ENTERGY CORP /DE/
Form U-1
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File No. 70-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-1
APPLICATION OR DECLARATION
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Entergy Corporation
639 Loyola Avenue
New Orleans, LA 70113

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

Entergy Gulf States, Inc.
350 Pine Street
Beaumont, TX 77701

Entergy Services, Inc.
639 Loyola Avenue
New Orleans, LA 70113

Entergy Enterprises, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

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

Entergy Corporation
(Name of top registered holding company parent)

Steven C. McNeal
Vice President and Treasurer
Entergy Services, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113
(Name and address of agent for service)

The Commission is requested to send copies of all notices, orders and communications in connection with this Application/Declaration to:

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New Orleans, Louisiana 70113

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Item 1. Description of Proposed Transaction.

(A) Introduction

Entergy Gulf States, Inc., a Texas corporation (the "Company"), is a public utility subsidiary of Entergy Corporation ("Entergy Corp."), a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act").

Entergy Corp.'s other public-utility subsidiaries are Entergy Arkansas, Inc. ("Entergy Arkansas"), Entergy Louisiana, Inc. ("Entergy Louisiana"), Entergy Mississippi, Inc. ("Entergy Mississippi") and Entergy New Orleans, Inc. ("Entergy New Orleans") (the Company, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans are hereinafter collectively referred to as the "Operating Companies"). The Company has five subsidiary companies: (a) GSG&T, Inc. ("GSG&T"), a Texas corporation, formed to hold the Company's interest in the fossil-fueled Lewis Creek power plant ("Lewis Creek Plant") which is leased back to the Company ("GSG&T Lease"); (b) Varibus L.L.C. ("Varibus"), a Texas limited liability company which operates certain intrastate pipelines in Louisiana used primarily to transport fuel to two of the Company's generating stations; (c) Prudential Oil and Gas L.L.C. ("Prudential"), a Texas limited liability company whose only asset is a cash account balance and is otherwise inactive; (d) Southern Gulf Railway Company ("SGR"), a Texas corporation, which owns and operates several miles of rail track in Louisiana to facilitate the transportation of coal for use as boiler fuel in a Company generating station; and (e) Gulf States Utilities, Inc. ("GSU"), a Texas corporation, which has sold all of its assets and is currently inactive (collectively, GSG&T, Varibus, Prudential, SGR and GSU are hereinafter referred to as the "Subsidiaries"). Entergy Services, Inc. ("Entergy Services") provides general executive, advisory, administrative, accounting, legal, engineering and other services to the Operating Companies (Entergy Corp., Entergy Services and the Operating Companies are hereinafter collectively referred to as "Entergy", and Entergy Corp. and its subsidiary companies are hereinafter referred to as the "Entergy System"). Entergy Enterprises, Inc. ("EEI"), through itself, affiliates and

subsidiary companies, provides operations, management and consulting services to non-utility affiliates within the Entergy System, including those relating to disaggregation and retail competition in Texas, and to non-affiliates. Entergy Operations, Inc. ("EOI") provides nuclear management, operation and maintenance services to certain Operating Companies, including the Company. The principal executive offices of the applicants are located at the addresses set forth on the cover page hereof.

(B) Background and Regulatory Environment

(1) Texas Senate Bill 7 ("S.B. 7") and Public Utility Commission of Texas ("PUCT")

In June 1999, the Texas legislature enacted a law, S.B. 7, amending the Public Utility Regulatory Act ("PURA") to provide for competition in the electric utility industry through retail open access. The law provides for retail open access by most electric utilities, including the Company. Such retail open access is currently scheduled to commence on January 1, 2002. With retail open access, generation and the provision of retail services will be competitive businesses, while transmission and distribution operations will continue to be regulated.

The provisions of the new law: (1) require a rate freeze through December 31, 2001; (2) require utilities to separate (unbundle) their generation, transmission and distribution, and retail electric provider ("REP") functions; (3) require operation in a non-discriminatory manner of transmission and distribution facilities by an entity independent of the generation and retail operations by the time competition is implemented; (4) allow for recovery of stranded costs incurred in purchasing power and providing electric generation service if the costs are approved by the PUCT; (5) allow securitization of regulatory assets and stranded costs; (6) provide for the determination of and mitigation measures for generation market power; and (7) require

utilities to file separated data and proposed transmission, distribution, and competitive transition tariffs.

The PUCT and various participants in the industry are currently in the process of implementing the legislation through various rulemaking and other proceedings. In January 2000, as required by the Texas restructuring legislation, the Company filed a business separation plan with the PUCT and amended it in June 2000. The PUCT has issued an order approving the business separation plan, as amended.

(2) Louisiana Public Service Commission ("LPSC")

In August 2000, the Company filed with the LPSC testimony relating to the business separation plan filed with the PUCT and subsequently submitted additional testimony. The Company has reached a settlement with various Louisiana parties with respect to the structure of the Company and the treatment of assets and debt and other long-term obligations (the "Louisiana Settlement"), and the Louisiana Settlement was submitted to the LPSC. As of June 20, 2001, the LPSC approved the Louisiana Settlement.

(3) Plan for Separation of Assets

The proposed business separation plan of the Company (reflecting both Texas and Louisiana components) (the "BSP"), provides that, by January 1, 2002, the Company will be divided into (i) (a) a company that owns distribution facilities located in Texas (the "Texas Distribution Company");1 (b) one or more companies purchasing and selling power at wholesale, or holding companies for such companies (collectively, the "Texas Power Company");2 3 (c) a holding company (the "Texas Holding Company")4 with one or more direct or indirect subsidiary companies owning an undivided interest in the Company's transmission assets (collectively, the "Texas Transmission Company")5; (d) a retail

holding company (the "Retail Holding Company")6 with the following direct or indirect subsidiary companies:7 various Texas retail electric providers (the "Texas REPs") and various retail management services providers (the "RMPs") and one or more retail supply acquisition companies (collectively, the Texas Distribution Company, the Texas Power Company, the Texas Holding Company, the Texas Transmission Company, the Retail Holding Company, the Texas REPs, the RMPs and the retail supply acquisition companies are hereinafter referred to as the "New Companies"); and (ii) a surviving company of a "merger by division" pursuant to Texas law that will continue to own and operate distribution facilities located in Louisiana, all of the Company's generation assets,8 an undivided interest in the Company's transmission assets, retail operations in Louisiana and all of the Subsidiaries (the "Louisiana Company")9. After the restructuring is completed, each of the Texas Distribution Company, the Texas Power Company and the Retail Holding Company, will be direct subsidiaries of Entergy Corp., and the Texas Holding Company and the Texas Transmission Company will be direct or indirect subsidiaries of Entergy Corp.10 Each of the Texas Distribution Company and the Texas Transmission Company (each an "Assumption Party, and together, the "Assumption Parties") would be allocated pursuant to the Merger (as hereinafter defined) a portion of the Company's liabilities and obligations, and would assume, a portion of the Company's long-term debt obligations pursuant to debt assumption agreements (each an Assumption Agreement and collectively, the "Assumption Agreements"). Property allocated to the Assumption Parties would be released from the lien of the Company's Indenture of Mortgage, dated September 1, 1926, as amended (the "Indenture"). Each of the Assumption Parties would also grant a lien on its properties so

released in favor of the Louisiana Company to secure its respective obligations pursuant to its Assumption Agreement to the Louisiana Company. These assumed obligations would remain as debt on the Louisiana Company's books, but would be offset by an assumption asset from the Assumption Parties. Entergy Corp. will also enter into an indemnification agreement (the "Indemnification Agreement") with the Louisiana Company under which Entergy Corp. will support the Texas Transmission Company's assumption of debt obligations if such obligations are not paid by the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Transmission Company. In addition, under the plan as set forth below, the assumed obligations will be refinanced or retired.

(4) Federal Energy Regulatory Commission ("FERC") Order No. 2000

In a separate filing with the Securities and Exchange Commission (the "Commission") (Holding Co. Act File No. 70-9859), Entergy has described a proposal to create an independent, incentive-driven transmission company ("Transco") as a Delaware limited liability company ("LLC") the assets of which will consist initially of the Operating Companies', including the Company's, and Entergy Services', transmission systems and related assets and will ultimately include transmission assets of other non-affiliated entities. Transco will be independent of, and not affiliated with, the Entergy System. Reference is made to File No. 70-9859 for the proposed allocation by merger or by transfer of operation and/or ownership of the Louisiana Company's and the Texas Transmission Company's transmission assets, and related obligations, through new intermediate entities in the Entergy System to Transco ("Transco U-1"). The Transco proposal is subject to change depending upon developments at FERC.

(C) Overview of Requested Approvals

The applicants request authorization under the Act from the Commission, to the extent not otherwise authorized or exempted under the Act, for (i) the Company to effect one or more "merger by division" transactions pursuant to Article 5.01 of the Texas Business Corporation Act ("TBCA") (the "Merger") pursuant to a merger agreement and a plan of merger (forms of which are attached as Exhibits A-2 and A-3 hereto and collectively hereinafter referred to as the "Merger Documents"), whereby (a) the Company will survive the Merger as the Louisiana Company which will continue to be a wholly-owned subsidiary of Entergy Corp.; (b) Entergy Corp. will (initially or after intermediate steps) hold interests in, and acquire equity securities of, directly or indirectly, the following new entities - the Texas Distribution Company, the Texas Power Company, the Texas Holding Company, which, in turn will hold interests in or acquire equity securities of the Texas Transmission Company (see footnotes 7 and 10), and the Retail Holding Company, which in turn will hold interests in and acquire equity securities in the Texas REPs, the RMPs and the retail supply acquisition company; (c) the Louisiana Company will continue to hold interests in and/or own equity securities of the Subsidiaries; and (d) ownership of the Company's distribution facilities located in Texas will be allocated to the Texas Distribution Company and an undivided interest in the Company's transmission facilities will be allocated to the Texas Transmission Company; (ii) each of the surviving entities to be allocated its proportionate share of liabilities and obligations of the Company as provided in the Merger and for the Assumption Parties to assume their allocated shares of the Company's long-term debt obligations and to enter into Assumption Agreements and instruments of assumption to effect the assumptions thereunder (each an "Instrument of

Assumption"); (iii) any assets allocated to the Assumption Parties that were subject to the lien of the Indenture, to be released from the lien thereof; (iv) all debt obligations of the Company covered by the Assumption Agreements to remain on the books of the Louisiana Company with offsetting assumption assets from the Assumption Parties; (v) the New Companies and the Louisiana Company to indemnify each other with respect to various liabilities and claims arising prior to and after the Merger; (vi) the Assumption Parties to grant first lien security interests in those allocated assets they receive to the Louisiana Company and to enter into mortgage, deed and security agreements or mortgage, assignment of rents and leases and security agreements (each, a "Security Agreement") to effect such grants; (vii) Entergy Corp. to enter into the Indemnification Agreement with the Louisiana Company under which Entergy Corp. will support, under certain circumstances, the Texas Transmission Company's assumption of debt obligations; (viii) the New Companies and the Louisiana Company to effect financing, including refinancing, through the period ending December 31, 2004; (ix) the Louisiana Company, the Texas Distribution Company and the Texas Transmission Company to use the proceeds of such financing to refinance assumed debt through the period ending December 31, 2004; (x) the New Companies and the Louisiana Company to pay dividends out of capital (which may include distributions of stock and securities of one or more of the New Companies and the Louisiana Company as a step in the restructuring); (xi) (a) the New Companies and the Louisiana Company to receive services from Entergy Services and EEI, and its non-utility affiliates and subsidiary companies, as appropriate, and for certain of the New Companies and the Louisiana Company to provide services, other than services

otherwise regulated under federal or state utility laws, to each other;11 (b) EOI to provide nuclear plant operation and maintenance services to the Louisiana Company; and (c) GSG&T to lease the Lewis Creek Plant to the Louisiana Company; and (xii) the Louisiana Company, the Texas Transmission Company and/or the Texas Distribution Company to provide services to EEI in the same manner as the Company is currently authorized to do.

(D) Corporate Separation

(1) Asset Allocation

As part of the Merger, assets of the Company will be allocated to, and owned by, the New Companies and the Louisiana Company as described below.

(a) Distribution

The Texas Distribution Company will own, at their net book value, the distribution assets of the Company located in Texas. Distribution assets consist of all equipment and devices that operate below 69 kV (for dual function substations that contain transmission elements (i.e., facilities operating at 69 kV and above) and distribution elements (i.e., facilities operating below 69 kV), the dividing line between transmission and distribution is at the high voltage side of the disconnect switch of the distribution transformer) or function as part of the distribution delivery system, including distribution lines, and the switching stations and substations which serve to interconnect only distribution lines. Subject to certain exceptions for common use assets (i.e., land, structures and equipment used to support both transmission and distribution functions) located at dual function substations, these assets will be considered distribution facilities for substations that are connected to one or two transmission lines. The Louisiana Company will own, at their net book value, the distribution

assets of the Company located in Louisiana.

(b) Transmission

The Texas Transmission Company and the Louisiana Company will own their respective allocated undivided interests, at their net book value, in all of the Company's transmission assets. See above under Item 1(D)(1)(a) for the allocation of assets between transmission and distribution.

The allocation of transmission facilities between the two companies will be based on a demand factor, which is allocated between Louisiana and Texas consumers. The Texas Transmission Company will be the entity through which operation and/or ownership of the Company's transmission assets will be transferred to new intermediate entities in the Entergy System and ultimately to Transco, as described in the Transco U-1. The Transco proposal is subject to change depending upon developments at FERC.

(c) Generation

The Louisiana Company will continue to own for up to three (3) years the Company's current fossil generating plants and River Bend nuclear generating station ("River Bend") , as well as continue to lease the Lewis Creek Plant under the GSG&T Lease. The Texas Power Company will purchase its allocated share of capacity from the Louisiana Company under one or more power purchase agreements to be filed with, and, if required, approved by FERC. The Louisiana Company will continue to operate and maintain the Company's fossil generating plants, while EOI will continue to operate River Bend.

(2) Allocation and Assumption of Liabilities

(a) Allocation

As part of the Merger, liabilities and obligations of the Company will be allocated to the New Companies and the Louisiana

Company as provided in the Merger documents. In general, they will be allocated to the company receiving the assets to which they relate.

(b) Assumption Agreements

The BSP provides for separate Assumption Agreements between the Louisiana Company and each of the Texas Distribution Company and the Texas Transmission Company with respect to long-term debt of the Company. The Assumption Agreements will provide that each such Texas entity assumes its allocated share of certain of the Company's long-term debt obligations. The Assumption Agreement of the Texas Distribution Company will provide that the assumed debt shall be retired by the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Distribution Company. The Assumption Agreement of the Texas Transmission Company will provide that the assumed debt shall be retired by the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Transmission Company. The date for retirement of debt assumed by the Texas Transmission Company may be extended to December 31, 2004 with the execution of an Indemnification Agreement by Entergy Corp.

The Assumption Agreements will allow for flexibility in scheduling and prioritizing the retirement of the Company's individual debt obligations. This flexibility will aid in disposing of the Company's outstanding debt consistent with prudent business practices. The Assumption Agreements also provide that the Louisiana Company will have a first priority lien on the Assumption Parties' assets released from the Indenture. The Assumption Parties will grant such liens pursuant to separate Security Agreements for assets located in Louisiana and Texas, in each case, to be executed contemporaneously with

the Assumption Agreements.

Key features of the Assumption Agreements include the following:

The Assumption Party in any given agreement will agree to assume, by executing and delivering an Instrument of Assumption, the obligations of the Louisiana Company to the extent of its assigned portion of the Company's overall debt (including pollution control bonds, the Company's debt relating to its special purpose subsidiary trust's issuance of quarterly income preferred securities ("QUIPs debt") and other debt), consistent with the particular requirements of each outstanding series of debt securities designated for assumption in the Assumption Agreement. All series of the Company's debt outstanding and the Assumption Party's share of that debt will be set forth in a schedule attached to the relevant Assumption Agreement.

The Louisiana Company has a right of immediate reimbursement from each Assumption Party if the Louisiana Company makes payment on any debt obligation properly the responsibility of the Assumption Party.

The Assumption Party may elect to purchase or redeem outstanding debt under its Assumption Agreement prior to its maturity and may direct the Louisiana Company to take steps necessary to carry out this request. The redemption provisions contained within the Assumption Agreement give the Louisiana Company the flexibility to apply the funds to redemption of any portion or series of the Company's overall debt at its choosing, in a manner that is consistent with prudent business practices. If the Louisiana Company takes such action, however, it must at the same time ensure that the obligation of the Assumption Party providing the funds for the redemption or repurchase is reduced just as if the precise debt it had designated had been redeemed

or repurchased.

The Assumption Party and the Louisiana Company will grant each other broad mutual indemnities, whereby they hold each other harmless from any claim or expense arising from the breach of their respective obligations under the respective Assumption Agreement.

Each Assumption Agreement also includes an Instrument of Assumption. This instrument is to be executed by the Assumption Party and delivered to the trustee responsible for the related assumed debt. Through the Instrument of Assumption, the Assumption Party assumes the debt and authorizes such trustee to enforce directly against it the debt payment obligation it has assumed from the Louisiana Company. A form of Assumption Agreement, including the Instrument of Assumption which is Exhibit A thereto is attached hereto as Exhibit B-1.

(c) Security Agreements

The Louisiana Company will have a first priority lien on the assets of the Texas Distribution Company and the Texas Transmission Company, granted pursuant to a Security Agreement to be executed contemporaneously with each Assumption Agreement. Two forms of Security Agreement are attached hereto as Exhibits B-2(a) and B-2(b). Since the Texas jurisdictional assets then held by the Assumption Parties will have been released from the lien of the Indenture, the Louisiana Company's lien on such assets will be a first lien.

Upon any default by an Assumption Party pursuant to the relevant Security Agreement, the Louisiana Company is authorized to "exercise any rights and remedies available to it under the Security Agreement," including the right to foreclose on the assets securing the Assumption Agreement in order to satisfy the debt. Each Assumption Party, however, will be responsible for

only its own obligations and is not liable for the default of any other Assumption Party.

(d) Indemnification Agreement

Entergy Corp. will enter into the Indemnification Agreement with the Louisiana Company if the Texas Transmission Company has not extinguished its Assumption Agreement obligations by the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Transmission Company. The Indemnification Agreement is intended to protect the Louisiana Company in the event of a default by the Texas Transmission Company on its Assumption Agreement. A form of the Indemnification Agreement is attached hereto as Exhibit B-3.

(3) Description of Resulting Companies

The following describes the functioning of the several New Companies and the Louisiana Company that will result from the stages of disaggregation described above.

(a) Texas Distribution Company

The Texas Distribution Company will provide competitive unaffiliated and affiliated REPs non-discriminatory access to the Company's distribution system and services located in Texas. The Texas Distribution Company will be regulated by the PUCT with its primary function being to own, operate, maintain, and expand its distribution system. The Texas Distribution Company will provide the same types of distribution system services as the Company currently provides - those essential to the delivery of electricity from the point of interconnection with the transmission grid to the interconnection with the customer. It will also perform metering services until such time as those services become competitive and handle certain customer account inquiries directly related to the distribution system, including those relating to outages.

The Texas Distribution Company may also perform certain retail access related activities, such as: (1) developing customer load profiles, (2) managing customer choice registration information, and (3) aggregating data for the Transco settlement process. Alternatively, an independent agent could perform all, or a portion, of these activities.

All charges by the Texas Distribution Company for the above services are subject to approval by the PUCT. The Texas Distribution Company will bill REPs for distribution and non-bypassable charges.

(b) Texas REPs

Currently, the Entergy System's retail service organization supports the bundled, regulated operations of the Operating Companies. The Texas REPs have been formed and may continue to be formed to provide to Texas customers with energy and related retail services, such as customer care services and competitive energy services.

Three REP limited partnerships have been created to offer and sell electricity at retail to customers in Texas. (See footnote 11.) Entergy Solutions Ltd., either directly or indirectly through one or more subsidiaries, will sell electricity at retail to customers outside of the Company's Texas service territory during a 2001 pilot project and, after January 1, 2002, may also serve non-price to beat customers in the Company's Texas service territory as well as customers outside of the Company's Texas service territory. These retail electric providers (each, a "REP") may provide competitive energy services to Texas customers and customers outside of Texas.

Entergy Solutions Select Ltd. (the "PTB REP"), either directly or indirectly through one or more subsidiaries, will service "price-to-beat" ("PTB") customers in the Company's Texas

service territory during the PTB period of approximately five (5) years. The PTB REP is limited to providing standard service packages that are defined by the terms and conditions that apply to the PTB service; however, it may also serve non-price to beat customers in the Company's Texas service territory.

A third Texas REP (the "POLR REP") has been created, Entergy Solutions Essentials Ltd., to provide service, either directly or indirectly through one or more subsidiaries, to those customers requiring service subject to the PUCT's provider of last resort ("POLR") rules and regulations, in the event this REP is selected by the PUCT to provide such POLR service.

(c) RMPs

Entergy Retail Louisiana Management Services LLC-A ("Retail Management Services"), a Louisiana RMP, and Entergy Retail Texas, Inc., a Delaware RMP, were established12 to house, either directly or indirectly through one or more subsidiaries, the systems and personnel for the provision of corporate support and management services. Staffing of these organizations is underway such that they will be operational as required for the start of the PUCT pilot project and for the start of the retail open access on January 1, 2002.

(d) Retail Supply Acquisition

Entergy Solutions Supply Ltd. ("Entergy Solutions Supply"), which is authorized by FERC to engage in wholesale electric power and energy transactions at market-based rates and is registered with the PUCT to operate as a power marketer in Texas, will provide, either directly or indirectly through one or more subsidiaries, energy supply and supply acquisition services for Entergy's non-regulated retail affiliates, including the REPs listed above. (See footnote 11.)

(e) Transmission

The Texas Transmission Company will own an undivided interest in the Company's transmission assets. The Company intends for the Texas Transmission Company to allocate by merger, or transfer ownership and operation of, its assets, and its obligations, to Transco, indirectly through other entities in the Entergy System, as described in the Transco U-1. The Transco proposal is subject to change depending upon developments at FERC.

(f) Generation13

The Louisiana Company will continue to own the Company's generating assets14 and to lease the Lewis Creek Plant. The Texas Power Company will purchase its allocated share of power from the Louisiana Company pursuant to one or more power purchase agreements to be filed with, and, if required, approved by FERC.

(g) Louisiana Company

The Louisiana Company will continue to provide electric service to the Company's retail consumers located in Louisiana on a vertically integrated basis. The LPSC will continue to be the Louisiana Company's retail regulator.

(h) Generation and Transmission Operation and Maintenance Arrangements

Under the BSP, EOI will continue to operate River Bend and the Louisiana Company will operate the Company's fossil generating plants. The Louisiana Company and the Texas Transmission Company will provide each other with transmission plant operation and maintenance services. A form of transmission plant operation and maintenance service agreement is attached as Exhibit J-1 hereto.

(E) Financing, Redemption, Retirement or Repurchase of Securities, Extensions of Credit and Indemnification, Dividends Out of Capital, Restructuring and Provision of Services

(1) Financing by the New Companies and the Louisiana Company

As described above, certain of the New Companies and the Louisiana Company will issue debt and equity securities, will be allocated liabilities and obligations of the Company, and will assume a portion of the Company's existing debt, including mortgage bonds, pollution control revenue bonds and QUIPs debt, to implement the BSP.

(a) Assumption Parties

The Assumption Agreements entered into by the Assumption Parties will require that the assumed debt be redeemed, retired or repurchased with funds provided by the Assumption Party, (1) in the case of the Texas Distribution Company, no later than the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Distribution Company, and, (2) in the case of the Texas Transmission Company, no later than the later of (i) December 31, 2002 and (ii) one (1) year from the date the related assets are allocated to the Texas Transmission Company, unless Entergy Corp. enters into an Indemnification Agreement with the Louisiana Company, in which case, no later than December 31, 2004. Thus, by December 31, 2004, the Louisiana Company's outstanding debt will be reduced by the amount of such Assumption Agreement payments and the remaining debt obligations will be the sole obligation of the Louisiana Company. Correspondingly, each of the Assumption Parties will need to issue its own securities to fulfill such obligations under the Assumption Agreements.

Accordingly, to provide financing for the purpose of refinancing all, or a portion, of the debt of the Company assumed by the Assumption Parties under the Assumption Agreements, as well as to provide financing for general corporate purposes and to meet working capital requirements, Entergy Corp. and the Company request authorization for the Assumption Parties to

issue, from time to time, through December 31, 2004, debt and equity securities.

The Assumption Parties may issue short-term debt consisting of borrowings under one or more credit agreements ("Facility"), the issuance of commercial paper or other forms of short-term financing. The maturity of such debt will not exceed one year.15

The Assumption Parties may sell commercial paper, from time to time, in established domestic or European commercial paper markets to dealers at the prevailing discount rate per annum, or at the prevailing coupon rate per annum, at the date of issuance. It is expected that the dealers acquiring commercial paper from the Assumption Parties will re-offer such paper at a discount to corporate, institutional and, with respect to European commercial paper, to individual investors.

Such commercial paper issuances may be backed by bank lines of credit for 100% of the outstanding amount of commercial paper, if necessary, to assure the desired credit rating from the rating agencies. Loans under the Facility will be at rates generally available to borrowers of similar credit quality at the time the Facility is established.

The Assumption Parties also may issue from time to time, through December 31, 2004, long-term debt consisting of secured bonds, unsecured debentures, medium-term notes, convertible debt, subordinated debt, financing subsidiary preferred securities, bank borrowings, other debt securities or other forms of long-term financing, whether secured or unsecured. Any long-term debt security would have a maturity ranging from one to 50 years. Debentures, medium-term notes, convertible debt, subordinated debt and secured bonds will be issued under an indenture, and other debt securities may be issued under an indenture.

Any short-term or long-term debt security or Facility would

have such designation, aggregate principal amount, interest rate(s) or methods of determining the same, terms of payment of interest, redemption provisions, non-refunding provisions, sinking fund terms, conversion or put terms and other terms and conditions as the Assumption Parties may determine at the time of issuance.

In addition, the Assumption Parties and the Texas Holding Company may issue equity securities, capital shares, partnership interests, limited liability company interests, member interests, trust certificates or other forms of equity interests.

The Assumption Parties may also raise funds through (1) capital contributions, (2) open account advances with or without interest, or (3) sale of assets.

Entergy Corp. and the Company request authority, through December 31, 2004, for the Assumption Parties to issue, assume, or guaranty up to a maximum of $1.2 billion of securities or other obligations. Until its assumed debt obligations are paid, each Assumption Party will maintain, either on a corporate basis or on a consolidated basis, as appropriate, through December 31, 2004, a capital structure comprised of no less than 30% common equity. The Company has existing authorization under its Commission Order, dated December 26, 2000 (the "December 2000 Order") (Holding Co. Act Release No. 27318) to issue long-term securities from time to time through December 31, 2003.16 Entergy Corp. and the Company also request that the December 2000 Order be extended through the period ending December 31, 2004 and, to the extent not requested above, that the Assumption Parties be authorized to issue, through December 31, 2004, any type of securities which the Company would otherwise be authorized to issue pursuant to the December 2000 Order.

The Assumption Parties' debt and equity securities may be

issued and sold pursuant to purchase agreements or standard underwriting agreements. Public distribution may be effected through private negotiations with underwriters, dealers or agents, or through competitive bidding among underwriters. In addition, such securities may be issued and sold through private placements or other non-public offerings to one or more persons. All such debt instruments and stock sales will be at rates or prices and under conditions negotiated, or based upon, or otherwise determined by, competitive capital markets. In no event, however, will the effective cost of money on short-term debt exceed 500 basis points over the London Interbank Offered Rate ("LIBOR") for the relevant interest rate period. The interest rate on long-term debt will not exceed at the time of issuance the greater of (a) 500 basis points over U.S. Treasury securities having a remaining term comparable to the term of such series, if issued at a fixed rate, or 500 basis points over LIBOR for the relevant interest rate period, if issued at a floating rate, and (b) a gross spread over U.S. Treasury securities that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Entergy Corp. and the Company also request authorization for the Assumption Parties to enter into interest rate hedging transactions with respect to existing indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service or Fitch.

Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets, such as interest rate swaps, caps, collars, floors, and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

In addition, Entergy Corp. and the Company request authorization for the Assumption Parties to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain limitations and restrictions. Such Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a "Forward Sale"), (ii) the purchase of put options on U.S. Treasury obligations (a "Put Options Purchase"), (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (a "Zero Cost Collar"), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations, or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps and collars,

appropriate for the Anticipatory Hedges.

Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade ("CBOT"), the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. The Assumption Parties will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. The Assumption Parties may decide to lock in interest rates and/or limit their exposure to interest rate increases. All open positions under Anticipatory Hedges will be closed on or prior to the date of the new issuance and the Assumption Parties will not, at any time, take possession or make delivery of the underlying U.S. Treasury Securities.

Entergy Corp. and the Company represent that each Assumption Party Interest Rate Hedge and Anticipatory Hedge will qualify for hedge accounting treatment under generally accepted accounting principles. The Assumption Parties will comply with existing and future financial disclosure requirements of the Financial Accounting Standards Board associated with hedging transactions.17

(b) Other New Companies and the Louisiana Company

In addition to the financing and refinancing by the Assumption Parties, and, to the extent not otherwise authorized or exempt under the Act and Rules 52 and 45, Entergy Corp., the Company and EEI request authority for the New Companies, other than the Assumption Parties, to issue, through December 31, 2004, up to $1.0 billion of debt and equity securities from time to time to provide financing for general corporate purposes and to meet working capital requirements. Entergy Corp., the Company and EEI expect that substantially all of the security issuances

by the Retail Holding Company, the Texas REPs, the RMPs, Entergy Solutions Supply and the Texas Power Company (collectively hereinafter referred to as the "New Non-Utility Companies") will be exempt under Rule 52 or authorized pursuant to the EEI Order through December 31, 2002.18

In addition, to the extent not otherwise authorized under the Act, Entergy Corp. and the Company request authorization for the New Non-Utility Companies to enter into Anticipatory Hedges on the same terms and conditions as those described in subpart (E)(1)(a) of this Item 1.

To the extent not previously authorized by the December 2000 Order or under the Short-term Orders, Entergy Corp. and the Company request that the Louisiana Company be authorized through December 31, 2004, to issue up to a maximum of $2.2 billion of securities. The types of securities which the Louisiana Company may issue through December 31, 2004 would be the types authorized to be issued under the December 2000 Order and the Short-term Orders. Entergy Corp. and the Company request authority for the Louisiana Company to enter into Interest Rate Hedges and Anticipatory Hedges on the same terms and conditions as those described in subpart (E)(1)(a) of this Item 1.

(2) Redemption, Retirement and/or Repurchase of Securities

Entergy Corp. and the Company request Commission authority, to the extent not otherwise exempt or authorized under the Act, for the New Companies and the Louisiana Company, to retire, redeem and/or repurchase securities issued, or assumed, by such companies in accordance with the terms of the instruments under which those securities were issued.

The Company may, prior to effecting the Merger, redeem or repurchase outstanding preferred stock of the Company (the "Preferred Stock"). Any Preferred Stock remaining outstanding

would remain with the Louisiana Company, as the survivor of the Merger.

(3) Extensions of Credit and Indemnification

Under the Merger documents and Assumption Agreements, the Louisiana Company and the Texas Distribution Company, the Texas Power Company, the Texas Transmission Company, the Texas Holding Company and the Texas Retail Holding Company, respectively, agree to hold each other harmless from certain liabilities, debts, claims and expenses, respectively, and Entergy Corp. and the Company request authorization, to the extent not otherwise authorized or exempt under the Act, from the Commission for such arrangements.

Entergy Corp. requests authorization for its indemnification arrangements in favor of the Louisiana Company under the Indemnification Agreement and authorization to extend credit to the Texas Power Company, the Texas Retail Holding Company, the Texas REPs and the RMPs in an aggregate amount not to exceed $1.5 billion at any one time outstanding.

See also footnote 18.

(4) Dividends Out of Capital

The New Companies and the Louisiana Company may need to pay dividends to their immediate parent companies out of capital. Entergy Corp., the Company and EEI request authority, to the extent not otherwise authorized under the Act, for the New Companies and the Louisiana Company to pay such dividends out of capital.

(5) Restructuring19

It may be necessary to reorganize and restructure the New Companies and the Louisiana Company, from time to time, into different entities or ownership structures. Entergy Corp., the Company and EEI request authority, to the extent not otherwise

exempt or authorized under the Act, for such internal reorganization and restructuring, including the allocation by merger or assignment of the obligations of the New Companies and the Louisiana Company.

(6) Provision of Services to, by, or among the New Companies and the Louisiana Company

Under existing Commission authorization for the provision of services among Entergy System companies (in the case of the Company, EOI, certain subsidiaries and EEI (and its affiliates and subsidiary companies), see Holding Co. Act Release Nos. 25952, 26812 and 27040, dated December 17, 1993, January 6, 1998 and June 22, 1999, respectively), or in a similar manner, Entergy Services, EEI (and its affiliates and subsidiary companies), EOI and certain Subsidiaries will provide the New Companies and the Louisiana Company, as appropriate, depending upon their utility or non-utility status, various administrative, corporate, consulting, plant operation, maintenance or leasing and fuel supply or fuel-related services and the Louisiana Company, the Texas Transmission Company and the Texas Distribution Company will provide shared services to EEI (and its affiliates and subsidiary companies). Under existing Commission authorization, the EEI Order, the New Non-Utility Companies may provide each other services. The Louisiana Company, the Texas Distribution Company and the Texas Transmission Company will provide each other with distribution and transmission plant operation and maintenance services. All of such services, not otherwise regulated under federal or state utility laws, will be provided, as appropriate, (1) "at cost" in accordance with the requirements of Rules 87, 90 and 91 under the Act; or (2) in accordance with the transfer pricing terms otherwise authorized by the Commission in its June 22, 1999 order, Holding Co. Act Release No. 27040 or at

"fair market prices" in accordance with the EEI Order; or (3) otherwise in accordance with any available exception under the Act or rules thereunder and will be performed under service agreements similar to service agreements previously entered into by the Company and other Entergy System companies. The forms of service agreements are filed as Exhibit J-2 hereto.

Item 2. Fees, Commissions and Expenses.

The fees, commissions and expenses incurred or to be incurred in connection with the transactions proposed herein will be filed by amendment.

Item 3. Applicable Statutory Provisions.

The following Sections of, or Rules under, the Act may apply to the proposed transactions. To the extent that other Sections or Rules are deemed to apply and to the extent not exempted under the Act, the applicants also request authority under such Sections and/or Rules. In addition, certain of the transactions proposed have been carried out under the EEI Order or Rule 58.

Section and/or Rule	Transaction
Sections 6 and 7	Issuance of securities by certain New Companies and the Louisiana Company and assumption of securities by the Texas Distribution Company and the Texas Transmission Company, respectively, under Assumption Agreements; certain indemnification obligations of Entergy Corp. under the Indemnification Agreement
Sections 9 and 10	Acquisition, directly or indirectly, by Entergy Corp. and various affiliates, of securities of, or interests in, the Texas Distribution Company, the Texas Holding Company and the Texas Transmission Company; from time to time

Section 12(b) and Rule 45	Entergy Corp.'s indemnification arrangements under the Indemnification Agreement and extensions of credit to the Texas Power Company, the Texas Retail Holding Company, the Texas REPs and the Texas RMPs; extensions of credit among the New Non-Utility Companies; assumption of the obligations of the Louisiana Company, by the Texas Distribution Company and the Texas Transmission Company, respectively, under the Assumption Agreements, from time to time; and the allocation of liabilities and obligations of the Company among the New Companies and the Louisiana Company under the Merger Documents
Section 12(c) and Rule 46	Dividends out of capital of the New Companies and the Louisiana Company
Section 12(d) and Rules 43 or 44	Redemption, retirement or repurchase of securities by the New Companies and the Louisiana Company, from time to time; allocation of the Company's Texas distribution assets to the Texas Distribution Company; allocation of portions of the Company's assets to the Texas Holding Company and the Texas Transmission Company
Section 13 and Rules 81, 87, 90 and 91	Provision of services: (i) to, by, or among the New Non-Utility Companies; (ii) from certain New Companies and the Louisiana Company to EEI; (iii) by Entergy Services, EEI (and its affiliates and subsidiary companies), EOI and certain Subsidiaries to the New Companies and the

	Louisiana Company, as appropriate; (iv) between the Louisiana Company, and the Texas Transmission Company and the Texas Distribution Company, respectively; in all cases, at cost or at prices previously authorized by the Commission or in accordance with the Commission's rules, including exemptions
Sections 32 and 33 and Rules 53 and 54	Aggregate investments in exempt wholesale generators ("EWGs") and foreign utility companies ("FUCOs")

(A) Section 10

Since Entergy Corp. and various affiliates of Entergy Corp., directly or indirectly, will be acquiring the securities of the Texas Distribution Company, the Texas Holding Company, the Louisiana Company and the Texas Transmission Company, among other transactions, the proposed transactions will be subject to Section 9(a) of the Act. Thus, the proposed transactions cannot proceed without the approval of the Commission pursuant to Section 10 of the Act. The relevant statutory standards to be satisfied are set forth in Sections 10(b), 10(c) and 10(f) of the Act.

(1) SECTION 10(b)

Section 10(b) of the Act provides that, if the requirements of Section 10(f) are satisfied, the Commission shall approve an acquisition under Section 9(a) unless the Commission finds that:

> (1) such acquisition will tend towards interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interest of investors or consumers;
>
> (2) in case of the acquisition of securities or utility assets, the consideration, including all fees, commissions, and other remuneration, to whomsoever paid, to be given,

directly or indirectly, in connection with such acquisition is not reasonable or does not bear a fair relation to the sums invested in or the earning capacity of the utility assets to be acquired or the utility assets underlying the securities to be acquired; or

(3) such acquisition will unduly complicate the capital structure of the holding company system of the applicant or will be detrimental to the public interest or the interest of investors or consumers or the proper functioning of such holding company system.

(a) Section 10(b)(1) |HiddenPara|

The proposed transactions will not tend towards interlocking relations or the concentration of control of public-utility companies, of a kind, or to an extent, detrimental to the public interest or the interest of investors or consumers.

Since the ultimate result of the proposed transactions is to separate the existing Company into its components in accordance with state requirements, specifically, Texas S.B. 7, the proposed transactions will not tend toward any "concentration of control of public utility companies" that is detrimental to the public interest or the interest of consumers or investors. The deregulation of, and the introduction of competition in, Texas electric markets have been enacted specifically to benefit the public interest and the interests of investors and consumers. As the transactions described herein are being effected to comply with and to further such Texas and Federal legislative and regulatory commission initiatives, they likewise should be of benefit to the public interest and the interests of investors and consumers.

(b) Section 10(b)(2) |HiddenPara|

(i) Fairness of Consideration. Section 10(b)(2) of the Act requires the Commission to determine whether the consideration in connection with a proposed acquisition of securities is reasonable and whether it bears a fair relation to the investment in and the earning capacity of the utility assets

underlying the securities being acquired. The applicants believe that the consideration to be given in connection with the transactions described herein is fair and reasonable. The PUCT, the LPSC and FERC will approve various aspects of the reallocation of assets as well as the arrangements among the New Companies and the Louisiana Company, including the debt assumptions.

(ii) Reasonableness of Fees. An estimate of the fees and expenses to be paid in connection with the proposed transactions will be set forth in Item 2 hereof. The estimated amounts to be paid are fees required to be paid to governmental bodies, fees for necessary professional services, and other expenses incurred or to be incurred in connection with carrying out the proposed transactions.

(c) Section 10(b)(3) |HiddenPara|

Capital Structure. Section 10(b)(3) requires that the Commission determine whether the proposed transactions will unduly complicate the capital structures of the New Companies and the Louisiana Company or will be detrimental to the public interest, the interests of investors or consumers or the proper functioning of the New Companies and the Louisiana Company.

The corporate capital structures of the New Companies and the Louisiana Company after the consummation of the proposed transactions will not be unduly complicated. The securities to be issued by the New Companies and the Louisiana Company are of types comparable to those of other financing entities in registered holding company systems. See the December 2000 Order, the Short-term Orders and the EEI Order, supra.

(2) SECTION 10(c)

Section 10(c) of the Act provides that:

Notwithstanding the provisions of subsection (b), the

Commission shall not approve:

> (1) an acquisition of securities or utility assets, or of any other interest, which is unlawful under the provisions of Section 8 or is detrimental to the carrying out of the provisions of Section 11; or
>
> (2) the acquisition of securities or utility assets of a public utility or holding company unless the Commission finds that such acquisition will serve the public interest by tending towards the economical and efficient development of an integrated public utility system . . . .

(a) Section 10(c)(1).

Consistent with the standards set forth in Section 10(c)(1) of the Act, the proposed acquisition of securities will not be unlawful under the provisions of Section 8 of the Act, or detrimental to the carrying out of the provisions of Section 11 of the Act.

Section 8 prohibits a registered holding company or any of its subsidiaries from acquiring, owning interests in or operating both a gas utility company and an electric utility company serving substantially the same area if prohibited by state law, and is thus not applicable to the transactions contemplated herein.

Section 11(a) of the Act requires the Commission to examine the corporate structure of registered holding companies to ensure, among other things, that unnecessary complexities are eliminated and voting powers are fairly and equitably distributed.

The use of one or more intermediate holding companies to effect the restructuring of utility assets pursuant to state requirements has been authorized by the Commission. See Exelon Corporation, Holding Co. Act Release No. 27256 (October 19, 2000).

The various allocations of assets, allocations of liabilities and obligations, assumptions of debt and the formation of the New Companies described in Item 1 will not

result in the existence of any company in the holding company system that would unduly or unnecessarily complicate the structure, or unfairly or inequitably distribute voting power among security holders, of the Entergy System. The creation of the New Companies is necessary to adapt to competition in Texas deregulated electric markets. As noted in Item 1, the allocations, assumptions and the formation of the New Companies (a) are a result of the BSP and S.B. 7, (b) will allow the Company to continue to serve the needs of its regulated customers while preparing the Company for competition in deregulated markets, and (c) will increase the flexibility for financing activities on cost-effective terms that reflect the costs of capital for each area of business activity. For these reasons, the resulting increased efficiency of operations significantly offsets the added complexity. See Wisconsin's Environmental Decade, Inc. v. SEC, 882 F.2d 523, 527 (D.C. Cir. 1989); Northeast Utilities, Holding Co. Act Release No. 25221 (December 21, 1990); Entergy Corp., Holding Co. Act Release No. 25136 (August 27, 1990). Consequently, this structure and the voting powers of the New Companies and the Louisiana Company should be consistent with the requirements of Section 11(a).

(b) Section 10(c)(2).

The proposed transactions will serve the public interest by tending towards the economical and efficient development of an integrated public utility system, as required by Section 10(c)(2) of the Act. These transactions are, in the context of deregulation and competition in the Texas electric market and maintenance of a fully regulated retail electric market in Louisiana, "reasonably incidental, or economically necessary and appropriate to" the operations of an operating company such as the Company within a registered electric utility holding company

such as Entergy Corp. The Commission has previously authorized similar restructurings, due to changes in state electric markets, for two other registered electric holding company systems finding that the standards of Sections 9 and 10 were satisfied.20 In particular the Commission, in the context of utility asset transfers among new affiliated companies in a registered system resulting from state requirements, by approving the restructurings, has found that the transactions tended "towards the economical and efficient development of an integrated public-utility system" within the meaning of Section 10(c)(2). See, Allegheny, supra, Conectiv supra, and Alliant Energy Corporation, Holding Co. Act Release No. 27331 (December 29, 2000).

Moreover, the Commission has previously taken notice of developments that have occurred in the electric business in recent years, and has interpreted the Act and analyzed proposed transactions in light of these changed and changing circumstances. See, e.g., American Electric Power Co., Holding Co. Act Release No. 27186 (June 14, 2000) ("AEP Order").

(3) SECTION 10(f)

Section 10(f) provides that

> The Commission shall not approve any acquisition as to which an application is made under this Section unless it appears to the satisfaction of the Commission that such State laws as may apply in respect of such acquisition have been complied with, except where the Commission finds that compliance with such State laws would be detrimental to the carrying out of the provisions of Section 11.

The Company is currently subject to the jurisdiction of both the PUCT and the LPSC. The Louisiana Company will remain subject to the jurisdiction of the LPSC, and the Texas Distribution Company will be subject to the jurisdiction of the PUCT. In addition, the BSP has been approved by the PUCT and certain aspects of the transactions proposed herein are being approved by the LPSC. Thus, the requirements of Section 10(f) are satisfied.

Rules 53 and 54. The proceeds to be received from the proposed transactions will not be used to invest directly or indirectly in an EWG or FUCO.

The transactions proposed herein are also subject to Rule 54. In determining whether to approve the issue or sale of a security by a registered holding company for purposes other than the acquisition of an EWG or FUCO, or transactions by such registered holding company or its subsidiaries other than with respect to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of any subsidiary which is an EWG or FUCO upon the registered holding company system if Rules 53(a), (b) and (c) are satisfied. In that regard, assuming consummation of the transactions proposed in this Application/Declaration, all of the conditions set forth in Rule 53(a) are, and will be satisfied, and none of the conditions set forth in Rule 53(b) exists or, as a result thereof, will exist.

Entergy Corp. states that for purposes of Rule 53(a)(1) its "aggregate investment" in all EWGs and FUCOs was approximately $918.5 million, representing approximately 28.3% of Entergy Corp.'s consolidated retained earnings as of March 31, 2001. Furthermore, Entergy Corp. has complied with and will continue to comply with the record keeping requirements of Rule 53(a)(2) concerning affiliated EWGs and FUCOs. In addition, as required by Rule 53(a)(3), no more than 2% of the employees of the Operating Companies will render services to affiliated EWGs and FUCOs. Finally, none of the conditions set forth in Rule 53(b), under which the provisions of Rule 53 would not be available, have been met.

Item 4. Regulatory Approvals.

In January 2000, the Company initially filed a business

separation plan with the PUCT and amended such plan in June 2000. In July 2000, the PUCT issued an interim order approving certain aspects of the amended plan. In April 2001, the PUCT approved the amended plan. On June 20, 2001, the LPSC approved certain aspects of the proposed transactions. The Company will make any additional filings with the PUCT that are necessary. FERC must approve certain aspects of the transactions contemplated herein. No other state commission, and no other Federal commission, has jurisdiction over the proposed transactions.

Item 5. Procedure.

The Commission is requested to publish a notice under Rule 23 with respect to the filing of this Application/Declaration as soon as practicable. The applicants request that the Commission's Order be issued as soon as practicable after the notice period and in any event not later than November 16, 2001 in order to accommodate a closing before December 20, 2001. This will facilitate meeting the January 1, 2002 deadline contemplated by Texas S.B. 7 for the separation of the Company's business activities, personnel and assets.

The applicants further request that there should not be a 30-day waiting period between issuance of the Commission's order and the date on which the order is to become effective, hereby waive a recommended decision by a hearing officer or any other responsible officer of the Commission, and consent that the Division of Investment Management may assist in the preparation of the Commission's decision and/or order, unless the Division opposes the matters proposed herein.

Item 6. Exhibits and Financial Statements.

(A) Exhibits.

A-1 Form of Articles of Merger.*

A-2 Form of Merger Agreement.*

A-3 Form of Plan of Merger.*

A-4 Form of Certificate of Incorporation of the Retail Holding Company.*

A-5 Form of By-Laws of the Retail Holding Company.*

A-6 Form of Certificate of Incorporation of the Texas Distribution Company.*

A-7 Form of By-Laws of the Texas Distribution Company.*

A-8 Form of Certificate of Incorporation of the Texas Power Company.*

A-9 Form of By-Laws of the Texas Power Company.*

A-10 Form of Certificate of Incorporation of the Texas Holding Company.*

A-11 Form of By-Laws of the Texas Holding Company.*

A-12 Form of Certificate of Incorporation of the Texas REPs.*

A-13 Form of By-Laws of the Texas REPs.*

A-14 Form of Certificate of Incorporation of the RMPs.*

A-15 Form of By-Laws of the RMPs.*

A-16 Form of Certificate of Incorporation of the Texas Transmission Company.*

A-17 Form of By-Laws of the Texas Transmission Company.*

A-18 Corporate Structure of the Company, before, and after the transactions proposed herein.*

B-1 Form of Assumption Agreement.*

B-2(a) - Forms of Security Agreement.*
B-2(b)

B-3 Form of Indemnification Agreement.*

C Not Applicable.

D-1 Business separation plan, as amended, filed by the Company with the PUCT.*

D-2 Order of the PUCT regarding the Company's business separation plan, as so amended.*

D-3 Application of the Company to the LPSC.*

D-4 Order of the LPSC regarding the Company.*

D-5 Application of the Company to FERC.*

D-6 Order of FERC regarding the Company.*

F Opinions of Counsel.*

G Not applicable.

H Form of Notice.*

J-1 Form of transmission plant operation and maintenance services agreement.*

J-2 Forms of corporate, administrative, consulting and fuel supply service agreements between a New Company, one or more other New Companies, the Louisiana Company and/or one or more other Entergy System Companies.*

* To be filed by amendment.

(B) Financial Statements.

1.1 Balance Sheet of Entergy Corp. Consolidated, as of December 31, 2000 (incorporated by reference to the Annual Report on Form 10-K of Entergy Corp. and its consolidated subsidiaries for the year ended December 31, 2001) (File No. 1-11299).

1.2 Statement of Income of Entergy Corp. Consolidated, as of December 31, 2000 (incorporated by reference to the Annual Report on Form 10-K of Entergy Corp. and its consolidated subsidiaries for the year ended December 31, 2000) (File No. 1-11299).

1.3 Balance Sheet of Entergy Corp. Consolidated, as of March 31, 2001 (incorporated by reference to the Quarterly Report on Form 10-Q of Entergy Corp. and its consolidated subsidiaries for the quarter ended March 31, 2001) (File No. 1-11299).

1.4 Statement of Income of Entergy Corp. Consolidated, as of March 31, 2001 (incorporated by reference to the Quarterly Report on Form 10-Q of Entergy Corp. and its consolidated subsidiaries for the quarter ended March 31, 2001) (File No. 1-11299).

1.5 Balance Sheet of the Company for the period ended December 31, 2000 (incorporated by reference to the Annual Report on

Form 10-K of the Company for the year ended December 31, 2000) (File No. 1-2703).

1.6 Statement of Income of the Company, as of December 31, 2000 (incorporated by reference to the Annual Report on Form 10-K of the Company for the year ended December 31, 2000) (File No. 1-2703).

1.7 Balance Sheet of the Company for the period ended March 31, 2001 (incorporated by reference to the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2001) (File No. 1-2703).

1.8 Statement of Income of the Company, as of March 31, 2001 (incorporated by reference to the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2001) (File No. 1-2703).

1.9 Balance Sheet of EEI for the period ended December 31, 2000 (incorporated by reference to the Entergy Corp. Annual Report on Form U5S of EEI for the year ended December 31, 2000) (File No. 1-11299).

1.10 Statement of Income of EEI for the period ended December 31, 2000 (incorporated by reference to the Entergy Corp. Annual Report on Form U5S for the year ended December 31, 2000) (File No. 1-11299).

1.11 Balance Sheet of EEI for the period ended March 31, 2001.

1.12 Statement of Income of EEI for the period ended March 31, 2001.

1.13 Balance Sheet of Entergy Services for the period ended December 31, 2000 (incorporated by reference to the Entergy Corp. Annual Report on Form U5S for the year ended December 31, 2000) (File No. 1-11299).

1.14 Statement of Income of Entergy Services for the period ended December 31, 2000 (incorporated by reference to the

Entergy Corp. Annual Report on Form U5S for the year ended December 31, 2000) (File No. 1-11299).

1.15 Balance Sheet of Entergy Services for the period ended March 31, 2001.

1.16 Statement of Income of Entergy Services for the period ended March 31, 2001.

1.17 Balance Sheet of EOI for the period ended December 31, 2000 (incorporated by reference to the Entergy Corp. Annual Report on Form U5S for the year ended December 31, 2000) (File No. 1-11299).

1.18 Statement of Income of EOI for the period ended December 31, 2000 (incorporated by reference to the Entergy Corp. Annual Report on Form U5S for the year ended December 31, 2000) (File No. 1-11299).

1.19 Balance Sheet of EOI for the period ended March 31, 2001.

1.20 Statement of Income of EOI for the period ended March 31, 2001.

Item 7. Information as to Environmental Effects.

None of the matters that are the subject of this Application/Declaration involve a "major federal action" nor do they "significantly affect the quality of the human environment" as those terms are used in Section 102(2)(C) of the National Environmental Policy Act. The transaction that is the subject of this Application/Declaration will not result in changes in the operation of the applicants that will have an impact on the environment. The applicants are not aware of any federal agency that has prepared or is preparing an environmental impact statement with respect to the transactions that are the subject of this Application/Declaration.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, as amended, the undersigned companies have duly caused this Application/Declaration filed herein to be signed on their behalf by the undersigned thereunto duly authorized.

Entergy Corporation
Entergy Enterprises, Inc.
Entergy Gulf States, Inc.
Entergy Operations, Inc.
Entergy Services, Inc.

By: /s/ Steven C. McNeal
Name: Steven C. McNeal
Title:Vice President and Treasurer

Date: August 8, 2001

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1 The Texas Distribution Company is referred to as "Entergy Texas Distribution" or "Entergy Texas Distribution Company" or "TX Distco" in filings with the LPSC and as "EGSI-TX" or "Entergy Texas Distribution" or "Entergy Texas Distribution Company" or "TX-D" or "EGSI-TX(D)" in filings with the PUCT.

2 The Texas Power Company is referred to as "Entergy Texas PGC" or "TX PGC" in filings with the LPSC.

3 This definition excludes Entergy Solutions Supply Ltd. which is a power marketer and is described later in this Application/Declaration in subpart D(3)(d) of this Item 1.

4 The Texas Holding Company is referred to as "EGSI-Texas Holdco" or "TX Holdco" in filings with the LPSC and as "EGSI-TX HOLDCO" in filings with the PUCT.

5 The Texas Transmission Company is referred to as "ETI" in filings with the LPSC and as "ETI" or "TX-T" or "Transco" in filings with the PUCT.

6 The Retail Holding Company is referred to as "Entergy Texas Retail" or "TX Retail" in filings with the LPSC and as "TX-R" in filings with the PUCT.

7 As an intermediate step, some or all of these subsidiary companies may be direct or indirect companies of Entergy Corp.

8 Transfer of generation assets may be the subject of an amendment in this file.

9 The Louisiana Company is referred to as "EGSI-Louisiana" or "EGSI-LA" in filings with the LPSC and as "EGSI-LA" or "EGS-Louisiana" in filings with the PUCT.

10 Under certain circumstances, the Texas Holding Company and the Texas Transmission Company may be subsidiaries of the Louisiana Company. As an intermediate step, some or all of the New Companies may be subsidiaries of the Louisiana Company. Some New Companies originally formed in Texas may subsequently be converted into Delaware entities.

11 Entergy Corp. and EEI, directly or indirectly, are authorized by the Commission, among other matters, to create, form, finance and extend credit to, non-utility affiliates in the Entergy System which in turn, together with EEI, may provide services to non-utility affiliates and non-affiliated parties. See, e.g., Entergy Corp. et al., Holding Co. Act Release No. 27039 (June 22, 1999) (the "EEI Order"). Certain of the New Companies have been or will be created pursuant to this authorization or Rule 58 under the Act.

12 See footnote 11.

13 The arrangements described under this subsection (f) Generation are to apply only for an interim time period.

14 Transfer of generation assets may be the subject of an amendment in this file.

15 The Texas Distribution Company and the Texas Transmission Company request authority to become parties to the Entergy money pool for utility companies ("Utility Money Pool") with limits of $100 million and $100 million, respectively, in aggregate principal amount outstanding at any time and otherwise in accordance with the terms of the order or orders relating to utility subsidiary company participation in the Utility Money Pool authorized in File No. 70-9893 (see also footnote 16).

16 In addition, the Company has existing authorization under its Commission Orders, dated November 27, 1996 and April 2, 2001 (Holding Co. Act Release Nos. 26617 and 27369, respectively) to borrow through November 30, 2001, either through the Utility Money Pool or through its issuance of external short-term debt in the form of commercial paper or drawings under bank lines, up to $340 million in aggregate principal amount. The Company, as well as Entergy Corp., Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Operations, Inc., Entergy Services, System Energy Resources, Inc. and System Fuels, Inc., filed an application on June 1, 2001 (Holding Co. Act File No. 70-9893) for a Commission order to extend such authority through the period ending November 30, 2006 (collectively, the "Short-term Orders").

17 The proposed terms and conditions of the Interest Rate Hedges and Anticipatory Hedges are substantially the same as the Commission has approved in other cases. See New Century Energies, Inc., et al., Holding Co. Act Release No. 27000 (April 7, 1999); and SCANA Corporation., et al., Holding Co. Act Release No. 27137 (February 14, 2000).

18 Unless otherwise exempt, the types of securities, including guarantees or assumptions of liability on securities, to be issued by the New Non-Utility Companies between January 1, 2003 and December 31, 2004 would be the same as those authorized in the EEI Order. Under the EEI Order, the New Non-Utility Companies are authorized to extend credit to other Entergy System non-utility companies in the amount of up to $750 million through December 31, 2002. Entergy, the Company and EEI request that this authorization be extended through December 31, 2004.

19 In the event that certain restructuring of the Texas Holding Company occurs, Entergy Corp. and the Company request authority through December 31, 2004, for the Texas Holding Company to issue, assume or guaranty up to a maximum of $260 million of securities or other obligations for its general corporate purposes and to meet its working capital requirements, such securities and other obligations to be the same types and on the same terms as the Assumption Parties will issue, assume or guaranty as described above, including but not limited to those securities the Company is currently authorized to issue pursuant to the December 2000 Order, Interest Rate Hedges, Anticipatory Hedges and guarantees. Under such circumstances, the Texas Holding Company will maintain, on a consolidated basis, through December 31, 2004, a capital structure comprised of no less than 30% common equity.

20 See Allegheny Energy, Inc., et. al., Holding Co. Act Release No. 27101 (November 12, 1999) ("Allegheny") and Conectiv, Holding Co. Act. No. 27192 (June 29, 2000) ("Conectiv").