ENTERGY CORP /DE/
Form 10-K
February 26, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

X	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the Fiscal Year Ended December 31, 2015
	OR
	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from ____________ to ____________

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-35747	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 9425 Pinecroft The Woodlands, TX 77380 Telephone (409) 981-2000 61-1435798
1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 576-4000 47-4469646	1-09067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777

	ENTERGY MISSISSIPPI, INC.
	(a Mississippi corporation)
1-31508	308 East Pearl Street
	Jackson, Mississippi 39201
	Telephone (601) 368-5000
	64-0205830

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

Registrant	Title of Class	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, $0.01 Par Value – 178,492,025 shares outstanding at January 29, 2016	New York Stock Exchange, Inc. Chicago Stock Exchange, Inc.
Entergy Arkansas, Inc.	Mortgage Bonds, 5.75% Series due November 2040	New York Stock Exchange, Inc.
	Mortgage Bonds, 4.90% Series due December 2052	New York Stock Exchange, Inc.
	Mortgage Bonds, 4.75% Series due June 2063	New York Stock Exchange, Inc.
Entergy Louisiana, LLC	Mortgage Bonds, 6.0% Series due March 2040	New York Stock Exchange, Inc.
	Mortgage Bonds, 5.875% Series due June 2041	New York Stock Exchange, Inc.
	Mortgage Bonds, 5.25% Series due July 2052	New York Stock Exchange, Inc.
	Mortgage Bonds, 4.70% Series due June 2063	New York Stock Exchange, Inc.
Entergy Mississippi, Inc.	Mortgage Bonds, 6.0% Series due November 2032	New York Stock Exchange, Inc.
	Mortgage Bonds, 6.20% Series due April 2040	New York Stock Exchange, Inc.
	Mortgage Bonds, 6.0% Series due May 2051	New York Stock Exchange, Inc.
Entergy New Orleans, Inc.	Mortgage Bonds, 5.0% Series due December 2052	New York Stock Exchange, Inc.
Entergy Texas, Inc.	Mortgage Bonds, 5.625% Series due June 2064	New York Stock Exchange, Inc.

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

Registrant	Title of Class
Entergy Arkansas, Inc.	Preferred Stock, Cumulative, $100 Par Value Preferred Stock, Cumulative, $0.01 Par Value
Entergy Mississippi, Inc.	Preferred Stock, Cumulative, $100 Par Value
Entergy New Orleans, Inc.	Preferred Stock, Cumulative, $100 Par Value
Entergy Texas, Inc.	Common Stock, no par value

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

	Yes	No
Entergy Corporation	ü	
Entergy Arkansas, Inc.		ü
Entergy Louisiana, LLC	ü	
Entergy Mississippi, Inc.		ü
Entergy New Orleans, Inc.		ü
Entergy Texas, Inc.		ü
System Energy Resources, Inc.		ü

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Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

	Yes	No
Entergy Corporation		ü
Entergy Arkansas, Inc.		ü
Entergy Louisiana, LLC		ü
Entergy Mississippi, Inc.		ü
Entergy New Orleans, Inc.		ü
Entergy Texas, Inc.		ü
System Energy Resources, Inc.		ü

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrants have submitted electronically and posted on Entergy's corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ü]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Entergy Corporation	ü			
Entergy Arkansas, Inc.			ü	
Entergy Louisiana, LLC			ü	
Entergy Mississippi, Inc.			ü	
Entergy New Orleans, Inc.			ü	
Entergy Texas, Inc.			ü	
System Energy Resources, Inc.			ü	

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act.) Yes o No þ

System Energy Resources meets the requirements set forth in General Instruction I(1) of Form 10-K and is therefore filing this Form 10-K with reduced disclosure as allowed in General Instruction I(2). System Energy Resources is reducing its disclosure by not including Part III, Items 10 through 13 in its Form 10-K.

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The aggregate market value of Entergy Corporation Common Stock, $0.01 Par Value, held by non-affiliates as of the end of the second quarter of 2015, was $12.7 billion based on the reported last sale price of $70.50 per share for such stock on the New York Stock Exchange on June 30, 2015. Entergy Corporation is the sole holder of the common stock of Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. Entergy Corporation is the direct and indirect holder of the common membership interests of Entergy Utility Holdings Company, LLC, which is the sole holder of the common membership interests of Entergy Louisiana, LLC.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of Entergy Corporation to be filed in connection with its Annual Meeting of Stockholders, to be held May 6, 2016, are incorporated by reference into Part III hereof.

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This combined Form 10-K is separately filed by Entergy Corporation and its six "Registrant Subsidiaries": Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representations whatsoever as to any other company.

The report should be read in its entirety as it pertains to each respective reporting company. No one section of the report deals with all aspects of the subject matter. Separate Item 6, 7, and 8 sections are provided for each reporting company, except for the Notes to the financial statements. The Notes to the financial statements for all of the reporting companies are combined. All Items other than 6, 7, and 8 are combined for the reporting companies.

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FORWARD-LOOKING INFORMATION

In this combined report and from time to time, Entergy Corporation and the Registrant Subsidiaries each makes statements as a registrant concerning its expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "could," "project," "believe," "anticipate," "intend," "expect," "estimate," "potential," "plan," "predict," "forecast," and other similar words or expressions are intended to identify forward-looking statements but are not the only means to identify these statements. Although each of these registrants believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that they will prove correct. Any forward-looking statement is based on information current as of the date of this combined report and speaks only as of the date on which such statement is made. Except to the extent required by the federal securities laws, these registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (a) those factors discussed or incorporated by reference in Item 1A. Risk Factors, (b) those factors discussed or incorporated by reference in Management's Financial Discussion and Analysis, and (c) the following factors (in addition to others described elsewhere in this combined report and in subsequent securities filings):

- resolution of pending and future rate cases and negotiations, including various performance-based rate discussions, Entergy's utility supply plan, and recovery of fuel and purchased power costs;
- the termination of Entergy Arkansas's participation in the System Agreement, which occurred in December 2013, the termination of Entergy Mississippi's participation in the System Agreement, which occurred in November 2015, and the termination of Entergy Texas's, Entergy New Orleans's, and Entergy Louisiana's participation in the System Agreement, which will occur on August 31, 2016, and will result in the termination of the System Agreement in its entirety pursuant to a settlement agreement approved by FERC in December 2015;
- regulatory and operating challenges and uncertainties and economic risks associated with the Utility operating companies' move to MISO, which occurred in December 2013, including the effect of current or projected MISO market rules and market and system conditions in the MISO markets, the allocation of MISO system transmission upgrade costs, and the effect of planning decisions that MISO makes with respect to future transmission investments by the Utility operating companies;
- changes in utility regulation, including the beginning or end of retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, and the application of more stringent transmission reliability requirements or market power criteria by the FERC;
- changes in the regulation or regulatory oversight of Entergy's nuclear generating facilities and nuclear materials and fuel, including with respect to the planned potential or actual shutdown of nuclear generating facilities owned or operated by Entergy Wholesale Commodities, and the effects of new or existing safety or environmental concerns regarding nuclear power plants and nuclear fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license renewals or modifications or other authorizations required of nuclear generating facilities and the effect of public and political opposition on these applications, regulatory proceedings and litigation;
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at its nuclear generating facilities;
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- prices for power generated by Entergy's merchant generating facilities and the ability to hedge, meet credit support requirements for hedges, sell power forward or otherwise reduce the market price risk associated with those facilities, including the Entergy Wholesale Commodities nuclear plants;

- the prices and availability of fuel and power Entergy must purchase for its Utility customers, and Entergy's ability to meet credit support requirements for fuel and power supply contracts;

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FORWARD-LOOKING INFORMATION (Concluded)

- volatility and changes in markets for electricity, natural gas, uranium, emissions allowances, and other energy-related commodities, and the effect of those changes on Entergy and its customers;
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;
- changes in environmental, tax, and other laws and regulations, including requirements for reduced emissions of sulfur dioxide, nitrogen oxide, greenhouse gases, mercury, thermal energy, and other regulated air and water emissions, and changes in costs of compliance with environmental and other laws and regulations;
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal and the level of spent fuel and nuclear waste disposal fees charged by the U.S. government or other providers related to such sites;
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes, ice storms, or other weather events and the recovery of costs associated with restoration, including accessing funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance;
- effects of climate change;
- changes in the quality and availability of water supplies and the related regulation of water use and diversion;
- Entergy’s ability to manage its capital projects and operation and maintenance costs;
- Entergy’s ability to purchase and sell assets at attractive prices and on other attractive terms;
- the economic climate, and particularly economic conditions in Entergy’s Utility service area and the Northeast United States and events and circumstances that could influence economic conditions in those areas, including power prices, and the risk that anticipated load growth may not materialize;
- the effects of Entergy’s strategies to reduce tax payments;
- changes in the financial markets, particularly those affecting the availability of capital and Entergy’s ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies’ ratings criteria;
- changes in inflation and interest rates;
- the effect of litigation and government investigations or proceedings;
- changes in technology, including with respect to new, developing, or alternative sources of generation;
- the effects of threatened or actual terrorism, cyber-attacks or data security breaches, including increased security costs, accidents, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;
- Entergy’s ability to attract and retain talented management and directors;
- changes in accounting standards and corporate governance;
- declines in the market prices of marketable securities and resulting funding requirements and the effects on benefit costs for Entergy’s defined benefit pension and other postretirement benefit plans;
- future wage and employee benefit costs, including changes in discount rates and returns on benefit plan assets;
- changes in decommissioning trust fund values or earnings or in the timing of, requirements for, or cost to decommission nuclear plant sites;
- the implementation of the shutdown of Pilgrim and FitzPatrick and the related decommissioning of those plants and Vermont Yankee;
- the effectiveness of Entergy’s risk management policies and procedures and the ability and willingness of its counterparties to satisfy their financial and performance commitments;
- factors that could lead to impairment of long-lived assets; and
- the ability to successfully complete merger, acquisition, or divestiture plans, regulatory or other limitations imposed as a result of a merger, acquisition, or divestiture, and the success of the business following a merger, acquisition, or divestiture.

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DEFINITIONS

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

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
ASLB	Atomic Safety and Licensing Board, the board within the NRC that conducts hearings and performs other regulatory functions that the NRC authorizes
ASU	Accounting Standards Update issued by the FASB
Board	Board of Directors of Entergy Corporation
Cajun	Cajun Electric Power Cooperative, Inc.
capacity factor	Actual plant output divided by maximum potential plant output for the period
City Council or Council	Council of the City of New Orleans, Louisiana
D. C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires. Effective October 1, 2015, the business of Entergy Gulf States Louisiana was combined with Entergy Louisiana.
Entergy Louisiana	Entergy Louisiana, LLC, a Texas limited liability company formally created as part of the combination of Entergy Gulf States Louisiana and the company formerly known as Entergy Louisiana, LLC (Old Entergy Louisiana) into a single public utility company and the successor to Old Entergy Louisiana for financial reporting purposes.
Entergy Texas	Entergy Texas, Inc., a Texas corporation formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Wholesale Commodities (EWC)	Entergy's non-utility business segment primarily comprised of the ownership, operation, and decommissioning of nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by its operating power plants to wholesale customers
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FitzPatrick	James A. FitzPatrick Nuclear Power Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
FTR	Financial transmission right
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy

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DEFINITIONS (Continued)

Abbreviation or Acronym	Term
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power, LLC
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Indian Point 3	Unit 3 of Indian Point Energy Center (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
IRS	Internal Revenue Service
ISO	Independent System Operator
kV	Kilovolt
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LDEQ	Louisiana Department of Environmental Quality
LPSC	Louisiana Public Service Commission
Mcf	1,000 cubic feet of gas
MISO	Midcontinent Independent System Operator, Inc., a regional transmission organization
MMBtu	One million British Thermal Units
MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatts
MWh	Megawatt-hour(s)
Nelson Unit 6	Unit No. 6 (coal) of the Nelson Steam Electric Generating Station, 70% of which is co-owned by Entergy Louisiana (57.5%) and Entergy Texas (42.5%), and 10.9% of which is owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Net debt to net capital ratio	Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents
Net MW in operation	Installed capacity owned and operated
NRC	Nuclear Regulatory Commission
NYPA	New York Power Authority
Palisades	Palisades Nuclear Plant (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
Parent & Other	The portions of Entergy not included in the Utility or Entergy Wholesale Commodities segments, primarily consisting of the activities of the parent company, Entergy Corporation
Pilgrim	Pilgrim Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment
PPA	Purchased power agreement or power purchase agreement
PRP	Potentially responsible party (a person or entity that may be responsible for remediation of environmental contamination)
PUCT	Public Utility Commission of Texas
Registrant Subsidiaries	Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc.

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DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
Ritchie Unit 2	Unit 2 of the R.E. Ritchie Steam Electric Generating Station (gas/oil)
River Bend	River Bend Station (nuclear), owned by Entergy Louisiana
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
SMEPA	South Mississippi Electric Power Association, which owns a 10% interest in Grand Gulf
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources. Entergy Arkansas terminated its participation in the System Agreement effective December 18, 2013. Entergy Mississippi terminated its participation in the System Agreement effective November 7, 2015.
System Energy	System Energy Resources, Inc.
System Fuels	System Fuels, Inc.
TWh	Terawatt-hour(s), which equals one billion kilowatt-hours
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy’s share of Grand Gulf
Utility	Entergy’s business segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution
Utility operating companies	Entergy Arkansas, Entergy Gulf States Louisiana (prior to the completion of the business combination with Entergy Louisiana), Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas
Vermont Yankee	Vermont Yankee Nuclear Power Station (nuclear), owned by an Entergy subsidiary in the Entergy Wholesale Commodities business segment, which ceased power production in December 2014
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Station, 100% owned or leased by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather
White Bluff	White Bluff Steam Electric Generating Station, 57% owned by Entergy Arkansas

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ENTERGY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities.

- The Utility business segment includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operation of a small natural gas distribution business.
- The Entergy Wholesale Commodities business segment includes the ownership, operation, and decommissioning of nuclear power plants located in the northern United States and the sale of the electric power produced by its operating plants to wholesale customers. On December 29, 2014, the Vermont Yankee plant ceased power production and entered its decommissioning phase. In October 2015, Entergy determined that it will close the Pilgrim plant no later than June 1, 2019 and the FitzPatrick plant at the end of its current fuel cycle, which is planned for January 27, 2017. Entergy Wholesale Commodities also provides services to other nuclear power plant owners and owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

Following are the percentages of Entergy's consolidated revenues and net income generated by its operating segments and the percentage of total assets held by them.

	% of Revenue			% of Net Income (Loss)			% of Total Assets		
Segment	2015	2014	2013	2015	2014	2013	2015	2014	2013
Utility	82	78	80	711	88	116	86	82	82
Entergy Wholesale Commodities	18	22	20	(680)	31	6	18	22	22
Parent & Other	—	—	—	(131)	(19)	(22)	(4)	(4)	(4)

See Note 13 to the financial statements for further financial information regarding Entergy's business segments.

Net income (loss) for 2015 includes $2,036 million ($1,317 million net-of-tax) of impairment and related charges to write down the carrying values of the Entergy Wholesale Commodities' FitzPatrick, Pilgrim, and Palisades plants and related assets to their fair values. See Note 1 to the financial statements for further discussion of the impairment and related charges.

Results of Operations

2015 Compared to 2014

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing 2015 to 2014 showing how much the line item increased or (decreased) in comparison to the prior period.

	Utility	Entergy Wholesale Commodities	Parent & Other	Entergy
	(In Thousands)			
2014 Consolidated Net Income (Loss)	$846,496	$294,521	($180,760)	$960,257
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	94,195	(558,060)	(1,885)	(465,750)
Other operation and maintenance	166,812	(123,645)	1,278	44,445
Asset write-offs, impairments, and related charges	(3,553)	1,928,707	—	1,925,154
Taxes other than income taxes	35,010	(20,196)	2	14,816
Depreciation and amortization	57,076	(36,892)	(1,546)	18,638
Gain on sale of business	—	154,037	—	154,037
Other income	(3,993)	(4,899)	(18,607)	(27,499)
Interest expense	11,403	10,142	(5,583)	15,962
Other expenses	10,821	(19,533)	—	(8,712)
Income taxes	(455,387)	(787,327)	10,190	(1,232,524)
2015 Consolidated Net Income (Loss)	$1,114,516	($1,065,657)	($205,593)	($156,734)

Refer to “SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES” which accompanies Entergy Corporation’s financial statements in this report for further information with respect to operating statistics.

Results of operations for 2015 include $2,036 million ($1,317 million net-of-tax) of impairment and related charges to write down the carrying values of the FitzPatrick, Pilgrim, and Palisades plants and related assets to their fair values. See Note 1 to the financial statements for further discussion of the impairment and related charges. As a result of the Entergy Louisiana and Entergy Gulf States Louisiana business combination, results of operations for 2015 also include two items that occurred in October 2015: 1) a deferred tax asset and resulting net increase in tax basis of approximately $334 million and 2) a regulatory liability of $107 million ($66 million net-of-tax) as a result of customer credits to be realized by electric customers of Entergy Louisiana, consistent with the terms of an agreement with the LPSC. See Note 2 to the financial statements for further discussion of the business combination and customer credits. Results of operations for 2015 also include the sale in December 2015 of the 583 MW Rhode Island State Energy Center for a realized gain of $154 million ($100 million net-of-tax) on the sale and the $77 million ($47 million net-of-tax) write-off and regulatory charges to recognize that a portion of the assets associated with the Waterford 3 replacement steam generator project is no longer probable of recovery. See Note 2 to the financial statements for further discussion of the Waterford 3 write-off.

Results of operations for 2014 include $154 million ($100 million net-of-tax) of charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014 along with reassessment of the assumptions regarding the timing of decommissioning cash flows and severance and employee retention costs. See Note 1 to the financial statements for further discussion of the charges. Results of operations for 2014 also include the $56.2 million ($36.7 million net-of-tax) write-off in 2014 of Entergy Mississippi's regulatory asset associated with new nuclear generation development costs as a result of a joint stipulation entered into with the Mississippi Public Utilities Staff, subsequently approved by the MPSC, in which Entergy Mississippi agreed not to pursue recovery of the costs deferred by an MPSC order in the new nuclear generation docket. See Note 2 to the financial statements for further discussion of the new nuclear generation development costs and the joint stipulation.

Net Revenue

Utility

Following is an analysis of the change in net revenue comparing 2015 to 2014.

	Amount (In Millions)
2014 net revenue	$5,735
Retail electric price	187
Volume/weather	95
Louisiana business combination customer credits	(107)
MISO deferral	(35)
Waterford 3 replacement steam generator provision	(32)
Other	(14)
2015 net revenue	$5,829

The retail electric price variance is primarily due to:

- formula rate plan increases at Entergy Louisiana, as approved by the LPSC, effective December 2014 and January 2015;
- an increase in energy efficiency rider revenue primarily due to increases in the energy efficiency rider at Entergy Arkansas, as approved by the APSC, effective July 2015 and July 2014, and new energy efficiency riders at Entergy Louisiana and Entergy Mississippi that began in the fourth quarter 2014. Energy efficiency revenues are largely offset by costs included in other operation and maintenance expenses and have a minimal effect on net income; and
- an annual net rate increase at Entergy Mississippi of $16 million, effective February 2015, as a result of the MPSC order in the June 2014 rate case.

See Note 2 to the financial statements for a discussion of rate and regulatory proceedings.

The volume/weather variance is primarily due to an increase of 1,402 GWh, or 1%, in billed electricity usage, including an increase in industrial usage and the effect of more favorable weather. The increase in industrial sales was primarily due to expansion in the chemicals industry and the addition of new customers, partially offset by decreased demand primarily due to extended maintenance outages for existing chemicals customers.

The Louisiana business combination customer credits variance is due to a regulatory liability of $107 million recorded by Entergy in October 2015 as a result of the Entergy Gulf States Louisiana and Entergy Louisiana business combination. Consistent with the terms of an agreement with the LPSC, electric customers of Entergy Louisiana will realize customer credits associated with the business combination; accordingly, in October 2015, Entergy recorded a regulatory liability of $107 million ($66 million net-of-tax). See Note 2 to the financial statements for further discussion of the business combination and customer credits.

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The MISO deferral variance is primarily due to the deferral in 2014 of non-fuel MISO-related charges, as approved by the LPSC and the MPSC. The deferral of non-fuel MISO-related charges is partially offset in other operation and maintenance expenses. See Note 2 to the financial statements for further discussion of the recovery of non-fuel MISO-related charges.

The Waterford 3 replacement steam generator provision is due to a regulatory charge of approximately $32 million recorded in 2015 related to the uncertainty associated with the resolution of the Waterford 3 replacement steam generator project. See Note 2 to the financial statements for a discussion of the Waterford 3 replacement steam generator prudence review proceeding.

Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing 2015 to 2014.

	Amount (In Millions)	
2014 net revenue	$2,224	
Nuclear realized price changes	(310	)
Vermont Yankee shutdown in December 2014	(305	)
Nuclear volume, excluding Vermont Yankee effect	20	
Other	37	
2015 net revenue	$1,666	

As shown in the table above, net revenue for Entergy Wholesale Commodities decreased by approximately $558 million in 2015 primarily due to:

- lower realized wholesale energy prices, primarily due to significantly higher Northeast market power prices in 2014, and lower capacity prices in 2015; and
- a decrease in net revenue as a result of Vermont Yankee ceasing power production in December 2014.

The decrease was partially offset by higher volume in the Entergy Wholesale Commodities nuclear fleet, excluding Vermont Yankee, resulting from fewer refueling outage days in 2015 as compared to 2014, partially offset by more unplanned outage days in 2015 as compared to 2014.

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Following are key performance measures for Entergy Wholesale Commodities for 2015 and 2014.

	2015	2014
Owned capacity (MW) (a)	4,880	6,068
GWh billed	39,745	44,424
Average revenue per MWh	$51.88	$60.84
Entergy Wholesale Commodities Nuclear Fleet		
Capacity factor	91%	91%
GWh billed	35,859	40,253
Average revenue per MWh	$51.49	$60.35
Refueling Outage Days:		
FitzPatrick	—	44
Indian Point 2	—	24
Indian Point 3	23	—
Palisades	32	56
Pilgrim	34	—

(a) The reduction in owned capacity is due to the retirement of the 605 MW Vermont Yankee plant in December 2014 and the sale of the 583 MW Rhode Island State Energy Center in December 2015.

Realized Revenue per MWh for Entergy Wholesale Commodities Nuclear Plants

The effects of sustained low natural gas prices and power market structure challenges have resulted in lower market prices for electricity in the power regions where the Entergy Wholesale Commodities nuclear power plants are located. The Entergy Wholesale Commodities nuclear business experienced an annual realized price per MWh of $51.49 in 2015, $60.35 in 2014, and $50.15 in 2013. The decrease in realized price in 2015 is primarily attributable to a significant increase in first quarter 2014 prices due to cold winter weather and northeastern U.S. gas pipeline infrastructure limitations. Prior to 2010 the annual realized price per MWh for Entergy Wholesale Commodities generally increased each year, reaching a peak of $61.07 in 2009. As shown in the contracted sale of energy table in "Market and Credit Risk Sensitive Instruments," Entergy Wholesale Commodities has sold forward 86% of its planned nuclear energy output for 2016 for an expected average contracted energy price of $46 per MWh based on market prices at December 31, 2015. In addition, Entergy Wholesale Commodities has sold forward 63% of its planned nuclear energy output for 2017 for an expected average contracted energy price of $46 per MWh based on market prices at December 31, 2015.

The market price trend presents a challenging economic situation for the Entergy Wholesale Commodities plants. The severity of the challenge varies for each of the plants based on a variety of factors such as their market for both energy and capacity, their size, their contracted positions, and the amount of investment required to continue to operate and maintain the safety and integrity of the plants, including the estimated asset retirement costs. In addition, currently the market design under which the plants operate does not adequately compensate merchant nuclear plants for their environmental and fuel diversity benefits in the region.

In October 2015, Entergy determined that it will close the Pilgrim and FitzPatrick plants. The decisions to shut down the plants were primarily due to the poor market conditions that have led to reduced revenues, the poor market design that fails to properly compensate nuclear generators for the benefits they provide, and increased operational costs. The Pilgrim plant will cease operations no later than June 1, 2019. FitzPatrick is expected to shut down at the end of its current fuel cycle, which is planned for January 27, 2017.

Entergy previously shut down Vermont Yankee in 2014, and, after the closures of Pilgrim and FitzPatrick, will have two remaining nuclear power generating facilities in operation in the Entergy Wholesale Commodities business,

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Indian Point and Palisades. Unlike the three facilities that Entergy has decided to shut down, Indian Point is a multi-unit site with both Indian Point 2 and 3 in operation that sells power at NYISO Zone G, which is a key supply region for New York City. In addition, Indian Point 2 (1,028 MW) and 3 (1,041 MW) are significantly larger plants than Vermont Yankee (605 MW), Pilgrim (688 MW), or FitzPatrick (838 MW). The Indian Point plants, however, are currently involved, and face opposition, in extensive licensing proceedings, which are described in “Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants.” Palisades (811 MW) is similar in size to FitzPatrick, is also a single-unit site, and the MISO market in which it operates has also experienced market price declines over the past few years. Most of the Palisades output, however, is sold under a 15-year power purchase agreement, entered at the plant’s acquisition in 2007, that expires in 2022. The power purchase agreement prices currently exceed market prices and escalate each year, up to $61.50/MWh in 2022.

In 2015, Entergy recorded impairment and other related charges to write down the carrying values of the FitzPatrick, Pilgrim, and Palisades plants and related assets to their fair values. See Note 1 to the financial statements for further discussion of the impairments of the value of FitzPatrick, Pilgrim, and Palisades. Impairment of long-lived assets and nuclear decommissioning costs, and the factors that influence these items, are both discussed in “Critical Accounting Estimates” below. If economic conditions or regulatory activity no longer support the continued operation of Indian Point or Palisades for their expected lives or no longer support the recovery of the costs of the plants it could adversely affect Entergy’s results of operations through loss of revenue, impairment charges, increased depreciation rates, transitional costs, or accelerated decommissioning costs.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $2,276 million for 2014 to $2,443 million for 2015 primarily due to:

- an increase of $59 million in nuclear generation expenses primarily due to an increase in regulatory compliance costs, higher labor costs, and an overall higher scope of work done in 2015. The increase in regulatory compliance costs is primarily related to additional NRC inspection activities in 2015 as a result of the NRC’s March 2015 decision to move ANO into the “multiple/repetitive degraded cornerstone column” of the NRC’s reactor oversight process action matrix. See “ANO Damage, Outage, and NRC Reviews” below for a discussion of the ANO stator incident and subsequent NRC reviews;
- an increase of $28 million in compensation and benefits costs primarily due to an increase in net periodic pension and other postretirement benefit costs as a result of lower discount rates and changes in retirement and mortality assumptions, partially offset by a decrease in the accrual for incentive-based compensation. See “Critical Accounting Estimates” below and Note 11 to the financial statements for further discussion of pension and other postretirement benefit costs;
- an increase of $27 million in energy efficiency costs, including the effects of true-ups to energy efficiency filings for fixed costs to be collected from customers. These costs are recovered through energy efficiency riders in certain jurisdictions and have a minimal effect on net income;
- an increase of $26 million in distribution expenses primarily due to higher vegetation maintenance and higher labor costs in 2015 as compared to 2014; and
- an increase of $24 million in transmission expenses primarily due to an increase in the amount of transmission costs allocated by MISO. The net income effect is partially offset by the method of recovery of these costs in certain jurisdictions. See Note 2 to the financial statements for further information on the recovery of these costs.

The increase was partially offset by a decrease of $23 million in storm damage accruals primarily at Entergy Mississippi. See Note 2 to the financial statements for a discussion of storm cost recovery.

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The asset write-offs, impairments, and related charges variance is due to the following activity:

- the $45 million ($28 million net-of-tax) write-off in 2015 to recognize that a portion of the assets associated with the Waterford 3 replacement steam generator project is no longer probable of recovery and the $16 million ($11 million net-of-tax) write-off in 2014 due to the uncertainty at the time associated with the resolution of the Waterford 3 replacement steam generator project prudence review;
- the $23.5 million ($15.3 million net-of-tax) write-off in 2015 of the regulatory asset associated with the Spindletop gas storage facility as a result of the approval of the System Agreement termination settlement agreement; and
- the $56 million ($37 million net-of-tax) write-off in 2014 of Entergy Mississippi's regulatory asset associated with new nuclear generation development costs.

See Note 2 to the financial statements for further discussion of the asset write-offs, impairments, and related charges.

Taxes other than income taxes increased primarily due to increases in ad valorem taxes, payroll taxes, and franchise taxes.

Depreciation and amortization expenses increased primarily due to additions to plant in service, including the Ninemile Unit 6 project, which was placed in service in December 2014, and higher depreciation rates at Entergy Mississippi effective February 2015, as approved by the MPSC.

Interest expense increased primarily due to net debt issuances in the fourth quarter 2014 by certain Utility operating companies including the issuance by Entergy Louisiana in November 2014 of $250 million of 4.95% Series first mortgage bonds due January 2045 and the issuance by Entergy Arkansas in December 2014 of $250 million of 4.95% Series first mortgage bonds due December 2044.

Other expenses increased primarily due to increases in decommissioning expenses in 2015 as a result of revised decommissioning cost studies in 2014 for Grand Gulf, ANO1, ANO2, and Waterford 3. See Note 9 to the financial statements for further discussion of the revised decommissioning cost studies.

Entergy Wholesale Commodities

Other operation and maintenance expenses decreased from $1,023 million for 2014 to $899 million for 2015 primarily due to the shutdown of Vermont Yankee, which ceased power production in December 2014. The decrease was partially offset by an increase of $12 million in compensation and benefits costs primarily due to an increase in net periodic pension and other postretirement benefit costs as a result of lower discount rates and changes in retirement and mortality assumptions, partially offset by a decrease in the accrual for incentive-based compensation. See "Critical Accounting Estimates" below and Note 11 to the financial statements for further discussion of pension and other postretirement benefit costs.

The asset write-offs, impairments, and related charges variance is primarily due to $2,036 million ($1,317 million net-of-tax) in 2015 of impairment and related charges to write down the carrying values of the FitzPatrick, Pilgrim, and Palisades plants and related assets to their fair values, partially offset by $107 million ($69 million net-of-tax) in 2014 of impairment charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014. See Note 1 to the financial statements for further discussion of these charges.

Taxes other than income taxes decreased primarily due to the shutdown of Vermont Yankee, which ceased power production in December 2014.

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Depreciation and amortization expenses decreased primarily due to decreases in depreciable asset balances as a result of the shutdown of Vermont Yankee, which ceased power production in December 2014. See Note 1 to the financial statements for further discussion of impairment of long-lived assets.

The gain on sale of business resulted from the sale in December 2015 of the 583 MW Rhode Island State Energy Center in Johnston, Rhode Island, a business wholly-owned by Entergy in the Entergy Wholesale Commodities segment. Entergy sold Rhode Island State Energy Center for approximately $490 million and realized a pre-tax gain of $154 million on the sale.

Other income decreased primarily due to $37 million ($24 million net-of-tax) in 2015 of impairment and related charges resulting from the write-down of the carrying values of the generating assets of Entergy’s equity method investee Top Deer Wind Ventures, LLC to their fair values, partially offset by higher realized gains on decommissioning trust fund investments in 2015 as compared to 2014, including portfolio reallocations for the Vermont Yankee nuclear decommissioning trust funds.

Other expenses decreased primarily due to a decrease in nuclear refueling outage costs that are being amortized over the estimated period to the next outage as a result of the impairments and related charges in 2015 to write down the carrying values of the FitzPatrick and Pilgrim plants and related assets and the shutdown of Vermont Yankee, which ceased power production in December 2014. See Note 1 to the financial statements for further discussion of the impairment and related charges.

Income Taxes

See Note 3 to the financial statements for a reconciliation of the federal statutory rate of 35% to the effective income tax rates, and for additional discussion regarding income taxes.

The effective income tax rate for 2015 was 80.4%. The difference in the effective income tax rate versus the statutory rate of 35% for 2015 was primarily due to the tax effects of the Louisiana business combination coupled with the loss before income taxes resulting from the nuclear plant impairments previously discussed. See Note 3 to the financial statements for further discussion of the tax effects of the Louisiana business combination and a reconciliation of the federal statutory rate of 35% to the effective income tax rate.

The effective income tax rate for 2014 was 38%. The difference in the effective income tax rate versus the statutory rate of 35% for 2014 was primarily due to state income taxes, certain book and tax differences related to utility plant items, and the provision for uncertain tax positions, partially offset by a deferred state income tax reduction related to a New York tax law change and book and tax differences related to the allowance for equity funds used during construction.

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2014 Compared to 2013

Following are income statement variances for Utility, Entergy Wholesale Commodities, Parent & Other, and Entergy comparing 2014 to 2013 showing how much the line item increased or (decreased) in comparison to the prior period.

	Utility	Entergy Wholesale Commodities	Parent & Other	Entergy
	(In Thousands)			
2013 Consolidated Net Income (Loss)	$846,215	$42,976	($158,619)	$730,572
Net revenue (operating revenue less fuel expense, purchased power, and other regulatory charges/credits)	210,893	422,147	(17,519)	615,521
Other operation and maintenance	12,369	(25,043)	(8,724)	(21,398)
Asset write-offs, impairments, and related charges	62,814	(221,809)	(2,790)	(161,785)
Taxes other than income taxes	2,760	1,709	(213)	4,256
Depreciation and amortization	(2,019)	60,053	(440)	57,594
Gain on sale of business	—	(43,569)	—	(43,569)
Other income	1,795	(23,642)	(13,272)	(35,119)
Interest expense	22,556	323	591	23,470
Other expenses	7,696	33,699	—	41,395
Income taxes	106,231	254,459	2,926	363,616
2014 Consolidated Net Income (Loss)	$846,496	$294,521	($180,760)	$960,257

Refer to "SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON OF ENTERGY CORPORATION AND SUBSIDIARIES" which accompanies Entergy Corporation's financial statements in this report for further information with respect to operating statistics.

Results of operations for 2014 include $154 million ($100 million net-of-tax) of charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014 along with reassessment of the assumptions regarding the timing of decommissioning cash flows and severance and employee retention costs. See Note 1 to the financial statements for further discussion of the charges. Results of operations for 2014 also include the $56.2 million ($36.7 million net-of-tax) write-off in 2014 of Entergy Mississippi's regulatory asset associated with new nuclear generation development costs as a result of a joint stipulation entered into with the Mississippi Public Utilities Staff, subsequently approved by the MPSC, in which Entergy Mississippi agreed not to pursue recovery of the costs deferred by an MPSC order in the new nuclear generation docket. See Note 2 to the financial statements for further discussion of the new nuclear generation development costs and the joint stipulation.

As discussed in more detail in Note 1 to the financial statements, results of operations for 2013 include $322 million ($202 million net-of-tax) of impairment and other related charges to write down the carrying value of Vermont Yankee and related assets to their fair values. Also, earnings were negatively affected in 2013 by expenses, including other operation and maintenance expenses and taxes other than income taxes, of approximately $110 million ($70 million net-of-tax), including approximately $85 million ($55 million net-of-tax) for Utility and $25 million ($15 million net-of-tax) for Entergy Wholesale Commodities, recorded in connection with a strategic imperative intended to optimize the organization through a process known as human capital management. In December 2013, Entergy deferred for future collection approximately $45 million ($30 million net-of-tax) of these costs in the Arkansas and Louisiana jurisdictions at the Utility, as approved by the APSC and the LPSC, respectively. See "Human Capital

Management Strategic Imperative" below for further discussion.

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Net Revenue

Utility

Following is an analysis of the change in net revenue comparing 2014 to 2013.

	Amount (In Millions)
2013 net revenue	$5,524
Retail electric price	135
Asset retirement obligation	56
Volume/weather	36
MISO deferral	16
Net wholesale revenue	(29)
Other	(3)
2014 net revenue	$5,735

The retail electric price variance is primarily due to:

- increases in the energy efficiency rider at Entergy Arkansas, as approved by the APSC, effective July 2013 and July 2014. Energy efficiency revenues are offset by costs included in other operation and maintenance expenses and have minimal effect on net income;
- the effect of the APSC's order in Entergy Arkansas's 2013 rate case, including an annual base rate increase effective January 2014 offset by a MISO rider to provide customers credits in rates for transmission revenue received through MISO;
- a formula rate plan increase at Entergy Mississippi, as approved by the MSPC, effective September 2013;
- an increase in Entergy Mississippi's storm damage rider, as approved by the MPSC, effective October 2013. The increase in the storm damage rider is offset by other operation and maintenance expenses and has no effect on net income;
- an annual base rate increase at Entergy Texas, effective April 2014, as a result of the PUCT's order in the September 2013 rate case; and
- a formula rate plan increase at Entergy Louisiana, as approved by the LPSC, effective December 2014.

See Note 2 to the financial statements for a discussion of rate proceedings.

The asset retirement obligation affects net revenue because Entergy records a regulatory debit or credit for the difference between asset retirement obligation-related expenses and trust earnings plus asset retirement obligation-related costs collected in revenue. The variance is primarily caused by increases in regulatory credits because of decreases in decommissioning trust earnings and increases in depreciation and accretion expenses and increases in regulatory credits to realign the asset retirement obligation regulatory assets with regulatory treatment.

The volume/weather variance is primarily due to an increase of 3,129 GWh, or 3%, in billed electricity usage primarily due to an increase in sales to industrial customers and the effect of more favorable weather on residential sales. The increase in industrial sales was primarily due to expansions, recovery of a major refining customer from an unplanned outage in 2013, and continued moderate growth in the manufacturing sector.

The MISO deferral variance is primarily due to the deferral in 2014 of the non-fuel MISO-related charges, as approved by the LPSC and the MPSC, partially offset by the deferral in April 2013, as approved by the APSC, of costs incurred from March 2010 through December 2012 related to the transition and implementation of joining the MISO

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RTO. The deferral of non-fuel MISO-related charges is partially offset in other operation and maintenance expenses. See Note 2 to the financial statements for further discussion of the recovery of non-fuel MISO-related charges.

The net wholesale variance is primarily due to a wholesale customer contract termination in December 2013 and lower margins on co-owner contracts due to contract changes.

Entergy Wholesale Commodities

Following is an analysis of the change in net revenue comparing 2014 to 2013.

	Amount (In Millions)
2013 net revenue	$1,802
Nuclear realized price changes	393
Nuclear volume	37
Other	(8)
2014 net revenue	$2,224

As shown in the table above, net revenue for Entergy Wholesale Commodities increased by approximately $422 million in 2014 primarily due to:

- higher realized wholesale energy prices primarily due to increases in Northeast market power prices and higher capacity prices. Entergy Wholesale Commodities' hedging strategies routinely include financial instruments that manage operational and liquidity risk. These positions, in addition to a larger-than-normal unhedged position in 2014 due to Vermont Yankee being in its final year of operation, allowed Entergy Wholesale Commodities to benefit from increases in Northeast market power prices; and
- higher volume in its nuclear fleet resulting from approximately 90 fewer unplanned outage days in 2014 compared to 2013, partially offset by a larger exercise of resupply options in 2013 compared to 2014 provided for in purchase power agreements where Entergy Wholesale Commodities may elect to supply power from another source when the plant is not running. Amounts related to the exercise of resupply options are included in the GWh billed in the table below.

Following are key performance measures for Entergy Wholesale Commodities for 2014 and 2013.

	2014	2013
Owned capacity (MW)	6,068	6,068
GWh billed	44,424	45,127
Average revenue per MWh	$60.84	$50.86
Entergy Wholesale Commodities Nuclear Fleet		
Capacity factor	91%	89%
GWh billed	40,253	40,167
Average revenue per MWh	$60.35	$50.15
Refueling Outage Days:		
FitzPatrick	44	—
Indian Point 2	24	—
Indian Point 3	—	28
Palisades	56	—

Pilgrim	—	45
Vermont Yankee	—	27

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Other Income Statement Items

Utility

Other operation and maintenance expenses increased from $2,264 million for 2013 to $2,276 million for 2014 primarily due to:

- an increase of $53 million in nuclear generation expenses primarily due to higher material costs, higher contract labor costs, and higher NRC fees;
- an increase of $38 million in administration fees related to participation in the MISO RTO beginning December 2013. The net income effect is partially offset due to deferrals of these fees in certain jurisdictions. See Note 2 to the financial statements for further information on the deferrals;
- an increase of $29 million in energy efficiency costs. These costs are recovered through energy efficiency riders and have a minimal effect on net income;
- an increase of $24 million in storm damage accruals primarily at Entergy Arkansas effective January 2014, as approved by the APSC, and at Entergy Mississippi effective October 2013, as approved by the MPSC;
- an increase of $20 million in regulatory, consulting, and legal fees;
- an increase of $19 million in contract labor primarily due to higher infrastructure and application services and call center outsourcing;
- an increase of $11 million primarily due to higher vegetation maintenance;
- an increase of $7 million due to higher write-offs of uncollectible customer accounts in 2014 as compared to 2013;
- an increase of $7 million due to the amortization in 2014 of costs deferred in 2013 related to the transition and implementation of joining the MISO RTO; and
- several individually insignificant items.

The increase was partially offset by:

- a decrease of $146 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. See "Critical Accounting Estimates" below and Note 11 to the financial statements for further discussion of benefits costs;
- a decrease of $36 million resulting from costs incurred in 2013 related to the now-terminated plan to spin off and merge the Utility's transmission business;
- a decrease of $9 million resulting from costs incurred in 2013 related to the generator stator incident at ANO, including an offset for insurance proceeds. See "ANO Damage, Outage, and NRC Reviews" below for further discussion of the incident;
- a net decrease of $8 million related to the human capital management strategic imperative in 2014 as compared to 2013 including a decrease of $60 million in implementation costs, severance costs, and curtailment and special termination benefits, the deferral in 2013 of $44 million of costs incurred, as approved by the APSC and LPSC, and partial amortization in 2014 of $8 million of costs that were deferred in 2013. See "Human Capital Management Strategic Imperative" below for further discussion; and
- a net decrease of $4 million related to Baxter Wilson (Unit 1) repairs. The increase in repair costs incurred in 2014 compared to the prior year were offset by expected insurance proceeds and the deferral of repair costs, as approved by the MPSC. See "Baxter Wilson Plant Event" in Note 8 to the financial statements for further discussion.

The asset write-offs, impairment, and related charges variance is due to the $56.2 million ($36.7 million net-of-tax) write-off in 2014 of Entergy Mississippi's regulatory asset associated with new nuclear generation development costs and a $16 million ($10.5 million net-of-tax) write-off recorded in 2014 because of the uncertainty associated with the resolution of the Waterford 3 replacement steam generator project prudence review. See Note 2 to the financial statements for further discussion of new nuclear generation development costs and the prudence review.

Interest expense increased primarily due to the lease renewal in December 2013 of the Grand Gulf sale leaseback and net debt issuances of first mortgage bonds in the first quarter 2014 and the second quarter 2013 by certain Utility operating companies. See Note 5 to the financial statements for more details of long-term debt. The increase was partially offset by an increase in the allowance for borrowed funds used during construction due to a higher construction work in progress balance in 2014, including the Ninemile Unit 6 project.

Other expenses increased primarily due to increases in decommissioning expenses resulting from revisions to the estimated decommissioning cost liabilities as a result of revised decommissioning cost studies in the fourth quarter 2013 and the first quarter 2014, partially offset by a decrease in nuclear refueling outage costs that are being amortized over the estimated period to the next outage. See Note 9 to the financial statements for further discussion of the decommissioning cost revisions.

Entergy Wholesale Commodities

Other operation and maintenance expenses decreased from $1,048 million for 2013 to $1,023 million for 2014 primarily due to:

- a decrease of $63 million in compensation and benefits costs primarily due to fewer employees, an increase in the discount rates used to determine net periodic pension and other postretirement benefit costs, other postretirement benefit plan design changes, and a settlement charge recognized in September 2013 related to the payment of lump sum benefits out of the non-qualified pension plan. See “Critical Accounting Estimates” below and Note 11 to the financial statements for further discussion of benefits costs;
- a decrease of $15 million due to the absence of expenses from Entergy Solutions District Energy, which was sold in November 2013; and
- a decrease of $13 million in implementation costs, severance costs, and curtailment and special termination benefits related to the human capital management strategic imperative in 2014 as compared to 2013. See “Human Capital Management Strategic Imperative” below for further discussion.

The decrease was partially offset by:

- an increase of $22 million incurred in 2014 as compared to 2013 related to the shutdown of Vermont Yankee including severance and retention costs. See “Impairment of Long-Lived Assets” in Note 1 to the financial statements for discussion regarding the shutdown of the Vermont Yankee plant in December 2014;
- an increase of $18 million primarily due to higher contract costs and higher NRC fees; and
- $18 million in transmission imbalance sales in 2013.

The asset write-offs, impairments, and related charges variance is primarily due to $321.5 million ($202.2 million net-of-tax) in 2013 of impairment and other related charges primarily to write down the carrying value of Vermont Yankee and related assets to their fair values and $107.5 million ($69.8 million net-of-tax) in 2014 of impairment charges related to Vermont Yankee primarily resulting from the effects of an updated decommissioning cost study completed in the third quarter 2014. See Note 1 to the financial statements for further discussion of these impairment charges.

Depreciation and amortization expenses increased primarily due to a change effective in 2014 in the estimated average useful lives of plant in service as a result of a new depreciation study and an increase to depreciable plant balances.

The gain on sale of business resulted from the sale in November 2013 of Entergy Solutions District Energy, a business wholly-owned by Entergy in the Entergy Wholesale Commodities segment that owned and operated district energy assets servicing the business districts in Houston and New Orleans. Entergy sold Entergy Solutions District Energy for $140 million and realized a pre-tax gain of $44 million on the sale.

Other income decreased primarily due to lower realized gains on nuclear decommissioning trust fund investments.

Other expenses increased primarily due to an increase in nuclear refueling outage costs that are being amortized over the estimated period to the next outage and an increase in decommissioning expenses primarily due to revisions to the estimated decommissioning cost liability for Vermont Yankee recorded in the third and fourth quarters of 2013. See "Critical Accounting Estimates - Nuclear Decommissioning Costs" below for further discussion of nuclear decommissioning costs.

Income Taxes

See Note 3 to the financial statements for a reconciliation of the federal statutory rate of 35% to the effective income tax rates, and for additional discussion regarding income taxes.

The effective income tax rate for 2014 was 38%. The difference in the effective income tax rate versus the statutory rate of 35% for 2014 was primarily due to state income taxes, certain book and tax differences related to utility plant items, and the provision for uncertain tax positions, partially offset by a deferred state income tax reduction related to a New York tax law change and book and tax differences related to the allowance for equity funds used during construction.

The effective income tax rate for 2013 was 23.6%. The difference in the effective income tax rate versus the statutory rate of 35% for 2013 was primarily related to IRS settlements as discussed further in Note 3 to the financial statements and a tax benefit associated with the now-terminated plan to spin off and merge the Utility's transmission business, because certain associated costs became deductible with the termination of the transaction.

Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants

The NRC operating license for Palisades expires in 2031, for Pilgrim expires in 2032, and for FitzPatrick expires in 2034. For additional discussion regarding the shutdown of the Vermont Yankee plant in December 2014 and the planned shutdown of the FitzPatrick and Pilgrim plants, see "Impairment of Long-Lived Assets" in Note 1 to the financial statements.

Indian Point NRC/ASLB Proceedings

In April 2007, Entergy submitted to the NRC a joint application to renew the operating licenses for Indian Point 2 and Indian Point 3 for an additional 20 years. The original expiration dates of the NRC operating licenses for Indian Point 2 and Indian Point 3 were in September 2013 and December 2015, respectively. Authorization to operate Indian Point 2 and Indian Point 3 rests on Entergy's having timely filed a license renewal application that remains pending before the NRC. Each of Indian Point 2 and Indian Point 3 has now entered its "period of extended operation" after expiration of the plant's initial license term under "timely renewal," which is a federal statutory rule of general applicability providing for extension of a license for which a renewal application has been timely filed with the licensing agency. The license renewal application for Indian Point 2 and Indian Point 3 qualifies for timely renewal protection because it met NRC regulatory standards for timely filing.

The scope of NRC license renewal applications is focused primarily on whether the licensee has in place aging management programs (detailed diagnostic analyses performed when and as prescribed) to ensure that passive systems, structures, and components (such as pipes and concrete and metal structures) can continue to perform their intended safety functions. Other aspects of nuclear plant operations (maintenance of active components like pumps and control systems, security, and emergency preparedness) are regulated by the NRC on an ongoing basis and, as such, are outside the scope of license renewal proceedings. The NRC also determines whether there are any environmental impacts that would affect license renewal.

Every application for renewal of a reactor operating license undergoes comprehensive NRC staff review to ensure the adequacy of the application and the aging management programs detailed in it. NRC staff’s conclusions following such review are set forth in a Final Safety Evaluation Report (FSER). Issuance of a renewed operating license is a “major federal action” under the National Environmental Policy Act, so NRC staff also are required to prepare an Environmental Impact Statement (EIS) regarding the proposed licensing action. The NRC has elected to address certain EIS issues on a generic basis via the rulemaking process. As a result, the EIS for a particular license renewal proceeding has two components: the Generic Environmental Impact Statement and a Final Supplemental Environmental Impact Statement (FSEIS) addressing site-specific EIS issues. Both the FSER and the FSEIS are subject to updating by NRC staff in an individual license renewal proceeding.

Where, as in the case of Indian Point, one or more intervenors proposes for admission contentions alleging errors and omissions in the applicant’s license renewal application or the NRC staff’s review of related safety and environmental issues, the NRC appoints an ASLB to determine whether the contentions satisfy threshold standards and, if so, to adjudicate such “admitted” contentions. Safety-related contentions address issues that will be or have been described in the FSER; environmental-related contentions address issues that will be or have been described in the FSEIS. Contentions may be proposed at any time before license issuance based on new and material information, subject to timeliness and admissibility standards. Final ASLB orders on admissibility or resolving contentions, whether after hearing or on summary disposition, are appealable to the NRC.

Various governmental and private intervenors have sought and obtained party status to express opposition to renewal of the Indian Point 2 and Indian Point 3 licenses. The ASLB has admitted 16 consolidated contentions based on 21 contentions originally proposed by the State of New York or other parties.

Four of the 16 admitted contentions have been resolved by the ASLB without hearing, two by means of ASLB-approved settlements, a third by summary disposition as described below, and a fourth by motion to dismiss as moot as described below. In July 2011 the ASLB granted the State of New York’s motion for summary disposition of an admitted contention challenging the adequacy of a section of Indian Point’s environmental analysis as incorporated in the FSEIS as discussed below. That section provided cost estimates for Severe Accident Mitigation Alternatives (SAMAs), which are hardware and procedural changes that could be implemented to mitigate estimated impacts of off-site radiological releases in case of a hypothesized severe accident. In addition to finding that the SAMA cost analysis was insufficient, the ASLB directed the NRC staff to explain why cost-beneficial SAMAs should not be required to be implemented. Entergy appealed the ASLB’s decision to the NRC and the NRC staff supported Entergy’s appeal, while the State of New York opposed it. In December 2011 the NRC denied Entergy’s appeal as premature. Entergy renewed its appeal in February 2014 in conjunction with the filing of Track 1 appeals, as discussed further below. In May 2013, Entergy filed an updated SAMA cost analysis with the NRC, and in July 2013 the ASLB granted Entergy’s motion for clarification that a future NRC staff filing would be the trigger for potential new or amended contentions on the SAMA update.

Nine of the remaining admitted contentions were designated by the ASLB as “Track 1” and were subject to hearings over 12 days in October, November, and December 2012. In November 2013 the ASLB issued a decision on the nine Track 1 contentions. The ASLB resolved eight Track 1 contentions favorably to Entergy. No appeal was taken from the ASLB’s decision on six of those eight contentions, so they have been conclusively resolved in Entergy’s favor. The ASLB resolved one Track 1 contention favorably to New York State. That contention was based on a dispute over the characterization of certain electrical equipment as “active” or “passive.” The ASLB found in favor of the State of New

York despite precedent supporting the characterization advocated by Entergy and NRC staff.

Following the ASLB's November 2013 decision on Track 1 contentions, the State of New York and Clearwater each appealed the decision on a single contention (SAMA decontamination cost estimates for the State of New York and environmental justice for Clearwater), while Riverkeeper filed no appeals. Entergy and NRC staff both appealed the same three issues: (1) the ASLB’s decision on electrical transformers; (2) certain intermediate determinations in the ASLB’s overall favorable decision on environmental justice; and (3) the ASLB’s earlier decisions on SAMA cost estimates, thus renewing their appeals of that issue previously denied by the NRC as premature. Appeal (3) addressed a contention that was one of the four decided without hearing. The remaining appeals addressed contentions that were tried in Track 1 hearings.

In February 2015, the NRC granted petitions for review of two appeals for the purpose of obtaining additional information prior to making final disposition. The appeals for which the NRC requested answers to specified questions were New York State’s appeal on SAMA decontamination cost estimates and the appeal of Entergy and NRC staff on SAMA cost estimates. The NRC stated that the remaining appeals filed after the ASLB’s Track 1 decision would be resolved in the future.

In March 2015 the NRC resolved the remaining appeals from the ASLB’s Track 1 decisions in favor of Entergy and the NRC staff. Those appeals addressed electrical transformers and environmental justice. All filings in response to the NRC’s request for additional information on SAMA issues raised by the pending two SAMA-related appeals have been completed. There is no deadline for the NRC to act on the SAMA-related appeals.

The remaining four admitted consolidated contentions were designated by the ASLB as “Track 2.” In April 2014 the ASLB granted Entergy’s motion to dismiss as moot a contention by Riverkeeper alleging that the FSEIS failed to adequately address endangered species issues. At the same time, the ASLB denied a motion filed by Riverkeeper in August 2013 to amend its endangered species contention. These ASLB decisions were not appealed and are now final, making a total of 11 of the original 16 admitted consolidated contentions that have been resolved favorably (or in the case of settlement, acceptably) to Entergy. Five of the original 16 admitted consolidated contentions are on appeal (two total) or pending ASLB decision on Track 2 (three total).

Track 2 hearings on the three remaining Track 2 contentions, all of which relate to safety, were conducted by the ASLB in November 2015. The ASLB has scheduled the submission of proposed findings of fact and conclusions of law and a reply to other parties’ proposed findings and conclusions through late-March 2016. There is no deadline for the ASLB to issue a decision on Track 2 contentions. The disappointed party may appeal to the NRC and, ultimately, to the federal courts.

Independent of the ASLB process, the NRC staff has performed its technical and environmental reviews of the Indian Point 2 and Indian Point 3 license renewal application. The NRC staff issued an FSER in August 2009, a supplement to the FSER in August 2011, an FSEIS in December 2010, a supplement to the FSEIS in June 2013, and, as noted above, a further supplement to the FSER in November 2014. In November 2014 the NRC staff advised of its proposed schedule for issuance of a further FSEIS supplement to address new information received by NRC staff since preparation and publication of the previous FSEIS supplement in June 2013. The matters to be addressed in the new supplement include Entergy’s May 2013 submittal of updated cost information for SAMAs; Entergy’s February 2014 submittal of new aquatic impact information; the June 2013 revision by the NRC of its Generic Environmental Impact Statement relied upon in license renewal proceedings; and the NRC’s Continued Storage Of Spent Nuclear Fuel rule, which was published in the Federal Register in September 2014. The NRC staff issued a draft of the new FSEIS supplement in December 2015. Under the updated schedule, the new final FSEIS supplement is expected to be issued in September 2016.

The hearing process is an integral component of the NRC’s regulatory framework, and evidentiary hearings on license renewal applications are not uncommon. Entergy is participating fully in the hearing and appeals processes as authorized by the NRC regulations. As noted in Entergy filings at the ASLB and the appellate levels, Entergy believes the contentions proposed by the intervenors are unsupported and without merit. Entergy will continue to work with the NRC staff as it completes its technical and environmental reviews of the Indian Point 2 and 3 license renewal applications. See "Nuclear Matters" below for discussion of spent nuclear fuel storage issues and their potential effect on the timing of license renewals.

Indian Point NYSDEC Water Quality Certification Proceedings

The New York State Department of Environmental Conservation (NYSDEC) has taken the position that Indian Point must obtain a new state-issued Clean Water Act Section 401 water quality certification as part of the license renewal process. Entergy submitted its application for a water quality certification to NYSDEC in April 2009, with a reservation of rights regarding the applicability of Section 401 in this case. After Entergy submitted certain additional information in response to NYSDEC requests for additional information, in February 2010 the NYSDEC staff determined that Entergy's water quality certification application was complete. In April 2010 the NYSDEC staff issued a proposed notice of denial of Entergy's water quality certification application (the Notice). NYSDEC staff's Notice triggered an administrative adjudicatory hearing before NYSDEC ALJs on the proposed Notice. The NYSDEC staff decision does not restrict Indian Point operations, but the issuance of a certification is potentially required prior to NRC issuance of renewed unit licenses. In June 2011, Entergy filed notice with the NRC that NYSDEC, the agency that would issue or deny a water quality certification for the Indian Point license renewal process, had taken longer than one year to take final action on Entergy's application for a water quality certification and, therefore, had waived its opportunity to require a certification under the provisions of Section 401 of the Clean Water Act. The NYSDEC has notified the NRC that it disagrees with Entergy's position and does not believe that it has waived the right to require a certification. The NYSDEC ALJs overseeing the agency's certification adjudicatory process stated in a ruling issued in July 2011 that while the waiver issue is pending before the NRC, the NYSDEC hearing process will continue on selected issues. The ALJs held a Legislative Hearing (agency public comment session) and an Issues Conference (pre-trial conference) in July 2010 and set certain issues for trial in October 2011. In 2014, hearings were held on NYSDEC's proposed best technology available, closed cycle cooling. The NYSDEC staff also has proposed annual fish protection outages of 42, 62, or 92 days at both units or at one unit with closed cycle cooling at the other. The ALJs held a further legislative hearing and issues conference on this NYSDEC staff proposal in July 2014. In January 2015, Entergy wrote NYSDEC leadership requesting an explanation of the delay in release of the ruling following an ALJ's on-record statement that the ALJ's draft ruling was under "executive review." In February 2015 the ALJs issued a ruling scheduling hearings on the outage proposals and other pending issues. In March 2015 the NYSDEC staff withdrew from consideration at trial before the ALJs its proposal for annual fish protection outages of 92 days. The NYSDEC staff and Riverkeeper continue to advance other annual outage proposals. The NYSDEC staff also withdrew from further consideration a $24 million annual interim payment that had been proposed as a condition of the draft water pollution control permit. Hearings on the outages proposal were held in September 2015, and post-hearing briefing on both the closed cycle cooling proposal and the outages proposal has been scheduled for May and July 2016.

The ALJs have issued no partial decisions on the several issues that have been the subject of hearing during the past four years and have not announced a schedule for doing so. After the completion of hearings on the merits, the ALJs will issue a recommended decision to the NYSDEC Commissioner's designated delegate who will then issue the final agency decision. A party to the proceeding can appeal the final agency decision to state court.

Indian Point Coastal Zone Management Act Proceedings

In addition, before the NRC may issue renewed operating licenses it must resolve its obligation to address the requirements of the Coastal Zone Management Act (CZMA). Most commonly, those requirements are met by the applicant's demonstration that the activity authorized by the federal permit being sought is consistent with the host state's federally-approved coastal management policies. Entergy has undertaken three independent initiatives to resolve CZMA issues: "grandfathering;" "previous review;" and a "consistency certification."

First, Entergy filed with the New York State Department of State (NYSDOS) in November 2012 a petition for declaratory order that Indian Point is grandfathered under either of two criteria prescribed by the New York Coastal Management Program (NYCMP), which sets forth the state coastal policies applied in a CZMA consistency review. NYSDOS denied the motion by order dated January 2013. Entergy filed a petition for judicial review of NYSDOS's decision with the New York State Supreme Court for Albany County in March 2013. The court denied Entergy's appeal in December 2013. Entergy initiated an appeal to the Appellate Division of the New York State Supreme Court in January 2014. In December 2014 a five-judge panel of that court unanimously held that Indian Point is exempt from

CZMA consistency review by NYSDOS because it meets one of the two criteria for grandfathering established in the NYCMP. The court did not address the second criterion. Appeal to New York State's highest court, the State Court of Appeals, was granted in June 2015 upon NYSDOS's motion. Oral argument has not been scheduled.

Second, in July 2012, Entergy filed a supplement to the Indian Point license renewal applications currently pending before the NRC. The supplement states that, based on applicable federal law and in light of prior reviews by the State of New York, the NRC may issue the requested renewed operating licenses for Indian Point without the need for an additional consistency review by the State of New York under the CZMA. In July 2012, Entergy filed a motion for declaratory order with the ASLB seeking confirmation of its position that no further CZMA consistency determination is required before the NRC may issue renewed licenses. In April 2013 the State of New York and Riverkeeper filed answers opposing Entergy's motion. The State of New York also filed a cross-motion for declaratory order seeking confirmation that Indian Point had not been previously reviewed, and that only NYSDOS could conduct a CZMA review for NRC license renewal purposes. In April 2013 the NRC Staff filed answers recommending the ASLB deny both Entergy's and the State of New York's motions for declaratory order. In June 2013 the ASLB denied Entergy's and the State of New York's motions, without prejudice, on the ground that consultation on the matter of previous review among the NRC, Entergy (as applicant), and the State of New York had not taken place, as the ASLB determined to be required. In December 2013, NRC staff initiated consultation under federal CZMA regulations by serving on NYSDOS written questions related to whether Indian Point had been previously reviewed. In May 2014 the NYSDOS responded to questions the NRC staff submitted in December 2013. In July 2014, Entergy submitted comments on NYSDOS's responses and NYSDOS filed a reply to those comments. Further submissions to the NRC staff with respect to the previous review issue were made by Entergy in November 2014 and by NYSDOS in December 2014. The NRC staff advised the ASLB in February 2015 that it is reviewing the information it has received regarding previous review and will provide further information when available.

Third, in December 2012, Entergy filed with NYSDOS a consistency determination explaining why Indian Point satisfies all applicable NYCMP policies while noting that Entergy did not concede NYSDOS's right to conduct a new CZMA review for Indian Point. In January 2013, NYSDOS notified Entergy that it deemed the consistency determination incomplete because it did not include the final version of a further supplement to the FSEIS that was targeted for subsequent issuance by NRC staff. In June 2013, NYSDOS notified Entergy that NYSDOS had received a copy of the final version of the FSEIS on June 20, 2013, and that NYSDOS's review of the Indian Point consistency determination had begun that date. By a series of agreements, Entergy and NYSDOS agreed to extend NYSDOS's deadline for concurring with or objecting to the Indian Point consistency certification to December 31, 2014. In November 2014, Entergy filed with the NRC and with NYSDOS a notice withdrawing the consistency certification. Entergy cited the NRC staff's announcement two days earlier of its intent to issue in March 2016 a new FSEIS supplement addressing, among other things, new information concerning aquatic impacts. Entergy stated that unless the previous review or grandfathering issues were first and finally resolved in Entergy's favor, Entergy intended to file a new consistency certification after the NRC issues the FSEIS supplement. That new consistency certification would initiate NYSDOS's review process, would allow the FSEIS supplement to also be part of the record before NYSDOS, and, were NYSDOS to object to the new certification, would also be part of the record before the U.S. Secretary of Commerce on appeal.

NYSDOS disputed the effectiveness of Entergy's November 2014 notice withdrawing the consistency certification. In December 2014, Entergy and NYSDOS executed an agreement intended to preserve the parties' respective positions on withdrawal. The agreement provides, among other things, that if NYSDOS is correct about withdrawal not being effective, the parties will be deemed to have agreed to a stay of NYSDOS's deadline for decision on the 2012 consistency certification to June 30, 2015. That agreement was extended several times; upon expiration of the last extension, NYSDOS issued an objection on November 6, 2015. On November 10, 2015, Entergy filed with the National Oceanographic and Atmospheric Administration (NOAA), the agency within the U.S. Department of Commerce that has been delegated authority to act on CZMA appeals, a motion requesting a determination that Entergy’s November 2014 withdrawal notice was effective, and the objection therefore invalid, or, alternatively, an extension of the deadline for Entergy to file a notice of appeal and the consolidated record of proceedings which by law must be assembled by the federal licensing agency, here the NRC. On November 25, 2015, after receiving papers in opposition from NYSDOS, NOAA issued a letter (1) deferring until after the New York Court of Appeals ruled on grandfathering the determination whether Entergy's withdrawal notice was effective, and (2) extending until that time Entergy's deadline for filing a notice of appeal and the consolidated record. In January 2016, Entergy filed suit in the U.S. District Court for the Northern District of New York challenging NYDSOS's November 6, 2015 CZMA objection on federal preemption grounds. Entergy's complaint requests a determination that the objection, which cites nuclear safety concerns, is preempted and thus invalid.

ANO Damage, Outage, and NRC Reviews

On March 31, 2013, during a scheduled refueling outage at ANO 1, a contractor-owned and operated heavy-lifting apparatus collapsed while moving the generator stator out of the turbine building. The collapse resulted in the death of an ironworker and injuries to several other contract workers, caused ANO 2 to shut down, and damaged the ANO turbine building. The turbine building serves both ANO 1 and 2 and is a non-radiological area of the plant. ANO 2 reconnected to the grid on April 28, 2013 and ANO 1 reconnected to the grid on August 7, 2013. The total cost of assessment, restoration of off-site power, site restoration, debris removal, and replacement of damaged property and equipment was approximately $95 million. In addition, Entergy Arkansas incurred replacement power costs for ANO 2 power during its outage and incurred incremental replacement power costs for ANO 1 power because the outage extended beyond the originally-planned duration of the refueling outage. In February 2014 the APSC approved Entergy Arkansas's request to exclude from the calculation of its revised energy cost rate $65.9 million of deferred fuel and purchased energy costs incurred in 2013 as a result of the ANO stator incident. The APSC authorized Entergy Arkansas to retain the $65.9 million in its deferred fuel balance with recovery to be reviewed in a later period after more information regarding various claims associated with the ANO stator incident is available.

Entergy Arkansas is pursuing its options for recovering damages that resulted from the stator drop, including its insurance coverage and legal action. Entergy is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company that provides property damage coverage to the members' nuclear generating plants, including ANO. NEIL has notified Entergy that it believes that a $50 million course of construction sublimit applies to any loss associated with the lifting apparatus failure and stator drop at ANO. Entergy has responded that it disagrees with NEIL's position and is evaluating its options for enforcing its rights under the policy. During 2014, Entergy Arkansas collected $50 million from NEIL and is pursuing additional recoveries due under the policy. In July 2013, Entergy Arkansas filed a complaint in the Circuit Court in Pope County, Arkansas against the owner of the heavy-lifting apparatus that collapsed, an engineering firm, a contractor, and certain individuals asserting claims of breach of contract, negligence, and gross negligence in connection with their responsibility for the stator drop.

Shortly after the stator incident, the NRC deployed an augmented inspection team to review the plant's response. In July 2013 a second team of NRC inspectors visited ANO to evaluate certain items that were identified as requiring follow-up inspection to determine whether performance deficiencies existed. In March 2014 the NRC issued an inspection report on the follow-up inspection that discussed two preliminary findings, one that was preliminarily determined to be "red with high safety significance" for Unit 1 and one that was preliminarily determined to be "yellow with substantial safety significance" for Unit 2, with the NRC indicating further that these preliminary findings may warrant additional regulatory oversight. This report also noted that one additional item related to flood barrier effectiveness was still under review.

In May 2014 the NRC met with Entergy during a regulatory conference to discuss the preliminary red and yellow findings and Entergy's response to the findings. During the regulatory conference, Entergy presented information on the facts and assumptions the NRC used to assess the potential findings. The NRC used the information provided by Entergy at the regulatory conference to finalize its decision regarding the inspection team's findings. In a letter dated

June 23, 2014, the NRC classified both findings as “yellow with substantial safety significance.” In an assessment follow-up letter for ANO dated July 29, 2014, the NRC stated that given the two yellow findings, it determined that the performance at ANO was in the “degraded cornerstone column,” or column 3, of the NRC’s reactor oversight process action matrix beginning the first quarter 2014. Corrective actions in response to the NRC’s findings have been taken and remain ongoing at ANO.

In September 2014 the NRC issued an inspection report on the flood barrier effectiveness issue that was still under review at the time of the March 2014 inspection report. While Entergy believes that the flood barrier issues that led to the finding have been addressed at ANO, NRC processes still required that the NRC assess the safety significance of the deficiencies. In its September 2014 inspection report, the NRC discussed a preliminary finding of "yellow with substantial safety significance" for the Unit 1 and Unit 2 auxiliary and emergency diesel fuel storage buildings. The NRC indicated that these preliminary findings may warrant additional regulatory oversight. Entergy requested a public regulatory conference regarding the inspection, and the conference was held in October 2014. During the regulatory conference, Entergy presented information related to the facts and assumptions used by the NRC in arriving at its preliminary finding of "yellow with substantial safety significance." In January 2015 the NRC issued its final risk significance determination for the flood barrier violation originally cited in the September 2014 report. The NRC's final risk significance determination was classified as "yellow with substantial safety significance."

In March 2015 the NRC issued a letter notifying Entergy of its decision to move ANO into the "multiple/repetitive degraded cornerstone column" (Column 4) of the NRC's Reactor Oversight Process Action Matrix. Placement into Column 4 requires significant additional NRC inspection activities at the ANO site, including a review of the site's root cause evaluation associated with the flood barrier and stator issues, an assessment of the effectiveness of the site's corrective action program, an additional design basis inspection, a safety culture assessment, and possibly other inspection activities consistent with the NRC's Inspection Procedure. Entergy Arkansas incurred incremental costs of approximately $53 million in 2015 to prepare for the NRC inspection that began in early 2016. Excluding remediation and response costs that may result from the additional NRC inspection activities, Entergy Arkansas also expects to incur approximately $50 million in 2016 in support of NRC inspection activities and to implement Entergy Arkansas's performance improvement initiatives developed in 2015. A much lesser amount of incremental expenses is expected to be ongoing annually after 2016.

Entergy Louisiana and Entergy Gulf States Louisiana Business Combination

Entergy Louisiana and Entergy Gulf States Louisiana filed an application with the LPSC in September 2014 seeking authorization to undertake the transactions that would result in the combination of Entergy Louisiana and Entergy Gulf States Louisiana into a single public utility. In the application, Entergy Louisiana and Entergy Gulf States Louisiana identified potential benefits, including enhanced economic and customer diversity, enhanced geographic and supply diversity, and greater administrative efficiency. In the initial proceedings with the LPSC, Entergy Louisiana and Entergy Gulf States Louisiana estimated that the business combination could produce up to $128 million in measurable customer benefits during the first ten years following the transaction's close including proposed guaranteed customer credits of $97 million in the first nine years. In April 2015 the LPSC staff and intervenors filed testimony in the LPSC business combination proceeding. The testimony recommended an extensive set of conditions that would be required in order to recommend that the LPSC find that the business combination was in the public interest. The LPSC staff's primary concern appeared to be potential shifting in fuel costs between Entergy Louisiana and Entergy Gulf States Louisiana customers. In May 2015, Entergy Louisiana and Entergy Gulf States Louisiana filed rebuttal testimony. After the testimony was filed with the LPSC, the parties engaged in settlement discussions that ultimately led to the execution of an uncontested stipulated settlement ("stipulated settlement"), which was filed with the LPSC in July 2015. Through the stipulated settlement, the parties agreed to terms upon which to recommend that the LPSC find that the business combination was in the public interest. The stipulated settlement, which was either joined, or unopposed, by all parties to the LPSC proceeding, represents a compromise of stakeholder positions and was the result of an extensive period of analysis, discovery, and negotiation. The stipulated settlement provides $107 million in guaranteed customer benefits during the first nine years following the transaction's close. Additionally, the combined company will honor the 2013 Entergy Louisiana and Entergy Gulf States Louisiana rate case settlements, including the commitments that (1) there will be no rate increase for legacy Entergy Gulf States Louisiana customers for the 2014 test year, and (2) through the 2016 test year formula rate plan, Entergy Louisiana (as a combined entity) will not raise rates by more than $30 million, net of the $10 million rate increase included in the Entergy Louisiana legacy formula rate plan. The stipulated settlement also describes the process for implementing a fuel-tracking mechanism that is designed to address potential effects arising from the shifting of fuel costs between legacy Entergy Louisiana and legacy Entergy Gulf States Louisiana customers as a result of the combination of those companies' fuel adjustment clauses. Specifically, the fuel tracker would reallocate such cost shifts as between legacy customers of the companies on an after-the-fact basis, and the calculation of the fuel tracker will be submitted annually in a compliance filing. The stipulated settlement also provides that Entergy Gulf States Louisiana and Entergy Louisiana are permitted to defer certain external costs that were incurred to achieve the business combination's customer benefits. The deferred amount, which shall not exceed $25 million, will be subject to a prudence review and amortized over a 10-year period. In 2015 deferrals of $16 million for these external costs were recorded. A hearing on the stipulated settlement in the LPSC proceeding was held in July 2015. In August 2015 the LPSC approved the business combination.

In April 2015 the FERC approved applications requesting authorization for the business combination. In August 2015 the NRC approved the applications for the River Bend and Waterford 3 license transfers as part of the steps to complete the business combination.

On October 1, 2015, the businesses formerly conducted by Entergy Louisiana and Entergy Gulf States Louisiana were combined into a single public utility. With the completion of the business combination, Entergy Louisiana holds substantially all of the assets, and has assumed the liabilities, of Entergy Louisiana and Entergy Gulf States Louisiana. The effect of the business combination has been retrospectively applied to Entergy Louisiana's financial statements that are presented in this report. See Note 2 to the financial statements for further discussion of the business combination and related customer credits.

Human Capital Management Strategic Imperative

Entergy engaged in a strategic imperative intended to optimize the organization through a process known as human capital management. In July 2013 management completed a comprehensive review of Entergy's organization design and processes. This effort resulted in a new internal organization structure, which resulted in the elimination of approximately 800 employee positions. Entergy incurred approximately $110 million and approximately $20 million in costs in 2013 and 2014, respectively, associated with this phase of human capital management, primarily implementation costs, severance expenses, pension curtailment losses, special termination benefits expense, and corporate property, plant, and equipment impairments. In December 2013, Entergy deferred for future recovery approximately $45 million of these costs, as approved by the APSC and the LPSC. See Note 2 to the financial statements for details of the deferrals and Note 13 to the financial statements for details of the restructuring charges.

Liquidity and Capital Resources

This section discusses Entergy's capital structure, capital spending plans and other uses of capital, sources of capital, and the cash flow activity presented in the cash flow statement.

Capital Structure

Entergy's capitalization is balanced between equity and debt, as shown in the following table. The increase in the debt to capital ratio for Entergy as of December 31, 2015 is primarily due to a decrease in retained earnings.

	2015		2014	
Debt to capital	59.1	%	57.4	%
Effect of excluding securitization bonds	(1.4	%)	(1.4	%)
Debt to capital, excluding securitization bonds (a)	57.7	%	56.0	%
Effect of subtracting cash	(2.7	%)	(2.8	%)
Net debt to net capital, excluding securitization bonds (a)	55.0	%	53.2	%

(a) Calculation excludes the Arkansas, Louisiana, New Orleans and Texas securitization bonds, which are non-recourse to Entergy Arkansas, Entergy Louisiana, Entergy New Orleans, and Entergy Texas, respectively.

Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and commercial paper, capital lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, common shareholders' equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. Entergy uses the debt to capital ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy's financial condition because the securitization bonds are non-recourse to Entergy, as more fully described in Note 5 to the financial statements. Entergy also uses the net debt to net capital ratio excluding securitization bonds in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy's financial condition because net debt indicates Entergy's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Long-term debt, including the currently maturing portion, makes up most of Entergy's total debt outstanding. Following are Entergy's long-term debt principal maturities and estimated interest payments as of December 31, 2015. To estimate future interest payments for variable rate debt, Entergy used the rate as of December 31, 2015. The amounts below include payments on the Entergy Louisiana and System Energy sale-leaseback transactions, which are included in long-term debt on the balance sheet.

Long-term debt maturities and estimated interest payments	2016	2017	2018	2019-2020	after 2020
	(In Millions)				
Utility	$743	$890	$1,308	$1,978	$13,410
Entergy Wholesale Commodities	3	2	13	2	26
Parent and Other	89	566	66	1,403	690
Total	$835	$1,458	$1,387	$3,383	$14,126

Note 5 to the financial statements provides more detail concerning long-term debt outstanding.

Entergy Corporation has in place a credit facility that has a borrowing capacity of $3.5 billion and expires in August 2020. Entergy Corporation has the ability to issue letters of credit against 50% of the total borrowing capacity of the facility. The commitment fee is currently 0.275% of the undrawn commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The weighted average interest rate for the year ended December 31, 2015 was 1.98% on the drawn portion of the facility.

As of December 31, 2015, amounts outstanding and capacity available under the $3.5 billion credit facility are:

Capacity (a)	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
$3,500	$835	$9	$2,656

A covenant in Entergy Corporation's credit facility requires Entergy to maintain a consolidated debt ratio of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with the covenant. If Entergy fails to meet this ratio, or if Entergy or one of the Utility operating companies (except Entergy New Orleans) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the Entergy Corporation credit facility's maturity date may occur.

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Entergy Corporation has a commercial paper program with a Board-approved program limit of up to $1.5 billion. At December 31, 2015, Entergy Corporation had $422 million of commercial paper outstanding. The weighted-average interest rate for the year ended December 31, 2015 was 0.90%.

Capital lease obligations are a minimal part of Entergy's overall capital structure. Following are Entergy's payment obligations under those leases.

	2016	2017	2018	2019-2020	after 2020
	(In Millions)				
Capital lease payments	$5	$4	$4	$6	$25

The capital leases are discussed in Note 10 to the financial statements.

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of December 31, 2015 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of December 31, 2015	Letters of Credit Outstanding as of December 31, 2015
Entergy Arkansas	April 2016	$20 million (b)	1.92%	—	—
Entergy Arkansas	August 2020	$150 million (c)	1.92%	—	—
Entergy Louisiana	August 2020	$350 million (d)	1.67%	—	$3.1 million
Entergy Mississippi	May 2016	$10 million (e)	1.92%	—	—
Entergy Mississippi	May 2016	$20 million (e)	1.92%	—	—
Entergy Mississippi	May 2016	$35 million (e)	1.92%	—	—
Entergy Mississippi	May 2016	$37.5 million (e)	1.92%	—	—
Entergy New Orleans	November 2018	$25 million	2.17%	—	—
Entergy Texas	August 2020	$150 million (f)	1.92%	—	$1.3 million

(a) The interest rate is the rate as of December 31, 2015 that would be applied to outstanding borrowings under the facility.
(b) Borrowings under this Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable at Entergy Arkansas's option.
(c) The credit facility allows Entergy Arkansas to issue letters of credit against 50% of the borrowing capacity of the facility.
(d) The credit facility allows Entergy Louisiana to issue letters of credit against 50% of the borrowing capacity of the facility.
(e) Borrowings under the Entergy Mississippi credit facilities may be secured by a security interest in its accounts receivable at Entergy Mississippi's option.
(f) The credit facility allows Entergy Texas to issue letters of credit against 50% of the borrowing capacity of the facility.

Each of the credit facilities requires the Registrant Subsidiary borrower to maintain a debt ratio of 65% or less of its total capitalization. Each Registrant Subsidiary is in compliance with this covenant.

In addition, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each entered into one or more uncommitted standby letter of credit facilities as a means to post collateral to support its obligations related to MISO. Following is a summary of the uncommitted standby letter of credit facilities as of December 31, 2015:

Company	Amount of Uncommitted Facility	Letter of Credit Fee	Letters of Credit Issued as of December 31, 2015	
Entergy Arkansas	$25 million	0.70%	$1.0	million
Entergy Louisiana	$125 million	0.70%	$17.1	million
Entergy Mississippi	$40 million	0.70%	$6.0	million
Entergy New Orleans	$15 million	0.75%	$1.4	million
Entergy Texas	$50 million	0.70%	$9.4	million

In January 2015, Entergy Nuclear Vermont Yankee entered into a credit facility guaranteed by Entergy Corporation with a borrowing capacity of $60 million which expires in January 2018. Also in January 2015, Entergy Nuclear Vermont Yankee entered into an uncommitted credit facility guaranteed by Entergy Corporation with a borrowing capacity of $85 million which expires in January 2018. See Note 4 to the financial statements for additional discussion of the Vermont Yankee facilities.

Operating Lease Obligations and Guarantees of Unconsolidated Obligations

Entergy has a minimal amount of operating lease obligations and guarantees in support of unconsolidated obligations. Entergy's guarantees in support of unconsolidated obligations are not likely to have a material effect on Entergy's financial condition, results of operations, or cash flows. Following are Entergy's payment obligations as of December 31, 2015 on non-cancelable operating leases with a term over one year:

	2016	2017	2018	2019-2020	after 2020
	(In Millions)				
Operating lease payments	$78	$64	$53	$84	$80

The operating leases are discussed in Note 10 to the financial statements.

Summary of Contractual Obligations of Consolidated Entities

Contractual Obligations	2016	2017-2018	2019-2020	after 2020	Total
	(In Millions)				
Long-term debt (a)	$835	$2,845	$3,383	$14,126	$21,189
Capital lease payments (b)	$5	$8	$6	$25	$44
Operating leases (b) (c)	$78	$117	$84	$80	$359
Purchase obligations (d)	$1,584	$2,684	$1,803	$4,165	$10,236

(a) Includes estimated interest payments. Long-term debt is discussed in Note 5 to the financial statements.
(b) Lease obligations are discussed in Note 10 to the financial statements.
(c) Does not include power purchase agreements that are accounted for as leases that are included in purchase obligations.
(d) Purchase obligations represent the minimum purchase obligation or cancellation charge for contractual obligations to purchase goods or services. Almost all of the total are fuel and purchased power obligations.

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In addition to the contractual obligations given above, Entergy currently expects to contribute approximately $387.5 million to its pension plans and approximately $52.8 million to other postretirement plans in 2016, although the 2016 required pension contributions will be known with more certainty when the January 1, 2016 valuations are completed, which is expected by April 1, 2016. See “Critical Accounting Estimates - Qualified Pension and Other Postretirement Benefits” below for a discussion of qualified pension and other postretirement benefits funding.

Also in addition to the contractual obligations, Entergy has $1,347 million of unrecognized tax benefits and interest net of unused tax attributes for which the timing of payments beyond 12 months cannot be reasonably estimated due to uncertainties in the timing of effective settlement of tax positions. See Note 3 to the financial statements for additional information regarding unrecognized tax benefits.

Capital Funds Agreement

Pursuant to an agreement with certain creditors, Entergy Corporation has agreed to supply System Energy with sufficient capital to:

- maintain System Energy’s equity capital at a minimum of 35% of its total capitalization (excluding short-term debt);
- permit the continued commercial operation of Grand Gulf;
- pay in full all System Energy indebtedness for borrowed money when due; and
- enable System Energy to make payments on specific System Energy debt, under supplements to the agreement assigning System Energy’s rights in the agreement as security for the specific debt.

Capital Expenditure Plans and Other Uses of Capital

Following are the amounts of Entergy’s planned construction and other capital investments by operating segment for 2016 through 2018.

Planned construction and capital investments	2016	2017	2018
	(In Millions)		
Utility:			
Generation	$1,790	$1,155	$1,380
Transmission	715	850	725
Distribution	775	810	755
Other	270	200	185
Total	3,550	3,015	3,045
Entergy Wholesale Commodities	260	235	215
Total	$3,810	$3,250	$3,260

Planned construction and capital investments refer to amounts Entergy plans to spend on routine capital projects that are necessary to support reliability of its service, equipment, or systems and to support normal customer growth, and includes spending for the nuclear and non-nuclear plants at Entergy Wholesale Commodities. In addition to routine capital projects, they also refer to amounts Entergy plans to spend on non-routine capital investments for which Entergy is either contractually obligated, has Board approval, or otherwise expects to make to satisfy regulatory or legal requirements. Amounts include the following:

- Potential resource planning investments, including the Union Power Station acquisition discussed below, and potential construction of additional generation.
-

Entergy Wholesale Commodities investments associated with specific investments such as component replacements, software and security, dry cask storage, and nuclear license renewal.

- NRC post-Fukushima requirements for the Utility and Entergy Wholesale Commodities nuclear fleets.

- Transmission spending to enhance reliability, reduce congestion, and enable economic growth.
- Distribution spending to maintain reliability and improve service to customers, including initial investment to support smart meter deployment.

For the next several years, the Utility’s owned generating capacity is projected to be adequate to meet MISO reserve requirements; however, in the longer-term additional supply resources will be needed, and its supply plan initiative will continue to seek to transform its generation portfolio with new generation resources. Opportunities resulting from the supply plan initiative, including new projects or the exploration of alternative financing sources, could result in increases or decreases in the capital expenditure estimates given above. Estimated capital expenditures are also subject to periodic review and modification and may vary based on the ongoing effects of business restructuring, regulatory constraints and requirements, environmental regulations, business opportunities, market volatility, economic trends, changes in project plans, and the ability to access capital.

St. Charles Power Station

In August 2015, Entergy Louisiana filed with the LPSC an application seeking certification that the public necessity and convenience would be served by the construction of the St. Charles Power Station, a nominal 980 megawatt combined-cycle generating unit, on land adjacent to the existing Little Gypsy plant in St. Charles Parish, Louisiana. Discovery has begun in the proceeding. Testimony has been filed by LPSC staff and intervenors, with LPSC staff concluding that the construction of the project serves the public convenience and necessity. Three intervenors contend that Entergy Louisiana has not established that construction of the project is in the public interest, claiming that the RFP excluded consideration of certain resources that could be more cost effective, that the RFP provided undue preference to the self-build option, and that a 30-year capacity commitment is not warranted by current supply conditions. The RFP independent monitor also filed testimony and a report affirming that the St. Charles Power Station was selected through an objective and fair RFP that showed no undue preference to any proposal. An evidentiary hearing is scheduled for April 2016 and, subject to regulatory approval by the LPSC, full notice to proceed is expected to be issued in Summer 2016. Commercial operation is estimated to occur by Summer 2019.

Union Power Station Purchase Agreement

In December 2014, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas entered into an asset purchase agreement to acquire the Union Power Station, a 1,980 MW (summer rating) power generation facility located near El Dorado, Arkansas, from Union Power Partners, L.P. The Union Power Station consists of four natural gas-fired, combined-cycle gas turbine power blocks, each rated at 495 MW (summer rating). Pursuant to the agreement, Entergy Gulf States Louisiana would acquire two of the power blocks and a 50% undivided ownership interest in certain assets related to the facility, and Entergy Arkansas and Entergy Texas would each acquire one power block and a 25% undivided ownership interest in such related assets. The base purchase price is expected to be approximately $948 million (approximately $237 million for each power block) subject to adjustments. The purchase is contingent upon, among other things, obtaining necessary approvals, including cost recovery, from various federal and state regulatory and permitting agencies. Under the original terms of the asset purchase agreement, these included regulatory approvals from the APSC, LPSC, PUCT, and FERC, as well as clearance under the Hart-Scott-Rodino antitrust law.

In December 2014, Entergy Texas filed its application for Certificate of Convenience and Necessity (CCN) with the PUCT seeking one of the two necessary PUCT approvals of the acquisition. Based on the opposition to the acquisition of the power block, Entergy Texas determined it was appropriate to seek to dismiss the CCN filing. In July 2015, Entergy Texas withdrew its rate case and, together with other parties, filed a motion with the PUCT to dismiss Entergy Texas's CCN application. In July 2015, the PUCT granted the motion to dismiss the CCN case. The power block originally allocated to Entergy Texas will be acquired by Entergy New Orleans. The acquisition by Entergy New Orleans replaces the power purchase agreement with Entergy Gulf States Louisiana that the City Council approved in June 2015. In August 2015, Entergy New Orleans filed an application with the City Council seeking authorization to proceed with the acquisition of the power block and seeking approval of the recovery of the associated costs. In November 2015 the City Council issued written resolutions and an order approving an agreement in principle between

Entergy New Orleans and City Council advisors providing that the purchase of Power Block 1 and related assets by Entergy New Orleans is prudent and in the public interest.

In January 2015, Entergy Gulf States Louisiana filed its application with the LPSC for approval of the acquisition and cost recovery. Supplemental testimony was submitted in July 2015 explaining the reallocation of one of the power blocks to Entergy New Orleans and clarifying that Entergy Gulf States Louisiana would own 100% of the capacity and associated energy of two power blocks. In September 2015, Entergy Gulf States Louisiana agreed to settlement terms with all parties for Entergy Gulf States Louisiana's purchase of the two power blocks. In October 2015 the LPSC voted unanimously to approve the uncontested settlement which finds, among other things, that acquisition of Power Blocks 3 and 4 is in the public interest and, therefore, prudent. The business combination of Entergy Gulf States Louisiana and Entergy Louisiana received regulatory approval and closed in October 2015 making Entergy Louisiana the named purchaser of Power Blocks 3 and 4 of the Union Power Station.

In January 2015, Entergy Arkansas filed its application with the APSC for approval of the acquisition and cost recovery. A hearing was held in September 2015. In November 2015 the APSC issued an order conditionally approving the acquisition and requesting that Entergy Arkansas file compliance testimony reporting on two minor conditions. In January 2016 the APSC issued an order finding that Entergy Arkansas's December 2015 compliance filing was substantially compliant with its November 2015 order. If the transaction closes on or before March 24, 2016, recovery of the costs to acquire Power Block 2 of the Union Power Station will be through Entergy Arkansas's new base rates that will commence with the first billing cycle of April 2016. If the transaction closes after that date, the parties have agreed to concurrent cost recovery through Entergy Arkansas's capacity acquisition rider.

In February 2015, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas filed a notification and report form pursuant to the Hart-Scott-Rodino Antitrust Improvements Act with the United States Department of Justice (DOJ) and Federal Trade Commission with respect to their planned acquisition of the Union Power Station. Union Power Partners, L.P. (UPP), the seller, also filed a notification and report form in February 2015.

In March 2015 the DOJ requested additional information and documentary material from each of the purchasing companies and UPP. Also in March 2015, UPP, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas filed an application with the FERC requesting authorization for the transaction. In April 2015, Entergy Arkansas, Entergy Gulf States Louisiana, and Entergy Texas made a filing with the FERC for approval of their proposed accounting treatment of the amortization expenses relating to the acquisition adjustment. Filings were made with the FERC in September 2015 replacing Entergy Texas with Entergy New Orleans as an applicant in the filings and providing supplemental information. In the FERC proceeding requesting authorization for the transaction, in December 2015, UPP, Entergy Arkansas, Entergy Louisiana, as successor in interest to Entergy Gulf States Louisiana, and Entergy New Orleans filed their response to the FERC's November 2015 request for additional information. The public comment period on the December 2015 filing expired in January 2016. No protests were filed. The LPSC, City Council, and APSC have filed submissions with the FERC urging the FERC to promptly consider and approve the transaction.

Closing of the purchase is expected to be completed promptly following the receipt of FERC approval.

Dividends and Stock Repurchases

Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon earnings per share from the Utility operating segment and the Parent and Other portion of the business, financial strength, and future investment opportunities. At its January 2016 meeting, the Board declared a dividend of $0.85 per share. Entergy paid $599 million in 2015, $596 million in 2014, and $593 million in 2013 in cash dividends on its common stock.

In accordance with Entergy's stock-based compensation plans, Entergy periodically grants stock options, restricted stock, performance units, and restricted stock unit awards to key employees, which may be exercised to obtain shares of Entergy's common stock. According to the plans, these shares can be newly issued shares, treasury stock, or shares purchased on the open market. Entergy's management has been authorized by the Board to repurchase on the open market shares up to an amount sufficient to fund the exercise of grants under the plans.

In addition to the authority to fund grant exercises, the Board has authorized share repurchase programs to enable opportunistic purchases in response to market conditions. In October 2010 the Board granted authority for a $500 million share repurchase program. As of December 31, 2015, $350 million of authority remains under the $500 million share repurchase program. The amount of repurchases may vary as a result of material changes in business results or capital spending or new investment opportunities, or if limitations in the credit markets continue for a prolonged period.

Sources of Capital

Entergy's sources to meet its capital requirements and to fund potential investments include:

- internally generated funds;
- cash on hand ($1,351 million as of December 31, 2015);
- securities issuances;
- bank financing under new or existing facilities or commercial paper; and
- sales of assets.

Circumstances such as weather patterns, fuel and purchased power price fluctuations, and unanticipated expenses, including unscheduled plant outages and storms, could affect the timing and level of internally generated funds in the future.

Provisions within the Articles of Incorporation or pertinent indentures and various other agreements relating to the long-term debt and preferred stock of certain of Entergy Corporation's subsidiaries could restrict the payment of cash dividends or other distributions on their common and preferred stock. As of December 31, 2015, under provisions in their mortgage indentures, Entergy Arkansas and Entergy Mississippi had restricted retained earnings unavailable for distribution to Entergy Corporation of $394.9 million and $68.5 million, respectively. All debt and common and preferred equity issuances by the Registrant Subsidiaries require prior regulatory approval and their preferred equity and debt issuances are also subject to issuance tests set forth in corporate charters, bond indentures, and other agreements. Entergy believes that the Registrant Subsidiaries have sufficient capacity under these tests to meet foreseeable capital needs.

The FERC has jurisdiction over securities issuances by the Utility operating companies and System Energy, except securities with maturities longer than one year issued by Entergy Arkansas and Entergy New Orleans, which are subject to the jurisdiction of the APSC and the City Council, respectively. No regulatory approvals are necessary for Entergy Corporation to issue securities. The current FERC-authorized short-term borrowing limits are effective through October 2017. Entergy Louisiana, Entergy Mississippi, Entergy Texas, and System Energy have obtained long-term financing authorizations from the FERC that extend through October 2017. Entergy Arkansas has obtained long-term financing authorization from the APSC that extends through December 2018. Entergy New Orleans has obtained long-term financing authorization from the City Council that extends through July 2016. Entergy Arkansas, Entergy Louisiana, and System Energy each have obtained long-term financing authorizations from the FERC that extend through October 2017 for issuances by its nuclear fuel company variable interest entity. In addition to borrowings from commercial banks, the Registrant Subsidiaries may also borrow from the Entergy System money pool. The money pool is an intercompany borrowing arrangement designed to reduce Entergy's subsidiaries' dependence on external short-term borrowings. Borrowings from the money pool and external short-term borrowings combined may not exceed the FERC-authorized short-term borrowing limits. See Notes 4 and 5 to the financial statements for further discussion of Entergy's borrowing limits, authorizations, and amounts outstanding.

Hurricane Isaac

In August 2012, Hurricane Isaac caused extensive damage to portions of Entergy's service area in Louisiana, and to a lesser extent in Mississippi and Arkansas. The storm resulted in widespread power outages, significant damage primarily to distribution infrastructure, and the loss of sales during the power outages. In January 2013, Entergy Louisiana drew $252 million from its funded storm reserve escrow accounts. In April 2013, Entergy Louisiana filed a joint application with the LPSC relating to Hurricane Isaac system restoration costs. Specifically, Entergy Louisiana requested that the LPSC determine the amount of such costs that were prudently incurred and are, thus, eligible for recovery from customers. Including carrying costs and additional storm escrow funds for prior storms, Entergy Louisiana requested an LPSC determination that $321.5 million in system restoration costs were prudently incurred. In May 2013, Entergy Louisiana and the Louisiana Utilities Restoration Corporation (LURC), an instrumentality of the State of Louisiana, filed with the LPSC an application requesting that the LPSC grant financing orders authorizing the financing of Entergy Louisiana's storm costs, storm reserves, and issuance costs pursuant to Act 55 of the Louisiana Regular Session of 2007 (Louisiana Act 55). The LPSC Staff filed direct testimony in September 2013 concluding that Hurricane Isaac system restoration costs incurred by Entergy Louisiana were reasonable and prudent, subject to proposed minor adjustments which totaled approximately 1% of the company's costs. Following an evidentiary hearing and recommendations by the ALJ, the LPSC voted in June 2014 to approve a series of orders which (i) quantify the amount of Hurricane Isaac system restoration costs prudently incurred ($290.8 million for Entergy Louisiana); (ii) determine the level of storm reserves to be re-established ($290 million for Entergy Louisiana); (iii) authorize Entergy Louisiana to utilize Louisiana Act 55 financing for Hurricane Isaac system restoration costs; and (iv) grant other requested relief associated with storm reserves and Act 55 financing of Hurricane Isaac system restoration costs. Entergy Louisiana committed to pass on to customers a minimum of $30.8 million of customer benefits through annual customer credits of approximately $6.2 million for five years. Approvals for the Act 55 financings were obtained from the Louisiana Utilities Restoration Corporation (LURC) and the Louisiana State Bond Commission.

In July 2014, Entergy Louisiana issued two series totaling $300 million of 3.78% Series first mortgage bonds due April 2025. Entergy Louisiana used the proceeds to re-establish and replenish its storm damage escrow reserves and for general corporate purposes.

In August 2014 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued $314.85 million in bonds under Act 55 of the Louisiana Legislature. From the $309 million of bond proceeds loaned by the LCDA to the LURC, the LURC deposited $16 million in a restricted escrow account as a storm damage reserve for Entergy Louisiana and transferred $293 million directly to Entergy Louisiana. Entergy Louisiana used the $293 million received from the LURC to acquire 2,935,152.69 Class C preferred, non-voting, membership interest units of Entergy Holdings Company LLC, a company wholly-owned and consolidated by Entergy, that carry a 7.5% annual distribution rate. Distributions are payable quarterly commencing on September 15, 2014, and the membership interests have a liquidation price of $100 per unit. The preferred membership interests are callable at the option of Entergy Holdings Company LLC after ten years under the terms of the LLC agreement. The terms of the membership interests include certain financial covenants to which Entergy Holdings Company LLC is subject, including the requirement to maintain a net worth of at least $1.75 billion.

Entergy and Entergy Louisiana do not report the bonds on their balance sheets because the bonds are the obligation of the LCDA and there is no recourse against Entergy or Entergy Louisiana in the event of a bond default. To service the bonds, Entergy Louisiana collects a system restoration charge on behalf of the LURC, and remits the collections to the bond indenture trustee. Entergy and Entergy Louisiana do not report the collections as revenue because Entergy Louisiana is merely acting as the billing and collection agent for the state.

In May 2015, the City Council issued a financing order authorizing the issuance of securitization bonds to recover Entergy New Orleans's Hurricane Isaac storm restoration costs of $31.8 million, including carrying costs, the costs of funding and replenishing the storm recovery reserve in the amount of $63.9 million, and approximately $3 million for estimated up-front financing costs associated with the securitization. See Note 5 to the financial statements for a discussion of the July 2015 issuance of the securitization bonds.

Cash Flow Activity

As shown in Entergy’s Consolidated Statements of Cash Flows, cash flows for the years ended December 31, 2015, 2014, and 2013 were as follows:

	2015	2014	2013
	(In Millions)		
Cash and cash equivalents at beginning of period	$1,422	$739	$533
Net cash provided by (used in):			
Operating activities	3,291	3,890	3,189
Investing activities	(2,609)	(2,955)	(2,602)
Financing activities	(753)	(252)	(381)
Net increase (decrease) in cash and cash equivalents	(71)	683	206
Cash and cash equivalents at end of period	$1,351	$1,422	$739

Operating Activities

2015 Compared to 2014

Net cash provided by operating activities decreased by $599 million in 2015 primarily due to:

- lower Entergy Wholesale Commodities net revenues in 2015 as compared to 2014, as discussed previously;
- proceeds of $310 million received from the Louisiana Utilities Restoration Corporation in August 2014 as a result of the Louisiana Act 55 storm cost financing. See Note 2 to the financial statements and “Hurricane Isaac” above for a discussion of the Act 55 storm cost financing;
- spending of $78 million in 2015 on activities related to the decommissioning of Vermont Yankee, which ceased power production in December 2014;
- an increase of $52 million in interest paid in 2015 primarily due to an increase in interest paid on the Grand Gulf sale-leaseback obligation. See Note 10 to the financial statements for details of the Grand Gulf sale-leaseback obligation;
- an increase in spending of $48 million in 2015 related to Vermont Yankee, including the severance and retention payments accrued in 2014 and defueling activities that took place after the plant ceased power production in December 2014; and
- an increase in income tax payments of $26 million primarily due to payments made in 2015 for the final settlement of amounts outstanding associated with the 2006-2007 IRS audit. See Note 3 to the financial statements for a discussion of the finalized tax and interest computations for the 2006-2007 IRS audit.

The decrease was partially offset by:

- an increase in the recovery of fuel costs in 2015;
- higher Utility net revenues in 2015 as compared to 2014, as discussed above; and
- a decrease of $46 million in storm spending in 2015 as compared to 2014.

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2014 Compared to 2013

Net cash provided by operating activities increased by $701 million in 2014 primarily due to:

- higher Entergy Wholesale Commodities and Utility net revenues in 2014 as compared to 2013, as discussed previously;
- proceeds of $310 million received from the LURC in August 2014 as a result of the Louisiana Act 55 storm cost financings. See Note 2 to the financial statements for a discussion of the Act 55 storm cost financings;
- $58 million margin deposits made by Entergy Wholesale Commodities in 2013;
- a decrease in income tax payments of $50 million in 2014 compared to 2013 primarily due to state income tax effects of the settlement of the 2004-2005 IRS audit paid in 2013; and
- approximately $25 million in spending in 2013 related to the generator stator incident at ANO, as discussed previously.

The increase was partially offset by:

- an increase of $236 million in pension contributions in 2014, partially offset by a decrease of $38 million in lump sum retirement payments out of the non-qualified pension plan in 2014 as compared to 2013. See "Critical Accounting Estimates" below and Note 11 to the financial statements for a discussion of qualified pension and other postretirement benefits funding;
- proceeds of $72 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel;
- an increase of $44 million in spending on nuclear refueling outages in 2014 as compared to 2013; and
- an increase of $25 million in storm restoration spending in 2014.

Investing Activities

2015 Compared to 2014

Net cash flow used in investing activities decreased by $346 million in 2015 primarily due to:

- proceeds of approximately $490 million from the sale in December 2015 of Rhode Island State Energy Center. See Note 15 to the financial statements for further discussion of the sale;
- the deposit of a total of $64 million into Entergy New Orleans's storm reserve escrow accounts in 2015 compared to the deposit of a total of $268 million into Entergy Louisiana's storm reserve escrow accounts in 2014;
- $58 million in disbursements from the Vermont Yankee decommissioning trust funds to Entergy in 2015; and
- a decrease in nuclear fuel purchases due to variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle.

The decrease was partially offset by:

- an increase in construction expenditures primarily due to an overall higher scope of work on various projects in 2015 as compared to 2014 and compliance with NRC post-Fukushima requirements, partially offset by a decrease in storm restoration spending and a decrease in spending on the Ninemile Unit 6 project;
- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statements of Cash Flows, as Entergy received net deposits of $47 million in 2014. Entergy Wholesale Commodities' forward sales contracts are discussed in the "Market and Credit Risk Sensitive Instruments" section

below; and

- a decrease of $16 million in insurance proceeds primarily due to $13 million received in 2015 related to the Baxter Wilson plant event and $12 million received in 2015 for property damages related to the generator stator incident at ANO compared to $37 million received in 2014 for property damages related to the generator

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stator incident at ANO. See Note 8 to the financial statements for a discussion of the Baxter Wilson plant event and the ANO stator incident.

2014 Compared to 2013

Net cash used in investing activities increased by $353 million in 2014 primarily due to:

- the deposit of a total of $276 million into storm reserve escrow accounts in 2014, primarily by Entergy Louisiana. See "Hurricane Isaac" above for a discussion of storm reserve escrow account replenishments in 2014;
- the withdrawal of a total of $260 million from storm reserve escrow accounts in 2013, primarily by Entergy Louisiana, after Hurricane Isaac. See "Hurricane Isaac" above for discussion of storm reserve escrow account withdrawals;
- proceeds of $140 million from the sale in November 2013 of Entergy Solutions District Energy. See Note 15 to the financial statements for further discussion of the sale;
- proceeds of $21 million received in 2013 from the U.S. Department of Energy resulting from litigation regarding the storage of spent nuclear fuel; and
- an increase in nuclear fuel purchases due to variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle.

The increase was partially offset by:

- a decrease in construction expenditures, primarily in the Utility business, including a decrease in spending on the Ninemile 6 project and spending in 2013 on the generator stator incident at ANO, partially offset by an increase in storm restoration spending;
- a change in collateral deposit activity, reflected in the "Decrease (increase) in other investments" line on the Consolidated Statements of Cash Flows, as Entergy received net deposits of $47 million in 2014 and returned net deposits of $88 million in 2013. Entergy Wholesale Commodities' forward sales contracts are discussed in the "Market and Credit Risk Sensitive Instruments" section below; and
- $37 million in insurance proceeds received in 2014 for property damages related to the generator stator incident at ANO, as discussed above.

Financing Activities

2015 Compared to 2014

Net cash flow used in financing activities increased $501 million in 2015 primarily due to:

- long-term debt activity providing approximately $41 million of cash in 2015 compared to providing $777 million of cash in 2014. Included in the long-term debt activity is $140 million in 2015 and $440 million in 2014 for the repayment of borrowings on the Entergy Corporation long-term credit facility;
- a decrease of $171 million in treasury stock issuances in 2015 primarily due to a larger amount of previously repurchased Entergy Corporation stock issued in 2014 to satisfy stock option exercises;
- a net decrease of $154 million in 2015 in short-term borrowings by the nuclear fuel company variable interest entities; and
- the repurchase or redemption of $94 million of preferred membership interests in 2015. Entergy Louisiana redeemed its $100 million 6.95% Series preferred membership interests, of which $16 million was owned by Entergy Louisiana

Holdings, an Entergy subsidiary, and repurchased its $10 million Series A 8.25% preferred membership interests as part of a multi-step process to effectuate the Entergy Louisiana and Entergy Gulf States Louisiana business combination. See Note 2 to the financial statements for a discussion of the business combination.

The increase was partially offset by:

- net repayments of $62 million of commercial paper in 2015 compared to net repayments of $561 million of commercial paper in 2014;
- the issuance of $110 million of preferred stock in 2015. See Note 6 to the financial statements for further discussion; and
- a decrease of $83 million of common stock repurchased in 2015 as compared to 2014.

2014 Compared to 2013

Net cash flow used in financing activities decreased by $129 million in 2014 primarily due to:

- long-term debt activity providing approximately $777 million of cash in 2014 compared to using $69 million of cash in 2013. The most significant long-term debt activity in 2014 included the net issuance of approximately $385 million of long-term debt at the Utility operating companies and System Energy and Entergy Corporation increasing borrowings outstanding on its long-term credit facility by $440 million in 2014;
- Entergy Corporation repaid $561 million of commercial paper in 2014 and issued $380 million in 2013;
- an increase of $112 million in 2014 compared to a decrease of $129 million in 2013 in short-term borrowings by the nuclear fuel company variable interest entities;
- the repurchase of $183 million of Entergy common stock in 2014; and
- an increase of $170 million in treasury stock issuances in 2014 primarily due to a larger amount of previously repurchased Entergy Corporation common stock issued in 2014 to satisfy stock option exercises.

For the details of Entergy's commercial paper program and the nuclear fuel company variable interest entities' short-term borrowings, see Note 4 to the financial statements. See Note 5 to the financial statements for details of long-term debt.

Rate, Cost-recovery, and Other Regulation

State and Local Rate Regulation and Fuel-Cost Recovery

The rates that the Utility operating companies and System Energy charge for their services significantly influence Entergy's financial position, results of operations, and liquidity. These companies are regulated and the rates charged to their customers are determined in regulatory proceedings. Governmental agencies, including the APSC, the City Council, the LPSC, the MPSC, the PUCT, and the FERC, are primarily responsible for approval of the rates charged to customers. Following is a summary of the Utility operating companies' authorized returns on common equity:

Company	Authorized Return on Common Equity
Entergy Arkansas	9.25%-10.25%
Entergy Louisiana	9.15%-10.75% Electric; 9.45%-10.45% Gas
Entergy Mississippi	10.07%
Entergy New Orleans	10.7% - 11.5% Electric; 10.25% - 11.25% Gas
Entergy Texas	9.8%

The Utility operating companies' base rate, fuel and purchased power cost recovery, and storm cost recovery proceedings are discussed in Note 2 to the financial statements.

Federal Regulation

Entergy's Integration Into the MISO Regional Transmission Organization

In April 2011, Entergy announced that each of the Utility operating companies proposed to join the MISO RTO, an RTO operating in several U.S. states and also in Canada. On December 19, 2013, the Utility operating companies completed their planned integration into the MISO RTO. Becoming a member of MISO does not affect the ownership by the Utility operating companies of their transmission facilities or the responsibility for maintaining those facilities. With the Utility operating companies fully integrated as members, however, MISO assumed control of transmission planning and congestion management and, through its Day 2 market, MISO provides schedules and pricing for the commitment and dispatch of generation that is offered into MISO's markets, as well as pricing for load that bids into the market.

The Utility operating companies obtained from each of their retail regulators the public interest findings sought by the Utility operating companies in order to move forward with their plan to join MISO. Each of the retail regulators' orders includes conditions, some of which entail compliance prospectively. See also "System Agreement - Utility Operating Company Notices of Termination of System Agreement Participation" below.

Beginning in 2011 the Utility operating companies and the MISO RTO began submitting various filings with the FERC that contained many of the rates, terms and conditions that would govern the Utility operating companies' integration into the MISO RTO. The Utility operating companies and the MISO RTO received the FERC orders necessary for those companies to integrate into the MISO RTO consistent with the approvals obtained from the Utility operating companies' retail regulators, although some proceedings remain pending at the FERC.

In January 2013, Occidental Chemical Corporation filed with the FERC a petition for declaratory judgment and complaint against MISO alleging that MISO's proposed treatment of Qualifying Facilities (QFs) in the Entergy region is unduly discriminatory in violation of sections 205 and 206 of the Federal Power Act and violates the Public Utility Regulatory Policies Act (PURPA) and the FERC's implementing regulations. In February 2014, Occidental also filed a petition for enforcement with the FERC against the LPSC. Occidental's petition for enforcement alleges that the LPSC's January 2014 order, which approved Entergy Louisiana's application for modification of Entergy's methodology for calculating avoided cost rates paid to QFs, is inconsistent with the requirements of PURPA and the FERC's regulations implementing PURPA. In April 2014 the FERC issued a "Notice Of Intent Not To Act At This Time" with respect to Occidental's petition for enforcement against the LPSC. The FERC concluded that Occidental's petition for enforcement largely raises the same issues as those raised in the January 2013 complaint and petition for declaratory order that Occidental filed against MISO, and that the two proceedings should be addressed at the same time. The FERC reserved its ability to issue a further order or to take further action at a future date should it find that doing so is appropriate. In January 2016, in a separate proceeding, the FERC issued an order granting the Utility operating companies' petition to terminate the requirement that they enter into new obligations or contracts with QFs with net capacity in excess of 20 MW, including Occidental's Taft QF, effective October 2015. The FERC denied without prejudice the petition as it relates to Dow Chemical Company's Plaquemine QF.

In April 2014, Occidental filed a complaint in federal district court for the Middle District of Louisiana against the LPSC and Entergy Louisiana that challenges the January 2014 order issued by the LPSC on grounds similar to those raised in the 2013 complaint and 2014 petition for enforcement that Occidental previously filed at the FERC. The district court complaint also seeks damages from Entergy Louisiana and a declaration from the district court that in pursuing the January 2014 order Entergy Louisiana breached an existing agreement with Occidental and an implied covenant of good faith and fair dealing. In January 2015 the district court granted Entergy Louisiana's motion to stay the district court proceeding, pending a decision from the FERC relating to the MISO tariff and market rules that are underlying Occidental's district court complaint. In January 2015, Occidental filed a motion for reconsideration in the district court and also filed a notice of appeal to the U.S. Fifth Circuit Court of Appeals. In February 2015 the district court denied the motion for reconsideration as moot, finding it lacked jurisdiction to consider the motion because Occidental had sought an appeal to the U.S. Fifth Circuit Court of Appeals.

In January 2016 the U.S. Fifth Circuit Court of Appeals vacated the district court's stay order and remanded the case to the district court to enter a new order staying the proceedings for a period of 180 days to allow the FERC the opportunity to rule on the MISO tariff and market rules that are underlying Occidental's district court complaint. If the FERC fails to act within that 180 day period, then the district court may extend the deadline if (1) good cause is shown regarding the lack of FERC action, and (2) the delay would not irreparably harm Occidental's rights. The district court entered a new stay order in January 2016.

In February 2013, Entergy Services, on behalf of the Utility operating companies, made a filing with the FERC requesting to adopt the standard Attachment O formula rate template used by transmission owners to establish transmission rates within MISO. The filing proposed four transmission pricing zones for the Utility operating companies, one for Entergy Arkansas, one for Entergy Mississippi, one for Entergy Texas, and one for Entergy Louisiana and Entergy New Orleans. In June 2013 the FERC issued an order accepting the use of four transmission pricing zones and set for hearing and settlement judge procedures those issues of material fact that FERC decided could not be resolved based on the existing record. Several parties, including the City Council, filed requests for rehearing of the June 2013 order. In February 2014 the FERC issued an order addressing the rehearing requests. Among other things, the FERC denied rehearing and affirmed its prior decision allowing the four transmission pricing zones for the Utility operating companies in MISO. The FERC granted rehearing and set for hearing and settlement judge proceedings certain challenges of MISO's regional through and out rates. In March 2014 certain parties filed a request for rehearing of the FERC's February 2014 order on issues related to MISO's regional through and out rates. In February 2014 and April 2014 various parties appealed the FERC's June 2013 and February 2014 orders to the U.S. Court of Appeals for the D.C. Circuit where the appeals have been consolidated for further proceedings. In July 2015, as amended in August and October 2015, Entergy Services, on behalf of the Utility operating companies, filed a settlement at the FERC resolving all issues relating to the Utility operating companies' Attachment O transmission rates in MISO except for challenges to MISO's regional through and out rates. In October 2015 the presiding judge certified the settlement as contested to the FERC due to comments opposing the settlement filed by the same parties that have raised issues related to MISO's through and out rates. The settlement is pending before the FERC.

In May 2015 several parties filed a complaint against MISO related to certain charges for transmission service provided by MISO to them when their point-to-point service under the Entergy open access transmission tariff was transitioned to the MISO tariff in December 2013. The complainants request that the FERC order refunds for alleged overcharges since December 2013, or alternatively that the FERC institute a proceeding under Section 206 of the Federal Power Act to address the legality of transmission applicable rates and establish a different fifteen-month refund period from the period established in the FERC's February 2014 order. In June 2015, another party filed a similar complaint against MISO. MISO filed answers to both complaints asking the FERC to dismiss the complaints, and Entergy filed protests in support of MISO's answers. Also in June 2015 the FERC issued an order denying rehearing of certain determinations in the February 2014 order regarding MISO's regional through and out rates. In October 2015 the FERC issued an order denying the complaints filed in May and June 2015, finding that MISO did not violate its tariff and the justness and reasonableness of the rates referenced in the complaints are already being addressed in the proceeding initiated in February 2014, thus rendering the complaints duplicative. The proceeding initiated in February 2014 is being held in abeyance pending settlement discussions.

System Agreement

The FERC regulates wholesale rates (including Entergy Utility intrasystem energy allocations pursuant to the System Agreement) and interstate transmission of electricity, as well as rates for System Energy's sales of capacity and energy from Grand Gulf to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans pursuant to the Unit Power Sales Agreement. The Utility operating companies historically have engaged in the coordinated planning, construction, and operation of generating and bulk transmission facilities under the terms of the System Agreement, which is a rate schedule that has been approved by the FERC. Certain of the Utility operating companies' retail regulators and other parties are pursuing litigation involving the System Agreement at the FERC. The proceedings include challenges to the allocation of costs as defined by the System Agreement and allegations of imprudence by the Utility operating companies in their execution of their obligations under the System Agreement. See Note 2 to the financial statements for discussions of this litigation.

In November 2012 the Utility operating companies filed amendments to the System Agreement with the FERC pursuant to section 205 of the Federal Power Act. The amendments consist primarily of the technical revisions needed to the System Agreement to (i) allocate certain charges and credits from the MISO settlement statements to the participating Utility operating companies; and (ii) address Entergy Arkansas’s withdrawal from the System Agreement. The LPSC, MPSC, PUCT, and City Council filed protests at the FERC regarding the amendments and other aspects of the Utility operating companies’ future operating arrangements, including requests that the continued viability of the System Agreement in MISO (among other issues) be set for hearing by the FERC. In December 2013 the FERC issued an order accepting the revisions filed in November 2012, subject to a further compliance filing and other conditions. Entergy Services made the requisite compliance filing in February 2014 and the FERC accepted the compliance filing in November 2015. In the November 2015 order, the FERC required Entergy Services to file a refund report consisting of the results of the intra-system bill rerun from December 19, 2013 through November 30, 2015 calculating the use of an energy-based allocator to allocate losses, ancillary services charges and credits, and uplift charges and credits to load of each participating Utility operating company. The filing shows the following payments and receipts among the Utility operating companies:

	Payments (Receipts) (In Millions)
Entergy Louisiana	($6.3)
Entergy Mississippi	$4
Entergy New Orleans	$0.4
Entergy Texas	$1.9

In the December 2013 order, the FERC set one issue for hearing involving a settlement with Union Pacific regarding certain coal delivery issues. Consistent with the decisions described above, Entergy Arkansas’s participation in the System Agreement terminated effective December 18, 2013. In December 2014 a FERC ALJ issued an initial decision finding that Entergy Arkansas would realize benefits after December 18, 2013 from the 2008 settlement agreement between Entergy Services, Entergy Arkansas, and Union Pacific, related to certain coal delivery issues. The ALJ further found that all of the Utility operating companies should share in those benefits pursuant to the methodology proposed by the MPSC. The Utility operating companies and other parties to the proceeding have filed briefs on exceptions and/or briefs opposing exceptions with the FERC challenging various aspects of the December 2014 initial decision and the matter is pending before the FERC.

Utility Operating Company Notices of Termination of System Agreement Participation

Consistent with their written notices of termination delivered in December 2005 and November 2007, respectively, Entergy Arkansas and Entergy Mississippi filed with the FERC in February 2009 their notices of cancellation to terminate their participation in the System Agreement, effective December 18, 2013 and November 7, 2015, respectively. In November 2009 the FERC accepted the notices of cancellation and determined that Entergy Arkansas and Entergy Mississippi are permitted to withdraw from the System Agreement following the 96-month notice period without payment of a fee or the requirement to otherwise compensate the remaining Utility operating companies as a result of withdrawal. Appeals by the LPSC and the City Council were denied in 2012 and 2013. Effective December 18, 2013, Entergy Arkansas ceased participating in the System Agreement. Effective November 7, 2015, Entergy Mississippi ceased participating in the System Agreement.

In keeping with their prior commitments and after a careful evaluation of the basis for and continued reasonableness of the 96-month System Agreement termination notice period, the Utility operating companies filed with the FERC in October 2013 to amend the System Agreement changing the notice period for an operating company to terminate its participation in the System Agreement from 96 months to 60 months. Subsequent to that filing, Entergy Texas and Entergy Louisiana separately provided notice to terminate their participation in the System Agreement.

In December 2014 the FERC issued an order setting the proposed amendment changing the notice period from 96 months to 60 months for settlement judge and hearing procedures. In August 2015, Entergy Services filed a settlement in the FERC dockets addressing the notice period for exiting the System Agreement, including the pending notices of withdrawal filed by Entergy Louisiana and Entergy Texas. The settlement was expressly conditioned on obtaining the necessary FERC and state and local regulatory approvals. By November 2015, all necessary state and local regulatory approvals had been obtained, and in December 2015 the FERC issued an order approving the settlement.

Under the settlement, the System Agreement will terminate at the end of August 2016 as to all parties remaining as of that date. The purchase power agreements, referred to as the jurisdictional separation plan PPAs, between Entergy Texas and Entergy Gulf States Louisiana that were put in place for certain legacy gas units at the time of Entergy Gulf States’s separation into Entergy Texas and Entergy Gulf States Louisiana will terminate, effective with System Agreement termination. Similarly, the PPA between Entergy Gulf States Louisiana and Entergy Texas for the Calcasieu unit also will terminate. Currently, the jurisdictional separation plan PPAs are the means by which Entergy Texas receives payment for its receivable associated with Entergy Louisiana’s Spindletop gas storage facility regulatory asset. See Note 2 to the financial statements for discussion of the decision to write off the Spindletop regulatory asset.

The settlement also provides that Entergy New Orleans will be established as a separate transmission pricing zone in MISO effective with System Agreement termination, and that Entergy New Orleans will make payments to Entergy Louisiana in the amount of $2.2 million annually for a period of 15 years. Entergy New Orleans will obtain an option to participate in a portion of certain future Amite South CCGT resources that may be procured by Entergy Louisiana, subject to certain conditions and restrictions. If Entergy New Orleans acquires Power Block 1 of the Union Power Station and obtains full deliverability of the resource, this option will terminate. Entergy New Orleans will also pursue investment in certain new generating resources located in New Orleans.

Market and Credit Risk Sensitive Instruments

Market risk is the risk of changes in the value of commodity and financial instruments, or in future net income or cash flows, in response to changing market conditions. Entergy holds commodity and financial instruments that are exposed to the following significant market risks.

- The commodity price risk associated with the sale of electricity by the Entergy Wholesale Commodities business.
- The interest rate and equity price risk associated with Entergy’s investments in pension and other postretirement benefit trust funds. See Note 11 to the financial statements for details regarding Entergy’s pension and other postretirement benefit trust funds.
- The interest rate and equity price risk associated with Entergy’s investments in nuclear plant decommissioning trust funds, particularly in the Entergy Wholesale Commodities business. See Note 17 to the financial statements for details regarding Entergy’s decommissioning trust funds.
- The interest rate risk associated with changes in interest rates as a result of Entergy’s outstanding indebtedness. Entergy manages its interest rate exposure by monitoring current interest rates and its debt outstanding in relation to total capitalization. See Notes 4 and 5 to the financial statements for the details of Entergy’s debt outstanding.

The Utility has limited exposure to the effects of market risk because it operates primarily under cost-based rate regulation. To the extent approved by their retail regulators, the Utility operating companies use commodity and financial instruments to hedge the exposure to price volatility inherent in their purchased power, fuel, and gas purchased for resale costs that are recovered from customers.

Entergy's commodity and financial instruments are also exposed to credit risk. Credit risk is the risk of loss from nonperformance by suppliers, customers, or financial counterparties to a contract or agreement. Entergy is also exposed to a potential demand on liquidity due to credit support requirements within its supply or sales agreements.

Commodity Price Risk

Power Generation

As a wholesale generator, Entergy Wholesale Commodities' core business is selling energy, measured in MWh, to its customers. Entergy Wholesale Commodities enters into forward contracts with its customers and also sells energy in the day ahead or spot markets. In addition to selling the energy produced by its plants, Entergy Wholesale Commodities sells unforced capacity, which allows load-serving entities to meet specified reserve and related requirements placed on them by the ISOs in their respective areas. Entergy Wholesale Commodities' forward physical power contracts consist of contracts to sell energy only, contracts to sell capacity only, and bundled contracts in which it sells both capacity and energy. While the terminology and payment mechanics vary in these contracts, each of these types of contracts requires Entergy Wholesale Commodities to deliver MWh of energy, make capacity available, or both. In addition to its forward physical power contracts, Entergy Wholesale Commodities also uses a combination of financial contracts, including swaps, collars, and options, to manage forward commodity price risk. Certain hedge volumes have price downside and upside relative to market price movement. The contracted minimum, expected value, and sensitivities are provided in the table below to show potential variations. The sensitivities may not reflect the total maximum upside potential from higher market prices. The information contained in the following table represents projections at a point in time and will vary over time based on numerous factors, such as future market prices, contracting activities, and generation. Following is a summary of Entergy Wholesale Commodities' current forward capacity and generation contracts as well as total revenue projections based on market prices as of December 31, 2015.

Entergy Wholesale Commodities Nuclear Portfolio

	2016	2017	2018	2019
Energy				
Percent of planned generation under contract (a):				
Unit-contingent (b)	65%	53%	21%	26%
Firm LD (c)	41%	10%	—%	—%
Offsetting positions (d)	(20%)	—%	—%	—%
Total	86%	63%	21%	26%
Planned generation (TWh) (e) (f)	36	28	29	26
Average revenue per MWh on contracted volumes:				
Minimum	$45	$46	$56	$57
Expected based on market prices as of December 31, 2015	$46	$46	$56	$57
Sensitivity: -/+ $10 per MWh market price change	$45-$47	$46-$48	$56	$57
Capacity				
Percent of capacity sold forward (g):				
Bundled capacity and energy contracts (h)	17%	21%	22%	25%
Capacity contracts (i)	26%	19%	20%	9%
Total	43%	40%	42%	34%
Planned net MW in operation (f)	4,406	3,638	3,568	3,167
Average revenue under contract per kW per month(applies to capacity contracts only)	$3.3	$5.6	$9.4	$11.1
Total Nuclear Energy and Capacity Revenues				
Expected sold and market total revenue per MWh	$48	$49	$49	$51
Sensitivity: -/+ $10 per MWh market price change	$46-$51	$45-$53	$42-$57	$43-$58

(a) Percent of planned generation output sold or purchased forward under contracts, forward physical contracts, forward financial contracts, or options that mitigate price uncertainty that may require regulatory approval or approval of transmission rights. Positions that are not classified as hedges are netted in the planned generation under contract.

(b) Transaction under which power is supplied from a specific generation asset; if the asset is not operating, the seller is generally not liable to buyer for any damages. Certain unit-contingent sales include a guarantee of availability. Availability guarantees provide for the payment to the power purchaser of contract damages, if incurred, in the event the seller fails to deliver power as a result of the failure of the specified generation unit to generate power at or above a specified availability threshold. All of Entergy's outstanding guarantees of availability provide for dollar limits on Entergy's maximum liability under such guarantees.

(c) Transaction that requires receipt or delivery of energy at a specified delivery point (usually at a market hub not associated with a specific asset) or settles financially on notional quantities; if a party fails to deliver or receive energy, defaulting party must compensate the other party as specified in the contract, a portion of which may be capped through the use of risk management products. This also includes option transactions that may expire without being exercised.

(d) Transactions for the purchase of energy, generally to offset a Firm LD transaction.

(e) Amount of output expected to be generated by Entergy Wholesale Commodities resources considering plant operating characteristics, outage schedules, and expected market conditions that affect dispatch.

(f) Assumes NRC license renewals for plants with NRC license renewal applications in process. Assumes shutdown of FitzPatrick at the end of January 2017 , shutdown of Pilgrim June 1, 2019, and uninterrupted normal operation at remaining plants. NRC license renewal applications are in process for two units, as follows (with current license expirations in parentheses): Indian Point 2 (September 2013 and now operating under its period of

extended operations while its application is pending) and Indian Point 3 (December 2015 and now operating under its period of extended operations while its application is pending). For a discussion regarding the shutdown of the FitzPatrick and Pilgrim plants, see Note 1 to the financial statements. For a discussion regarding the license renewals for Indian Point 2 and Indian Point 3, see "Entergy Wholesale Commodities Authorizations to Operate Its Nuclear Power Plants" above.
(g) Percent of planned qualified capacity sold to mitigate price uncertainty under physical or financial transactions.
(h) A contract for the sale of installed capacity and related energy, priced per megawatt-hour sold.
(i) A contract for the sale of an installed capacity product in a regional market.

Entergy estimates that a positive $10 per MWh change in the annual average energy price in the markets in which the Entergy Wholesale Commodities nuclear business sells power, based on the respective year-end market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax income of $99 million in 2016 and would have had a corresponding effect on pre-tax income of $107 million in 2015. A negative $10 per MWh change in the annual average energy price in the markets based on the respective year-end market conditions, planned generation volumes, and hedged positions, would have a corresponding effect on pre-tax income of ($74) million in 2016 and would have had a corresponding effect on pre-tax income of ($73) million in 2015.

Entergy's purchase of the FitzPatrick and Indian Point 3 plants from NYPA included value sharing agreements with NYPA. In October 2007, NYPA and the subsidiaries that own the FitzPatrick and Indian Point 3 plants amended and restated the value sharing agreements to clarify and amend certain provisions of the original terms. Under the amended value sharing agreements, the Entergy subsidiaries agreed to make annual payments to NYPA based on the generation output of the Indian Point 3 and FitzPatrick plants from January 2007 through December 2014. Entergy subsidiaries paid NYPA $6.59 per MWh for power sold from Indian Point 3, up to an annual cap of $48 million, and $3.91 per MWh for power sold from FitzPatrick, up to an annual cap of $24 million. The annual payment for each year's output was due by January 15 of the following year. Entergy recorded the liability for payments to NYPA as power is generated and sold by Indian Point 3 and FitzPatrick. In 2014 and 2013, Entergy Wholesale Commodities recorded a liability of approximately $72 million for generation during each of those years. An amount equal to the liability was recorded each year to the plant asset account as contingent purchase price consideration for the plants. This amount will be depreciated over the expected remaining useful life of the plants.

Some of the agreements to sell the power produced by Entergy Wholesale Commodities' power plants contain provisions that require an Entergy subsidiary to provide credit support to secure its obligations under the agreements. The Entergy subsidiary is required to provide credit support based upon the difference between the current market prices and contracted power prices in the regions where Entergy Wholesale Commodities sells power. The primary form of credit support to satisfy these requirements is an Entergy Corporation guaranty. Cash and letters of credit are also acceptable forms of credit support. At December 31, 2015, based on power prices at that time, Entergy had liquidity exposure of $142 million under the guarantees in place supporting Entergy Wholesale Commodities transactions and $14 million of posted cash collateral. In the event of a decrease in Entergy Corporation's credit rating to below investment grade, based on power prices as of December 31, 2015, Entergy would have been required to provide approximately $52 million of additional cash or letters of credit under some of the agreements. As of December 31, 2015, the liquidity exposure associated with Entergy Wholesale Commodities assurance requirements, including return of previously posted collateral from counterparties, would increase by $98 million for a $1 per MMBtu increase in gas prices in both the short-and long-term markets.

As of December 31, 2015, substantially all of the credit exposure associated with the planned energy output under contract for Entergy Wholesale Commodities nuclear plants through 2019 is with counterparties or their guarantors that have public investment grade credit ratings.

Nuclear Matters

After the nuclear incident in Japan resulting from the March 2011 earthquake and tsunami, the NRC established a task force to conduct a review of processes and regulations relating to nuclear facilities in the United States. The task force issued a near-term (90-day) report in July 2011 that made initial recommendations, which were subsequently refined and prioritized after input from stakeholders. The task force then issued a second report in September 2011. Based upon the task force's recommendations, the NRC issued three orders effective March 2012. The three orders require U.S. nuclear operators to undertake plant modifications and perform additional analyses that will, among other things, result in increased operating and capital costs associated with operating nuclear plants. The NRC, with input from the industry, is continuing to determine the specific actions required by the orders. Entergy's estimated capital expenditures for 2016 through 2018 for complying with the NRC orders are included in the planned construction and other capital investments estimates given in "Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital" above.

In June 2012 the U.S. Court of Appeals for the D.C. Circuit vacated the NRC's 2010 update to its Waste Confidence Decision, which had found generically that a permanent geologic repository to store spent nuclear fuel would be available when necessary and that spent nuclear fuel could be stored at nuclear reactor sites in the interim without significant environmental effects, and remanded the case for further proceedings. The court concluded that the NRC had not satisfied the requirements of the National Environmental Policy Act (NEPA) when it considered environmental effects in reaching these conclusions. The Waste Confidence Decision has been relied upon by NRC license renewal applicants to address some of the issues that the NEPA requires the NRC to address before it issues a renewed license. Certain nuclear opponents filed requests with the NRC asking it to address the issues raised by the court's decision in the license renewal proceedings for a number of nuclear plants including Grand Gulf and Indian Point 2 and 3. In August 2012 the NRC issued an order stating that it will not issue final licenses dependent upon the Waste Confidence Decision until the D.C. Circuit's remand is addressed, but also stating that licensing reviews and proceedings should continue to move forward. In September 2014 the NRC published a new final Waste Confidence rule, named Continued Storage of Spent Nuclear Fuel, that for licensing purposes adopts non-site specific findings concerning the environmental impacts of the continued storage of spent nuclear fuel at reactor sites - for 60 years, 100 years and indefinitely - after the reactor's licensed period of operations. The NRC also issued an order lifting its suspension of licensing proceedings after the final rule's effective date in October 2014. After the final rule became effective, New York, Connecticut, and Vermont filed a challenge to the rule in the U.S. Court of Appeals. The final rule remains in effect while that challenge is pending unless the court orders otherwise.

The nuclear industry continues to address susceptibility to stress corrosion cracking of certain materials within the reactor coolant system. The issue is applicable at all nuclear units to varying degrees and is managed in accordance with industry standard practices and guidelines that include in-service examinations, replacements, and mitigation strategies. Developments in the industry or identification of issues at the nuclear units could require unanticipated remediation efforts that cannot be quantified in advance.

See "ANO Damage, Outage, and NRC Reviews" above and Note 8 to the financial statements for discussion of the NRC's decision to move ANO into the "multiple/repetitive degraded cornerstone column" (Column 4) of the NRC's Reactor Oversight Process Action Matrix, and the resulting significant additional NRC inspection activities at the ANO site.

See Note 8 to the financial statements for discussion of the NRC's decision in September 2015 to place Pilgrim in Column 4 of its Reactor Oversight Process Action Matrix due to its finding of continuing weaknesses in Pilgrim's corrective action program that contributed to repeated unscheduled shutdowns and equipment failures.

Critical Accounting Estimates

The preparation of Entergy's financial statements in conformity with generally accepted accounting principles requires management to apply appropriate accounting policies and to make estimates and judgments that can have a significant effect on reported financial position, results of operations, and cash flows. Management has identified the following accounting estimates as critical because they are based on assumptions and measurements that involve a high degree of uncertainty, and the potential for future changes in these assumptions and measurements could produce estimates that would have a material effect on the presentation of Entergy's financial position, results of operations, or cash flows.

Nuclear Decommissioning Costs

Entergy subsidiaries own nuclear generation facilities in both the Utility and Entergy Wholesale Commodities operating segments. Regulations require Entergy subsidiaries to decommission the nuclear power plants after each facility is taken out of service, and cash is deposited in trust funds during the facilities' operating lives in order to provide for this obligation. Entergy conducts periodic decommissioning cost studies to estimate the costs that will be incurred to decommission the facilities. The following key assumptions have a significant effect on these estimates.

- Timing - In projecting decommissioning costs, two assumptions must be made to estimate the timing of plant decommissioning. First, the date of the plant's retirement must be estimated for those plants that do not have an announced shutdown date. For certain nuclear plants for which the operating license has not been renewed yet, this estimate assumes a high probability that the plant's license will be renewed. Second, an assumption must be made whether all decommissioning activity will proceed immediately upon plant retirement, or whether the plant will be placed in SAFSTOR status. SAFSTOR is decommissioning a facility by placing it in a safe, stable condition that is maintained until it is subsequently decontaminated and dismantled to levels that permit license termination, normally within 60 years from permanent cessation of operations. A change of assumption regarding either the probability of license renewal, the period of continued operation, or the use of a SAFSTOR period can change the present value of the asset retirement obligations.
- Cost Escalation Factors - Entergy's current decommissioning cost studies include an assumption that decommissioning costs will escalate over present cost levels by factors ranging from approximately 2% to 3% annually. A 50-basis point change in this assumption could change the estimated present value of the decommissioning liabilities by approximately 8% to 15%. The timing assumption influences the significance of the effect of a change in the estimated inflation or cost escalation rate because the effect increases with the length of time assumed before decommissioning activity ends.
- Spent Fuel Disposal - Federal law requires the DOE to provide for the permanent storage of spent nuclear fuel, and legislation has been passed by Congress to develop a repository at Yucca Mountain, Nevada. The current Presidential administration, however, has defunded the Yucca Mountain project. The DOE has not yet begun accepting spent nuclear fuel and is in non-compliance with federal law. The DOE continues to delay meeting its obligation and Entergy's nuclear plant owners are continuing to pursue damage claims against the DOE for its failure to provide timely spent fuel storage. Until a federal site is available, however, nuclear plant operators must provide for interim spent fuel storage on the nuclear plant site, which can require the construction and maintenance of dry cask storage sites or other facilities. The costs of developing and maintaining these facilities during the decommissioning period can have a significant effect (as much as an average of 20% to 30% of total estimated decommissioning costs). Entergy's decommissioning studies include cost estimates for spent fuel storage. These estimates could change in the future, however, based on the timing of when the DOE begins to fulfill its obligation to receive and store spent nuclear fuel.
- Technology and Regulation - Over the past several years, more practical experience with the actual decommissioning of nuclear facilities has been gained and that experience has been incorporated into Entergy's current decommissioning cost estimates. Given the long duration of decommissioning projects, additional experience, including technological advancements in decommissioning, could occur, however, and affect current cost estimates. In addition, if regulations regarding nuclear decommissioning were to change, this could significantly affect cost estimates.
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Interest Rates - The estimated decommissioning costs that are the basis for the recorded decommissioning liability are discounted to present value using a credit-adjusted risk-free rate. When the decommissioning liability is revised, increases in cash flows are discounted using the current credit-adjusted risk-free rate. Decreases in estimated cash flows are discounted using the credit-adjusted risk-free rate used previously in estimating the decommissioning liability that is being revised. Therefore, to the extent that a revised cost study results in an increase in estimated cash flows, a change in interest rates from the time of the previous cost estimate will affect the calculation of the present value of the revised decommissioning liability.

Revisions of estimated decommissioning costs that decrease the liability also result in a decrease in the asset retirement cost asset. For the non-rate-regulated portions of Entergy’s business, these reductions will immediately reduce operating expenses in the period of the revision if the reduction of the liability exceeds the amount of the undepreciated asset retirement cost asset at the date of the revision. Revisions of estimated decommissioning costs that increase the liability result in an increase in the asset retirement cost asset, which is then depreciated over the asset’s remaining economic life. For a plant in the non-rate-regulated portions of Entergy’s business for which the plant’s value is impaired, however, including a plant that is shutdown, or is nearing its shutdown date, the increase in the liability is likely to immediately increase operating expense in the period of the revision and not increase the asset retirement cost asset. See Note 1 to the financial statements for further discussion of impairment of long-lived assets and Note 9 to the financial statements for further discussion of decommissioning cost revisions.

Unbilled Revenue

As discussed in Note 1 to the financial statements, Entergy records an estimate of the revenues earned for energy delivered since the latest customer billing. Each month the estimated unbilled revenue amounts are recorded as revenue and a receivable, and the prior month’s estimate is reversed. The difference between the estimate of the unbilled receivable at the beginning of the period and the end of the period is the amount of unbilled revenue recognized during the period. The estimate recorded is primarily based upon an estimate of customer usage during the unbilled period and the billed price to customers in that month. Therefore, revenue recognized may be affected by the estimated price and usage at the beginning and end of each period, in addition to changes in certain components of the calculation.

Impairment of Long-lived Assets and Trust Fund Investments

Entergy has significant investments in long-lived assets in both of its operating segments, and Entergy evaluates these assets against the market economics and under the accounting rules for impairment when there are indications that an impairment may exist. This evaluation involves a significant degree of estimation and uncertainty. In the Entergy Wholesale Commodities business, Entergy’s investments in merchant generation assets are subject to impairment if adverse market or regulatory conditions arise, particularly if it leads to a decision or an expectation that Entergy will operate a plant for a shorter period than previously expected; if there is a significant adverse change in the physical condition of a plant; if investment in a plant significantly exceeds previously-expected amounts; or, for Indian Point 2 and 3, if their operating licenses are not renewed.

If an asset is considered held for use, and Entergy concludes that events and circumstances are present indicating that an impairment analysis should be done under the accounting standards, the sum of the expected undiscounted future cash flows from the asset are compared to the asset’s carrying value. The carrying value of the asset includes any capitalized asset retirement cost associated with the decommissioning liability; therefore, changes in assumptions that affect the decommissioning liability can increase or decrease the carrying value of the asset subject to impairment. If the expected undiscounted future cash flows exceed the carrying value, no impairment is recorded. If the expected undiscounted future cash flows are less than the carrying value and the carrying value exceeds the fair value, Entergy is required to record an impairment charge to write the asset down to its fair value. If an asset is considered held for sale, an impairment is required to be recognized if the fair value (less costs to sell) of the asset is less than its carrying value.

The expected future cash flows are based on a number of key assumptions, including:

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Future power and fuel prices - Electricity and gas prices can be very volatile. This volatility increases the imprecision inherent in the long-term forecasts of commodity prices that are a key determinant of estimated future cash flows.

- Market value of generation assets - Valuing assets held for sale requires estimating the current market value of generation assets. While market transactions provide evidence for this valuation, these transactions are relatively infrequent, the market for such assets is volatile, and the value of individual assets is affected by factors unique to those assets.

- Future operating costs - Entergy assumes relatively minor annual increases in operating costs. Technological or regulatory changes that have a significant effect on operations could cause a significant change in these assumptions.
- Timing and the life of the asset - Entergy assumes an expected life of the asset and currently assumes, for some of its nuclear units, that the plant's license will be renewed beyond its current expiration date. A change in the timing assumption could have a significant effect on the expected future cash flows and result in a significant effect on operations.

See "Impairment of Long-Lived Assets" in Note 1 to the financial statements for a discussion of the impairments of the Vermont Yankee, FitzPatrick, Pilgrim, and Palisades plants.

Entergy evaluates investment securities with unrealized losses at the end of each period to determine whether an other-than-temporary impairment has occurred. The assessment of whether an investment in a debt security has suffered an other-than-temporary impairment is based on whether Entergy has the intent to sell or more likely than not will be required to sell the debt security before recovery of its amortized costs. If Entergy does not expect to recover the entire amortized cost basis of the debt security, an other-than-temporary-impairment is considered to have occurred and it is measured by the present value of cash flows expected to be collected less the amortized cost basis (credit loss). Entergy did not have any material other than temporary impairments relating to credit losses on debt securities in 2015, 2014, or 2013. The assessment of whether an investment in an equity security has suffered an other than temporary impairment is based on a number of factors including, first, whether Entergy has the ability and intent to hold the investment to recover its value, the duration and severity of any losses, and, then, whether it is expected that the investment will recover its value within a reasonable period of time. Entergy's trusts are managed by third parties who operate in accordance with agreements that define investment guidelines and place restrictions on the purchases and sales of investments. As discussed in Note 1 to the financial statements, unrealized losses on equity securities that are considered other-than-temporarily impaired are recorded in earnings for Entergy Wholesale Commodities. Entergy Wholesale Commodities did not record material charges to other income in 2015, 2014, or 2013 resulting from the recognition of other-than-temporary impairment of equity securities held in its decommissioning trust funds.

Qualified Pension and Other Postretirement Benefits

Entergy sponsors qualified, defined benefit pension plans that cover substantially all employees, including cash balance plans for employees whose most recent date of hire or rehire is after June 30, 2014 (or for certain eligible bargaining employees, such later date provided in their applicable collective bargaining agreements) and final average pay plans for substantially all employees whose more recent date of hire or rehire is before July 1, 2014. Additionally, Entergy currently provides postretirement health care and life insurance benefits for substantially all full-time employees whose most recent date of hire or rehire is before July 1, 2014 (and for certain eligible bargaining employees, such later date provided in their applicable collective bargaining agreements), and who reach retirement age and meet certain eligibility requirements while still working for Entergy.

Entergy's reported costs of providing these benefits, as described in Note 11 to the financial statements, are affected by numerous factors including the provisions of the plans, changing employee demographics, and various actuarial calculations, assumptions, and accounting mechanisms. Because of the complexity of these calculations, the long-term nature of these obligations, and the importance of the assumptions utilized, Entergy's estimate of these costs is a critical accounting estimate for the Utility and Entergy Wholesale Commodities segments.

Assumptions

Key actuarial assumptions utilized in determining these costs include:

- Discount rates used in determining future benefit obligations;
- Projected health care cost trend rates;
- Expected long-term rate of return on plan assets;

- Rate of increase in future compensation levels;
- Retirement rates; and
- Mortality rates.

Entergy reviews the first four assumptions listed above on an annual basis and adjusts them as necessary. The falling interest rate environment over the past few years and volatility in the financial equity markets have affected Entergy's funding and reported costs for these benefits. In addition, these trends have caused Entergy to make a number of adjustments to its assumptions.

The retirement and mortality rate assumptions are reviewed every three-to-five years as part of an actuarial study that compares these assumptions to the actual experience of the pension and other postretirement plans. The 2014 actuarial study reviewed plan experience from 2010 through 2013. As a result of the 2014 actuarial study and the issuance of new mortality tables in October 2014 by the Society of Actuaries, changes were made to reflect modified demographic pattern expectations as well as longer life expectancies. These changes are reflected in the December 31, 2014 financial disclosures. Adoption of the new mortality assumptions resulted in an increase at December 31, 2014 of $504.4 million in the qualified pension benefit obligation and $94.4 million in the accumulated postretirement obligation. The new mortality assumptions increased anticipated 2015 qualified pension cost by approximately $77.4 million and other postretirement cost by approximately $12.3 million. Pension funding guidelines, as established by the Employee Retirement Income Security Act of 1974, as amended and the Internal Revenue Code of 1986, as amended, are not expected to incorporate the October 2014 Society of Actuaries new mortality assumptions until after 2015, possibly 2016.

In selecting an assumed discount rate to calculate benefit obligations, Entergy uses a yield curve based on high-quality corporate debt. Based on recent market trends, the discount rates used to calculate its 2015 qualified pension benefit obligation ranged from 4.51% to 4.79% for its specific pension plans (4.67% combined rate for all pension plans).
In 2016, Entergy refined its approach to estimating the service cost and interest cost components of qualified pension costs and other postretirement health care and life insurance costs, which had the effect of lowering qualified pension costs by $61.4 million. This refined approach discounts the individual expected cash flows underlying the service cost and interest cost using the applicable spot rates derived from the yield curve used to discount the cash flows used to measure the pension obligation. Historically, Entergy estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. This is a change in accounting estimate and accordingly the effect will be reflected prospectively. The benefit obligations measured under this approach are unchanged. The spot rates used to determine the qualified pension service cost ranged from 4.52 % to 5.08 % (5.00% combined rate for all pension plans) and the interest cost ranged from 3.68 % to 4.14% (3.90% combined for all pension plans), respectively. Under the prior approach, the rate for qualified pension service and interest costs would have been a weighted average rate of approximately 4.67%.

The discount rates used to calculate its 2014 qualified pension benefit obligation and 2015 qualified pension cost ranged from 4.03% to 4.40% for its specific pension plans (4.27% combined rate for all pension plans). The discount rates used to calculate its 2013 qualified pension benefit obligation and 2014 qualified pension cost ranged from 5.04% to 5.26% for its specific pension plans (5.14% combined rate for all pension plans). The discount rates used to calculate its 2012 qualified pension benefit obligation and 2013 qualified pension cost ranged from 4.31% to 4.50% for its specific pension plans (4.36% combined rate for all pension plans).
The discount rate used to calculate the 2015 postretirement health care and life insurance benefit obligation was 4.60%. The 2016 postretirement health care and life insurance benefit service and interest cost, under the more refined discount rate calculation, was reduced by $14.6 million. The effective spot rates used to determine the postretirement

health care and life insurance benefit service cost and interest costs were 4.92% and 3.78%, respectively. Under the prior approach, the rate would have been a weighted-average rate for other postretirement service and interest costs of approximately 4.60%.

The discount rate used to calculate its 2014 postretirement health care and life insurance benefit obligation and 2015 postretirement health care and life insurance benefit cost was 4.23%. The discount rate used to calculate its 2013 postretirement health care and life insurance benefit obligation and 2014 postretirement health care and life insurance benefit cost was 5.05%. The discount rate used to calculate its 2012 postretirement health care and life insurance benefit obligation and 2013 postretirement health care and life insurance benefit cost was 4.36%.
Entergy reviews actual recent cost trends and projected future trends in establishing health care cost trend rates. Based on this review, Entergy's health care cost trend rate assumption used in measuring the December 31, 2015 accumulated postretirement benefit obligation and 2016 postretirement cost was 6.75% for pre-65 retirees and 7.55% for post-65 retirees for 2015, gradually decreasing each successive year until it reaches 4.75% in 2024 and beyond for both pre-65 and post-65 retirees. Entergy's health care cost trend rate assumption used in measuring the December 31, 2014 accumulated postretirement benefit obligation and 2015 postretirement cost was 7.10% for pre-65 retirees and 7.70% for post-65 retirees for 2014, gradually decreasing each successive year until it reaches 4.75% in 2023 and beyond for both pre-65 and post-65 retirees. Entergy's assumed health care cost trend rate assumption used in measuring the December 31, 2013 accumulated postretirement benefit obligation and 2014 postretirement cost was 7.25% for pre-65 retirees and 7.00% for post-65 retirees for 2013, gradually decreasing each successive year until it reaches 4.75% in 2022 and beyond for both pre-65 and post-65 retirees. Entergy's assumed health care cost trend rate assumption used in measuring 2013 postretirement cost was 7.50% for pre-65 retirees and 7.25% for post-65 retirees, gradually decreasing each successive year until it reaches 4.75% in 2022 and beyond for both pre-65 and post-65 retirees.
The assumed rate of increase in future compensation levels used to calculate 2015 and 2014 benefit obligations was 4.23%.
In determining its expected long-term rate of return on plan assets used in the calculation of benefit plan costs, Entergy reviews past performance, current and expected future asset allocations, and capital market assumptions of its investment consultant and investment managers.
Since 2003, Entergy has targeted an asset allocation for its qualified pension plan assets of roughly 65% equity securities and 35% fixed-income securities. Entergy completed and adopted an optimization study in 2011 for the pension assets that recommended that the target asset allocation adjust dynamically over time, based on the funded status of the plan, from its current allocation to an ultimate allocation of 45% equity and 55% fixed income securities. The ultimate asset allocation is expected to be attained when the plan is 105% funded.
The current target allocations for both Entergy's non-taxable postretirement benefit assets and its taxable other postretirement benefit assets are 65% equity securities and 35% fixed-income securities. This takes into account asset allocation adjustments that were made during 2012.

Entergy's expected long term rate of return on qualified pension assets used to calculate 2015, 2014, and 2013 qualified pension costs was 8.25%, 8.5%, and 8.5%, respectively and will be 7.75% for 2016. Entergy's expected long term rate of return on tax deferred other postretirement assets used to calculate other postretirement costs was 8.05%, 8.3%, and 8.5% in 2015, 2014, and 2013, respectively. It will be 7.75% for 2016. For Entergy's taxable postretirement assets, the expected long term rate of return was 6.25% in 2015 and 6.5% in 2014 and 2013. It will be 6.00% in 2016.
Accounting standards allow for the deferral of prior service costs/credits arising from plan amendments that attribute an increase or decrease in benefits to employee service in prior periods and deferral of gains and losses arising from the difference between actuarial estimates and actual experience. Prior service costs/credits and deferred gains and losses are then amortized into expense over future periods. Certain decisions, including workforce reductions and plan amendments, may significantly reduce the expense amortization period and result in immediate recognition of certain previously-deferred costs and gains/losses in the form of curtailment losses or gains. Similarly, payments made to settle benefit obligations can also result in recognition in the form of settlement losses or gains.

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Cost Sensitivity

The following chart reflects the sensitivity of qualified pension cost and qualified pension projected benefit obligation to changes in certain actuarial assumptions (dollars in thousands).

Actuarial Assumption	Change in Assumption	Impact on 2015 Qualified Pension Cost	Impact on 2015 Qualified Projected Benefit Obligation
	Increase/(Decrease)		
Discount rate	(0.25%)	$25,309	$228,185
Rate of return on plan assets	(0.25%)	$11,178	$—
Rate of increase in compensation	0.25%	$8,973	$35,458

The following chart reflects the sensitivity of postretirement benefit cost and accumulated postretirement benefit obligation to changes in certain actuarial assumptions (dollars in thousands).

Actuarial Assumption	Change in Assumption	Impact on 2015 Postretirement Benefit Cost	Impact on 2015 Accumulated Postretirement Benefit Obligation
	Increase/(Decrease)		
Discount rate	(0.25%)	$4,578	$50,925
Health care cost trend	0.25%	$7,450	$42,890

Each fluctuation above assumes that the other components of the calculation are held constant.

Accounting Mechanisms

Accounting standards require an employer to recognize in its balance sheet the funded status of its benefit plans. See Note 11 to the financial statements for a further discussion of Entergy's funded status.

In accordance with pension accounting standards, Entergy utilizes a number of accounting mechanisms that reduce the volatility of reported pension costs. Differences between actuarial assumptions and actual plan results are deferred and are amortized into expense only when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the market-related value of plan assets. If necessary, the excess is amortized over the average remaining service period of active employees.

Entergy calculates the expected return on pension and other postretirement benefit plan assets by multiplying the long-term expected rate of return on assets by the market-related value (MRV) of plan assets. Entergy determines the MRV of pension plan assets by calculating a value that uses a 20-quarter phase-in of the difference between actual and expected returns. For other postretirement benefit plan assets Entergy uses fair value when determining MRV.

Costs and Funding

In 2015, Entergy's total qualified pension cost was $321.1 million, including a $0.4 million curtailment charge related to announced plant closures. Entergy anticipates 2016 qualified pension cost to be $211.8 million. Entergy's pension funding was approximately $395.8 million for 2015. Entergy's 2016-2018 contributions to the pension trust are currently estimated to be approximately $1.1 billion, including $387.5 million in 2016; although the 2016 required pension contributions will be known with more certainty when the January 1, 2016 valuations are completed, which is expected by April 1, 2016.

Minimum required funding calculations as determined under Pension Protection Act guidance are performed annually as of January 1 of each year and are based on measurements of the assets and funding liabilities as measured at that date. Any excess of the funding liability over the calculated fair market value of assets results in a funding shortfall that, under the Pension Protection Act, must be funded over a seven-year rolling period. The Pension Protection Act also imposes certain plan limitations if the funded percentage, which is based on calculated fair market values of assets divided by funding liabilities, does not meet certain thresholds. For funding purposes, asset gains and losses are smoothed in to the calculated fair market value of assets and the funding liability is based upon a weighted average 24-month corporate bond rate published by the U.S. Treasury; therefore, periodic changes in asset returns and interest rates can affect funding shortfalls and future cash contributions.

Moving Ahead for Progress in the 21st Century Act (MAP-21) became federal law in July 2012. Under the law, the segment rates used to calculate funding liabilities must be within a corridor of the 25-year average of prior segment rates. The interest rate corridor applies to the determination of minimum funding requirements and benefit restrictions. The pension funding stabilization provisions will provide for a near-term reduction in minimum funding requirements for single employer defined benefit plans in response to the historically low interest rates that existed when the law was enacted. The law did not reduce contribution requirements over the long term.

The Highway and Transportation Funding Act (HATFA) became federal law in August 2014. HATFA's pension provisions provided a five-year extension of the MAP-21 pension funding stabilization.

Total postretirement health care and life insurance benefit costs for Entergy in 2015 were $66.2 million. Entergy expects 2016 postretirement health care and life insurance benefit costs to be $19.5 million. Entergy contributed $62.7 million to its postretirement plans in 2015. Entergy's current estimate of 2016-2018 contributions to its other postretirement plans is approximately $148.6 million, including $52.8 million in 2016.

Federal Healthcare Legislation

The Patient Protection and Affordable Care Act (PPACA) became federal law on March 23, 2010, and, on March 30, 2010, the Health Care and Education Reconciliation Act of 2010 became federal law and amended certain provisions of the PPACA. Entergy has implemented the major provisions of the law.

A 40% excise tax on per capita medical benefit costs that exceed certain thresholds is due to take effect beginning in 2018. There are still many technical issues, however, that have not been finalized. Entergy will continue to monitor these developments to determine the possible effect on Entergy.

Other Contingencies

As a company with multi-state utility operations, Entergy is subject to a number of federal and state laws and regulations and other factors and conditions in the areas in which it operates, which potentially subject it to environmental, litigation, and other risks. Entergy periodically evaluates its exposure for such risks and records a reserve for those matters which are considered probable and estimable in accordance with generally accepted accounting principles.

Environmental

Entergy must comply with environmental laws and regulations applicable to air emissions, water discharges, solid and hazardous waste, toxic substances, protected species, and other environmental matters. Under these various laws and regulations, Entergy could incur substantial costs to comply or address any impacts to the environment. Entergy conducts studies to determine the extent of any required remediation and has recorded liabilities based upon its evaluation of the likelihood of loss and expected dollar amount for each issue. Additional sites or issues could be identified which require environmental remediation or corrective action for which Entergy could be liable. The amounts of environmental liabilities recorded can be significantly affected by the following external events or conditions.

- Changes to existing state or federal regulation by governmental authorities having jurisdiction over air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters.
- The identification of additional impacts, sites, issues, or the filing of other complaints in which Entergy may be asserted to be a potentially responsible party.
- The resolution or progression of existing matters through the court system or resolution by the EPA or relevant state or local authority.

Litigation

Entergy is regularly named as a defendant in a number of lawsuits involving employment, customers, and injuries and damages issues, among other matters. Entergy periodically reviews the cases in which it has been named as defendant and assesses the likelihood of loss in each case as probable, reasonably possible, or remote and records liabilities for cases that have a probable likelihood of loss and the loss can be estimated. Given the environment in which Entergy operates, and the unpredictable nature of many of the cases in which Entergy is named as a defendant, the ultimate outcome of the litigation to which Entergy is exposed has the potential to materially affect the results of operations, financial position, and cash flows of Entergy or the Registrant Subsidiaries.

Uncertain Tax Positions

Entergy's operations, including acquisitions and divestitures, require Entergy to evaluate risks such as the potential tax effects of a transaction, or warranties made in connection with such a transaction. Entergy believes that it has adequately assessed and provided for these types of risks, where applicable. Any provisions recorded for these types of issues, however, could be significantly affected by events such as claims made by third parties under warranties, additional transactions contemplated by Entergy, or completion of reviews of the tax treatment of certain transactions or issues by taxing authorities.

New Accounting Pronouncements

The accounting standard-setting process, including projects between the FASB and the International Accounting Standards Board (IASB) to converge U.S. GAAP and International Financial Reporting Standards, is ongoing and the FASB and the IASB are each currently working on several projects. Final pronouncements that result from these projects could have a material effect on Entergy's future net income, financial position, or cash flows.

In May 2014 the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The ASU's core principle is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." The ASU details a five-step model that should be followed to achieve the core principle. In August 2015 the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date." The ASU defers the effective date of ASU 2014-09 for all entities by one year. ASU 2014-09 is effective for Entergy for the first quarter 2018. Entergy does not expect ASU 2014-09 to affect materially its results of operations, financial position, or cash flows.

In November 2014 the FASB issued ASU No. 2014-16, "Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity."

The ASU states that for hybrid financial instruments issued in the form of a share, an entity should determine the nature of the host contract by considering all stated and implied substantive terms and features of the hybrid financial instrument, weighing each term and feature on the basis of relevant facts and circumstances. ASU 2014-16 is effective for Entergy for the first quarter 2016. Entergy does not expect ASU 2014-16 to affect materially its results of operations, financial position, or cash flows.

In February 2015 the FASB issued ASU No. 2015-02, “Consolidation (Topic 810): Amendments to Consolidation Analysis” which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The ASU affects (1) limited partnerships and similar legal entities, (2) evaluating fees paid to a decision maker or a service provider as a variable interest, (3) the effect of fee arrangements on the primary beneficiary determination, (4) the effect of related parties on the primary beneficiary determination, and (5) certain investment funds. ASU 2015-02 is effective for Entergy for the first quarter 2016. Entergy does not expect ASU 2015-02 to affect materially its results of operations, financial position, or cash flows.

In January 2016 the FASB issued ASU No. 2016-01 “Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The ASU requires equity investments, excluding those accounted for under the equity method or resulting in consolidation of the investee, to be measured at fair value with changes recognized in net income. The ASU requires a qualitative assessment to identify impairments of equity investments without readily determinable fair value. ASU 2016-01 is effective for Entergy for the first quarter 2018. Entergy expects that ASU 2016-01 will affect its results of operations by requiring unrealized gains and losses on equity investments held by the nuclear decommissioning trust funds to be recorded in earnings rather than in other comprehensive income. In accordance with the regulatory treatment of the decommissioning trust funds of Entergy Arkansas, Entergy Louisiana, and System Energy, an offsetting amount of unrealized gains/losses will continue to be recorded in other regulatory liabilities/assets. Entergy is evaluating the ASU for other effects on the results of operations, financial position, and cash flows.

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ENTERGY CORPORATION AND SUBSIDIARIES
REPORT OF MANAGEMENT

Management of Entergy Corporation and its subsidiaries has prepared and is responsible for the financial statements and related financial information included in this document. To meet this responsibility, management establishes and maintains a system of internal controls over financial reporting designed to provide reasonable assurance regarding the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles. This system includes communication through written policies and procedures, an employee Code of Entegrity, and an organizational structure that provides for appropriate division of responsibility and training of personnel. This system is also tested by a comprehensive internal audit program.

Entergy management assesses the design and effectiveness of Entergy's internal control over financial reporting on an annual basis. In making this assessment, management uses the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. The 2013 COSO Framework was utilized for management's assessment. Management acknowledges, however, that all internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and presentation.

Entergy Corporation's independent registered public accounting firm, Deloitte & Touche LLP, has issued an attestation report on the effectiveness of Entergy Corporation's internal control over financial reporting as of December 31, 2015.

In addition, the Audit Committee of the Board of Directors, composed solely of independent Directors, meets with the independent auditors, internal auditors, management, and internal accountants periodically to discuss internal controls, and auditing and financial reporting matters. The Audit Committee appoints the independent auditors annually, seeks shareholder ratification of the appointment, and reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present, providing free access to the Audit Committee.

Based on management's assessment of internal controls using the 2013 COSO criteria, management believes that Entergy and each of the Registrant Subsidiaries maintained effective internal control over financial reporting as of December 31, 2015. Management further believes that this assessment, combined with the policies and procedures noted above, provides reasonable assurance that Entergy's and each of the Registrant Subsidiaries' financial statements are fairly and accurately presented in accordance with generally accepted accounting principles.

LEO P. DENAULT
Chairman of the Board and Chief Executive Officer of Entergy Corporation

ANDREW S. MARSH
Executive Vice President and Chief Financial Officer of Entergy Corporation, Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., Entergy Texas, Inc., and System Energy Resources, Inc.

HUGH T. MCDONALD
Chairman of the Board, President, and Chief Executive Officer of Entergy Arkansas, Inc.

PHILLIP R. MAY, JR.
Chairman of the Board, President, and Chief Executive Officer of Entergy Louisiana, LLC

HALEY R. FISACKERLY
Chairman of the Board, President, and Chief Executive Officer of Entergy Mississippi, Inc.

CHARLES L. RICE, JR.
Chairman of the Board, President and Chief Executive Officer of Entergy New Orleans, Inc.

SALLIE T. RAINER	THEODORE H. BUNTING, JR.
Chair of the Board, President, and Chief Executive Officer of Entergy Texas, Inc.	Chairman of the Board, President and Chief Executive Officer of System Energy Resources, Inc.

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ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA - FIVE-YEAR COMPARISON

	2015	2014	2013	2012	2011
	(In Thousands, Except Percentages and Per Share Amounts)				
Operating revenues	$11,513,251	$12,494,921	$11,390,947	$10,302,079	$11,229,073
Net income (loss)	($156,734)	$960,257	$730,572	$868,363	$1,367,372
Earnings (loss) per share:					
Basic	($0.99)	$5.24	$3.99	$4.77	$7.59
Diluted	($0.99)	$5.22	$3.99	$4.76	$7.55
Dividends declared per share	$3.34	$3.32	$3.32	$3.32	$3.32
Return on common equity	(1.83%)	9.58%	7.56%	9.33%	15.43%
Book value per share, year-end	$51.89	$55.83	$54.00	$51.72	$50.81
Total assets	$44,647,681	$46,414,455	$43,290,290	$43,087,339	$40,597,676
Long-term obligations (a)	$13,456,742	$12,627,180	$12,265,971	$12,026,207	$10,164,622

(a) Includes long-term debt (excluding currently maturing debt), non-current capital lease obligations, and subsidiary preferred stock without sinking fund that is not presented as equity on the balance sheet.

	2015	2014	2013	2012	2011
	(Dollars In Millions)				
Utility electric operating revenues:					
Residential	$3,518	$3,555	$3,396	$3,022	$3,369
Commercial	2,516	2,553	2,415	2,174	2,333
Industrial	2,462	2,623	2,405	2,034	2,307
Governmental	223	227	218	198	205
Total retail	8,719	8,958	8,434	7,428	8,214
Sales for resale	249	330	210	179	216
Other	341	304	298	264	244
Total	$9,309	$9,592	$8,942	$7,871	$8,674
Utility billed electric energy sales (GWh):					
Residential	36,068	35,932	35,169	34,664	36,684
Commercial	29,348	28,827	28,547	28,724	28,720
Industrial	44,382	43,723	41,653	41,181	40,810
Governmental	2,514	2,428	2,412	2,435	2,474
Total retail	112,312	110,910	107,781	107,004	108,688
Sales for resale	9,274	9,462	3,020	3,200	4,111
Total	121,586	120,372	110,801	110,204	112,799
Entergy Wholesale Commodities:					
Operating revenues	$2,062	$2,719	$2,313	$2,326	$2,414

Billed electric energy sales (GWh)	39,745	44,424	45,127	46,178	43,497

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Entergy Corporation and Subsidiaries
New Orleans, Louisiana

We have audited the accompanying consolidated balance sheets of Entergy Corporation and Subsidiaries (the "Corporation") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the 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 the standards of the Public Company Accounting Oversight Board (United States). 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 Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2016 expressed an unqualified opinion on the Corporation's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

New Orleans, Louisiana
February 25, 2016

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2015	2014	2013
	(In Thousands, Except Share Data)		
OPERATING REVENUES			
Electric	$9,308,678	$9,591,902	$8,942,360
Natural gas	142,746	181,794	154,353
Competitive businesses	2,061,827	2,721,225	2,294,234
TOTAL	11,513,251	12,494,921	11,390,947
OPERATING EXPENSES			
Operation and Maintenance:			
Fuel, fuel-related expenses, and gas purchased for resale	2,452,171	2,632,558	2,445,818
Purchased power	1,390,805	1,915,414	1,554,332
Nuclear refueling outage expenses	251,316	267,679	256,801
Other operation and maintenance	3,354,981	3,310,536	3,331,934
Asset write-offs, impairments, and related charges	2,104,906	179,752	341,537
Decommissioning	280,272	272,621	242,104
Taxes other than income taxes	619,422	604,606	600,350
Depreciation and amortization	1,337,276	1,318,638	1,261,044
Other regulatory charges (credits) - net	175,304	(13,772)	45,597
TOTAL	11,966,453	10,488,032	10,079,517
Gain on sale of asset / business	154,037	—	43,569
OPERATING INCOME (LOSS)	(299,165)	2,006,889	1,354,999
OTHER INCOME			
Allowance for equity funds used during construction	51,908	64,802	66,053
Interest and investment income	187,062	147,686	199,300
Miscellaneous - net	(95,997)	(42,016)	(59,762)
TOTAL	142,973	170,472	205,591
INTEREST EXPENSE			
Interest expense	670,096	661,083	629,537
Allowance for borrowed funds used during construction	(26,627)	(33,576)	(25,500)
TOTAL	643,469	627,507	604,037
INCOME (LOSS) BEFORE INCOME TAXES	(799,661)	1,549,854	956,553
Income taxes	(642,927)	589,597	225,981
CONSOLIDATED NET INCOME (LOSS)	(156,734)	960,257	730,572
Preferred dividend requirements of subsidiaries	19,828	19,536	18,670
	($176,562)	$940,721	$711,902

NET INCOME (LOSS) ATTRIBUTABLE TO ENTERGY CORPORATION			
Earnings (loss) per average common share:			
Basic	($0.99)	$5.24	$3.99
Diluted	($0.99)	$5.22	$3.99
Basic average number of common shares outstanding	179,176,356	179,506,151	178,211,192
Diluted average number of common shares outstanding	179,176,356	180,296,885	178,570,400

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the Years Ended December 31,		
	2015	2014	2013
	(In Thousands)		
Net Income (Loss)	($156,734)	$960,257	$730,572
Other comprehensive income (loss)			
Cash flow hedges net unrealized gain (loss)			
(net of tax expense (benefit) of $3,752, $96,141, and ($87,940))	7,852	179,895	(161,682)
Pension and other postretirement liabilities			
(net of tax expense (benefit) of $61,576, ($152,763), and $220,899)	103,185	(281,566)	302,489
Net unrealized investment gains (losses)			
(net of tax expense (benefit) of ($45,904), $66,594, and $118,878)	(59,138)	89,439	122,709
Foreign currency translation			
(net of tax expense (benefit) of ($345), ($404), and $131)	(641)	(751)	243
Other comprehensive income (loss)	51,258	(12,983)	263,759
Comprehensive Income (Loss)	(105,476)	947,274	994,331
Preferred dividend requirements of subsidiaries	19,828	19,536	18,670
Comprehensive Income (Loss) Attributable to Entergy Corporation	($125,304)	$927,738	$975,661

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2015	2014	2013
	(In Thousands)		
OPERATING ACTIVITIES			
Consolidated net income (loss)	($156,734)	$960,257	$730,572
Adjustments to reconcile consolidated net income (loss) to net cash flow provided by operating activities:			
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	2,117,236	2,127,892	2,012,076
Deferred income taxes, investment tax credits, and non-current taxes accrued	(820,350)	596,935	311,789
Asset write-offs, impairments, and related charges	2,104,906	123,527	341,537
Gain on sale of asset / business	(154,037)	—	(43,569)
Changes in working capital:			
Receivables	38,152	98,493	(180,648)
Fuel inventory	(12,376)	3,524	4,873
Accounts payable	(135,211)	(12,996)	94,436
Prepaid taxes and taxes accrued	81,969	(62,985)	(142,626)
Interest accrued	(11,445)	25,013	(3,667)
Deferred fuel costs	298,725	(70,691)	(4,824)
Other working capital accounts	(113,701)	112,390	(66,330)
Changes in provisions for estimated losses	42,566	301,871	(248,205)
Changes in other regulatory assets	262,317	(1,061,537)	1,105,622
Changes in other regulatory liabilities	61,241	87,654	397,341
Changes in pensions and other postretirement liabilities	(446,418)	1,308,166	(1,433,663)
Other	134,344	(647,952)	314,505
Net cash flow provided by operating activities	3,291,184	3,889,561	3,189,219
INVESTING ACTIVITIES			
Construction/capital expenditures	(2,500,860)	(2,119,191)	(2,287,593)
Allowance for equity funds used during construction	53,635	68,375	69,689
Nuclear fuel purchases	(493,604)	(537,548)	(517,825)
Payment for purchase of plant	—	—	(17,300)
Proceeds from sale of assets and businesses	487,406	10,100	147,922
Insurance proceeds received for property damages	24,399	40,670	—
Changes in securitization account	(5,806)	1,511	155
NYPA value sharing payment	(70,790)	(72,000)	(71,736)
Payments to storm reserve escrow account	(69,163)	(276,057)	(7,716)
Receipts from storm reserve escrow account	5,916	—	260,279
Decrease (increase) in other investments	571	46,983	(82,955)
Litigation proceeds for reimbursement of spent nuclear fuel storage costs	18,296	—	21,034
Proceeds from nuclear decommissioning trust fund sales	2,492,176	1,872,115	2,031,552
Investment in nuclear decommissioning trust funds	(2,550,958)	(1,989,446)	(2,147,099)
Net cash flow used in investing activities	(2,608,782)	(2,954,488)	(2,601,593)

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2015	2014	2013
	(In Thousands)		
FINANCING ACTIVITIES			
Proceeds from the issuance of:			
Long-term debt	3,502,189	3,100,069	3,746,016
Preferred stock of subsidiary	107,426	—	24,249
Treasury stock	24,366	194,866	24,527
Retirement of long-term debt	(3,461,518)	(2,323,313)	(3,814,666)
Repurchase of common stock	(99,807)	(183,271)	—
Repurchase / redemptions of preferred stock	(94,285)	—	—
Changes in credit borrowings and commercial paper - net	(104,047)	(448,475)	250,889
Other	(9,136)	23,579	—
Dividends paid:			
Common stock	(598,897)	(596,117)	(593,037)
Preferred stock	(19,758)	(19,511)	(18,802)
Net cash flow used in financing activities	(753,467)	(252,173)	(380,824)
Effect of exchange rates on cash and cash equivalents	—	—	(245)
Net increase (decrease) in cash and cash equivalents	(71,065)	682,900	206,557
Cash and cash equivalents at beginning of period	1,422,026	739,126	532,569
Cash and cash equivalents at end of period	$1,350,961	$1,422,026	$739,126
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest - net of amount capitalized	$663,630	$611,376	$570,212
Income taxes	$103,589	$77,799	$127,735

See Notes to Financial Statements.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	December 31, 2015	2014
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	$63,497	$131,327
Temporary cash investments	1,287,464	1,290,699
Total cash and cash equivalents	1,350,961	1,422,026
Accounts receivable:		
Customer	608,491	596,917
Allowance for doubtful accounts	(39,895)	(35,663)
Other	178,364	220,342
Accrued unbilled revenues	321,940	321,659
Total accounts receivable	1,068,900	1,103,255
Deferred fuel costs	—	155,140
Accumulated deferred income taxes	—	27,783
Fuel inventory - at average cost	217,810	205,434
Materials and supplies - at average cost	873,357	918,584
Deferred nuclear refueling outage costs	211,512	214,188
Prepayments and other		