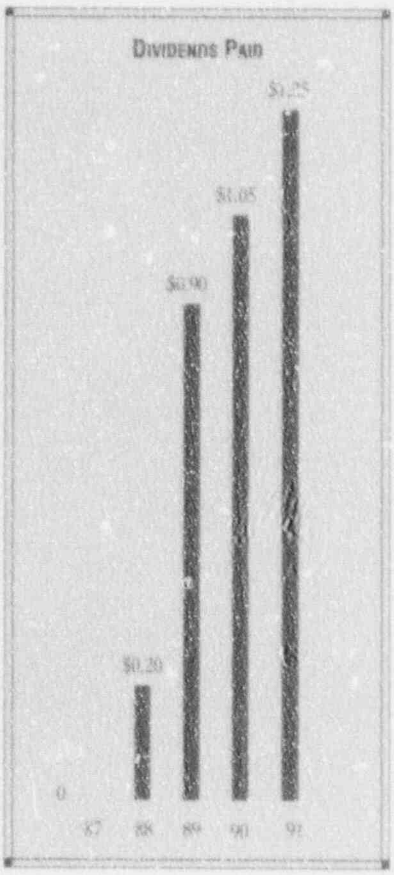
		1991	1990	1989
Financial Results: *(In millions)*	Total operating revenues	$4,051	$3,982	$3,724
	Operating income	$1,067	$1,047	$1,000
	Net income (loss)	$ 482	$ 478	$ (473)
Operating Data:	Megawatt-hour sales (retail) (millions of kwh)	56,862	55,777	54,007
	Peak demand (megawatts)	11,852	12,189	11,485
	Customers served at year end (retail)	1,733,422	1,722,022	6,579
Common Stock Data:	Earnings (loss) per share	$ 2.64	$ 2.44	$(2.31)
	Dividends paid per share	$ 1.25	$ 1.05	$ 0.90
	Book value per share	$23.53	$22.25	$20.68
	Return on average common equity	11.57%	11.47%	–
	Share price at year end	$ 29⅝	$ 22⅞	$ 23¾
	Shares outstanding at year end	178,809,292	185,257,192	203,991,592

Dear Fellow Stockholders:

By any yardstick, 1991 was an outstanding year. Entergy stock struck an all-time high, we boosted our dividend for the third year running, and earnings per share grew 8.2 percent. We delivered these results even while imposing upon ourselves a very difficult restructuring that will give us the muscle and flexibility to compete more effectively in the years ahead.

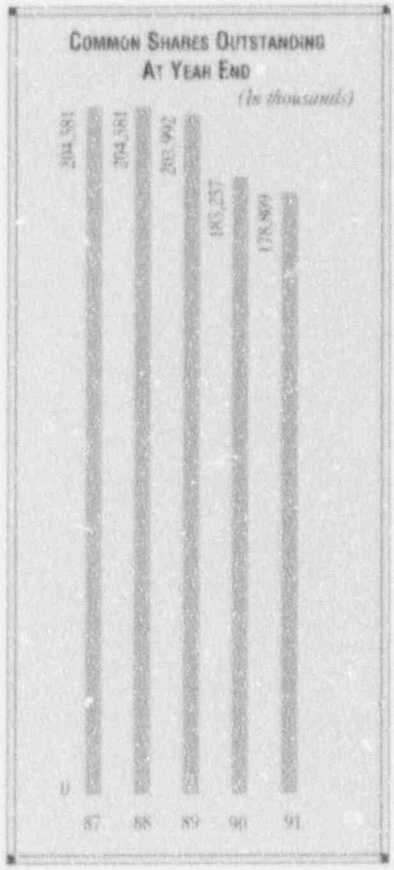


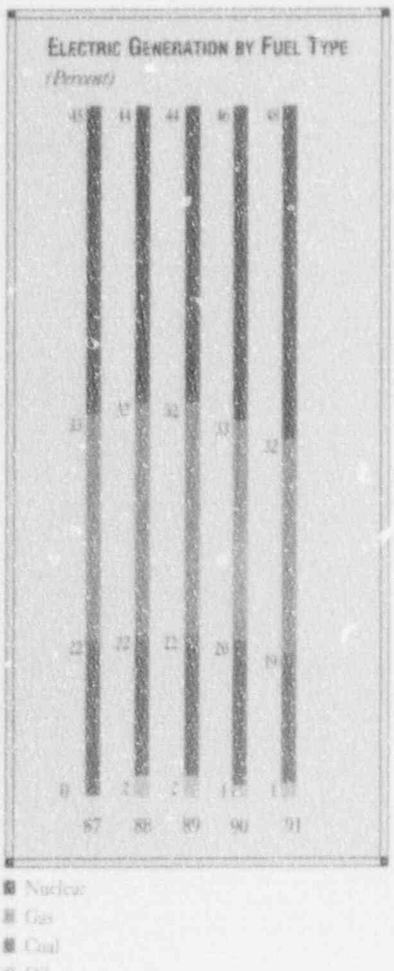
We've come a long way since battling bankruptcy a few short years ago. We look forward to continued progress, building on gains like these.



This report outlines our short- and long-term strategies for achieving competitive superiority by the year 2000. Our immediate goal is to become a low-cost electricity producer. Low cost ensures our competitive place in the retail market, and smoothes our relationships with regulators. Cost is also the primary selling point in the growing wholesale market — a market we intend to tap.

The year's functional restructuring is a key element in our strategy for the short- and long-term. By creating a single management team for our multi-state generation and transmission organization, and a single team for our distribution and customer service operations, we've streamlined staff, reduced duplicate efforts, and increased economies of scale. We've also created a more flexible structure for responding to future threats and opportunities in the market.

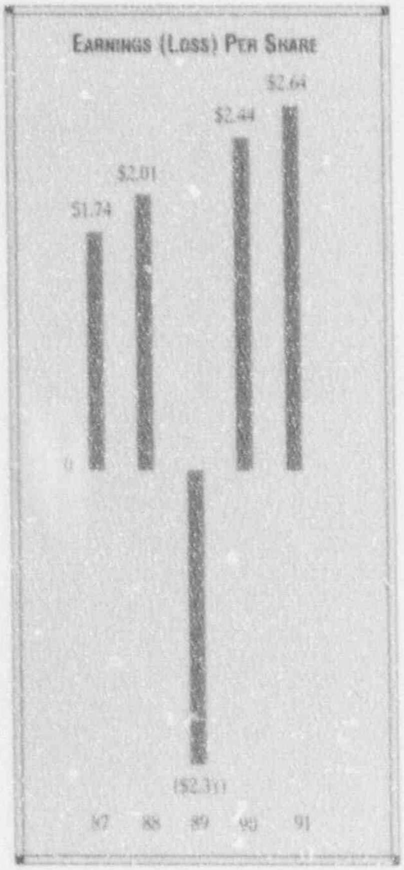




Another immediate goal is to boost performance for stockholders, as well as customers. The resolution of our Grand Gulf litigation assured our ability to earn a return on stockholders' investment in that facility. Our nuclear excellence program is the best guarantee that we will continue to maximize returns on our nuclear investment. Similarly, our clean-burning fossil plants are well-positioned to comply with the requirements of the new Clean Air Act, without the extensive cash outlays that will be required of ma y of our competitors.

Other efforts to improve our performance for stockholders include our stock buyback program, which has boosted earnings per share, and our steadily improving subsidiary company bond ratings, which translate into a lower cost of capital. These, along with other gains the last few years, have bolstered the price of our stock and enabled us to increase the dividend every year for the last three.

For the longer-term, our plans are to "grow the business." We will continue to improve operating results from our existing business. We will supplement these returns through penetration of the burgeoning wholesale market, limited diversification within our areas of expertise, and the marketing of new energy services like "PowerView," a demand-side management technology we are piloting in cooperation with First Pacific Networks. We will also continue to support electric growth in our service area through strategic economic development efforts like our new "Open Door" housing initiative, which is aimed at making housing more affordable for moderate- and low-income families.



In short, we at Entergy recognize that we stand not only on the threshold of a new century, but also on the verge of a new industry — one with plentiful opportunities for the innovative and the prepared. That new century is only eight years away — and the new industry may arrive even sooner.

As we've outlined in the following pages, we plan to be ready. We're mobilizing our employees to bring their full creativity and intelligence to the tasks at hand. It's by their strengths and abilities we'll move forward.

I, for one, eagerly anticipate the journey.

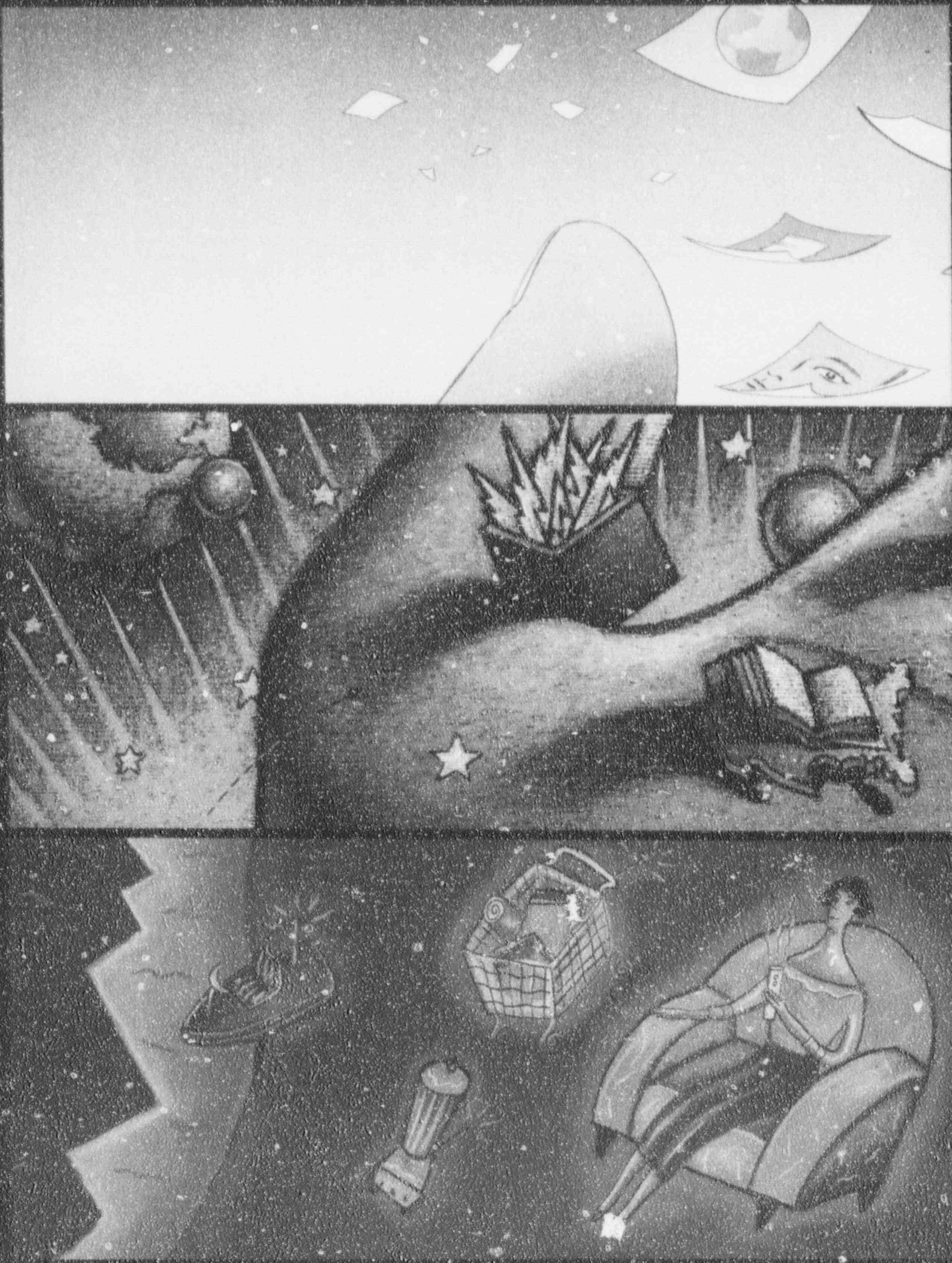
Entergy Chairman and CEO Edwin Lupberger talks with some of the many employees who met with him during a series of Face-to-Face '92 meetings; from left, are William Smith, Lynn Leehy, and Jimmie Birdon.

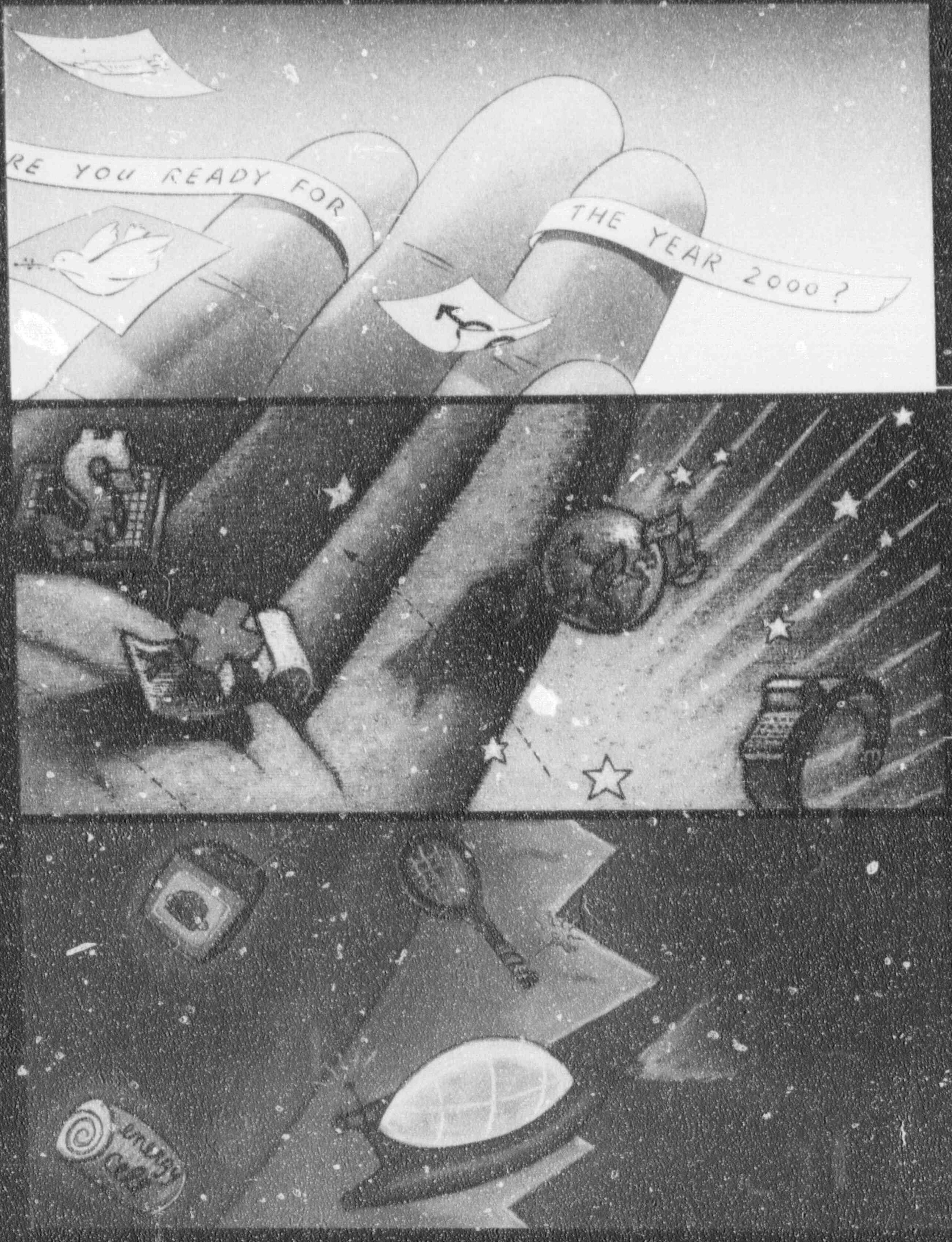
Sincerely,

Edwin Lupberger

Chairman and CEO

March 17, 1992

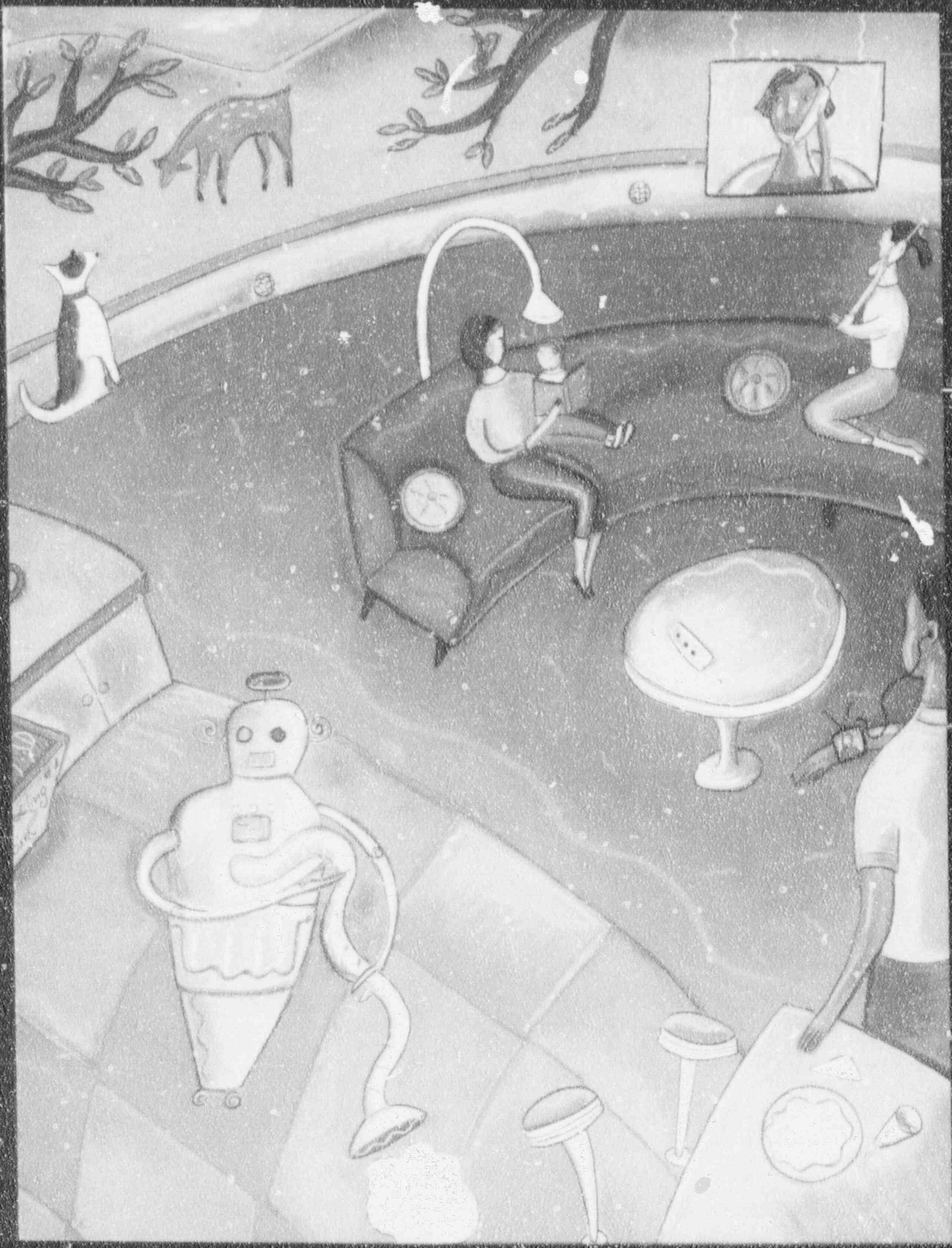



RE YOU READY FOR THE YEAR 2000?

For the last several years, Entergy Corporation has been examining the forces — technological, regulatory, and social — that we believe are most likely to shape our industry by the year 2000. Will there be a continuing role for nuclear power? Yes, but only if costs can be controlled. Will there be growing competition from photovoltaics and other decentralized generating sources? We think so. Will consumers place greater emphasis on efficiency? Definitely. Will deregulation allow market-based prices for electricity? Sometimes.

This is the picture of the electric utility industry we believe to be most likely:

Greater electrification. Technology continues to create new uses for electricity, and consumers, in their quest for instant information, money, food, and entertainment, continue to demand them. From electric vehicles to laser technology to microwave and infrared industrial processes to electronic information handling, no one will be using less electricity in the year 2000. We may be much more efficient in our electricity use per task, but the number of electrified tasks will grow.



More electricity players. From cogenerators to independent power producers to decentralized generation technologies like photovoltaics, entrants to the power generating market will multiply, stepping up the competitive pressures on all of them.

Greater transmission access. While we don't believe the nation's transmission network should be deregulated to the point of common carrier status for retail customers, we believe it's in consumers' interest to allow the competitive sale of wholesale electricity from regions of excess to regions of short supply. This will encourage competition among electricity providers, improving efficiency and reducing costs — additional benefits to customers.

Greater emphasis on efficiency. We may even become obsessive about it — and it's about time. Efficiency is the optimal use of resources, and when we waste our resources, everyone pays. On the other hand, in certain applications, electricity is the most efficient means available. By the year 2000, we'll hear more than ever about "eco-watts" — the energy saved by performing a task electrically.

More sophisticated consumers. They'll have more options and concerns than ever before, and be more educated about them. Consumers will be tougher to please than ever — and more likely to take their business elsewhere when they're dissatisfied.

Modifications to the Public Utility Holding Company Act. Created in 1935 to correct flagrant abuses, PUHCA today prevents utilities, like Entergy, that are organized as holding companies from competing head-to-head with utilities that may be just as large, but are organized as single legal entities. (Some of the latter are even doing business internationally with their diversified subsidiaries.) This wasn't the intent of the original law, and we anticipate that changes will be made to "level the playing field."

Partial freedom to charge market-based rates. We anticipate that by the year 2000 the rates paid by customers for nearly all new generating capacity will be market-based, while the rates for embedded capacity will continue to be regulated.

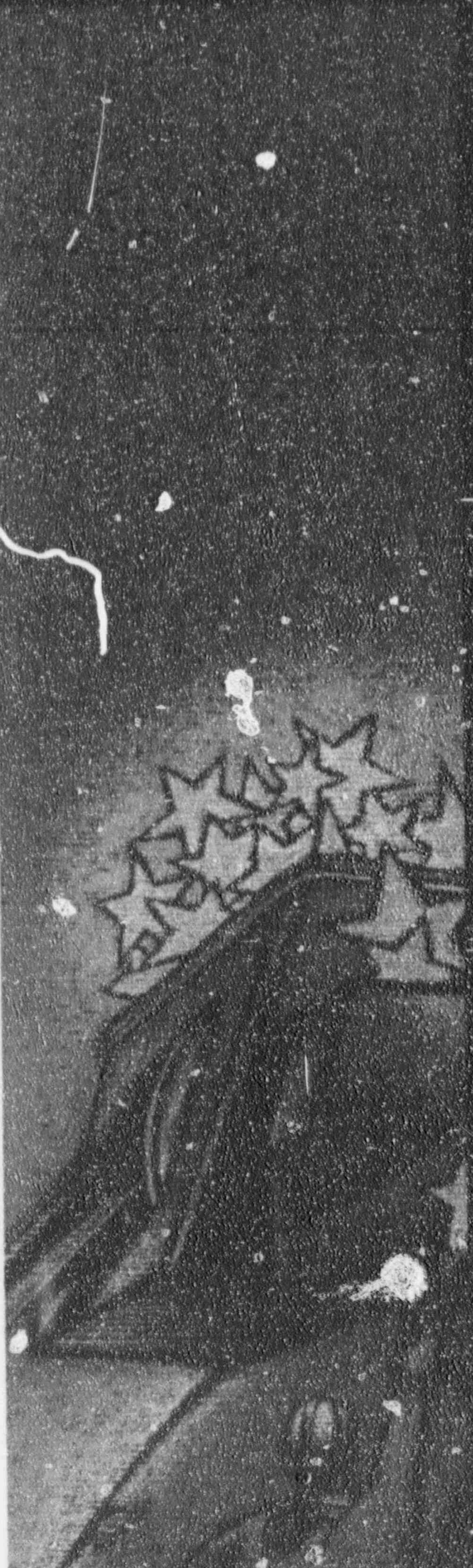
Development of new technologies, particularly in decentralized generation. Decentralized generation technologies, including photovoltaics, will be much closer to full commercial deployment as their costs become competitive with conventional sources. This could radically alter our industry. Everyone who can afford a decentralized power generating system will have the option of becoming his own power producer. The front-end costs and reliability of these systems remain matters for speculation, at present.

In summary, we anticipate that a continuation of current trends will create a new but recognizable electric utility industry by the year 2000, with new market threats, and just as important, new market opportunities.

SHORT-TERM STRATEGIES: BECOME A LOW-COST PRODUCER

Entergy has already begun implementing its strategies for success in the year 2000. Our immediate goal is to become a low-cost producer. Toward that end, in 1991, we completed a functional restructuring that flattened the organization, streamlined decision-making, reduced the number of personnel and redundant activities, and increased our economies of scale. In essence, we created a single management structure for our three-state generating activities, and a separate and single management structure for our three-state distribution and customer service activities.

We expect that this restructuring will not only improve efficiency and reduce costs, but will also enable us to respond more quickly to threats and opportunities in the market.



A related short-term strategy is to achieve world-class nuclear performance, the best guarantee of earning a fair return on our substantial nuclear investment. Two of our plants, Grand Gulf and Waterford 3, are already ranked among the industry's best in terms of regulatory and operational performance. The third, Arkansas Nuclear One, is well on its way, having improved dramatically in the last 18 months

Now our goal is to reduce our nuclear costs per kilowatt-hour to top-quartile competitiveness. We don't see this goal as being inconsistent with strong operational and regulatory performance. In fact, the industry's top plants are consistently tops in all three categories: regulatory compliance, on-line performance, and costs per kilowatt-hour.

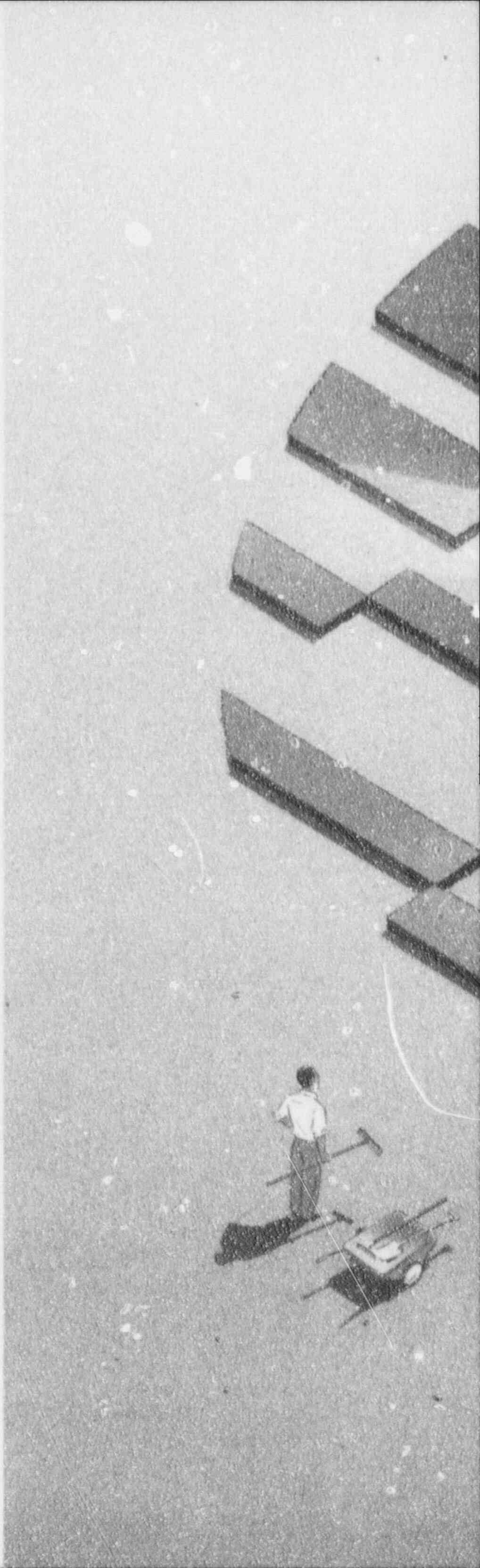
A third short-term strategy is to profitably meet the needs of our industrial customers. While we may welcome the addition of cogeneration capacity at some point, at present, we need our industrial customers to bear their share of embedded costs. To keep their business, we are bending over backwards to meet their needs for power quality, service reliability, and price competitiveness — and to date, we have succeeded.

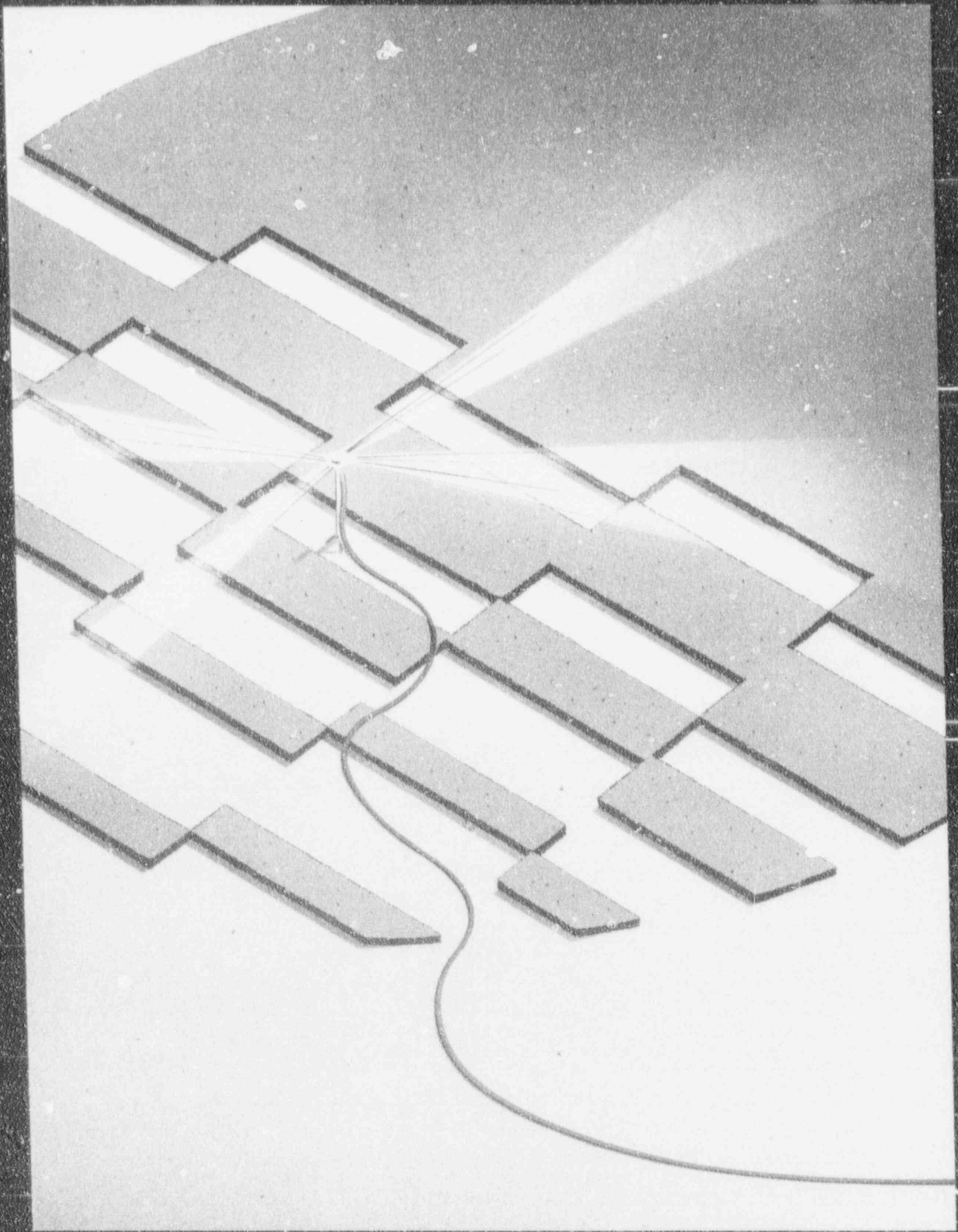
Finally, our drive to low-cost producer status has spawned an exhaustive search for industry "best practices" and a commitment to continuous improvement — the essence of Total Quality. We're in the third year of implementing our Total Quality Improvement principles and practices, and have trained virtually all of our supervisory personnel. If there's a better way to buy fuel, operate a plant, maintain a power line, or serve a customer, we'll identify and incorporate it. Already, we've improved customer service and reduced costs by eliminating duplicate record-keeping, by using flex-time to extend customer service hours, by pooling our purchasing to earn volume discounts, and by sharing the innovations at one company or one plant with others across the Entergy System.

LONG-TERM STRATEGIES: GROW THE BUSINESS

Entergy's long-term strategy for success in the year 2000 can be summarized in three words: "Grow the business." We have initiated a number of new processes toward that end. One of them is a regional least-cost planning dialogue with a cross-section of customers in all four of our local regulatory jurisdictions. Through this dialogue we will not only be able to help our customers reduce their energy bills, we will also have an "inside track" on energy services that will meet their needs.

Along this line, in 1991, we began a pilot study of a new technology that will inform residential customers of their home energy usage, as well as the costs and savings from efficiency measures. Called "PowerView," the technology is being developed by First Pacific Networks, a California-based high-technology firm, for Entergy's use in demand-side management. We believe "PowerView" will be the low-cost, demand-side energy management technology of the future, and Entergy has exclusive, worldwide rights to the sale of the utility applications.

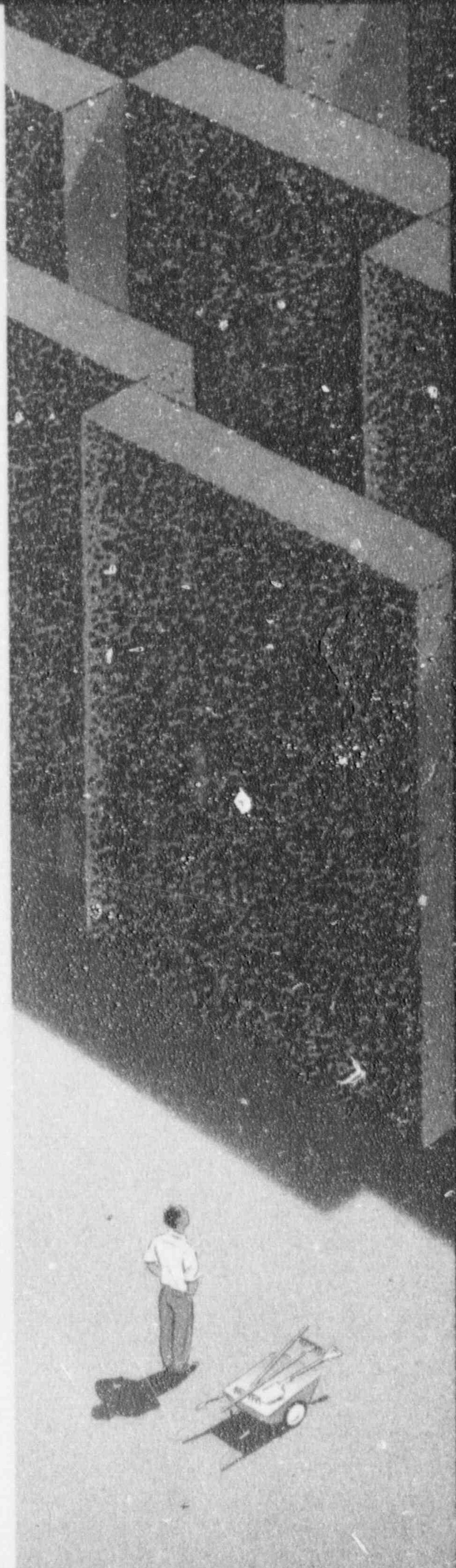


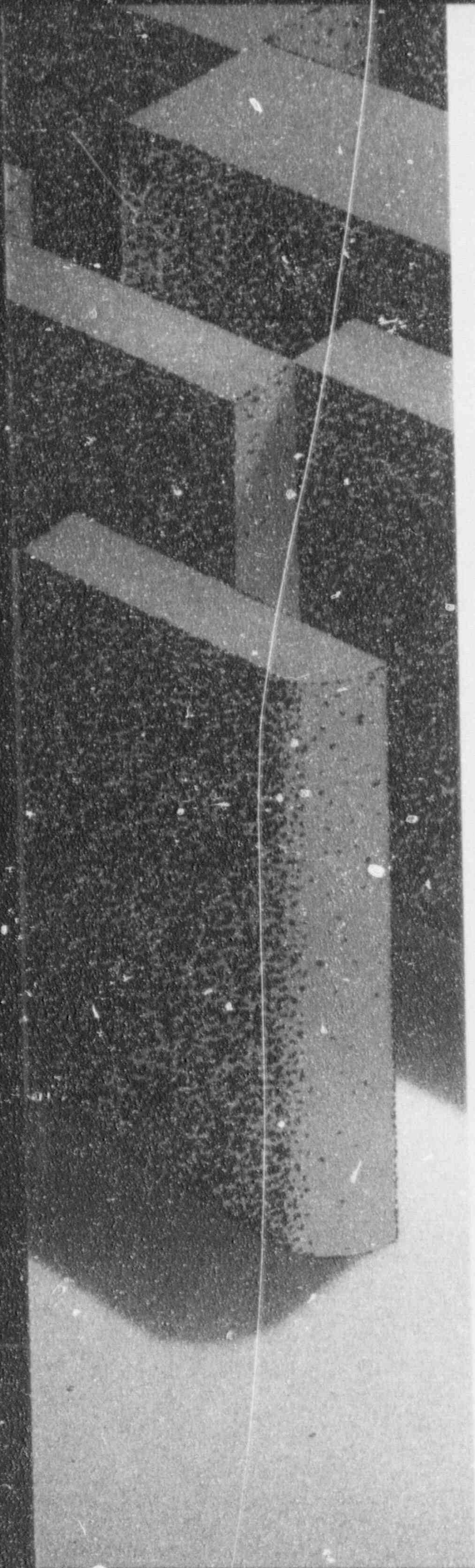


Consumers' growing concerns about the environment and demand for efficiency are likely to create a strong market for energy services by the year 2000. With this in mind, Entergy is looking for opportunities to develop or acquire an energy services company to sell energy-efficient products and services within and beyond our service region, with appropriate regulatory approvals.

On the national scene, Entergy has taken a leadership position on opening access to the transmission system for wholesale electricity suppliers. Although increasing access to this network presents unique technical challenges, we believe it will provide more options for meeting demand growth and marketing our own wholesale power. Further, we believe greater competition among wholesale suppliers will ultimately benefit customers, as well as the stockholders of successful companies.

The wholesale market is one we are aggressively working to develop. As a growing number of utilities need additional capacity, they will be seeking wholesale power. Entergy Power is our primary entry into this market. This subsidiary, created in 1990, is working on a number of capacity sales to utilities in the south and south-central states. We expect its revenues to rise in years ahead.





Finally, our long-term approach to "growing the business" is investing in the growth of our service region. Entergy has an ongoing commitment to our region's educational and economic development, which are inextricably linked. That's why we're major supporters of the Foundation for the Mid-South, a private, nonprofit organization coordinating regional educational and economic development initiatives, along with programs for families and children.

In 1991, we launched our newest economic development effort: the "Open Door" housing program. Undertaken in cooperation with other community development groups, "Open Door" is intended to make housing more affordable for moderate- and low-income families.

Entergy has a long tradition of support to schools, universities, small businesses, minority entrepreneurs, and others seeking to develop our region's own wealth of resources. We know that this strategy for "growing the business" has the longest lead time, but it will also bear the longest-lasting results. As we create the capacity for wealth in our service region, we create our own capacity for wealth, as well.

RESULTS OF OPERATIONS

Listed in the table below are those significant factors affecting results of operations for which changes have occurred between the years 1991 and 1990, and 1990 and 1989. The principal reasons for the changes from period to period are discussed following the table.

				1991 vs 1990		1990 vs 1989	
DESCRIPTION *(Dollars in millions)*	**1991**	**1990**	**1989**	**INCREASE/ (DECREASE)**	**%**	**INCREASE/ (DECREASE)**	**%**
Net income (loss)	$ 482.0	$ 478.3	$ (472.6)	$ 3.7	1	$ 950.9	–
Electric operating revenues	$3,974.5	$3,894.1	$ 3,633.6	$ 80.4	2	$ 260.5	7
Purchased power	$ 205.1	$ 155.6	$ 186.8	$ 49.5	32	$ (31.2)	(17)
Other operation expense	$ 896.4	$ 827.6	$ 725.8	$ 68.8	8	$ 101.8	14
Rate deferrals - net	$ (12.8)	$ (33.0)	$ (149.5)	$ 20.2	61	$ 116.3	78
Total income taxes	$ 277.2	$ 315.3	$ 5.6	$ (38.1)	(12)	$ 309.7	–
Project Olive Branch settlements	$ –	$ –	$(1,105.2)	$ –	–	$1,105.2	–
Miscellaneous other income - net	$ 122.7	$ 168.5	$ 102.8	$ (45.8)	(27)	$ 65.7	64
ELECTRIC OPERATING REVENUES:							
Residential	$1,463.3	$1,449.8	$ 1,331.2	$ 13.5	1	$ 118.6	9
Commercial	996.6	988.4	930.3	8.2	1	58.1	6
Industrial	1,068.8	1,051.8	1,021.5	17.0	2	30.3	3
Governmental	128.8	124.6	121.9	4.2	3	2.7	2
Total retail	3,657.5	3,614.6	3,404.9	42.9	1	209.7	6
Sales for resale	220.3	212.5	177.0	7.8	[illegible]	35.5	20
Other	96.7	67.0	51.7	29.7	44	15.3	30
Total electric operating revenues	$3,974.5	$3,894.1	$ 3,633.6	$ 80.4	2	$ 260.5	7
ENERGY SALES: *(Millions of kwh)*							
Residential	18,329	18,174	17,245	155	1	929	5
Commercial	13,164	12,977	12,533	187	1	444	4
Industrial	23,466	22,795	22,396	671	3	399	2
Governmental	1,903	1,831	1,833	72	4	(2)	–
Total retail	56,862	55,777	54,007	1,085	2	1,770	3
Sales for resale	7,346	6,292	4,857	1,054	17	1,435	30
Total energy sales	64,208	62,069	58,864	2,139	3	3,205	5

NET INCOME (LOSS)

Consolidated net income increased slightly in 1991 as compared to 1990 due primarily to two significant nonrecurring events that took place in 1991 that nearly offset one another. The positive net income effect of the 1991 NOPSI Settlement was largely offset by the net income effect of the FERC Complaint Case settlement, and by a reduction in consolidated interest income. Consolidated earnings per share of $2.64 increased in 1991 over 1990 earnings per share of $2.44, due primarily to the repurchase in 1991 by Entergy of 6,447,900 shares of its outstanding common stoc

Management's Financial Discussion And Analysis

Consolidated net income increased in 1990 as compared to 1989 due largely to the loss incurred in 1989 as a result of implementation of the FERC Settlement (the largest component of which was the $900 million pretax write-off of System Energy's investment in Grand Gulf 2) (Unit 2 of the Grand Gulf Nuclear Station) and various related state and local agreements (such agreements, together with the FERC Settlement, comprise the Project Olive Branch settlements). Excluding the effects of the Project Olive Branch settlements, net income for 1989 would have been approximately $389.9 million. Consolidated net income was also favorably affected in 1990 by a number of other factors including, among other things, lower depreciation expense, reduced interest expense and preferred stock dividend requirements, and, as discussed below, increased energy sales.

For information with respect to the above settlements, see Note 2, "Rate and Regulatory Matters - NOPSI Prudence Settlement and Finalized Phase-In Plan, FERC Complaint Case, and Project Olive Branch Settlements," incorporated herein by reference.

Electric Operating Revenues

Electric operating revenues increased in both 1991 and 1990 due primarily to increased retail energy sales and the step-up provisions of certain System operating company rate phase-in plans, which provided for greater current recovery in 1991 and 1990 of Grand Gulf 1 (Unit 1 of the Grand Gulf Nuclear Station) - related costs. Increased operating revenues from such step-up provisions did not result in increased operating income due to the amortization of previously recorded rate deferrals.

Purchased Power

Purchased power expense increased in 1991 and declined in 1990, compared with, in each case, the prior year, due primarily to increased amounts of power purchased in 1991 and 1989 from outside utilities as a result of scheduled and unscheduled outages at certain System generating units during 1991 and 1989.

Other Operation Expense

Other operation expense increased in 1991 as compared to 1990 due in large part to the effects of the FERC Complaint Case settlement. Other operation expense increased in 1990 as compared to the prior year due primarily to a general increase in the cost of operations throughout the System, including increased nuclear-related expenses resulting from a comprehensive action plan to improve operations and safety at ANO, as well as the recording of approximately $15.5 million as a reduction in 1989 pension expense to reflect the settlement of NOPSI's pension plan.

Rate Deferrals - Net

Rate deferrals - net decreased in each comparable period due to the amortization of previously deferred Grand Gulf 1-related costs that are being recovered through rates and a reduction in current rate deferrals recorded. (See "Financial Condition - Liquidity" below.)

Total Income Taxes

Total income taxes decreased in 1991 as compared to 1990 due primarily to increased amortization of investment tax credits and decreased pretax book income. Income taxes significantly increased in 1990 as compared to 1989 due primarily to the tax effect of the Project Olive Branch settlements recorded in 1989.

Miscellaneous Other Income - Net

Miscellaneous other income - net decreased in 1991 as compared to 1990 due to one-time charges associated with the settlement of the FERC Complaint Case that were recorded in June 1991. The decrease was also due to decreased interest income, resulting from lower short-term investment balances and lower yields on those investments. Miscellaneous other income - net increased in 1990 due primarily to increased interest income on higher temporary cash investment balances.

Management's Financial Discussion And Analysis

Energy Sales (kwh)

Energy sales increased in both 1991 and 1990 as compared to prior years. The 1991 increase was due to increased sales for resale to nonassociated companies and increased energy sales to industrial customers in the chemical and refining industries. The 1990 increase was due to increased sales for resale to nonassociated companies and increased energy sales to residential and commercial customers as a result of an increase in usage and extended periods of hot weather throughout the System's service area during the summer months.

FINANCIAL CONDITION

Rate Issues

The System operating companies have no current plans to file for general changes in retail rates in 1992. Such plans will not adversely affect the System's financial condition as long as costs can be maintained at current levels or reduced. To the extent that operating expenses significantly increase, net income could be adversely impacted unless such increases are offset by revenues derived from increased sales of energy, or rate increases are obtained.

In March 1992, the FERC authorized the System operating companies and Entergy Power to sell wholesale power at market-based rates and to provide to electric utilities "open access" to the System's integrated transmission system for delivery to other electric utilities (subject to certain requirements). The FERC's order may be appealed by various intervenors in the proceeding. If it ultimately becomes final, the FERC's order will simultaneously produce increased marketing opportunities for the Entergy System and expose the Entergy System to the risk of loss of load or reduced revenues due to competition with alternative suppliers.

Liquidity

The System's primary cash requirements for 1991 included, among other things, working capital needs, construction expenditures, maturing debt, sinking fund requirements, and preferred stock dividend requirements. Cash requirements in 1991 were substantially satisfied with cash on hand and internally generated funds.

Net cash flow provided by operating activities totaled approximately $901.7 million in 1991. As detailed in the Statements of Consolidated Cash Flows, cash flow from operating activities was affected by a number of factors representative of normal operations. Increases in the amount of Grand Gulf 1-related costs being currently recovered, pursuant to rate phase-in plans, contributed to the System's liquidity. In 1991, recovery of previously deferred Grand Gulf 1-related costs for the affected System operating companies began exceeding the current deferral of Grand Gulf 1-related costs, and effective October 1992, no additional amounts of Grand Gulf 1-related costs will be deferred for future recovery. As previously deferred costs are recovered, revenue collections will exceed, to the extent of such recovery, current cash requirements for these costs. The amortization of previous deferrals matches the impact of the revenue collections in the income statement.

Investing activities for 1991 resulted in a net utilization of cash of approximately $270.6 million due primarily to construction expenditures of approximately $396.6 million, partially offset by a decrease in temporary investments other than cash equivalents of approximately $150.6 million.

Financing activities for 1991 resulted in a net utilization of cash of approximately $926.3 million. Among these activities were the retirement or refinancing of certain high-cost securities with lower-cost securities. During 1991, approximately $133.2 million of preferred stock and $68.5 million of other long-term debt were issued, and approximately $658.9 million of first mortgage bonds and $85.5 million of preferred stock were retired. Approximately $161.6 million was expended to retire common stock during 1991 in connection with Entergy's ongoing program to reacquire and retire a portion of its outstanding common stock. In addition, common stock dividends of approximately $228.8 million were paid by Entergy during 1991.

CAPITAL AND REFINANCING REQUIREMENTS AND CAPITAL RESOURCES

See Note 8, "Commitments and Contingencies - Capital Requirements and Financing," incorporated herein by reference, for information on the System's capital and refinancing requirements for the period 1992-1994.

Entergy does not have any present plans in conjunction with its existing utility subsidiaries to issue additional shares of its common stock or otherwise to obtain funds from external sources through issuances of securities or other financings. (See, however, "Strategic Acquisitions" below for information regarding Entergy's consideration of potential strategic acquisitions.) Having no outstanding debt or preferred stock, Entergy's capital requirements derive principally from the need to periodically invest in, or make loans to, its subsidiaries. In this regard, MP&L has received Securities and Exchange Commission (SEC) approval for the issuance and sale to Entergy through December 31, 1993, of up to approximately $50 million of common stock of which $25 million was issued and sold to Entergy in February 1992, and LP&L has SEC approval for the issuance and sale to Entergy through December 31, 1993, of up to $50 million of common stock. Entergy receives funds through dividend payments on outstanding shares of its subsidiaries' common stock, all of which is owned by Entergy. Certain restrictions limit the amounts that can be distributed to Entergy from the subsidiary companies in the form of dividends or other distributions. In addition, the subsidiary companies are prohibited from making loans or advances to Entergy. During 1991, the subsidiary companies declared and paid dividends to Entergy totaling $231.6 million, while Entergy declared and paid dividends of $228.8 million on its common stock. In the fourth quarter of 1991, Entergy increased its dividend from $0.30 to $0.35 per share. (See Note 7, "Retained Earnings," incorporated herein by reference, for information on retained earnings available for distribution to common stockholders.)

See Note 5, "Preferred and Common Stock," incorporated herein by reference, for information regarding the status of Entergy's share repurchase program whereby it repurchases and retires, from time to time, shares of its outstanding common stock.

Additional mortgage bonds and preferred stock that can be issued by the System operating companies and System Energy are limited by earnings coverage tests; available bondable property; for MP&L and NOPSI, the cumulative Grand Gulf 1-related rate deferrals recorded as assets available to support the issuance of additional general and refunding mortgage bonds (G&R Bonds); and for System Energy, equity ratio requirements contained in its mortgage and its letters of credit and reimbursement agreement in conjunction with its sale and leaseback transactions. Based upon the most restrictive applicable tests at December 31, 1991, the System operating companies could have issued mortgage bonds or preferred stock, and System Energy could have issued mortgage bonds in the following approximate amounts, at an assumed annual interest or dividend rate of 9%.

(In millions)	Bonds	Preferred Stock
AP&L	$385	$318
LP&L	$520	$515
MP&L	$232	$110
NOPSI(1)	$ 76	$438
System Energy(2)	$284	-

(1) NOPSI's preferred stock issuable amount at December 31, 1991, reflects the $48.5 million earnings impact of the 1991 NOPSI Settlement.

(2) System Energy's charter does not presently provide for issuance of preferred stock.

In addition, the System operating companies and System Energy have the ability, subject to meeting certain conditions, to issue bonds against the retirement of bonds without meeting an earnings coverage test. Also, AP&L may issue preferred stock to refund outstanding preferred stock without meeting an earnings coverage test.

See Note 4, "Lines of Credit and Related Borrowings," incorporated herein by reference, for information regarding short-term lines of credit.

STRATEGIC ACQUISITIONS

As noted above under "Capital and Refinancing Requirements and Capital Resources," Entergy has no present plans to issue shares of its common stock or to effect other financing to fund the requirements of its existing subsidiaries. However, Entergy is considering acquisition opportunities consistent with its strategic goals, and, in that connection, Entergy may attempt to expand its utility operations through strategic acquisition of the stock or assets of one or more nonaffiliated utilities. In connection with any such acquisition transaction, Entergy may contemplate using a portion of its cash on hand and/or issuing shares of its common stock or other securities (including debt securities), in each case in amounts that cannot presently be determined, in order to effect the acquisition. Any possible acquisition by Entergy of stock or assets of another utility would be conditioned upon, among other things, receipt of all applicable regulatory, shareholder, and other approvals. Entergy cannot predict whether or on what terms any such transaction might be consummated.

ACCOUNTING ISSUES

SFAS No. 106

See Note 10, "Postretirement Benefits," incorporated herein by reference, for information with respect to a new accounting standard on employers' accounting for postretirement benefits other than pensions.

SFAS No. 109

See Note 3, "Income Taxes," incorporated herein by reference, for information with respect to a new accounting standard on accounting for income taxes.

ENVIRONMENTAL MATTERS

CLEAN AIR LEGISLATION

The Clean Air Act Amendments of 1990 (Act), among other things, place limits on emissions of sulfur dioxide and nitrogen oxide from fossil-fueled generating plants. Based on evaluations to date, in connection with existing generating facilities, the System has determined that no additional equipment will be required to control sulfur dioxide emissions in order to comply with the Act. With respect to nitrogen oxide, the System may be required to install emission controls at its four coal units and to install continuous emission monitoring systems at some or all of its fossil-fueled units. Based on current expectations, the System estimates that total capital costs of approximately $20 million could be incurred to comply with this and other provisions of the Act. However, final regulations have not been adopted. It is not possible to determine at this time what measures will be required and the ultimate cost to the System.

LITIGATION MATTERS

Three lawsuits (which have been consolidated) have been filed against AP&L and Entergy Services in connection with the operation of two dams during a period of heavy rainfall and flooding. The consolidated lawsuits seek, among other things, approximately $14.4 million in property losses and other compensatory damages and $500 million in punitive damages. While the outcome of these matters and their impact, if any, on the System's financial condition cannot be determined with certainty at this time, both AP&L and Entergy Services believe they have meritorious defenses, which they intend to assert aggressively and that the ultimate outcome will have no material adverse financial impact on either. (See Note 8, "Commitments and Contingencies - AP&L Flood Litigation," incorporated herein by reference.)

Audit Committee Letter, Management's And Auditors' Reports

Audit Committee Chairman's Letter

The Entergy Corporation Board of Directors' Audit Committee is composed of five directors, who are not officers of Entergy Corporation: John A. Cooper Jr. (chairman), Brooke H. Duncan, Adm. Kinnaird R. McKee, James R. Nichols, and H. Duke Shackelford. The committee held five meetings during 1991.

The Audit Committee oversees Entergy's financial reporting process on behalf of Entergy's Board of Directors. In fulfilling its responsibility, the committee recommended to the board, subject to stockholder approval, the selection of Entergy's independent public accountants (Deloitte & Touche). Also, the committee oversees and coordinates the activities and policies of the subsidiary companies' audit committees.

The Audit Committee discussed with Entergy's internal auditors and the independent public accountants the overall scope and specific plans for their respective audits, as well as Entergy's consolidated financial statements and the adequacy of Entergy's internal controls. The committee met, together and separately, with Entergy's internal auditors and independent public accountants, without management present, to discuss the results of their audits, their evaluation of Entergy's internal controls, and the overall quality of Entergy's financial reporting. The meetings also were designed to facilitate and encourage any private communication between the committee and the internal auditors or independent public accountants.

John A. Cooper Jr.
Chairman, Audit Committee

Report Of Management

The management of Entergy Corporation has prepared and is responsible for the financial statements and related financial information included herein. The financial statements are based on generally accepted accounting principles. Financial information included elsewhere in this report is consistent with the financial statements.

To meet its responsibilities with respect to financial information, management maintains and enforces a system of internal accounting controls that is designed to provide reasonable assurance, on a cost-effective basis, as to the integrity, objectivity, and reliability of the financial records, and as to the protection of assets. This system includes communication through written policies and procedures, an employee Code of Conduct, and an organizational structure that provides for appropriate division of responsibility and the training of personnel. This system is also tested by a comprehensive internal audit program.

The independent public accountants provide an objective assessment of the degree to which management meets its responsibility for fairness of financial reporting. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures as they deem necessary to reach and express an opinion on the fairness of the financial statements.

Management believes that these policies and procedures provide reasonable assurance that its operations are carried out with a high standard of business conduct.

Edwin Lupberger
Chairman and Chief Executive Officer

Gerald D. McInvale
Senior Vice President and Chief Financial Officer

Independent Auditors' Report

To the Shareholders and the Board of Directors of Entergy Corporation:

We have audited the accompanying consolidated balance sheets of Entergy Corporation and subsidiaries as of December 31, 1991 and 1990, and the related statements of consolidated income (loss), retained earnings and paid-in capital, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of Entergy Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Entergy Corporation and its subsidiaries at December 31, 1991 and 1990, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Deloitte & Touche
DELOITTE & TOUCHE
February 14, 1992
New Orleans, Louisiana

Consolidated Balance Sheets

December 31,
(In thousands)

		1991	1990
ASSETS			
UTILITY PLANT (NOTES 1 AND 9):	Electric	$13,374,588	$13,039,585
	Electric plant under leases (Note 9)	662,150	660,291
	Property under capital leases - electric	75,270	111,405
	Natural gas	104,960	100,356
	Property under capital leases - gas	-	799
	Construction work in progress	305,916	305,889
	Nuclear fuel under capital leases	265,358	367,533
	Nuclear fuel	24,778	5,483
	Total	14,813,020	14,591,341
	Less - accumulated depreciation and amortization	4,000,967	3,663,287
	Utility plant - net	10,812,053	10,928,054
OTHER PROPERTY AND INVESTMENTS		152,472	99,621
CURRENT ASSETS:	Cash and cash equivalents (Note 1):		
	Cash	2,387	22,821
	Temporary cash investments - at cost, which approximates market	454,960	729,764
	Total cash and cash equivalents	457,347	752,585
	Other temporary investments - at cost, which approximates market	131,663	282,243
	Special deposits	12,945	14,067
	Notes receivable	22,641	20,976
	Accounts receivable:		
	Customer (less allowance for doubtful accounts of $8.1 million in 1991 and 1990)	181,370	195,615
	Other	38,772	35,179
	Accrued unbilled revenues (Note 1)	53,547	50,215
	Fuel inventory - at average cost (Note 4)	105,603	67,686
	Materials and supplies - at average cost	274,398	273,754
	Rate deferrals (Note 2)	120,218	101,472
	Prepayments and other	79,623	77,396
	Total	1,478,127	1,871,188
DEFERRED DEBITS:	Rate deferrals (Note 2)	1,652,513	1,655,287
	Other	287,937	277,244
	Total	1,940,450	1,932,531
	TOTAL	$14,383,102	$14,831,394

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

December 31, (In thousands)		1991	1990
Capitalization And Liabilities			
Capitalization:	Common stock, $5 par value, authorized 500,000,000 shares; issued and outstanding 178,809,292 shares in 1991 and 185,257,192 shares in 1990 (Note 5)	$ 894,046	$ 926,286
	Paid-in capital	1,370,527	1,419,883
	Retained earnings (Note 7)	1,943,298	1,775,000
	Total common shareholders' equity	4,207,871	4,121,169
	Subsidiaries' preferred stock, net of premium and expense (Note 5):		
	Without sinking fund	391,958	330,967
	With sinking fund	298,332	311,230
	Long-term debt (Notes 6 and 9)	5,282,906	5,765,885
	Total	10,181,067	10,529,251
Other Noncurrent Liabilities:			
	Obligations under capital leases (Note 9)	210,035	306,137
	Other	61,713	62,858
	Total	271,748	368,995
Current Liabilities:	Currently maturing long-term debt (Note 6)	230,808	339,717
	Notes payable (Note 4)	667	667
	Accounts payable	367,613	334,520
	Customer deposits	94,565	86,036
	Taxes accrued	251,817	196,599
	Accumulated deferred income taxes (Note 3)	19,955	11,299
	Interest accrued	162,981	182,811
	Preferred stock dividends declared	15,756	15,176
	Gas contract settlements - liability to customers (Note 8)	56,403	60,253
	Deferred revenue - gas supplier judgment proceeds (Note 2)	38,724	35,663
	Deferred fuel cost	24,873	15,570
	Obligations under capital leases (Note 9)	166,036	201,222
	Other	92,209	88,349
	Total	1,522,407	1,567,882
Deferred Credits:	Accumulated deferred income taxes (Note 3)	1,761,408	1,671,577
	Accumulated deferred investment tax credits (Note 3)	195,404	170,297
	Gas contract settlement - liability to customers (Note 8)	56,111	112,430
	Deferred revenue - gas supplier judgment proceeds (Note 2)	57,023	105,749
	Other	337,934	397,213
	Total	2,407,880	2,365,266
Commitments and Contingencies (Notes 2 and 8)			
	Total	$14,383,102	$14,831,394

See Notes to Consolidated Financial Statements.

Statements Of Consolidated Income (Loss)

		1991	1990	1989
[illegible]	Electric	$3,974,478	$3,894,119	$3,633,637
	Natural gas	76,951	87,943	90,367
	Total	4,051,429	3,982,062	3,724,004
Operating Expenses:	Operation:			
	Fuel for electric generation and fuel-related expenses	735,986	808,214	766,787
	Purchased power	205,131	155,570	186,835
	Gas purchased for resale	49,986	61,718	62,705
	Other	896,447	827,577	725,842
	Maintenance	282,821	277,732	278,832
	Depreciation and decommissioning	398,864	392,895	406,011
	Taxes other than income taxes	184,247	178,810	185,660
	Income taxes (Note 3)	247,008	261,145	211,973
	Rate deferrals:			
	Rate deferrals (Note 2)	(56,681)	(140,365)	(252,541)
	Amortization of rate deferrals	133,838	107,407	103,211
	Deferral of previously incurred Grand Gulf 1-related costs (Note 2)	(90,000)	–	–
	Income taxes (credit) (Note 3)	(3,248)	4,274	48,304
	Total	2,984,399	2,934,977	2,723,619
Operating Income		1,067,030	1,047,085	1,000,385
Other Income:	Project Olive Branch settlements (Note 2)	–	–	(1,105,185)
	Allowance for equity funds used during construction	7,921	5,199	6,052
	Miscellaneous - net	122,697	168,464	102,844
	Income taxes - (debit) credit (Note 3)	(33,391)	(49,855)	254,680
	Total	97,227	123,808	(741,609)
Interest and Other Charges:				
	Interest on long-term debt	599,797	612,064	631,600
	Other interest - net	27,245	23,151	28,607
	Allowance for borrowed funds used during construction	(7,392)	(5,426)	(4,793)
	Preferred dividend requirements of subsidiaries	62,575	62,786	75,947
	Total	682,225	692,575	731,361
Net Income (Loss)		$ 482,032	$ 478,318	$ (472,585)
Earnings (Loss) Per Average Common Share		$ 2.64	$ 2.44	$ (2.31)
Dividends Declared Per Common Share (Note 7)		$ 1.25	$ 1.05	$ 0.90
Average Number of Common Shares Outstanding (Note 5)		182,665,303	195,876,850	204,576,247

See Notes to Consolidated Financial Statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

For the Years Ended December 31
(In thousands)

		1991	1990	1989
OPERATING ACTIVITIES:	Net income (loss)	$ 482,032	$ 478,318	$ (472,585)
	Noncash items included in net income (loss):			
	Rate deferrals - net (Note 2)	(12,843)	(32,958)	(149,330)
	Depreciation and decommissioning	398,864	392,895	406,011
	Deferred income taxes and investment tax credits	194,830	252,823	(19,307)
	Project Olive Branch settlements (Note 2)	-	-	1,047,565
	Allowance for equity funds used during construction	(7,921)	(5,199)	(6,052)
	Amortization of deferred revenues	(36,310)	(33,865)	(25,641)
	Provision for estimated losses (Note 1)	8,759	12,962	5,178
	Deferred interest related to Waterford 3 lease obligation	488	23,791	-
	Changes in working capital:			
	Receivables	5,655	(15,950)	(71,970)
	Fuel inventory	(37,917)	2,626	(4,005)
	Accounts payable	1,302	26,811	52,511
	Other working capital accounts	54,209	(10,620)	6,998
	Refunds to customers - gas contract settlements (Note 8)	(56,098)	(55,979)	(56,122)
	Increase in decommissioning trust	(23,193)	(22,375)	(13,314)
	Other	(70,195)	8,465	873
	Net cash flow provided by operating activities	901,662	1,021,745	700,710
INVESTING ACTIVITIES:	Construction expenditures	(396,564)	(400,465)	(363,788)
	Allowance for equity funds used during construction	7,921	5,199	6,052
	Nuclear fuel sales (expenditures) - net	(33,168)	(50,155)	2,779
	Decrease (increase) in other temporary investments	150,580	(282,243)	-
	Expenditures on Grand Gulf 2	-	-	(7,175)
	Other	616	7,296	1,319
	Net cash flow used by investing activities	(270,615)	(720,368)	(360,813)
FINANCING ACTIVITIES:	Proceeds from issuance of:			
	First mortgage bonds	-	414,520	73,282
	General and refunding mortgage bonds	-	30,000	100,000
	Preferred stock	133,175	-	-
	Bank notes and other long-term debt (Note 9)	68,514	25,768	360,259
	Proceeds from sale and leaseback of nuclear fuel	14,552	48,607	73,863
	Retirement of:			
	First mortgage bonds	(658,856)	(384,806)	(1,023,397)
	Bank notes and other long-term debt	(7,442)	(5,584)	(6,110)
	Common stock	(161,640)	(369,140)	(13,201)
	Redemption of preferred stock	(85,500)	(40,586)	(117,449)
	Common stock dividends paid	(228,816)	(205,793)	(187,834)
	Change in short-term borrowings	-	-	(46,990)
	Other	(272)	29	(71)
	Net cash flow used by financing activities	(926,285)	(486,985)	(783,648)
	Net decrease in cash and cash equivalents	(295,238)	(185,608)	(443,751)
	Cash and cash equivalents at beginning of period	752,585	938,193	1,381,944
	Cash and cash equivalents at end of period	$ 457,347	$ 752,585	$ 938,193
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
	Cash paid during the period for:			
	Interest (net of amount capitalized)	$ 646,872	$ 659,415	$ 702,668
	Income taxes	$ 68,278	$ 62,864	$ 16,301
	Noncash investing and financing activities:			
	Capital lease obligations incurred	$ 46,703	$ 69,615	$ 381,792

See Notes to Consolidated Financial Statements.

Statements Of Consolidated Retained Earnings And Paid-In Capital

For the Years Ended December 31,
(In thousands)

	1991	1990	1989
Retained Earnings, January 1	$1,775,000	$1,636,254	$2,310,242
Add:			
Net income (loss)	482,032	478,318	(472,585)
Total	2,257,032	2,114,572	1,837,657
Deduct:			
Dividends declared on common stock (Note 7)	228,555	206,167	184,123
Capital stock and other expenses	5,170	1,443	11,542
Common stock retirements (Note 5)	80,009	131,962	5,738
Total	313,734	339,572	201,403
Retained Earnings, December 31 (Note 7)	$1,943,298	$1,775,000	$1,636,254
Paid-in Capital, January 1	$1,419,883	$1,563,313	$1,567,781
Add:			
Gain on reacquisition of preferred stock	35	75	48
Deduct:			
Common stock retirements (Note 5)	49,391	143,505	4,516
Paid-in Capital, December 31	$1,370,527	$1,419,883	$1,563,313

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Systems of Accounts

The accompanying consolidated financial statements include the accounts of Entergy and its direct and indirect subsidiaries: AP&L, LP&L, MP&L, NOPSI, System Energy, Entergy Operations, Entergy Power, Entergy Services, System Fuels, and Electec. All significant intercompany transactions have been eliminated. The accounts of Entergy and its direct and indirect subsidiaries are maintained in accordance with the Uniform System of Accounts prescribed by FERC or in accordance with systems of accounts prescribed by the applicable regulatory bodies having jurisdiction (which substantially conform to those prescribed by FERC).

Revenues and Fuel Costs

Three of the System operating companies record electric and gas revenues when billed to their customers on a cycle-billing basis. Revenues are not accrued for energy delivered but not yet billed. However, LP&L accrues revenue for the non-fuel portion of estimated unbilled revenues for energy delivered since the period covered by the latest billings.

Substantially all of the System operating companies' rate schedules include adjustment clauses under which the cost of fuel used for generation and gas purchased for resale above or below specified levels is permitted to be billed or required to be credited to customers. Each System operating company has a fuel adjustment clause that allows either current recovery of fuel costs or deferral of fuel costs until the related revenues are billed.

Utility Plant

Utility plant is stated at original cost. Additions to utility plant (labor, materials, overhead, and an allowance for funds used during construction) (AFUDC) are recorded at cost. The original cost of utility plant retired or otherwise removed, plus the applicable removal costs, less salvage, is charged to accumulated depreciation. Maintenance and repairs of property and minor replacement costs are charged to operating expenses.

AFUDC represents the approximate net composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction. Although AFUDC results in an increase in utility plant and represents current earnings, it is a noncash item and is realized in cash through recovery of depreciation provisions included in rates. The System operating companies' effective composite rates for AFUDC were 9.1%, 8.7%, and 9.3% for 1991, 1990, and 1989, respectively.

The sales and leasebacks of the undivided portions of Grand Gulf 1 and Waterford 3 by System Energy and LP&L, respectively, are required to be reflected for financial reporting purposes as financing transactions in Entergy's Consolidated Financial Statements. For financial reporting purposes, utility plant includes the portions of Grand Gulf 1 and Waterford 3 that were sold and are currently under lease.

Depreciation is computed on the straight-line basis at rates based on the estimated service lives of the various classes of property. Depreciation provisions on average depreciable property approximated 3.0% in 1991 and 3.1% in 1990 and 1989.

Substantially all of the utility plant owned by the System is subject to the liens of the subsidiaries' mortgage bond indentures.

Income Taxes

Entergy and its subsidiaries file a consolidated federal income tax return. Pursuant to an intra-System income tax allocation agreement, income taxes are allocated to the System companies in proportion to their contribution to the consolidated taxable income. In accordance with SEC regulations, no System company is required to make payments greater than would have been paid had a separate income tax return been filed. Deferred income taxes are recorded based on differences between book and taxable income to the extent permitted by the regulatory bodies for ratemaking purposes. Investment tax credits are deferred and amortized based upon the average useful life of the related property.

Other Noncurrent Liabilities

The System operating companies record provisions for uninsured property risks and claims for injuries and damages through charges to operation expenses on an accrual basis. Provisions for these accruals, classified as other noncurrent liabilities, have been allowed for ratemaking purposes.

Cash and Cash Equivalents

For purposes of the Statements of Consolidated Cash Flows, Entergy considers all unrestricted highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Reclassifications

Certain reclassifications of previously reported amounts have been made to conform to current classifications.

NOTE 2 RATE AND REGULATORY MATTERS

NOPSI Prudence Settlement and Finalized Phase-In Plan

The February 4 Resolution required NOPSI to write off, and not recover from its retail electric customers, $135 million of its previously deferred costs associated with Grand Gulf 1. This write-off, which was recorded in NOPSI's 1987 financial statements, was in addition to the $51.2 million of Grand Gulf 1-related costs originally absorbed and not recovered by NOPSI in the 1986 Rate Settlement. On August 29, 1991, representatives of NOPSI reached an agreement in principle with advisors to the Council of the City of New Orleans (Council) and with the Alliance for Affordable Energy, Inc. and others (Alliance) that resolved the Grand Gulf 1 prudence issues and the pending litigation related to the February 4 Resolution. The Council adopted a resolution approving and substantially incorporating the agreement in principle on October 3, 1991. In accordance with the Council's October 3 resolution, several actions were taken and the final condition to effectiveness of the 1991 NOPSI Settlement was satisfied on November 5, 1991.

The 1991 NOPSI Settlement, retroactive to October 4, 1991, supersedes both the 1986 Rate Settlement (which established a rate phase-in plan designed to reduce the immediate effect on ratepayers of the inclusion of Grand Gulf 1 costs in rates) and the February 4 Resolution and provides that there will be no further disallowance of the recovery of any Grand Gulf 1-related costs incurred by NOPSI based on any alleged imprudence by NOPSI that may have occurred or may be alleged to have occurred prior to the effective date of the 1991 NOPSI Settlement. The terms of the settlement provide for a finalized phase-in plan for the increased recovery of NOPSI's Grand Gulf 1-related costs over a ten-year period and for a five-year base rate freeze (subject to certain exceptions) with respect to non-Grand Gulf 1 electric rates. In accordance with the finalized plan, NOPSI reduced its base electric rates by $11.3 million, on an annual basis, effective October 4, 1991, (thereby offsetting in part an $18.9 million step-up in NOPSI's Grand Gulf 1 rates implemented in April 1991) and will, thereafter, at the end of October in each of the years 1992, 1993, 1994, and 1995, implement annual Grand Gulf 1 rate increases in amounts ranging from $4.4 million to $7.3 million.

In accordance with the 1991 NOPSI Settlement, NOPSI recorded on its balance sheet, as a deferred asset, an additional $90 million of previously incurred Grand Gulf 1-related costs with recognition of a corresponding pretax gain on its income statement. The $90 million represents the increase in the present value of the recovery stream of deferred Grand Gulf 1-related costs. The gain increased 1991 consolidated net income by $48.6 million after applicable income taxes and increased earnings per share by approximately $0.27.

FERC Complaint Case

On February 1, 1990, the Arkansas Public Service Commission (APSC), the Louisiana Public Service Commission (LPSC), the Mississippi Public Service Commission (MPSC), the Mississippi Attorney General, and the City of New Orleans filed a complaint with the FERC against System Energy and Entergy Services (as agent for Entergy and the System operating companies), alleging that the rates then being charged to the System operating companies by System Energy for capacity and energy from Grand Gulf 1 were not just and reasonable. This filing was consolidated with proceedings related to System Energy's decommissioning collections and proceedings related to a reduction of the allowed rate of return on the common equity component of charges under the System Agreement.

On May 21, 1991, a settlement in the consolidated proceedings was reached, which, among other things, (1) reduced System Energy's rate of return on common equity from 14% to 13%, effective retroactively to April 1990, (2) imposed no ceiling for ratemaking purposes on System Energy's common equity ratio, (3) established a zero-cash working capital allowance for System Energy, effective retroactively to April 1990, (4) resolved the cost of service treatment of certain Grand Gulf 2 assets transferred to Grand Gulf 1, (5) set the amount to be collected in rates for the cost of decommissioning System Energy's 90% interest in Grand Gulf 1 at approximately $198 million in 1989 dollars (with a new study of these costs to be prepared and submitted to FERC on or before June 1, 1995), and increased System Energy's decommissioning expense collections from approximately $1.1 million to approximately $4.3 million per year, effective retroactively to June 1990, subject to a 5% annual inflation adjustment, (6) provided for 1991 credits from System Energy to the System operating companies totaling approximately $17 million relating to System Energy's rate treatment of the portions of Grand Gulf 1 sold and leased back, and (7) reduced the rate of return on common equity under the System Agreement from 14% to 13%, retroactive to December 24, 1990. The settlement did not resolve income tax accounting issues raised in the complaint (see "FERC Audit" below). The settlement was filed with a FERC Administrative Law Judge (ALJ) on June 14, 1991, and was approved by the FERC on September 16, 1991.

Based on the settlement, System Energy credited in June 1991 approximately $47.6 million in the aggregate (including interest) against its bills to the System operating companies for capacity and energy from Grand Gulf 1. As a result of the FERC Complaint Case settlement, 1991 consolidated net income was reduced by approximately $30 million.

FERC Audit

On December 21, 1990, the FERC Division of Audits issued an audit report for System Energy for the years 1986 through 1988. The report recommended, among other things, that System Energy (1) write off and not recover in its rates approximately $95 million of Grand Gulf 1 costs included in utility plant related to the System's income tax allocation procedures (and System Energy's accounting resulting from certain allocated income tax charges) alleged to be inconsistent with FERC's accounting requirements and (2) compute refunds for the years 1987 to date to correct for overcollections from the System operating companies of depreciation expense and return on rate base related to amounts alleged to be incorrectly included in utility plant.

Hearings before a FERC ALJ were held in August 1991. In an initial decision dated November 21, 1991 (November 21 Decision), a FERC ALJ found, among other things, that System Energy overstated its Grand Gulf 1 utility plant account by approximately $95 million as indicated in the FERC audit report. The decision, if ultimately sustained and implemented, would require System Energy to make correcting accounting entries and refunds, with interest, to the System operating companies. Should that be necessary, System Energy estimates that as of December 31, 1991, its net income would be negatively impacted by approximately $128.7 million. This amount includes System Energy's potential refund obligation to the System operating companies, which is estimated to be approximately $66.2 million (including interest) as of December 31, 1991. The ongoing effect of this decision, if implemented, would be to reduce System Energy's revenues by approximately $22 million in 1992, and by a comparable amount (but decreasing by approximately $0.5 million per year) in each subsequent year, and consolidated revenues would reflect this reduction.

In addition, because of the resulting impact on System Energy's earnings if the November 21 Decision is ultimately sustained and implemented, System Energy would need to obtain the consent of certain banks to waive the fixed charge coverage covenants in the letters of credit and reimbursement agreement related to the Grand Gulf 1 sale and leaseback transactions (see Note 9, "Leases - Sale and Leaseback Transactions") for a limited period of time in order to avoid violation of this covenant upon implementation of the

November 21 Decision. Should that be necessary, System Energy would request a waiver by the banks. Absent a waiver, failure of System Energy to perform this covenant could give rise to a draw under the letters of credit and/or early termination of the letters of credit, and if the letters of credit were not replaced in a timely manner, could result in a default under, or early termination of, System Energy's leases.

Assuming the System operating companies were required to refund or credit to their customers all of the System Energy refund (except for those portions attributable to AP&L's and LP&L's retained share of Grand Gulf 1 costs), the effect of System Energy's write-off of utility plant and refund to the System operating companies, as required by the November 21 Decision, on Entergy's consolidated financial statements as of December 31, 1991, would be to reduce consolidated net income by approximately $125.2 million. However, the System operating companies would write off the unamortized balances of corresponding deferred credits, which approximated $77.3 million at December 31, 1991. This action, together with any recovery from ratepayers of deferred credits that have been previously amortized and passed on to the ratepayers (approximately $13.9 million as of December 31, 1991), would offset the reduction in consolidated net income. The amount of such offset would depend upon each System operating company's associated retail rate treatment with respect to the recovery of previously amortized credits.

On January 8, 1992, System Energy filed a brief on exceptions with the FERC. Notwithstanding the November 21 Decision, System Energy believes that its consolidated income tax accounting procedures and related rate treatment are in compliance with SEC and FERC requirements and intends to vigorously contest this issue. However, the ultimate resolution of this matter cannot be determined. Accordingly, no provision has been made in the accompanying financial statements for the possible effects of a decision adverse to System Energy.

March 1989 Order

A March 1989 LPSC order in effect provided, among other things, that LP&L was entitled to an increase in retail rates of approximately $45.9 million on an annual basis, but that in lieu of a rate increase, LP&L would retain the LPSC jurisdictional portion of $193.7 million of proceeds (stated to approximate $188.6 million) received by LP&L in October 1988 as a result of litigation with a gas supplier. In addition, the order provided that, for the benefit of ratepayers, LP&L begin in March 1989 to amortize such jurisdictional proceeds plus interest thereon accrued through February 28, 1989, pursuant to a rate amortization schedule that is scheduled to extend for 5.3 years from that time. At December 31, 1991, the unamortized balance of such jurisdictional proceeds was approximately $95.7 million. To date, LP&L believes that the March 1989 Order has provided approximately the same amount of additional net income available for common stock as would an annual rate increase of $45.9 million (the amount of LP&L's revenue deficiency as determined by the LPSC) over the 5.3 year period. LP&L agreed to a five-year base rate freeze, at the then current level, subject to certain conditions. These conditions include, among others, a provision that the rate freeze would not serve as a bar to changes in rates as a result of changes in the federal tax law, net increases or decreases in LP&L's costs resulting from proceedings at the FERC relating to the Grand Gulf Nuclear Station, or as a result of catastrophic events.

In April 1989, the Louisiana Energy Users Group (LEUG), a group of LP&L's large industrial customers, and the members of such group individually, filed a petition for appeal and judicial review of the March 1989 order in the 19th Judicial District Court for the Parish of East Baton Rouge, Louisiana (State District Court). The LEUG contends that the LPSC was without jurisdiction or authority to permit LP&L to retain the judgment proceeds. On March 1, 1990, the LEUG filed a motion with the State District Court requesting continuance, without date, of these proceedings and the State District Court granted such continuance. LP&L will defend vigorously against the appeal if it is prosecuted. As permitted by the March 1989 Order, LP&L is expending the judgment proceeds in the normal course of its business. LP&L believes the intent of the March 1989 Order is that the LPSC recognizes that LP&L is entitled to an annual revenue increase of approximately $45.9 million and that such intent and the March 1989 Order will be upheld by the courts, if the matter is prosecuted. The matter is pending.

City of New Orleans Complaint

On August 20, 1990, the City of New Orleans filed a complaint with the FERC against Entergy, the System operating companies, and System Energy requesting the FERC to investigate certain issues related to the transfer of Independence 2 (Unit 2 of the Independence Steam Electric Generating Station) and Ritchie 2 (Unit 2 of the R.E. Ritchie Steam Electric Generating Station) from AP&L to Entergy Power and its effect upon the System operating companies and their ratepayers. On September 21, 1990, Entergy, the System operating companies, and System Energy filed with the FERC an answer to the City's complaint asking that the complaint be dismissed. Numerous parties have intervened in this proceeding. In the first quarter of 1991, the FERC issued an order, which among other things, set for investigation the question of whether overall billings under the System Agreement will increase as a result of the transfer of the two units to Entergy Power and, if so, whether those higher charges reflect prudently incurred costs that may be reasonably passed through under the System Agreement, and provided that rates charged under the System Agreement after the transfer of the two units be subject to refund, effective October 19, 1990. Through December 31, 1991, substantially all power from these units has been sold to AP&L and, thus, to date, no refunds are likely to result due to the transfer to Entergy Power. Hearings on this matter are expected to commence in late March 1992. In February 1992, the City of New Orleans petitioned the United States Court of Appeals for the District of Columbia Circuit for appeal of a FERC order that limited the scope of the proceeding.

RATE DEFERRALS

The System operating companies have in effect various rate moderation or rate phase-in plans designed to reduce the immediate effect on ratepayers of the inclusion of Grand Gulf 1 and Waterford 3 costs in rates. Under these plans, certain costs are either permanently retained (and not recovered from ratepayers), deferred in the early years of commercial operation and collected in the later years, or recovered currently from customers. These plans vary both in the proportions of costs that each company retains, defers, or recovers and in the length of the deferral/recovery periods. Only those costs permanently retained and not recovered through rates or through sales to third parties result in a reduction of net income. In most cases, the carrying charges associated with the unamortized deferrals are recovered currently from customers.

With respect to permanently retained costs, AP&L's retained share (stated as a percentage of System Energy's 90% owned and leased share of Grand Gulf 1) ranges from 5.67% in 1989 to 7.92% in 1994 and all succeeding years of the unit's commercial operation. In the event AP&L is not able to sell its retained share to third parties, it has the right to sell such energy to its retail customers at a price equal to its avoided energy cost, which is currently less than AP&L's cost of such energy. In 1985, LP&L agreed to permanently absorb 18% of its 14% FERC-allocated share of Grand Gulf 1-related costs. LP&L is allowed to recover 4.6 cents per kwh for the energy related to such retained portion through the fuel adjustment clause. This recovery amount has been temporarily reduced to 2.55 cents per kwh pursuant to a 1989 agreement between LP&L and the LPSC. LP&L retains the right to sell such energy to nonaffiliated parties at prices in excess of the fuel adjustment clause recovery amount, subject to LPSC approval. For the year ended December 31, 1991, System Energy's billings to AP&L and LP&L for Grand Gulf 1-related costs totaled approximately $245.0 million and $96.1 million, respectively.

PROJECT OLIVE BRANCH SETTLEMENTS

In the FERC Settlement, System Energy and the System operating companies reached an agreement with the FERC staff, state and local regulators and officials, and other interested parties to resolve a number of Grand Gulf Nuclear Station-related and other rate matters that had been adversely affecting the System for a number of years. Implementation of the FERC Settlement (including the cancellation of Grand Gulf 2 and the related write-off) and the related state and local settlements reduced consolidated net income and retained earnings in 1989 by approximately $862 million and reduced earnings per share by approximately $4.22.

While all parties to the FERC Settlement agreed not to pursue any prudence disallowance of Grand Gulf 1 construction costs and operating and maintenance expenses recorded through June 9, 1989, the FERC Settlement, among other things, does not prejudice any party's right to seek disallowance of such costs recorded after that date or the right of the parties to seek future changes to the Unit Power Sales Agreement that are not inconsistent with the FERC Settlement. (See "FERC Complaint Case" and "FERC Audit" above.)

ENTERGY POWER

Entergy Power was formed as a subsidiary of Entergy in 1990. Some of the regulatory authorizations related to this transaction were appealed, and one such appeal is pending. In August 1990, Entergy Power (using funds borrowed from Entergy) purchased AP&L's interests in Independence 2 and Ritchie 2 (with net capacity of 809 megawatts) for an aggregate purchase price of approximately $173.4 million. Entergy Power markets its capacity on a wholesale basis to markets outside Arkansas and Missouri, and in markets not currently served by the System and, although not a party to the System Agreement, sells energy, when not required by its customers, to AP&L. AP&L may then, at its option, sell such energy to the other System operating companies. For the year ended December 31, 1991, Entergy Power operated at a loss of $16.7 million.

NOTE 8 INCOME TAXES

Income tax expense (credit) consists of the following:

For the Years Ended December 31, (In thousands)		1991	1990	1989
CURRENT:	Federal	$ 64,111	$ 35,000	-
	State	13,158	35,231	$ 25,004
	Total	77,269	70,231	25,004
DEFERRED – NET:	Reclassification due to net operating loss carryforward	(8,004)	112,046	(43,652)
	Tax gain on sale and leaseback transactions	(3,898)	(12,060)	(78,980)
	Rate deferrals – net	(3,248)	4,274	48,304
	Gas contract settlement	15,342	13,325	10,458
	Liberalized depreciation	98,032	109,616	95,016
	Amortization of excess deferred income taxes	(7,318)	(5,304)	(17,860)
	Unbilled revenue	6,633	(4,901)	(24,307)
	Project Olive Branch settlements	1,661	8,299	14,319
	Alternative minimum tax	16,010	(58,578)	(1,808)
	Other	6,040	(5,179)	(1,515)
	Total	121,259	163,238	(25)
	Investment tax credit adjustments – net	78,623	83,805	(19,382)
	Recorded income tax expense	$277,151	$315,274	$ 5,597
	Charged to operations	$243,760	$265,419	$ 260,277
	Charged (credited) to other income	33,391	49,855	(254,680)
	Recorded income tax expense	277,151	315,274	5,597
	Income taxes applied against the debt component of AFUDC	182	471	556
	Total income taxes	$277,333	$315,745	$ 6,153

Total income taxes differ from the amounts computed by applying the statutory federal income tax rate to income before taxes. The reasons for the differences are:

For the Years Ended December 31, (In thousands)	1991 Amount	1991 % of Pretax Income	1990 Amount	1990 % of Pretax Income	1989 Amount	1989 % of Pretax Loss
Computed at statutory rate	$279,395	34.0	$291,169	34.0	$(132,954)	34.0
Increases (reductions) in tax resulting from:						
Project Olive Branch settlements	-	-	-	-	150,191	(38.4)
Amortization of excess deferred income taxes	(7,318)	(0.9)	(5,304)	(0.6)	(17,860)	4.6
State income taxes net of federal income tax effect	23,741	2.9	28,696	3.4	(242)	0.1
Amortization of investment tax credit	(22,470)	(2.7)	(16,655)	(1.9)	(7,747)	2.0
Depreciation	5,693	0.7	8,090	0.9	23,790	(6.1)
Other – net	(1,890)	(0.2)	9,278	1.0	(9,581)	2.4
Recorded income tax expense	277,151	33.8	315,274	36.8	5,597	(1.4)
Income taxes applied against the debt component of AFUDC	182	-	471	0.1	556	(0.1)
Total income taxes	$277,333	33.8	$315,745	36.9	$ 6,153	(1.5)

Unused investment tax credits at December 31, 1991, amounted to $267.7 million after the 35% reduction required by the Tax Reform Act of 1986. These credits may be applied against federal income tax liabilities in future years. If not used, they will expire in the years 1997 through 2005. The alternative minimum tax (AMT) credit at December 31, 1991, was $98.2 million. This AMT credit can be carried forward indefinitely and will reduce the System's federal income tax liability in the future.

Cumulative income tax timing differences, for which deferred income tax expenses have not been provided, are $552.4 million, $533.2 million, and $499.9 million at December 31, 1991, 1990, and 1989, respectively.

In February 1992, the FASB issued SFAS No. 109, "Accounting for Income Taxes," which is generally effective for fiscal years beginning after December 15, 1992. The new standard requires that deferred income taxes be recorded for all temporary differences and carryforwards and that deferred tax balances be based on enacted tax laws at tax rates that are expected to be in effect when the temporary differences reverse. The impact of the new standard is currently under study by the System. Based on a preliminary study, the System expects that the new standard will result in an increase in accumulated deferred incomes taxes with a corresponding increase in assets and will not significantly impact Entergy's results of operations. Entergy, the System operating companies, and System Energy plan to adopt SFAS No. 109 in 1993.

NOTE 4 LINES OF CREDIT AND RELATED BORROWINGS

The System operating companies and System Energy are authorized by the SEC, through November 1992, to effect short-term borrowings in an aggregate amount outstanding at any one time of up to specified dollar amounts and subject to increase to a maximum of specified dollar amounts with further SEC approval as follows: AP&L – $125 million and $240 million, LP&L – $125 million and $260 million, MP&L – $100 million and $110 million, NOPSI – $30 million and $35 million, and System Energy – $125 million and $290 million. Short-term borrowings by MP&L and NOPSI are limited by the terms of their respective G&R Bond indentures to aggregate amounts not exceeding, in general, the greater of 10% of capitalization or 50% of Grand Gulf 1 rate deferrals available to support the issuance of G&R Bonds. In addition, unless specifically authorized by the SEC, NOPSI is prohibited from effecting any short-term borrowings if its common stock equity ratio (including retained earnings) is, or would thereby become, less than 30% of total capitalization plus short-term indebtedness. As a result of the 1991 NOPSI Settlement, NOPSI's ratio of common stock equity to total capitalization at December 31, 1991, was 40.4%.

AP&L, LP&L, and MP&L had unused lines of credit at December 31, 1991, providing for short-term borrowings of $147.3 million through loans from banks within their service territory. Additionally, all of the System companies, with the exception of Entergy Power and Electec (and except Entergy with respect to borrowings), are authorized to participate in the Entergy System Money Pool (Money Pool), which allows certain System companies to borrow from, or lend to, certain other System companies to reduce the System's dependence on external short-term borrowings. The maximum borrowing and average borrowing by participants from the Money Pool during 1991 were $68.9 million and $52.3 million, respectively. At December 31, 1991, the funds available in the Money Pool for borrowing aggregated $439.6 million. In addition, Entergy Services, Entergy Operations, and Entergy Power have authorization for borrowings from Entergy (at an interest rate of prime) of $90 million, $15 million, and $200 million, respectively, of which $173.1 million was outstanding at December 31, 1991, for Entergy Power.

System Fuels has financing agreements totaling $75 million that are restricted as to use and are secured by System Fuels' fuel inventories and certain accounts receivable arising from the sales of these inventories. Fees are paid on the unused portion of these agreements. At December 31, 1991, there were no borrowings outstanding under these agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 PREFERRED AND COMMON STOCK

The number of shares and dollar value of the System operating companies' preferred stock was:

At December 31, (Dollars in thousands)		Shares Authorized 1991	Shares Outstanding 1991	Total Dollar Value 1991	Total Dollar Value 1990	Call Price Per Share at December 31, 1991
Without sinking fund:	Cumulative, $100 par value					
	4.16% - 5.56% Series	1,070,106	1,070,106	$107,011	$107,011	$102.50 to $107.00
	6.08% - 8.56% Series	1,180,000	1,180,000	118,000	118,000	$102.80 to $103.78
	9.16% - 11.48% Series	445,000	445,000	44,500	79,300	$104.06 to $106.72
	Cumulative, $25 par value					
	8.84% - 9.68% Series	2,400,000	2,400,000	60,000	10,000	$ 25.00 to $ 26.56
	10.40% Series	600,000	600,000	15,000	15,000	$27.30
	Cumulative, $0.01 par value*					
	$2.40 Series	2,000,000	2,000,000	50,000	–	
	Premium	–	–	1,382	1,456	
	Issuance/discount expense	–	–	(3,935)	–	
	Total without sinking fund			$391,958	$330,967	
With sinking fund:	Cumulative, $100 par value					
	4.00% - 9.76% Series	1,454,940	1,454,940	$145,494	$118,500	$100.00 to $106.75
	10.60% - 12.00% Series	207,700	207,700	20,770	27,770	$104.09 to $109.00
	15.44% - 16.16% Series	109,495	109,495	10,950	13,550	$107.72 to $112.12
	Cumulative, $25 par value					
	9.92% - 12.64% Series	3,551,666	3,551,666	88,791	104,291	$ 26.34 to $ 27.37
	13.12% - 15.20% Series	1,696,697	1,696,697	42,418	59,418	$ 26.64 to $ 28.22
	Premium	–	–	401	463	
	Issuance/discount expense	–	–	(10,492)	(13,162)	
	Total with sinking fund[1]			$298,332	$311,230	

*The involuntary liquidation value equals $25 per share.

At December 31, 1991, the System operating companies had 5,171,560, 14,118,915, and 13,000,000 shares of cumulative, $100, $25, and $0.01 par value preferred stock, respectively, that were authorized but unissued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Changes in the number of shares of preferred stock of the System operating companies, with and without sinking fund, during the last three years were:

		Number of Shares	
	1991	1990	1989
Preferred Stock Issuances:			
$100 Par Value:			
8.60% Series	350,000	-	-
$25 Par Value:			
9.68% Series	2,000,000	-	-
$0.01 Par Value:			
$2.40 Series	2,000,000	-	-
Preferred Stock Retirements:			
$100 Par Value:			
8.52% Series	(10,060)	(15,000)	-
9.00% Series	(70,000)	-	-
10.60% Series	(20,000)	(10,000)	(8,000)
11.04% Series	(40,000)	(20,000)	(40,000)
11.48% Series	(350,000)	-	-
12.00% Series	(10,000)	(10,000)	(7,300)
15.44% Series	(15,000)	(15,000)	(7,500)
16.16% Series	(15,000)	(15,000)	(90,000)
$25 Par Value:			
9.92% Series	(80,000)	(66,433)	(81,960)
10.72% Series	(240,000)	(240,000)	(116,004)
12.64% Series	(300,000)	(300,000)	(300,000)
13.12% Series	(160,000)	(160,000)	(160,000)
13.28% Series	(200,000)	(200,000)	(117,126)
14.72% Series	(200,000)	(200,000)	(832,000)
18.[illegible]% Series	(120,000)	(120,000)	(480,000)
19.20% Series	-	-	(2,000,000)

Cash sinking fund requirements for the ensuing five years for preferred stock outstanding at December 31, 1991, are (in thousands): 1992, $31,750; 1993, $38,629; 1994, $37,250; 1995, $37,2[illegible]0; and 1996, $24,538.

Entergy has SEC authorization to repurchase, from time to time, through December 31, 1992, up to 39,033,118 shares of its outstanding common stock, either on the open market or through negotiated purchases or tender offers. At December 31, 1991, Entergy had repurchased and retired (returned to authorized but unissued status) 25,771,800 shares of its common stock at an aggregate cost of approximately $544.0 million. Of this amount, 6,447,900 shares and 18,734,400 shares, respectively, were repurchased and retired in 1991 and 1990 at an aggregate cost of approximately $161.2 million and $369.1 million, respectively. The effect of these transactions reduced common stock, paid-in capital, and retained earnings by approximately $32.2 million, $49.4 million, and $80.0 million, respectively, in 1991, and $93.7 million, $143.5 million, and $131.9 million, respectively, in 1990.

Purchases under the repurchase program are made from time to time depending upon favorable market conditions and authorization of the Entergy board of directors. There is no assurance of the actual amount of purchases that will occur.

The Stock Plan for Outside Directors (Directors Plan) and the Equity Ownership Plan of Entergy Corporation and Subsidiaries (Equity Plan) were approved by Entergy shareholders and adopted during 1991. The Directors Plan awards non-employee directors a portion of their compensation in the form of a fixed number of shares of Entergy common stock. During 1991, 7,000 shares were awarded under the Directors Plan. The Equity Plan grants stock options, restricted shares, and equity awards to key employees of the System companies. No options were granted under the Equity Plan in 1991. Entergy has requested SEC authorization to acquire through December 31, 1994, up to 3,000,000 shares of its common stock to be held as treasury shares, and to be reissued to meet the requirements of these (and certain other) stock benefit plans. The acquisition and holding of these treasury shares requires that Entergy's charter be amended, which is subject to shareholder approval and SEC authorization.

NOTE [illegible] LONG-TERM DEBT

The long-term debt of Entergy's subsidiaries at December 31, 1991 and 1990, was as follows:

(In thousands)	1991	1990
First mortgage bonds	$3,213,021	$3,870,529
General and refunding bonds – due 1993-1997, 9.90%-14.95%	318,600	320,000
Other:		
Long-term obligation – Department of Energy (Note 8)	94,453	89,053
Municipal revenue bonds – due serially through 2004, 2.75%-8%	14,449	17,464
Pollution control revenue bonds and installment purchase contracts:		
Due serially through 2014, 6.4%-9.5%	55,890	57,235
Due 1995-2021, 6-1/8%-12-1/2%	979,367	915,710
Purchase obligations under inventory supply agreement	23,649	25,131
Grand Gulf 1 lease obligations 9.86% (Note 9)	500,000	500,000
Waterford 3 lease obligations 8.76% (Note 9)	353,600	353,600
Miscellaneous	–	279
Total other	2,021,408	1,958,472
Unamortized premium and discount – net	(39,315)	(43,399)
Total long-term debt	5,513,714	6,105,602
Less – amount due within one year	230,808	339,717
Long-term debt excluding amount due within one year	$5,282,906	$5,765,885

For the years 1992, 1993, 1994, 1995, and 1996, Entergy's subsidiaries have long-term debt maturities and sinking fund requirements in the aggregate of (in millions) $246.5, $167.0, $340.1, $243.5, and $486.9, respectively. Certain of these sinking fund requirements, averaging approximately $15 million annually, will be satisfied by cash or by certification of property additions at the rate of 167% of such requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The outstanding first mortgage bonds of Entergy's subsidiaries as of December 31, 1991, were:

(In thousands)

MATURITY	4-1/8% to 5-7/8%	6% to 8-7/8%	9% to 11-7/8%	12% to 14-1/2%	TOTAL
1992	$ 8,000	–	$ 15,750	$175,000	$ 198,750
1993	$ 15,000	–	$ 30,000	–	45,000
1994	$ 25,000	–	$ 30,000	$200,000	255,000
1995	$ 45,000	–	$105,000	–	150,000
1996	$108,250	$ 11,360	$305,000	–	424,610
1997-2006*	$ 58,000	$463,687	$497,916	–	1,019,603
2007-2016	–	–	$646,508	–	646,508
2017-2021	–	–	$473,550	–	473,550
Total first mortgage bonds					$3,213,021

**In January 1992, MP&L retired $25 million of its 10-7/8% Series First Mortgage Bonds and such amount is included at December 31, 1991, in currently maturing long-term debt.*

NOTE 7 RETAINED EARNINGS

Various agreements relating to the long-term debt and preferred stock of Entergy's subsidiaries contain provisions restricting the payment of cash dividends or other distributions on their common stock. Also, without approval of the SEC under the Public Utility Holding Company Act of 1935, the unrestricted, undistributed retained earnings of any Entergy subsidiary are not available for distribution to the common stockholders of Entergy until such earnings are made available to Entergy through the declaration of dividends by such subsidiary. In addition to retained earnings distribution restrictions, the Public Utility Holding Company Act of 1935 prohibits Entergy's subsidiaries from making loans or advances to Entergy.

Consolidated retained earnings at December 31, 1991, include $618 million of retained earnings of Entergy, which are unrestricted as to the payment of dividends, and $566.9 million of unrestricted, undistributed retained earnings of Entergy's subsidiaries.

The total investment of Entergy in the common equity of its subsidiaries at December 31, 1991, amounted to approximately $4.1 billion. Of this amount, approximately $773.2 million, including $566.9 million of unrestricted, undistributed retained earnings, was available for distribution by Entergy's subsidiaries to Entergy under the restrictive agreements discussed above, subject to SEC approval for distributions in excess of undistributed retained earnings.

NOTE 8 COMMITMENTS AND CONTINGENCIES

CAPITAL REQUIREMENTS AND FINANCING

Construction expenditures (including AFUDC but excluding nuclear fuel) during the years 1992, 1993, and 1994 are estimated to aggregate $428.8 million, $448.3 million, and $435.4 million, respectively. In addition to construction expenditure requirements, the System will require $816.3 million during the period 1992-1994 to meet long-term debt maturities and to satisfy sinking fund requirements. The System plans to meet the above requirements primarily with internally generated funds, including collections under the System operating companies' rate phase-in plans, and cash on hand. LP&L and MP&L will require funds from external sources during the period.

Certain System companies are proceeding or may proceed with arrangements for the possible refunding, redemption, purchase, or other acquisition of all or a portion of certain outstanding series of high-cost debt and preferred stock. Also, AP&L currently intends to use approximately $69 million of the $72 million in proceeds from the sale of its Missouri retail properties to redeem all or a portion of certain series of its outstanding first mortgage bonds.

Capital Funds, Unit Power Sales, Availability, and Reallocation Agreements

Under an agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy and the assignments thereof (Capital Funds Agreement), Entergy has agreed to supply or cause to be supplied to System Energy sufficient amounts of capital to (1) maintain System Energy's equity capital at an amount equal to at least 35% of System Energy's total capitalization (excluding short-term debt) and (2) permit the continuation of commercial operation of Grand Gulf 1 and enable System Energy to pay in full all indebtedness for borrowed money of System Energy. In addition, Entergy has agreed in the Capital Funds Agreement to make cash capital contributions to enable System Energy to make payments when due on its long-term debt, as specified therein. System Energy has, with the consent of Entergy, assigned its rights under this agreement to certain creditors.

Under the Unit Power Sales Agreement, dated as of June 10, 1982, as amended, among System Energy and the System operating companies, System Energy agreed to sell to the System operating companies all of its 90% owned and leased share of the capacity and energy from Grand Gulf 1 in accordance with specified percentages (AP&L 36%, LP&L 14%, MP&L 33%, NOPSI 17%) as ordered by the FERC in the June 13 Decision. Charges under the Unit Power Sales Agreement are based on System Energy's total cost of service, including System Energy's operating expenses, depreciation, and capital costs (including a return on common equity). The agreement will remain in effect until terminated by the parties and approved by the FERC, which most likely would occur after Grand Gulf 1 is retired from service.

The System operating companies are also individually obligated under an agreement, dated as of June 21, 1974, as amended, among System Energy and the System operating companies, and the assignments thereof (Availability Agreement) to make payments or subordinated advances to System Energy in accordance with stated percentages (AP&L 17.1%, LP&L 26.9%, MP&L 31.3%, NOPSI 24.7%) in amounts that, when added to any amounts received by System Energy under the Unit Power Sales Agreement or otherwise, are adequate to cover all of System Energy's operating expenses. System Energy has assigned its rights to payments and advances to certain creditors as security for certain obligations. Payments or advances under the Availability Agreement are only required to be made to the extent that funds available to System Energy from all sources, including the Unit Power Sales Agreement, are less than the amount required under the Availability Agreement.

In June 1989, System Energy and the System operating companies amended the Availability Agreement so that the write-off of Grand Gulf 2 in September 1989 would be amortized for Availability Agreement purposes over 27 years rather than in the month the write-off was recognized on System Energy's books and would not require a payment by the System operating companies under the Availability Agreement. Since commercial operation of Grand Gulf 1, payments under the Unit Power Sales Agreement (which include a return on equity) have exceeded the amounts payable under the Availability Agreement (which does not provide for a return on equity). Accordingly, no payments have ever been required under the Availability Agreement.

The System operating companies entered into a 1981 agreement, superseded in part by the June 13 Decision, among the System operating companies and System Energy relating to the sale of capacity and energy from the Grand Gulf Nuclear Station (Reallocation Agreement), which would have allocated the capacity and energy available to System Energy from the Grand Gulf Nuclear Station and the related costs to LP&L, MP&L, and NOPSI. These companies agreed to assume all the responsibilities and obligations of AP&L with respect to the Grand Gulf Nuclear Station under the Availability Agreement, with AP&L relinquishing its rights to the capacity and energy from the Grand Gulf Nuclear Station. However, the FERC's June 13 Decision allocating a portion of Grand Gulf 1 capacity and energy to AP&L supersedes the Reallocation Agreement as it relates to Grand Gulf 1. Responsibility for any Grand Gulf 2 amortization amounts has been allocated to LP&L 26.23%, MP&L 43.97%, and NOPSI 29.80% under the terms of the Reallocation Agreement. However, the Reallocation Agreement does not affect the obligation of AP&L to System Energy's lenders under the assignments referred to in the second preceding paragraph, and AP&L would be liable for its share of such amounts if the other System operating companies were unable to meet their contractual obligations. No payments of any amortization amounts will be required as long as amounts paid to System Energy under the Unit Power Sales Agreement, together with other funds available to System Energy, exceed amounts required under the Availability Agreement, which is expected to be the case for the foreseeable future.

Long-Term Contracts

The Entergy System has several long-term contracts to purchase various quantities of natural gas and low-sulfur coal for use as fuel at its generating units.

LP&L has a long-term agreement to purchase, at specified prices, certain percentages of the energy generated by and made available from a hydroelectric generating facility through the year 2031. If the maximum percentage (94%) of the energy is made available to LP&L, current production projections would require estimated payments under the contract of approximately $47.0 million per year through 1996, and a total of $3.6 billion for the years 1997 through 2031. LP&L recovers the costs of purchased energy through its fuel adjustment clause, pursuant to LPSC authorization.

Nuclear Insurance

The Price-Anderson Act provides a limit of public liability for a single nuclear incident, which at December 31, 1991, was approximately $7.81 billion. The System has protection with respect to this liability through a combination of private insurance (currently $200 million) and an industry assessment program. Under the assessment program, the maximum amount the System would be required to pay, with respect to each nuclear incident at a licensed nuclear facility, would be $66.15 million per reactor (such amount to be indexed every five years for inflation, and includes a 5% surcharge in the event the total public liability claims and legal costs approach or exceed the limit of protection otherwise established), payable at a rate of $10 million per licensed reactor per incident per year. As a co-licensee of Grand Gulf 1 with System Energy, South Mississippi Electric Power Association (SMEPA) would share in this obligation. The System has four licensed reactors.

AP&L, LP&L, and System Energy on behalf of themselves and other insured interests (including, in the case of System Energy and LP&L, the co-owners of Grand Gulf 1 and Waterford 3, respectively) are members of certain insurance programs that provide coverage for property damage, including decontamination expense, to members' nuclear generating plants. At December 31, 1991, AP&L, LP&L, and System Energy each were insured against such losses up to $2.45 billion, with a $300 million sublimit for premature decommissioning coverage. In addition, AP&L, LP&L, MP&L, and NOPSI are members of an insurance program that provides insurance coverage for certain costs of replacement power and business interruption incurred due to certain prolonged outages of nuclear units. Under the property damage and replacement power/business interruption insurance programs, these System companies could be subject to assessments if losses exceed the accumulated funds available to the insurers. At December 31, 1991, the maximum amounts of such possible assessments were: AP&L - $10.82 million, LP&L - $16.27 million, MP&L - $0.53 million, NOPSI - $0.29 million, and System Energy - $16.71 million. Under its agreement with System Energy, SMEPA would share in System Energy's obligation.

The amount of property insurance presently carried by the System exceeds the Nuclear Regulatory Commission's (NRC) minimum requirement for nuclear power plant licensees of $1.06 billion per site. NRC regulations provide that the proceeds of this insurance must be used, first, to place and maintain the reactor in a safe and stable condition and, second, to complete required decontamination operations. Only after proceeds are used or dedicated for such use and appropriate regulatory approval is obtained would the balance of these proceeds, if any, be available for plant owners' or their creditors' benefit.

Spent Nuclear Fuel and Decommissioning Costs

The System operating companies are providing for estimated future disposal costs for spent nuclear fuel in accordance with the Nuclear Waste Policy Act of 1982. The affected System companies have entered into contracts with the Department of Energy (DOE), whereby the DOE will furnish disposal service at a cost of one mill per net kwh generated and sold after April 7, 1983, plus a one-time fee for generation prior to that date. AP&L, the only System company that generated electricity with nuclear fuel prior to that date, has elected to pay the one-time fee, plus accrued interest, and has recorded as a liability at December 31, 1991, approximately $94.5 million for this payment. The fees payable to the DOE may be adjusted in the future to assure full recovery. The System considers all costs incurred or to be incurred, except accrued interest, in connection with disposal of spent 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 authorities.

The DOE's repository program for the acceptance of spent nuclear fuel has been delayed, with initial shipments of spent fuel from ANO, Waterford 3, and Grand Gulf 1 expected to occur after 2013, 2019, and 2019, respectively. In the meantime, the affected companies will be responsible for storage of spent fuel. Current on-site spent fuel storage capacity at ANO, Waterford 3, and Grand Gulf 1 is estimated to be sufficient to store fuel from normal operations until 1995, 2001, and 2004, respectively. It is expected that any additional storage capacity required due to, among other things, delay of the DOE's repository program will be provided by the affected companies. The cost of providing the additional on-site spent fuel storage capability required at ANO, Waterford 3, and Grand Gulf 1 by 1995, 2001, and 2004, respectively, is approximately \$5.0 million to \$10.0 million per unit (in 1991 dollars). In addition, approximately \$3.[illegible] million to \$5.0 million per unit (in 1991 dollars) will be required every two to three years subsequent to 1995, 2001, and 2004 for ANO, Waterford 3, and Grand Gulf 1, respectively, until the DOE's respository begins accepting such units' spent fuel.

AP&L, LP&L, and System Energy are recovering decommissioning costs for ANO, Waterford 3, and Grand Gulf 1, respectively. The amounts are deposited in external trust funds, with an after-tax market value of \$104.6 million at December 31, 1991, that can only be used for future decommissioning costs. Decommissioning costs for ANO, Waterford 3, and System Energy's 90% share of Grand Gulf 1 are estimated to be approximately \$399.4 million (in 1986 dollars), \$203.0 million (in 1988 dollars), and \$248.7 million (in 1989 dollars), respectively. AP&L and LP&L have been authorized to recover through rates amounts that, when added to estimated trust investment income during the collection period, should be sufficient to meet currently estimated decommissioning costs. As a result of the FERC Complaint Case settlement, the amount to be collected in rates for the total cost of decommissioning System Energy's 90% interest in Grand Gulf 1 was set at approximately \$198.0 million (in 1989 dollars). AP&L, LP&L, and System Energy regularly review and update estimated decommissioning costs, and applications will be made to the appropriate regulatory authorities to reflect in rates any change in decommissioning costs.

Settlement Agreement with Gas Supplier

A 1982 settlement agreement between LP&L and a gas supplier resulted in the payment to LP&L of \$1.087 billion in cash and provided for a guaranty of savings of at least \$585 million in certain gas acquisition costs between 1982 and 1996. In 1983, the LPSC ordered LP&L to refund the settlement proceeds to customers over the period 1983-1993. At December 31, 1991, the remaining liability to customers was approximately \$112.5 million (of which \$56.4 million was classified as a current liability).

AP&L Flood Litigation

Three lawsuits (which have been consolidated) have been filed against AP&L and Entergy Services in connection with the operation of two dams during a period of heavy rainfall and flooding. The consolidated lawsuits seek, among other things, approximately \$14.4 million in property losses and other compensatory damages, and \$500 million in punitive damages. The Arkansas District Court's June 28, 1991, order granting AP&L's Motion for Summary Judgment with respect to the enforceability of its flowage easements, and its November 26, 1991, order ruling that Entergy Services is also entitled to the benefit of such easements, in effect, remove from consideration damages in the approximate amount of \$13.5 million alleged to have occurred within the areas covered by the easements. The trial of these matters was scheduled to commence February 18, 1992, but the trial was postponed pending an interlocutory appeal by certain of the plaintiffs who have requested the United States Court of Appeals for the Eighth Circuit (Eighth Circuit) to accept their appeal of the Arkansas District Court's orders granting and implementing AP&L's request for summary judgment. AP&L and Entergy Services have indicated that, for reasons of judicial economy, they will not oppose the plaintiffs' interlocutory appeal. The Eighth Circuit has not ruled on the interlocutory appeal at this time. The matter is pending.

While the outcome of these matters and their impact, if any, on the System's financial condition cannot be determined with certainty at this time, both AP&L and Entergy Services believe they have meritorious defenses, which they intend to assert aggressively and that the ultimate outcome in this matter will have no material adverse financial impact on either.

ANO Improvement Plan

Certain management, organizational, and technical problems at ANO are being addressed as part of a comprehensive action plan designed to significantly improve the operations and safety of ANO. This action plan is combined with measures taken by management to significantly enhance the long-term operational effectiveness of the ANO units. The action plan will result in specific operating expenditures averaging approximately \$5.6 million per annum for the period 1992-1994. This action plan will be largely completed in 1993.

Other Commitments and Contingencies

See Note 2, "Rate and Regulatory Matters," for information with respect to the March 1989 Order, the FERC Audit, and the City of New Orleans Complaint Case.

NOTE 9 LEASES

General

In accordance with SFAS No. 13, "Accounting for Leases," the System records the assets and related obligations applicable to capital leases as required by SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation."

At December 31, 1991, the System had capital leases and noncancelable operating leases (excluding nuclear fuel leases and the sale and leaseback transactions discussed below) with minimum rental commitments as follows:

(In thousands)	Capital Leases	Operating Leases
1992	$ 22,111	$ 52,733
1993	22,272	49,546
1994	21,963	44,063
1995	21,639	36,906
1996	16,956	36,377
Years thereafter	91,036	109,248
Minimum rental commitments	195,977	$328,873
Less: amount representing interest	85,225	
Present value of net minimum lease payments	$110,752	

Rental expense for capital and operating leases (excluding nuclear fuel leases and the sale and leaseback transactions discussed below) amounted to approximately $73.8 million, $81.5 million, and $80.0 million in 1991, 1990, and 1989, respectively.

Nuclear Fuel Leases

AP&L, LP&L, and System Energy have arrangements that permit the leasing of nuclear fuel, with an aggregate [illegible] of $400 million. Under the current arrangements, each lessor finances its acquisition and ownership of nuclear fuel under a credit agreement and through the issuance of intermediate-term notes. The credit agreements, which were entered into in 1988 and 1989, all have terms of five years, subject to annual renewal with the consent of the lender, and the intermediate-term notes have varying maturities of one and one-half to 10 years. It is expected that these arrangements will be extended or alternative financing will be secured by each lessor upon the maturity of the current arrangements based on the particular lessee's nuclear fuel requirements. If a lessor cannot arrange for alternative financing upon the regularly scheduled maturity of its borrowings, the particular lessee must purchase nuclear fuel in an amount equal to the amount required by the lessor to retire such borrowings.

Lease payments are based on nuclear fuel use. Nuclear fuel lease expense, including interest, of $150.9 million, $199.9 million, and $183.9 million was charged to operations in 1991, 1990, and 1989, respectively. The unrecovered cost base of the leases was $265.4 million, $365.3 million, and $420.1 million at December 31, 1991, 1990, and 1989, respectively.

Sale and Leaseback Transactions

System Energy and LP&L have entered into sales and leasebacks of portions of their undivided ownership interests in Grand Gulf 1 and Waterford 3, respectively. The sales were made to owner trustees under trust agreements with owner participants. System Energy and LP&L are leasing back these interests, sold during 1988 and 1989, respectively, on a net lease basis over 26-1/2-year and 28-year basic lease terms, respectively. Both companies have options to terminate the leases, to repurchase the sold interests at certain intervals during the basic lease terms, and to renew the leases or to repurchase the interests sold at the end of the basic lease terms.

In connection with System Energy's sale and leaseback transactions, the amounts charged to expense, for financial reporting purposes, include the interest portion of the lease obligations and depreciation of the plant. However, operating revenues include the recovery of the lease payments because the transactions are accounted for as sales and leasebacks for ratemaking purposes. The expense, which exceeds the corresponding revenues realized during the early part of the lease term, is deferred through the recognition of a deferred asset in the early years and collected in later years. Recognition of the deferred asset has resulted in an increase in Entergy's net income of approximately $24 million in 1990. Letters of credit, currently scheduled to expire in 1994 are required to be maintained to secure the equity portion of System Energy's obligations under the leases.

In connection with LP&L's sale and leaseback transactions, if LP&L does not exercise its option to repurchase the undivided interests in Waterford 3 on the fifth anniversary (September 1994) of the closing date of the sale and leaseback transactions, LP&L will be required to provide collateral to the owner participants for the equity portion of certain amounts payable by LP&L under the lease. Such collateral requirements are to be in the form of either a bank letter of credit or new series of first mortgage bonds issued by LP&L under its first mortgage bond indenture.

At December 31, 1991, System Energy and LP&L had future minimum lease payments (reflecting overall implicit rates of 9.86% and 8.76%, respectively) in connection with the sale and leaseback transactions as follows:

(In thousands)

	System Energy	LP&L
1992	$ 49,333	$ 32,569
1993	49,333	32,568
1994	51,295	32,568
1995	52,247	32,569
1996	52,247	35,165
Years thereafter	1,143,626	807,994
Total	$1,398,081	$973,433

NOTE 10 POSTRETIREMENT BENEFITS

The System companies have various postretirement benefit plans covering substantially all of their employees. The pension plans are noncontributory and provide pension benefits that are based on the employees' credited service and average compensation, generally during the last five years before retirement. The policy of Entergy and its subsidiaries is to fund pension costs in accordance with contribution guidelines established by the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended.

Total 1991, 1990, and 1989 pension cost of Entergy and its subsidiaries, including amounts capitalized, included the following components:

For the Years Ended December 31,
(In thousands)

	1991	1990	1989
Service cost - benefits earned during the period	$ 16,393	$ 19,482	$ 16,291
Interest cost on projected benefit obligation	44,367	40,117	36,689
Actual return on plan assets	(120,705)	2,858	(105,129)
Net amortization and deferral	70,760	(52,978)	56,517
Other	2,888	-	-
Net pension cost	$ 13,703	$ 9,479	$ 4,368

The assets of the plans consist primarily of common and preferred stocks, fixed income securities, interest in a money market fund, and insurance contracts. The funded status of Entergy's various pension plans at December 31, 1991 and 1990, was as follows:

(In thousands)	1991	1990
Actuarial present value of accumulated pension plan benefits:		
Vested	$494,331	$363,805
Nonvested	39,549	24,366
Accumulated benefit obligation	$533,880	$388,171
Plan assets at fair value	$657,395	$546,161
Projected benefit obligation	623,033	505,375
Plan assets in excess of projected benefit obligation	17,362	40,786
Unrecognized prior service cost	22,750	12,439
Unrecognized transition asset	(76,266)	(83,619)
Unrecognized net gain	(31,522)	(25,070)
Accrued pension liability	$(67,676)	$(55,464)

The significant actuarial assumptions used included a weighted average discount rate of 8.25% for 1991, 8.75% for 1990, and 8.5% for 1989 and a weighted average rate of increase in future compensation of 5.6% for valuing the projected benefit obligation for 1991, 1990, and 1989. An assumed expected long-term rate of return on plan assets of 8.5% was used for 1991, 1990, and 1989. Transition assets are being amortized over the greater of the remaining service period of active participants or 15 years.

The System companies also provide certain health care and life insurance benefits for retired employees. Substantially all employees may become eligible for these benefits if they reach retirement age while still working for the System companies. The cost of providing these benefits for retirees is not separable from the cost of providing benefits for active employees. The total cost of providing these benefits, recorded on a cash basis, and the number of active employees and retirees for the last three years were:

	1991	1990	1989
Total cost of health care and life insurance (in thousands)	$49,473	$42,547	$41,100
Number of active employees	12,391	13,403	12,938
Number of retirees	3,877	3,709	3,528

In December 1990, the FASB issued SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which is generally effective for fiscal years beginning after December 15, 1992. The new standard requires a change from a cash method to an accrual method in accounting for these benefits. At January 1, 1992, the actuarially determined accumulated postretirement benefit obligation earned by retirees and active employees was estimated to be approximately $260 million. This obligation may be amortized to expense over a 20-year period beginning in 1993, or alternatively, recorded as expense immediately upon the adoption of the new accounting standard. Adoption of the new standard is expected to increase annual expense associated with these benefits by approximately $30 million to $35 million for the System, including the effects of the amortization of the transition obligation. The portion of this additional expense that will immediately or ultimately be allowed in rates cannot presently be determined. In addition, the degree of regulatory assurance of future recovery that may be required to recognize a regulatory asset, and thus avoid an impact on earnings, cannot be determined at this time. The System plans to adopt this standard in the first quarter of 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 QUARTERLY FINANCIAL DATA (UNAUDITED)

The business of the System is subject to seasonal fluctuations with the peak period occurring during the third quarter. Consolidated operating results for the four quarters of 1991 and 1990 were:

(In thousands, except for share amounts)		Operating Revenues	Operating Income	Net Income	Earnings Per Share
1991:	First Quarter	$ 892,986	$228,554	$ 85,456	$0.46
	Second Quarter[1]	$ 981,356	$231,776	$ 81,929	$0.45
	Third Quarter	$1,255,114	$349,144	$203,355	$1.12
	Fourth Quarter[2]	$ 921,973	$257,556	$111,292	$0.61
1990:	First Quarter	$ 889,430	$ 225,702	$ 88,676	$0.44
	Second Quarter	$ 939,281	$ 248,928	$ 109,371	$0.55
	Third Quarter	$ 1,227,248	$ 349,076	$ 209,593	$1.07
	Fourth Quarter	$ 926,103	$ 223,379	$ 70,678	$0.38

(1) The second quarter of 1991 reflects a nonrecurring decrease in net income of $24.8 million, net of tax, and a $0.14 decrease in earnings per share, due to the settlement of the FERC Complaint Case. (See Note 2, "Rate and Regulatory Matters.")

(2) The fourth quarter of 1991 reflects a nonrecurring increase in operating income and net income of $48.6 million, net of tax, and a $0.27 increase in earnings per share, due to the 1991 NOPSI Settlement. (See Note 2, "Rate and Regulatory Matters.")

SELECTED FINANCIAL DATA FIVE-YEAR COMPARISON

(In thousands, except per share amounts)	1991	1990	1989	1988	1987
Operating revenues	$ 4,051,429	$ 3,982,062	$ 3,724,004	$ 3,565,405	$ 3,454,820
Net income (loss)[1]	$ 482,032	$ 478,318	$ (472,585)	$ 4[illegible],028	$ 356,604
Earnings (loss) per share	$ 2.64	$ 2.44	$ (2.31)	$ 2.01	$ 1.74
Dividends declared per share	$ 1.25	$ 1.05	$ 0.90	$ 0.20	$ –
Book value per share, year end	$ 23.53	$ 22.25	$ 20.68	$ 23.96	$ 22.13
Total assets	$14,383,102	$14,831,394	$14,715,241	$15,941,816	$15,156,832
Long-term obligations[2]	$ 5,791,273	$ 6,383,252	$ 6,697,282	$ 6,911,265	$ 6,686,936

(1) The year 1989 includes certain write-offs related to the Project Olive Branch settlements. (See Note 2, "Rate and Regulatory Matters - Project Olive Branch Settlements.")

(2) Includes long-term debt (excluding currently maturing debt), preferred stock with sinking fund, and noncurrent capital lease obligations.

Directors And Officers

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Chief Executive Officer of Australian and Overseas Telecommunications Corporation Sydney, Australia

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Kaneaster Hodges Jr.
Attorney ewport, Arkansas

Robert v.d. Luft***
Senior Vice President of Du Pont Chemicals, E. I. du de Nemours and Company West Chester, Pennsylvania

Edwin Lupberger
Chairman and CEO of Entergy Corporation New Orleans, Louisiana

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U.S. Navy (Ret.) Former Director of Navy Nuclear Propulsion Oxford, Maryland

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Dr. Walter Washington
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Vice Chairman

Jerry L. Maulden
Group President, System Executive – Distribution and Customer Service; Chairman and CEO of AP&L, LP&L, MP&L, and NOPSI

Jerry D. Jackson
Executive Vice President, Finance and External Affairs; Corporate Secretary

William Cavanaugh III
Senior Vice President, System Executive – Nuclear; President and CEO of Entergy Operations and System Energy; Executive Vice President and Chief Nuclear Officer of AP&L and LP&L

Jack L. King
Senior Vice President, System Executive – Operations; Chairman of System Fuels; President and CEO of Entergy Power

Gerald D. McInvale
Senior Vice President and Chief Financial Officer

Michael G. Thompson
Senior Vice President and Chief Legal Officer

S. M. Henry Brown Jr.
Vice President, Governmental Affairs

Glenn H. Parsons
Vice President, Corporate Communications

Lee W. Randall
Vice President and Chief Accounting Officer

H. Stuart Ball
Treasurer

Christopher T. Screen
Assistant Secretary

* *Retired from the Board of Directors, May 1991*
** *Elected to the Board of Directors, February 1992*
*** *Elected to the Board of Directors, January 1992*

Subsidiaries' Boards Of Directors

AP&L

William Cavanaugh III

Cathy Cunningham
Real Estate Developer
Helena, Arkansas

Richard P. Herget Jr.
Rebsamen Insurance
Little Rock, Arkansas

Tommy H. Hillman
Winrock Farms, Inc.
Carlisle, Arkansas

Kaneaster Hodges Jr.

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Hunter & Hunter
New Madrid, Missouri

R. Drake Keith
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LP&L

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Tex R. Kilpatrick
Central American Life Insurance Company
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New Orleans, Louisiana

Edwin Lupberger

Jerry L. Maulden

H. Duke Shackelford

Wm. Clifford Smith

MP&L

James B. Campbell

Frank R. Day
Trustmark National Bank
Jackson, Mississippi

John O. Emmerich Jr.
Greenwood Commonwealth
Greenwood, Mississippi

Norman B. Gillis Jr.
Gillis & Gillis
McComb, Mississippi

Robert E. Kennington II
Grenada Sunburst System Corporation
Grenada, Mississippi

Jack L. King

Edwin Lupberger

Jerry L. Maulden

Donald E. Meiners
President and COO

John N. Palmer Sr.
Mobile Telecommunication Technologies Corporation
Jackson, Mississippi

Dr. Clyda Rent
Mississippi University for Women
Columbus, Mississippi

E. B. Robinson Jr.
Deposit Guaranty National Bank
Jackson, Mississippi

Dr. Walter Washington

Robert M. Williams Jr.
Reeves-Williams, Inc.
Southhaven, Mississippi

NOPSI

Michael B. Bemis
President and COO

James M. Cain

Brooke H. Duncan

Jack L. King

Joseph J. Krebs Jr.

Edwin Lupberger

Jerry L. Maulden

Anne M. Milling
Civic Leader
New Orleans, Louisiana

John B. Smallpage
Donovan Marine Inc.
New Orleans, Louisiana

Charles C. Teamer Sr.
Dillard University
New Orleans, Louisiana

Entergy Operations

James M. Cain

James B. Campbell

William Cavanaugh III

Dr. Joseph M. Hendrie
Nuclear Consultant
Bellport, New York

Donald C. Hintz
Executive Vice President and COO

Edwin Lupberger

Jerry L. Maulden

Adm. Kinnaird R. McKee

Robert D. Pugh

Wm. Clifford Smith

For those directors whose affiliations are not listed, *see page 48.*

Investor Information

Annual Meeting

The 1992 Annual Meeting of Stockholders will be held on Friday, May 15, 1992, at the Vicksburg City Auditorium, 901 Monroe Street, Vicksburg, Mississippi. The meeting will begin at 10 a.m. (CDT).

Investor Publications

Form 10-K and Financial and Statistical Review

Copies of the Entergy System's 1991 Annual Report on Form 10-K to the Securities and Exchange Commission and 1991 Financial and Statistical Review, a statistical supplement to the 1991 Annual Report and Form 10-K that includes six years of financial and operating data, may be obtained without charge by calling 1-800-292-9960, or by writing to: Entergy Corporation, Investor Relations Department, Mail Unit PP/2308, P.O. Box 61005, New Orleans, LA 70161.

Public Policy Newsletter

Copies of *The Entergy Constituent*, Entergy's newsletter on legislation and public policy issues, may be obtained without charge by writing to: *The Entergy Constituent*, Entergy Corporation, Stockholders Public Policy Information Organization, P.O. Box 61000, New Orleans, LA 70161.

Investor Contacts

Stockholder Account Information

Mellon Securities Trust Company is the transfer agent, registrar, dividend disbursing agent, and dividend reinvestment agent for the common stock of Entergy Corporation. Correspondence concerning your stockholdings should be directed to the following addresses:

- **Change of Address**
- **Consolidation of Accounts**

  Mellon Securities Trust Company
  File Maintenance
  P.O. Box 240
  Pittsburgh, PA 15230

- **Stock Transfer**

  Mellon Securities Trust Company
  Stock Transfer Department
  P.O. Box 469
  Washington Bridge Station
  New York, NY 10033

- **Checks Not Received or Lost**
- **Direct Deposit of Dividends**

  Mellon Securities Trust Company
  Stockholder Relations
  P.O. Box 305
  Pittsburgh, PA 15230

- **Lost Stock Certificates**

  Mellon Securities Trust Company
  P.O. Box 467
  Washington Bridge Station
  New York, NY 10033

- **Dividend Reinvestment and Stock Purchase Plan**

  Mellon Securities Trust Company
  Dividend Reinvestment Services
  P.O. Box 750
  Pittsburgh, PA 15230

- **Tax Information**

  Mellon Securities Trust Company
  P.O. Box 464
  Washington Bridge Station
  New York, NY 10033

Telephone inquiries regarding your account may be made by calling Mellon at 1-800-526-0801.

Financial Information

Inquiries regarding financial and operating performance of Entergy Corporation and its subsidiaries should be directed to: Richard M. Strawn, Manager, Investor Relations at 1-800-292-9960.

Common Stock Listing

The common stock of Entergy Corporation is listed on the New York, Midwest, and Pacific stock exchanges. The ticker symbol is "ETR." Daily trading prices and volume can be found in the "NYSE Composite" section of most major newspapers. The stock table listing is "Entergy."

INVESTOR INFORMATION

COMMON STOCK PERFORMANCE

From year end 1986 through 1991, Entergy provided its stockholders a total return – the sum of market price change and cash dividends – of 20.8% per annum, making Entergy one of the best performers within the electric utility industry.

COMMON STOCK OWNERSHIP

At the close of 1991, there were 71,003 stockholders of record of Entergy Corporation. Approximately 67% of Entergy's common stock is held by institutional investors, with the balance held by individuals.

COMMON STOCK PRICE RANGE

	1991		1990	
QUARTER	HIGH	LOW	HIGH	LOW
First	24 5/8	21 1/8	23 7/8	19 1/2
Second	25	23 3/8	21 1/8	18 3/4
Third	26 5/8	23 1/4	20 1/8	18
Fourth	29 3/8	26	23 3/8	19

COMMON STOCK DIVIDENDS

Common stock dividends paid per share were:

QUARTER	1992	1991	1990
First	$0.35	$0.30	$0.25
Second		0.30	0.25
Third		0.30	0.25
Fourth		0.35	0.30

The entire amount of common stock dividends paid during 1991 is taxable as ordinary income.

Dividends are payable as declared by Entergy's board of directors. Anticipated common stock dividend declaration, record, and payment dates for the remainder of 1992 are:

DECLARATION DATE	RECORD DATE	PAYMENT DATE
March 25	May 8	June 1
July 31	August 14	September 1
October 22	November 6	December 1

DIVIDEND REINVESTMENT PLAN

Entergy Corporation offers an automatic Dividend Reinvestment Plan that provides stockholders a convenient and economical way of investing cash dividends and optional cash payments in additional shares of Entergy common stock. The plan is administered by Mellon Securities Trust Company. Twenty-three percent of Entergy's stockholders of record were participating in the plan at year end 1991. To enroll or to obtain more information, call Mellon at 1-800-526-0801, or write to the appropriate address listed on the previous page.

Definition Of Terms

Certain terms used in the Management's Financial Discussion and Analysis, Financial Statements, and Notes are defined below; other terms are defined in the Management's Financial Discussion and Analysis and the Notes. Entergy Corporation's (Entergy) principal subsidiary companies, functional organizations, and nuclear plants are listed on the inside front cover of this report.

Arkansas District Court
United States District Court for the Western District of Arkansas, Hot Springs Division

February 4 Resolution
The resolution (including the Determinations and Order referred to therein) adopted by the New Orleans City Council on February 4, 1988, disallowing NOPSI's recovery of $135 million of previously deferred Grand Gulf 1-related costs

FERC Complaint Case
Complaint filed with the Federal Energy Regulatory Commission (FERC) by the APSC, LPSC, MPSC, Mississippi Attorney General, and City of New Orleans on February 1, 1990, with respect to System Energy's Grand Gulf 1 rates, which was settled effective September 16, 1991

FERC Settlement
Settlement offer filed with the FERC on June 9, 1989, by the System operating companies and System Energy and approved by the FERC on July 21, 1989, to settle, among other things, certain then-pending Grand Gulf Nuclear Station-related issues, litigation, and other rate matters

June 13 Decision
An order issued by the FERC on June 13, 1985 (Opinion No. 234), relating to the Unit Power Sales Agreement and the System Agreement

March 1989 Order
LPSC rate order issued on March 1, 1989

1986 Rate Settlement
Agreement, effective March 25, 1986, between NOPSI and the Council regarding NOPSI's Grand Gulf 1-related rate issues

1991 NOPSI Settlement
Settlement, retroactive to October 4, 1991, among NOPSI, the Council, and the Alliance that settled certain Grand Gulf 1 prudence issues and pending litigation related to the February 4 Resolution

Project Olive Branch
The System's 1989 effort to settle certain outstanding issues and litigation involving System Energy, the System operating companies, and the Grand Gulf Nuclear Station, and to stabilize retail rates in the System's service area, which culminated in the FERC Settlement and related state and local settlements

System Agreement
January 1, 1983, agreement, as modified by the June 13 Decision, among the System operating companies relating to the sharing of generating capacity and other power resources

ENTERGY SALUTES
1992 CHAIRMAN'S AWARD FINALISTS

Employee ingenuity, like that demonstrated by these Chairman's Award finalists, is a key element in our strategy for success in the year 2000. The Chairman's Awards recognize employees who significantly contribute to fulfilling Entergy's vision and sustaining priorities. Representative finalists for the 1992 awards are, from left, front row, Jo Jenkins, William Bond, and John Heuston; center grouping, Jim Bruno, Bill Meriwether, Adrian Greene, Alan Pritchard, Mike Niggli, Bill Deck, John Cordaro, Bill Cottie, Darrell Hawthorne, Bobby Brown, Carolyn Hudson, and David Geran; back row, Michael Bemis, Larry Ables, Don Denton, Ross Barkhurst, and Buzz Carns.

ABOUT THE ARTISTS

Illustrations appearing in this Annual Report were created by three illustrators, each presenting imaginative expectations of the future.

Illustrations on pages 8–11 were created by Mercedes McDonald of San Jose, California.

Illustrations on pages 12–15 were created by Mike Fisher of New Orleans, Louisiana.

Illustrations on pages 16–19, the map, and the headline banners were created by Min Jae Hong of Warwick, New York.

The cover and illustration on pages 6–7 were collaborations by all three artists.

ENTERGY

ENTERGY CORPORATION
P.O. Box 61005
NEW ORLEANS, LA 70161