File No. 70-8059

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM U-1

AMENDMENT NO. 24
TO
APPLICATION-DECLARATION
UNDER
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

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

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

Entergy-GSU Holdings, Inc.
225 Baronne Street
New Orleans, Louisiana 70112

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

Entergy Corporation

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

Jerry D. Jackson
Executive Vice President-
Finance and External
Affairs and Secretary
Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

Donald Hunter
Senior Vice President, Entergy-
GSU Transition Team Leader
Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

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

S. G. Cunningham, Jr.
Vice President, Entergy-GSU
Transition Regulatory Officer
Entergy Services, Inc.
225 Baronne Street
New Orleans, Louisiana 70112

(Names and addresses of agents for service)

The Commission is also requested to send copies of any communications in connection with this matter to:

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

Cecil L. Johnson
Vice President - Legal Services
Gulf States Utilities Company
350 Pine Street
Beaumont, Texas 77704

Kent R. Foster
Vice President -
Regulatory Affairs
Entergy Services, Inc.
225 Baronne Street
New Orleans, Louisiana 70112

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

Item 1. Description of Proposed Transactions

Item 1 of the Application-Declaration, as previously amended, is hereby amended and restated in its entirety as follows:

A. Introduction

Entergy Corporation ("Entergy"), a registered holding company under the Public Utility Holding Company Act of 1935 ("Act"), hereby applies for the approval of the Securities and Exchange Commission ("Commission") of Entergy's proposed combination with Gulf States Utilities Company, a Texas corporation ("Gulf States"). Pursuant to the terms of the Agreement and Plan of Reorganization between Entergy and Gulf States, holders of Gulf States common stock will receive $20 per share in cash or stock in connection with the combination, subject to adjustment under certain circumstances. Entergy and the other parties to this application-declaration ("Application") also propose to carry out various transactions relating to the combination.

The Application and the exhibits hereto will demonstrate that the combination produces substantial benefits to the public, investors and consumers and meets all applicable standards of the Act. In order to permit timely consummation of the proposed transactions and the realization of the substantial benefits occasioned thereby, Entergy and the other parties hereto respectfully request that the Commission undertake its review of the Application as expeditiously as practicable. In this connection, the Commission is requested to issue an order pursuant to Rule 62(d) under the Act by September 15, 1992, or as soon thereafter as practicable, authorizing Entergy to solicit proxies for use at the special meeting of its common stockholders to be held in connection with the approval of the proposed combination.

B. Description of the Parties

1. Entergy and Subsidiaries

Entergy was incorporated under the laws of the State of Florida in 1949. Through its four retail electric utility subsidiaries, Arkansas Power & Light Company ("AP&L"), Louisiana Power & Light Company ("LP&L"), Mississippi Power & Light Company ("MP&L") and New Orleans Public Service Inc. ("NOPSI") (collectively, "Operating Companies"), Entergy is engaged principally in the generation, transmission, distribution and sale of electricity at retail and wholesale and the purchase of electricity at wholesale. The Operating Companies provide retail electric service to more than 1.7 million customers in an approximately 45,000 square-mile area covering central and eastern Arkansas, north central and southeastern Louisiana and western Mississippi, which includes the cities of New Orleans and Monroe, Louisiana, Jackson, Mississippi and Little Rock, Arkansas. In addition, NOPSI provides retail gas service to about 154,000 customers in New Orleans.

By order dated November 6, 1992 (Release No. 35-25669), Entergy received authorization to solicit proxies for use at the special meeting of its common stockholders held on December 17, 1992.

At year-end 1992, the Entergy System's generating capacity, excluding generating units placed on extended reserve and generating capacity owned by EPI, totalled 14,517 megawatts ("MW"). In 1992, the Entergy System had retail electric sales of approximately 55.9 billion kilowatt-hours ("KwH"). Headquartered in New Orleans, Entergy and its subsidiary companies have over 11,700 employees.

EOI and ESI are both wholly-owned subsidiaries of Entergy. Formed in 1990, EOI operates the Entergy System's nuclear-fueled generating facilities. ESI provides general executive and advisory services, accounting, engineering and other technical services to the various System companies at cost.

The following table sets forth selected consolidated financial information for Entergy for the fiscal years 1988 through 1992 and for the twelve months ended September 30, 1993.

As used herein, "Entergy System" or "System" refers collectively to Entergy and its various direct and indirect subsidiaries, namely, (1) the Operating Companies, (2) System Energy Resources, Inc., a nuclear generating company that sells capacity and energy to the Operating Companies ("SERI"), (3) System Fuels, Inc., a fuel supply subsidiary, (4) Entergy Power, Inc., an independent power producer ("EPI"), (5) Entergy Enterprises, Inc. (formerly Electec, Inc.), a non-utility company formed to invest in businesses related to the System's utility business and to market System expertise, (6) Entergy Operations, Inc., a nuclear management company ("EOI"), and (7) Entergy Services, Inc., a subsidiary service company ("ESI").

	Twelve Months Ended September 30, 1993 (unaudited)	Years Ended December 31, 1992	1991	1990	1989	1988
	(in thousands, except per share amounts)					
Operating Revenues	$ 4,411,482	$ 4,116,499	$ 4,051,429	$3,982,062	$ 3,724,004	$ 3,565,405
Net Income (Loss)	571,124	437,637	482,032	478,318	(472,585)	411,028
Earnings (Loss) per Average Common Share	3.27	2.48	2.64	2.44	(2.31)	2.01
Dividends Declared per Common Share	1.60	1.45	1.25	1.05	0.90	0.20
End of Applicable Period						
Book Value per Common Share	26.05	24.43	23.53	22.25	20.68	23.96
Total Assets	15,462,833	14,239,537	14,383,102	14,831,394	14,715,241	15,941,816
Long-term Debt and Preferred Stock Subject to Mandatory Redemption	5,424,023	5,445,457	5,581,238	6,077,115	6,341,447	6,650,407
Noncurrent Capital Lease Obligations	140,156	177,112	210,035	306,137	355,835	260,858

The consolidated capitalization of Entergy as of September 30, 1993 was as follows:

	Capitalization at September 30, 1993		
	Authorized	Outstanding	Percent
	(dollars in thousands)		
Common stock, $5 par value, 175,137,392 shares outstanding	500,000,000	$ 875,687	8.4%
Paid-in capital		1,341,232	12.9%
Retained earnings		2,366,414	22.8%
less: Treasury Shares		21,423	0.2%
Total common equity		$ 4,561,910	43.9%
Subsidiaries' preferred stock, net of premium			

and expense			
Without sinking fund, 9,005,106 shares outstanding	9,005,106	408,801	3.9%
With sinking fund, 4,800,398 shares outstanding3	4,800,398	253,928	2.4%
Long-term debt		5,170,095	49.8%
Total capitalization		$10,394,734	100%
Long-term debt due within one year		$ 121,540	

2. Gulf States

Gulf States was incorporated under the laws of the State of Texas in 1925 and is engaged principally in the

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At September 30, 1993, Entergy's subsidiaries had 30,800,415 shares of preferred stock that were authorized but unissued.

generation, transmission, distribution and sale of electricity at retail and wholesale and the purchase of electricity at wholesale. Gulf States provides retail electric service to approximately 595,000 customers in a 28,000 square-mile area extending over 350 miles across southern Louisiana and southeastern Texas, primarily adjacent to the Gulf of Mexico. Metropolitan areas served include the northern suburbs of Houston and the cities of Conroe, Huntsville, Beaumont and Port Arthur in Texas and Lake Charles and Baton Rouge in Louisiana. At year-end 1992, Gulf States' total generating capacity was 6,811 MW, which included 405 MW of capacity from units placed in long-term storage. Gulf States' 1992 retail electric sales totalled approximately 27 billion KwH. Headquartered in Beaumont, Gulf States has over 4,700 employees.

In addition to its principal electric business, Gulf States produces and sells steam to a large industrial customer and purchases and distributes natural gas at retail to approximately 85,000 customers in the Baton Rouge area. For the year ended December 31, 1992, 95 percent of Gulf States' operating revenues was derived from the electric business, 3 percent from the steam business and 2 percent from the natural gas business.

By virtue of its ownership of GSG&T, Inc., which owns the Lewis Creek Station, a 520 MW gas-fired generating plant leased and operated by Gulf States, Gulf States is a holding company under the Act. However, it is exempt from regulation thereunder (other than with respect to Section 9(a)(2)) pursuant to Section 3(a)(2) and Rule 2.

Gulf States has three other wholly-owned subsidiaries. Varibus Corporation ("Varibus") operates certain intrastate gas pipelines in Louisiana used primarily to transport fuel to two of Gulf States' generating stations and, through a division known as Vari Tech, markets computer-aided engineering and drafting technologies and related computer equipment and services. Prudential Oil & Gas, Inc. ("Prudential") is presently inactive. Prior to the sale of its oil and gas reserves in July 1987, Prudential was engaged in the business of exploring for, developing and operating oil and gas properties in Texas and Louisiana.

Entergy has been advised that Gulf States, in February 1993, organized a new wholly-owned subsidiary, Southern Gulf Railway Company ("Railway"), that will own and/or operate several miles of rail track in Louisiana to facilitate the transportation of coal for use as boiler fuel in a generating station in which Gulf States has an interest. Railway has not yet engaged in any significant business activity.

The following table sets forth selected consolidated financial information for Gulf States for the fiscal years 1988 through 1992 and for the twelve months ended September 30, 1993.

	Twelve Months Ended September 30, 1993 (unaudited)	1992	1991	1990	1989	1988
		Years Ended December 31, (in thousands, except per share amounts)				
Operating Revenues	$1,855,839	$ 1,773,374	$ 1,702,235	$ 1,690,685	$ 1,607,406	$ 1,520,477
Income (Loss) Before Extra-ordinary Items and Cumulative Effect of Accounting Changes	133,131	139,413	112,391	(36,398)	13,251	117,512
Net Income (Loss)	139,731	133,848	112,030	(132,893)	(45,573)	103,143
Earnings (Loss) per Average Share of Common Stock Out-standing (Before Extraordinary Items and Cumulative Effect of Accounting Changes)	0.83	0.79	0.43	(0.92)	(0.46)	0.50
Dividends Declared per Common Share	--	--	--	--	--	--
End of Applicable Period						
Book Value per Common Share	17.42	16.66	16.08	15.99	17.80	18.80
Total Assets	7,441,851	7,395,578	7,468,809	7,452,779	6,807,894	6,941,531
Long-term Debt and Preferred Stock Subject to Mandatory Redemption	2,465,967	2,629,028	2,656,562	2,512,743	2,801,860	2,990,934
Noncurrent Capital Lease Obligations	144,076	154,923	116,805	122,113	135,549	19,778

Selected consolidated financial information for the years ended December 31, 1992, 1991 and 1990 has been restated due to the adoption on January 1, 1993 of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

The consolidated capitalization of Gulf States as of

September 30, 1993 was as follows:

Capitalization at
September 30, 1993

	Authorized	Outstanding (dollars in thousands)	Percent
Common stock, without par value, 114,055,065 shares outstanding	200,000,000	$1,200,923	25.3%
Premium and expense on capital stock		(12,374)	(0.3)%
Other paid-in capital		77,851	1.7%
Retained earnings		720,666	15.2%
Total common equity		$1,987,066	41.9%
Preference Stock, without par value, 6,000,000 shares outstanding	20,000,000	150,000	3.2%
Preferred stock, $100 par value, 2,398,811 shares outstanding	6,000,000		
Without sinking fund		136,444	2.9%
With sinking fund		97,370	2.0%
Long-term debt		2,368,597	50.0%
Total capitalization		$4,739,477	100%
Long-term debt due within one year		$ 425	

On June 3, 1993, Gulf States issued and sold 6,000,000 shares of $1.75 Dividend Preference Stock (Without Par Value) resulting in proceeds to Gulf States (before deducting expenses) of $146,625,000. Proceeds from the sale were used by Gulf States to redeem outstanding shares of preferred stock bearing higher dividend rates. For information regarding the terms of the new Preference Stock, reference is made to Exhibit A-11(a). No shares of Gulf States capital stock have been issued since September 30, 1993.

3. Merger Companies

Solely for the purpose of facilitating the combination proposed herein, Entergy-GSU Holdings, Inc. ("Holdings") was incorporated by Entergy and Gulf States under the laws of the State of Delaware on August 19, 1992. The authorized capital stock of Holdings consists of 500 million shares of common stock, $0.01 par value ("Holdings Common Stock"), of which 100 shares have been issued to each of Entergy and Gulf States at the price of $0.01 per share. Holdings has not engaged in, nor prior to the closing of the proposed transactions will it engage in, directly or indirectly, any business or activities whatsoever, other than activities necessary to accomplish the combination of Entergy and Gulf States as herein described. To that end, shortly before the closing of the proposed transactions Holdings will organize two wholly-owned subsidiaries, ETR Merger Corp., a Florida corporation ("Merger Sub A"), and GSU Merger Corp., a Texas corporation ("Merger Sub B"), for the purpose of merging with Entergy and Gulf States, respectively. The authorized capital stock of Merger Subs A and B will consist, in each case, of 100 shares of common stock, without par value, all of which will be issued to Holdings at the price of $0.01 per share.

Detailed information concerning the business and properties of Entergy and Gulf States is contained in the Annual Reports on Form 10-K for the fiscal year ended December 31, 1992 and the Quarterly Reports on Form 10-Q for the quarterly period ended September 30, 1993 filed under the Securities Exchange Act of 1934 ("Exchange Act") in File Nos. 1-3517 and 1-2703, respectively, which reports are incorporated herein by reference. Additional information concerning Entergy, Gulf States and Holdings is contained in the Registration Statement on Form S-4 under the Securities Act of 1933 (File No. 33-54298) with respect to the shares of Holdings Common Stock issuable in the combination ("S-4"), a copy of which registration statement is filed as Exhibit C.

C. Proposed Transactions

1. Business Combination

Entergy and Gulf States have entered into an Agreement and Plan of Reorganization, dated as of June 5, 1992, providing for the combination of Entergy and Gulf States, a copy of which is filed as Exhibit B-1 ("Reorganization Agreement"). In accordance with Rule 51 under the Act, consummation of the transactions contemplated by the Reorganization Agreement and the plans of merger to be entered into pursuant thereto (forms of which are attached as exhibits to the Reorganization Agreement ("Merger Agreements")) is subject to, among other conditions, the approval of the Commission.

As more fully described below, the Reorganization Agreement and the Merger Agreements provide that, at the Effective Time (as hereinafter defined), Merger Sub A will be merged into Entergy and Merger Sub B will be merged into Gulf States, with the result that Holdings will own all the outstanding common stock of Entergy and Gulf States. Immediately thereafter, Entergy will be merged into Holdings, which will change its name to "Entergy Corporation". In April 1993, Entergy and Gulf States received a ruling from the Internal Revenue Service ("IRS") that the combination, structured as above described, will be treated as a tax-free transaction under the pertinent provisions of the Internal Revenue Code of 1986 ("Code").

a. Mergers of Merger Subs A and B into Entergy and Gulf States

The Reorganization Agreement and the Merger Agreements provide that at the Effective Time (1) Merger Sub A will be merged with and into Entergy, which will be the surviving corporation in the merger ("Entergy Merger"); each share of outstanding common stock of Merger Sub A will be converted into one share of common stock, $5 par value, of Entergy ("Entergy Common Stock"); and each share of outstanding Entergy Common Stock will be converted into one share of Holdings Common Stock; and (2) Merger Sub B will be merged with and into Gulf States, which will be the surviving corporation in the merger ("Gulf States Merger"); each share of outstanding common stock of Merger Sub B will be converted into one share of common stock, without par value, of Gulf States ("Gulf States Common Stock"); and each share of outstanding Gulf States Common Stock will be converted into the right to receive $20 (subject to adjustment under certain circumstances), payable in cash or shares of Holdings Common Stock. All shares of Holdings Common Stock held by Entergy and Gulf States will be canceled at the Effective Time. The "Effective Time" is the later of (i) the filing of the articles of merger relating to the Entergy Merger by the Florida Department of State in accordance with the Florida Business Corporation Act ("FBCA") (or such other time as may be specified in such articles as may be permitted under Florida law) and (ii) the issuance of a certificate of merger relating to the Gulf States Merger by the Secretary of State of Texas in accordance with the Texas Business Corporation Act ("TBCA") (or such other time as may be specified in the related articles of merger as may be permitted under Texas law).

From and after the Effective Time each holder of an outstanding share of Gulf States Common Stock will have the right to receive $20 in cash or shares of Holdings Common Stock, subject to various terms and conditions. This price represented a 38 percent premium over the closing sales price on the New York Stock Exchange ("NYSE") of Gulf States Common Stock on June 5, 1992, the last trading day before public announcement of the proposed transaction. Based upon the 114,055,065 shares of Gulf States Common Stock outstanding at September 30, 1993, the aggregate consideration payable to holders of Gulf States Common Stock would be approximately $2.28 billion.

Under the terms of the Gulf States Merger Agreement, each outstanding share of Gulf States Common Stock will be converted into the right to receive, at the holder's election, either $20 in cash (subject to the aggregate limitation noted in the next paragraph) or that number of shares of Holdings Common

Stock equal to the quotient obtained by dividing $20 by the Average Trading Price (defined as the average closing sales price of Entergy Common Stock as reported on the composite tape of the NYSE for the 15 consecutive trading day period immediately preceding the fifth trading day prior to the Effective Time). Based on the closing sales price of Entergy Common Stock of $30 on July 17, 1992, each holder of Gulf States Common Stock electing to receive payment in the form of stock would be entitled to receive, on a per share basis, 0.667 shares of Holdings Common Stock.

The maximum amount of cash payable to holders of Gulf States Common Stock (including cash payable in lieu of issuing fractional shares of Holdings Common Stock) is $250 million, which will be prorated among such holders if in the aggregate they elect to receive more than that amount in cash. Based upon the 114,055,065 shares of Gulf States Common Stock outstanding at September 30, 1993, cash could be used as payment for up to approximately 10.96 percent of such outstanding shares.

The price for each share of Gulf States Common Stock (whether payment is elected in cash or shares of Holdings Common Stock) will be increased by an amount equal to the greater of (a) the aggregate amount per share of all cash dividends declared on Entergy Common Stock from and after June 5, 1994 to the Effective Time multiplied by a fraction of which the numerator is $20 and the denominator is the Average Trading Price, and (b) $.25 per calendar quarter (prorated for a partial quarter) from and after June 5, 1994 to the Effective Time. Similarly, the price per share will be decreased by the aggregate amount per share of all cash dividends declared on Gulf States Common Stock from the date of the Reorganization Agreement through the Effective Time.

Upon consummation of the Entergy and Gulf States Mergers, the holders of Entergy Common Stock and Gulf States

Common Stock will become the holders of Holdings Common Stock, and Holdings will become the sole holder of Entergy Common Stock and Gulf States Common Stock. Each outstanding share of preferred stock, $100 par value, of Gulf States and of any other class of capital stock of Gulf States then outstanding (other than common stock) will remain outstanding at the Effective Time.

Based on the unadjusted $20 price for each share of Gulf States Common Stock, the aggregate number of shares of Holdings Common Stock to be issued to Gulf States shareholders in connection with the Gulf States Merger would be approximately 67,703,376, assuming (1) that holders of Gulf States Common Stock elect to receive the maximum amount of cash payable in the

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Gulf States' Restated Articles of Incorporation provide for four classes of authorized capital stock, consisting of 200 million shares of Gulf States Common Stock; 6 million shares of preferred stock, $100 par value; 10 million shares of preferred stock, without par value; and 20 million shares of preference stock, without par value. As of September 30, 1993, 114,055,065 shares of Gulf States Common Stock, 2,398,811 shares of the $100 par value preferred stock and 6,000,000 shares of preference stock, without par value, were issued and outstanding. No shares of Gulf States' preferred stock without par value were issued and outstanding at that date.

The Reorganization Agreement generally prohibits the issuance of additional shares of Gulf States Common Stock prior to the Effective Time. Gulf States has advised Entergy that prior to the Effective Time it may issue additional preference stock only for the purpose of directly or indirectly refinancing one or more outstanding series of its $100 par value preferred stock.

transaction and (2) (solely for purposes of this illustration) that the Average Trading Price is $30. It is intended that Holdings Common Stock will be listed on the NYSE as well as the Pacific and Midwest Stock Exchanges.

b. Merger of Entergy into Holdings

The Reorganization Agreement and the Merger Agreements contemplate that immediately after consummation of the Entergy Merger and the Gulf States Merger, Entergy will be merged into Holdings ("Upstream Merger"). Holdings will be the surviving corporation in the Upstream Merger and will be renamed "Entergy Corporation". Holdings will remain a Delaware corporation.

Set forth in Exhibit K-1 is a diagram outlining the structure of the proposed combination.

Following the consummation of the combination of Entergy and Gulf States, Gulf States will continue as a subsidiary company of Holdings, with its electric operations fully integrated with those of the Entergy System. Gulf States will become a party to the agreement among the Operating Companies and ESI ("System Agreement") by which the Operating Companies engage in the coordinated planning, construction and operation of their generation and transmission facilities. Further, Gulf States will enter into separate agreements with EOI for the purpose of consolidating the operations of Gulf States' nuclear generating facility, River Bend Unit 1 ("River Bend"), with those of the other nuclear generating units in the Entergy System, and will enter into a service agreement with ESI, all in the manner hereinafter set forth. Gulf States expects to continue to be an exempt holding company under Section 3(a)(2) of the Act.

Upon consummation of the proposed transactions, Entergy's existing direct and indirect subsidiaries will continue their respective businesses as direct and indirect subsidiaries of Holdings. Prior to or at the time of consummation of the combination, Holdings will register as a holding company by filing with the Commission a notification of registration on Form U5A and, within 90 days thereafter, a registration statement on Form U5B.

The Boards of Directors of Entergy and Gulf States unanimously approved the Reorganization Agreement and the transactions contemplated thereby on June 5, 1992. Prior to these approvals, Salomon Brothers Inc, as financial advisor to Entergy in this matter ("Salomon"), delivered its oral opinion (later confirmed in writing) that the consideration to be paid pursuant to the Reorganization Agreement and the Merger Agreements is fair, from a financial point of view, to Entergy and its common stockholders, and Goldman, Sachs & Co., as financial advisor to Gulf States in this matter ("Goldman, Sachs"), gave its oral opinion (later confirmed in writing) that such consideration is fair.

2. Merger Consideration

As noted above, each holder of Gulf States Common Stock will have the right to receive $20 per share in cash or shares of Holdings Common Stock in connection with the Gulf States Merger, subject to adjustment under specified circumstances. In addition, each holder of Entergy Common Stock will receive one share of Holdings Common Stock in connection with the Entergy Merger. Accordingly, Holdings hereby requests authority to issue the aggregate number of shares of its common stock necessary to effect the Entergy and Gulf States Mergers. Based on the unadjusted $20 price for each share of Gulf States Common Stock and assuming an Average Trading Price of $30 (the closing price on the NYSE for Entergy Common Stock on July 17, 1992), Holdings will be required to issue between 244,747,868 and 253,081,202 shares of its common stock to common stockholders of Entergy and Gulf States, depending upon the amount of cash consideration (up to $250 million) actually paid in the Gulf States Merger. The exact number of shares to be issued by Holdings will be determined by (1) the number of shares of Entergy and Gulf States Common Stock outstanding immediately prior to the Effective Time, (2) the Average Trading Price, (3) any adjustment of the price per share for Gulf States Common Stock occasioned by dividends declared on Entergy and Gulf States Common Stock, as described above, and (4) the number of shares of Gulf States Common Stock held by stockholders who elect to receive cash rather than Holdings Common Stock in the Gulf States Merger.

In conjunction with the recent settlement of certain litigation between Gulf States and various subsidiary companies of The Southern Company ("Southern Subsidiaries"), the Southern Subsidiaries received, among other things, a total of 6,000,000 shares of Gulf States Common Stock. As of January 28, 1993, the Southern Subsidiaries no longer owned any shares of Gulf States Common Stock. For further information with respect to the terms of this settlement, reference is made to Exhibit C and the Commission's Memorandum Opinion and Order, dated September 6, 1991 (Release No. 35-25371).

As contemplated by the Reorganization Agreement, Holdings will authorize and appoint one or more persons to receive elections from the holders of Gulf States Common Stock with respect to their receipt of cash or stock in the Gulf States Merger and to act as exchange agent ("Exchange Agent"). In order to carry out the Gulf States Merger and the Entergy Merger, Holdings will make available to the Exchange Agent an amount in cash (up to $250 million) and shares of Holdings Common Stock sufficient to permit the Exchange Agent to make the distributions of cash and Holdings Common Stock provided for in the Gulf States Merger and the Entergy Merger. Entergy contemplates that payment of the cash portion of the merger consideration will be made from available funds on hand at the time.

The election procedures with respect to the Gulf States Merger contemplate that each holder of Gulf States Common Stock may, by properly delivering a form (a "Form of Election") to the Exchange Agent, indicate a preference as to the number of shares of Gulf States Common Stock that such holder desires to have converted into Holdings Common Stock ("Stock Election") and the number of shares of Gulf States Common Stock that such holder desires to have converted into cash ("Cash Election" and, collectively with a Stock Election, an "Election"). Properly executed Forms of Election, along with the stock certificates covered thereby (or a guarantee of delivery of such certificates) must be received by the Exchange Agent by 5:00 p.m. local time in the city in which such Exchange Agent is located on such date as will be announced by Entergy in a news release delivered to the Dow Jones News Service (the "Election Date"). Forms of Election will be mailed to record holders of Gulf States Common Stock at such time in order to permit such Gulf States stockholders to exercise their right to make an Election. The Election Date shall be a business day no earlier than 20 business days prior to the Effective Time and no later than the date on which the Effective Time occurs and shall be at least 5 business days following the date of such news release; provided, that Entergy shall have the right to set a later date as the Election Date so long as such later date is no later than the date on which the Effective Time occurs. Entergy and Gulf States have agreed that holders of Gulf States Common Stock will have a minimum of 20 business days from the initial mailing of the Form of Election to the Election Date, inclusive. Holders of Gulf States Common Stock who do not execute and deliver properly completed Forms of Election by the Election Date will receive, without regard to their preferences, Holdings Common Stock.

Any holder of Gulf States Common Stock may at any time prior to the Election Date change his Election by written notice received by the Exchange Agent at or prior to the Election Date accompanied by a properly completed, revised Form of Election, with any other required documents. Any holder of Gulf States

Common Stock may at any time prior to the Election Date revoke his Election by written notice received by the Exchange Agent at or prior to the Election Date or by withdrawal prior to the Election Date of his certificates representing Gulf States Common Stock or of the guarantee of delivery of such certificates, previously deposited with the Exchange Agent.

As soon as practicable after the Allocation Date (as defined below), the Exchange Agent will distribute to holders of shares of Gulf States Common Stock, upon surrender to the Exchange Agent (to the extent not previously surrendered with a Form of Election) of one or more certificates for such shares of Gulf States Common Stock for cancellation, (i) a bank check for an amount equal to the cash to be paid for each share of Gulf States Common Stock converted into the right to receive cash and for any cash in lieu of fractional shares and/or (ii) certificates representing the shares of Holdings Common Stock into which the holder's shares of Gulf States Common Stock have been converted. Holders of Gulf States Common Stock will not be entitled to receive interest on any cash to be received in the Gulf States Merger. The "Allocation Date" means the date on which Holdings makes available to the Exchange Agent an amount in cash equal to the cash to be paid in the Gulf States Merger and sufficient shares of Holdings Common Stock to make distributions of cash and Holdings Common Stock provided for in the Gulf States Merger Agreement. By the terms of the Gulf States Merger Agreement, the Allocation Date is to occur promptly after the Election Date.

The Exchange Agent should not, by virtue of its purely ministerial function of receiving and promptly thereafter distributing Holdings Common Stock in order to facilitate the Entergy and Gulf States Mergers, be deemed a "holding company" within the meaning of Section 2(a)(7) of the Act. The Exchange

Agent will not be entitled to vote, assert any authority or control over, or exercise any other rights of ownership with respect to, the shares of Holdings Common Stock held by it from time to time. Any and all dividends or other distributions with respect to such shares will be received by the Exchange Agent for the account of the persons entitled thereto.

For further information with respect to the payment of the merger consideration and the related arrangements with the Exchange Agent, reference is made to the forms of Entergy Merger Agreement and Gulf States Merger Agreement attached as Exhibits A and B, respectively, to the Reorganization Agreement filed as Exhibit B-1.

3. Undertakings with respect to Potential Preferred Stock Dividend and Sinking Fund Arrearages; Indemnification of Officers and Directors

Under Section 6.1 of the Reorganization Agreement, Entergy has undertaken to take all reasonable action necessary to cause Gulf States to pay, at the Effective Time or as promptly as practicable and as permitted by law thereafter, any dividends in arrears and unsatisfied sinking fund obligations on Gulf States' preferred stock which arise after the date of the Reorganization Agreement and result from Gulf States' failure to make such payments due to write-offs by it prior to the Effective Time.

Gulf States had been in arrears since 1987 in the payment of dividends on its outstanding preferred stock and preference stock, and had also been in arrears in respect of its preferred stock sinking fund requirements since that time. However, by April 1992, Gulf States had paid all arrearages and had become current in respect of preferred stock dividends and sinking funds. Further, in June 1992, Gulf States paid all preference stock dividend arrearages and redeemed all then outstanding shares of its preference stock.

Entergy cannot predict whether Gulf States will incur one or more write-offs prior to the Effective Time that could cause an interruption in the ability of Gulf States to continue to meet its preferred stock dividend and sinking fund requirements. Entergy reserves the right to amend this Application, in the event of such an occurrence, to request authorization to make such investments in, or capital contributions or loans to, Gulf States or to take such other actions as Entergy determines to be appropriate, in light of the facts and the applicable provisions of the Act, to cause or permit Gulf States promptly to cure any such preferred stock dividend and/or sinking fund arrearages.

In addition, Holdings requests authorization to undertake certain indemnification obligations under the Reorganization Agreement. Specifically, in Section 6.11 thereof, Holdings has agreed from and after the Effective Time to indemnify each of specified present and former directors and officers of Gulf States and its subsidiaries (each, an "Indemnified Party") against all claims and other liabilities incurred by such person in connection with any suit or other proceeding based on such person's actions prior to the Effective Time as an officer or director of Gulf States or its subsidiaries or based on the transactions contemplated by the Reorganization Agreement. The indemnity will not apply in the event of the gross negligence or willful misconduct of an Indemnified Party. Moreover, Holdings will be required to provide such indemnification only if an Indemnified Party has sought and failed to obtain indemnification from (1) any insurance which may be available to cover such liability and (2) Gulf States pursuant to any obligation of Gulf States to provide such indemnification.

4. Shareholder Approvals

The Reorganization Agreement and the Merger Agreements will be submitted to a vote of the holders of Entergy Common

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Entergy has been advised that three class action complaints relating to the proposed Entergy-Gulf States combination have been filed in certain Texas state courts against Gulf States and its directors. (See Forms 8-K, dated June 8 and 23, 1992, in File No. 1-2703.) These complaints allege, among other things, (1) that the $20 per share price to be paid to holders of Gulf States Common Stock is below recent estimates of a price well above $20 per share for a business combination involving Gulf States, and (2) that the individual directors failed to perform their fiduciary obligations and did not act in good faith to the class. The complaints request the court to order the individual defendants to discharge their fiduciary duties and to jointly and severally account to the plaintiffs and the class for all damages suffered. Gulf States has advised Entergy that it believes these suits are without merit. Gulf States has further advised that the individual directors named as defendants are entitled to indemnification pursuant to Gulf States' Restated Articles of Incorporation, By-Laws and individual indemnity agreements, provided that the terms and conditions of these arrangements are satisfied. The parties have engaged in discovery and the suits are pending.

Stock and to a vote of the holders of Gulf States Common Stock at special shareholders' meetings to be held after Entergy and Gulf States conduct their respective proxy solicitations pursuant to Regulation 14A under the Exchange Act and (with respect to Entergy) Section 12(e) of the Act and Rules 62 and 65 thereunder. The Reorganization Agreement provides that the parties shall hold their respective shareholder meetings within 150 days of the date of the Agreement or as soon thereafter as practicable.

Entergy therefore requests authority to solicit proxies of its common stockholders for approval of the transactions contemplated by the Reorganization Agreement, including the Entergy Merger and the Upstream Merger. In addition to personnel at Entergy and ESI, Entergy proposes to retain Morrow & Co., Inc., a proxy solicitation firm, to assist in the solicitation of proxies. The form of joint proxy statement/prospectus included in the S-4 ("Joint Proxy Statement/Prospectus") and the form of proxy card relating to the special meeting of Entergy common stockholders are filed herein as Exhibits G-1 and G-2, respectively. The parties hereto request that the Commission issue an order pursuant to Rule 62(d) under the Act by September 15, 1992, or as soon thereafter as practicable, authorizing Entergy to solicit proxies for use at the special meeting of its common stockholders.

The special shareholders' meetings of Entergy and Gulf States were held on December 17, 1992.

Pursuant to the applicable provisions of the FBCA and TBCA, respectively, the affirmative votes of the holders of a majority of the outstanding shares of Entergy Common Stock and two-thirds of the outstanding shares of Gulf States Common Stock are required to approve and adopt the Reorganization Agreement and the Merger Agreements. Neither Entergy's nor Gulf States' shareholders are entitled to appraisal rights as a result of the transactions contemplated by the Reorganization Agreement.

5. Accounting Treatment

As more fully discussed below, the Entergy-Gulf States combination will be accounted for by the purchase method in accordance with Accounting Principles Board Opinion No. 16 -- "Business Combinations" ("APB No. 16"). The purchase price, including the cash component thereof and the value of Holdings Common Stock issued for Gulf States Common Stock in the combination, plus the transaction costs will be compared to the book value of the net assets acquired, and the difference (acquisition adjustment) will be recorded as a plant asset and amortized on a straight-line basis over such periods as are prescribed by applicable regulatory bodies. Gulf States' results of operations will be included in Holdings' consolidated results of operations after the Effective Time.

With reference to the accounting treatment for the proposed combination, APB No. 16 is the principal authoritative

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The Reorganization Agreement and the Merger Agreements were approved by 76.5 percent of the outstanding shares of Entergy Common Stock and 79.5 percent of the outstanding shares of Gulf States Common Stock.

accounting pronouncement covering the subject of accounting for business combinations. APB No. 16 provides that a transaction will be accounted for under either of two distinct, mutually exclusive methods of accounting, the purchase method or the pooling of interests method. The structure of the transaction determines which accounting method must be used. Paragraphs 46 to 48 of APB No. 16 set forth twelve criteria, all of which must be present, in order for a transaction to be accounted for as a pooling of interests. The criteria are classified by (1) the attributes of the combining companies, (2) the manner of combining interests, and (3) the absence of planned transactions. A transaction which does not meet all of the criteria of APB No. 16 must be accounted for by the purchase method of accounting.

Two elements of the Entergy-Gulf States transaction -- the Entergy stock repurchase program and the cash election offered to the holders of Gulf States Common Stock -- violate two separate conditions that appear in Paragraph 47 of APB No. 16. Therefore, the Entergy-Gulf States combination must be accounted for by the purchase method of accounting.

Paragraphs 47(c) and (d) of APB No. 16 address the effect of reacquisitions of voting common stock on the use of the pooling of interests method of accounting. Paragraph 47(c) provides that neither the acquiring nor the acquired company may reacquire shares of its voting common stock in contemplation of effecting a combination either within two years before the plan of combination is initiated or between the dates the combination is initiated and consummated. Paragraph 47(d) provides that shares of voting common stock may be reacquired by the acquiring or the acquired company only for purposes other than business combinations, and neither company may reacquire more than a normal number of shares between the dates the plan of combination is initiated and consummated.

An American Institute of Certified Public Accountants accounting interpretation of APB No. 16 (No. 20, issued September 1971) ("AICPA No. 20") provides that in the absence of persuasive evidence to the contrary, it should be presumed that all acquisitions of treasury stock during the two-year period preceding the initiation of the plan of combination and between the initiation and consummation of the combination were made in contemplation of business combinations to be accounted for as a pooling of interests. In addition, Securities and Exchange Commission Accounting Series Release No. 146, Effect of Treasury Stock Transactions on Accounting for Business Combinations ("ASR No. 146"), provides further guidance on the effect of treasury stock repurchases on the use of pooling of interests accounting. ASR No. 146 provides that in determining the purpose of treasury stock acquisitions, it is ordinarily appropriate to focus on the intended subsequent distribution of common shares rather than on the business reasons for acquiring the shares. For example, shares may be reacquired because management believes the company is overcapitalized or considers that "the price is right," but such reasons do not overcome the presumption that the shares were acquired in contemplation of effecting business combinations to be accounted for as a pooling of interests.

During the two year period prior to the execution of the Reorganization Agreement, Entergy reacquired in excess of 22 million shares of its common stock pursuant to a stock repurchase program authorized by the Commission (Rel. Nos. 35-25195, 35-25597 and 35-25699). Entergy, however, is not able to provide persuasive evidence regarding the purpose of its stock repurchase program which is sufficient to rebut the ASR No. 146 and AICPA No. 20 presumptions that all acquisitions of treasury shares were made in contemplation of effecting business combinations to be accounted for under the pooling of interests method of accounting. Therefore, the pooling of interests method of accounting is precluded because of Entergy's stock repurchase program.

In addition, APB No. 16 provides clarification of Paragraph 47(b) by stating that a plan to issue common stock in a combination may include, within limits, provisions to distribute cash for fractional shares or for shares held by dissenting shareholders, but may not include a distribution of cash on a pro rata basis. The Entergy-Gulf States combination provides that the holders of Gulf States Common Stock may elect to receive cash in the Gulf States Merger. This cash election feature is deemed to be a pro rata distribution of cash which is prohibited by Paragraph 47(b) of APB No. 16. Therefore, the cash election feature of the Entergy-Gulf States combination also precludes the use of the pooling of interests method of accounting.

For further information with respect to the accounting treatment of the proposed transactions, reference is made to Exhibits C, D-5.9, D-5.114, D-5.268, D-5.270, D-5.345 and G-1.

6. Operating and Related Agreements; Service Agreement

Subject to the receipt of any necessary regulatory and other approvals or consents, EOI will assume operational and managerial responsibility for River Bend as agent for Gulf States and will enter into various related agreements with Gulf States, each of which will be effective upon consummation of the merger.

River Bend is a 936 MW nuclear-fueled generating unit located near St. Francisville, Louisiana. Gulf States owns a 70 percent undivided ownership interest in and is the operator of River Bend. Cajun Electric Power Cooperative, Inc., a Louisiana electric cooperative ("Cajun"), owns the remaining 30 percent ownership interest in River Bend. In connection with Gulf States' proposed delegation to EOI of operating responsibility for River Bend, Holdings proposes to guarantee to Gulf States certain of EOI's obligations under its operating agreement with Gulf States.

Further, ESI proposes to enter into a service agreement with Gulf States to provide various services, at cost, on terms similar to those agreed to between ESI and other companies in the Entergy System.

EOI has operating and management responsibility for the Entergy System's nuclear-fueled generating facilities. (The Commission approved the formation of EOI and the operating and ancillary agreements in its Memorandum Opinion and Order dated June 5, 1990 (Release No. 35-25100) ("1990 Order").) EOI's responsibilities and the limitations on its authority regarding the possession, use, operation, management and construction of the Nuclear Plants are set forth in separate but substantially identical operating agreements (each, an "Operating Agreement") between EOI and the respective Plant Owners. Under the Operating Agreements, the Plant Owners provide all funds for the operation, maintenance and decommissioning by EOI of the Nuclear Plants and retain control over EOI's spending and contracting authority as their agent. EOI and each Plant Owner commit to agree each year upon maximum amounts to be paid by each Plant Owner for the following budget year with respect to capital improvements and costs of operation. The Operating Agreements require that EOI perform its services at cost, calculated in accordance with

The System presently has interests in four operating nuclear generating units (collectively, "Nuclear Plants"). AP&L is the owner of the Arkansas Nuclear One Generating Station, Units 1 and 2, located near Russellville, Arkansas, with an aggregate rated capacity of 1,762 MW. LP&L is the holder of a 100 percent ownership and leasehold interest in Unit No. 3 (nuclear) of the Waterford Steam Electric Generating Station, located near Taft, Louisiana, with a rated capacity of 1,104 MW. SERI is the holder of a 90 percent undivided ownership and leasehold interest in Unit No. 1 of the Grand Gulf Nuclear Station, located near Port Gibson, Mississippi, with a rated capacity of 1,250 MW ("Grand Gulf 1"). South Mississippi Electric Power Association, a Mississippi cooperative, owns the remaining ten percent ownership interest in Grand Gulf 1. AP&L, LP&L and SERI are collectively referred to herein as the "Plant Owners".

Section 13(b) of the Act and the applicable rules thereunder. Cost, for purposes of the Operating Agreements, includes all expenses of doing business, furnishing capital improvements and settling third party claims arising out of EOI's exercise of its agency authority, unless liability for such claims results from EOI's gross negligence or willful misconduct. The Operating Agreements do not affect the ownership rights of each Plant Owner to the capacity and energy of their respective Nuclear Plants. (For further information with respect to the Operating Agreements, reference is made to Exhibits B-1(b), B-2(c) and B-3(b) to the Rule 24 Certificate in File No. 70-7679.)

In connection with the execution of the Operating Agreements, Entergy executed separate but substantially identical guarantee agreements in favor of the Plant Owners (each, a "Guarantee Agreement"). Under these agreements, Entergy guaranteed the performance by EOI of its financial obligations to the Plant Owners under the Operating Agreements, so long as, in each case, the respective Plant Owner continues to meet its payment obligations to EOI thereunder. (For further information concerning the Guarantee Agreements, reference is made to the Commission's Order dated September 7, 1990 (Release No. 35-25144) authorizing Entergy's execution of the Guarantee Agreements and to Exhibits B-1(a), B-2(a) and B-3(a) to the Rule 24 Certificate in File No. 70-7757.)

Pursuant to the 1990 Order, EOI also entered into various ancillary agreements in connection with the delegation to it of operational and managerial responsibility for the Nuclear Plants. SERI and MP&L entered into a Support Agreement under which MP&L agreed to provide certain personnel, supplies and services, at cost, in support of the design, construction, operation and maintenance of Grand Gulf 1 as well as a Switchyard and Transmission Interface Agreement with respect to Grand Gulf 1 switchyard access and related matters and associated transmission equipment operations and maintenance. Both agreements recognized and confirmed EOI as SERI's agent. AP&L and LP&L each entered into similar agreements directly with EOI.

As noted above, EOI proposes to assume responsibility, as Gulf States' agent, for the operation and maintenance of River Bend. EOI's agency responsibilities and the limitations on EOI's agency authority with respect to the operation and maintenance of River Bend will be set forth in an operating agreement between EOI and Gulf States ("EOI-GSU Operating Agreement") substantially identical to the existing Operating Agreements. As with the Operating Agreements, the EOI-GSU Operating Agreement will effect no change in the ownership of River Bend; EOI's services thereunder will be provided at cost; and Gulf States will both retain control over EOI's spending and contracting authority and continue to provide its allocable share of the funds required for the operation, maintenance and decommissioning of River Bend. Upon consummation of these arrangements, substantially all employees of Gulf States who are presently dedicated to the operation of River Bend (approximately 890 persons) will be transferred to and become employees of EOI. Reference is made to Exhibit B-2(d) for the contemplated form of the EOI-GSU Operating

Agreement.

In connection with EOI's proposed execution of the EOI-GSU Operating Agreement, Holdings proposes to execute a guarantee agreement substantially identical to the Guarantee Agreements ("Holdings-GSU Guarantee Agreement"). Holdings would guarantee to Gulf States the performance by EOI of its financial obligations under the EOI-GSU Operating Agreement, contingent upon Gulf States continuing to meet its payment obligations to EOI thereunder. Reference is made to Exhibit B-5 for the contemplated form of the Holdings-GSU Guarantee Agreement.

In addition, EOI and GSU propose to enter into a related Support Agreement ("EOI-GSU Support Agreement") and a Switchyard and Transmission Interface Agreement ("EOI-GSU Switchyard Agreement") similar to the corresponding agreements entered into pursuant to the 1990 Order. Under these agreements, Gulf States will provide (1) necessary personnel, supplies and services with respect to the operation of River Bend and (2) access to switchyard facilities at River Bend and necessary personnel, supplies and services pertaining to the operation and maintenance of the associated transmission equipment. All transactions contemplated by these agreements will be expressly subject to the cost standards of Section 13 of the Act. Reference is made to Exhibits B-3 and B-4 for the contemplated forms of the EOI-GSU Support Agreement and EOI-GSU Switchyard Agreement, respectively.

As stated above, the proposed arrangements with respect to River Bend are subject to the receipt of any necessary regulatory and other consents and approvals. In this connection, Entergy and Gulf States are currently engaged in discussions with Cajun (the other co-owner of River Bend) regarding operation of the facility following consummation of the proposed combination, the related filings with the Nuclear Regulatory Commission

("NRC") and the existing arrangements between Gulf States and Cajun. The parties hereto reserve the right to amend this Application to make such changes (if any) in the terms of the proposed EOI-related agreements (Exhibits B-2(d) through B-5) as may be appropriate in light of these discussions with Cajun.

Finally, ESI proposes to render certain services to Gulf States at cost under a service agreement ("ESI-GSU Service Agreement") similar to those between ESI and other System companies. Such services will include consulting services in the areas of finance, management, accounting and strategic planning, certain advisory services, communications and public relations services, tax services and statistical services. Reference is made to Exhibit B-6(b) for the contemplated form of the ESI-GSU Service Agreement.

D. Reasons for Proposed Transactions

The parties to this Application believe that the combined Entergy-Gulf States system should be positioned to realize substantial benefits through various operational and structural synergies. These synergies include, among others:

* Coordination of energy resources - The combined system would be expected to be stronger and better able to supply the Operating Companies and Gulf States because of increased coordination of generation and transmission resources.

* Interconnected systems - The combined system would be expected to benefit because it would be operated as part of a single, larger cohesive system, with virtually no modification needed with respect to existing generating and transmission facilities, since Gulf States already has numerous, substantial electrical interconnections with the Entergy System.

* Greater fuel diversity and security - The complementary nature of the capacity mixes of Entergy and Gulf States is anticipated to result in greater fuel diversity and fuel security for their combined operations, inasmuch as Gulf States will have additional coal energy available to it, and Entergy will have increased natural gas generation available to it.

* Similar service areas - The areas served by Entergy and Gulf States are similar in several important respects. Specifically, Gulf States' customer mix, industries served and residential usage characteristics are very similar to those of LP&L.

* Focused nuclear management - The integration of River Bend into EOI will provide economies of scale benefits, eliminate duplication, allow for more efficient use of personnel, and reduce reliance on outside vendors and contractors. Further, EOI will provide central authority and control which will greatly enhance effectiveness and efficiency in making, communicating, and implementing decisions affecting nuclear operations.

* Improved human resources - The larger organization would be better able to attract and retain the best and most promising employees.

These synergies are expected to generate substantial cost savings to Entergy and Gulf States which; absent the combination, would not be available. These savings are expected to total approximately $1,665 million (nominal dollars) over the period 1994 through 2003, with approximately $1,340 million in savings accruing to Gulf States and approximately $325 million in savings accruing to the Operating Companies. The major components of the anticipated cost savings are as follows:

* Fuel Savings - For the period 1994 through 2003, Entergy anticipates that the combined system will realize total fuel cost savings of approximately $849 million, of which $790 million would be allocable to Gulf States and $59 million to the Operating Companies. In this period, additional production costs of approximately $21 million are expected to be incurred by Gulf States by virtue of its integration into the Entergy System, while the Operating Companies would experience an increase in other production costs totalling approximately $19 million.

* Operation and Maintenance Savings - For the same ten-year period, the combined system is projected to achieve nonfuel operation and maintenance expense savings in the aggregate amount of approximately $673 million, of which $578 million would accrue to Gulf States (in the areas of nuclear operations, generation and transmission, distribution and customer service, and administrative and general) and $95 million would accrue to the Operating Companies (by virtue of allocating System-wide overhead costs to an additional operating subsidiary).

* Deferred Capacity Savings - The proposed combination

will also generate substantial cost savings to the Entergy System as a result of delaying otherwise required resource additions beyond the year 1999. The total amount of these savings is estimated to be approximately $184 million through 2003.

For further information with respect to the synergies and benefits to be derived from the combination, including Entergy's net present value calculations thereof, reference is made to Item 3(a)(4).

Item 2. Fees, Commissions and Expenses

Item 2 of the Application-Declaration is hereby amended and restated in its entirety as follows:

The fees, commissions and expenses to be paid or incurred, directly or indirectly, by Entergy in connection with the proposed transactions are estimated as set forth in the table below. The listed amounts are based on the assumption that the proposed combination will be consummated at year-end 1993.

Commission filing fee relating to Registration Statement on Form S-4	$ 1,258,828*
Commission filing fee relating to Application-Declaration on Form U-1	$ 2,000*
Blue-sky expenses	$ 500
Hart-Scott-Rodino filing fees	$ 25,000*
Accountants' fees (Deloitte & Touche)	$ 50,000
Investment Banker's fees (Salomon)	$ 8,286,000**
Legal fees:	
Skadden, Arps, Slate, Meagher & Flom	$ 3,700,000
Reid & Priest	$ 2,800,000
Newman & Holtzinger, P.C.	$ 3,519,000
Wise Carter Child & Caraway	$ 455,000
Monroe & Lemann, P.C.	$ 924,000
Bickerstaff, Heath & Smiley, L.L.P.	$ 2,839,000
Other	$ 105,000
Total Legal Fees	$ 14,342,000
Consultants' fees:	
ECONAT, Inc.	$ 645,000
KPMG Peat Marwick	$ 925,000
Putnam, Hayes & Bartlett, Inc.	$ 527,000
Other	$ 466,000
Total Consultants' Fees	$ 2,563,000

Printing and engraving	$ 993,000
Fees of proxy solicitor (Morrow & Co., Inc.)	$ 60,000
Services to Entergy by ESI	$ 3,855,000
Services of Exchange Agent	$ 850,000
Listing fees in respect of New York, Midwest and Pacific Stock Exchanges	$ 976,000
Miscellaneous***	$ 4,710,000
Total	$ 37,971,000

* Actual amounts.

** Assumes proposed combination will be consummated based upon unadjusted $20 price per share payable to holders of Gulf States Common Stock in the combination. For further information with respect to Salomon's fees, see Item 3(A)(2).

*** Includes various expenses relating to communications/public relations ($2,032,000) and state regulatory commissions expense ($1,167,000).

Pursuant to Section 8.2(c) of the Reorganization Agreement, costs and expenses incurred in connection with the preparation, printing and distribution of the Joint Proxy Statement/Prospectus (including the related filing fee for the S-4) are to be shared equally by Entergy and Gulf States, subject to certain exceptions. The amounts in the table above reflect only Entergy's share of those estimated costs and expenses.

Item 3. Applicable Statutory Provisions

Item 3 of the Application-Declaration, as previously amended, is hereby amended and restated in its entirety as follows:

The sections of the Act and the rules thereunder which the parties hereto believe are or may be applicable to the transactions proposed herein are set forth below.

	Transaction	Section(s)/Rule(s)
1.	Combination of Entergy and Gulf States (including	Sections 9(a) and 10, Rule 51

	Upstream Merger and formation of Holdings and Merger Subs A and B)	
2.	Issuance of Holdings Common Stock to effect combination	Sections 6(a) and 7, Rule 50(a)(5)
3.(a)	Undertakings by Entergy in respect of Gulf States preferred stock	Section 12(b), Rule 45
(b)	Indemnification by Holdings of officers and directors of Gulf States and its subsidiaries	Section 12(b), Rule 45
4.	Proxy solicitation by Entergy	Section 12(e), Rules 62 and 65
6.(a)	EOI-GSU Operating Agreement	Section 13, Rules 86, 87, 90 and 91
(b)	Holdings-GSU Guarantee Agreement	Section 12(b), Rule 45
(c)	EOI-GSU Support Agreement	Section 13, Rules 86, 87, 90 and 91
(d)	EOI-GSU Switchyard Agreement	Section 13, Rules 86, 87, 90 and 91
(e)	ESI-GSU Service Agreement	Section 13, Rules 86, 87, 90 and 91

To the extent that the proposed transactions are deemed by the Commission to require authorization under any section of

The numbers opposite the listed transactions correspond to the numbered items under Item 1(C).

the Act or rule thereunder other than those specifically referred to a above, the parties hereto hereby request such authorization.

Legal Analysis

A. Sections 9(a) and 10

Section 9(a)(1) of the Act makes it unlawful for any registered holding company or subsidiary company thereof to acquire, directly or indirectly, any securities or utility assets unless the Commission has approved the transaction under Section 10. Section 9(a)(1) is applicable to the proposed combination because the transaction involves the acquisition of Gulf States Common Stock on behalf of Entergy.

Entergy's proposed combination with Gulf States complies with all of the provisions of Section 10 of the Act and should be approved by the Commission. Specifically:

> *The transaction will not create detrimental interlocking relationships or a detrimental concentration of control.
>
> *The consideration payable in the transaction is fair and reasonable.
>
> *The transaction will not unduly complicate the capital structure of the combined Entergy-Gulf States system.
>
> *The transaction is not detrimental to the proper functioning of the Entergy System; on the contrary, it will result in an integrated public utility system and will yield substantial benefits to the public, investors and consumers.

Each subsection of Section 10 of the Act is addressed separately below.

1. Section 10(b)(1)

Section 10(b)(1) of the Act requires the Commission to approve a proposed acquisition unless it finds that the 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."

a. Interlocking Relations

By its very nature, the proposed combination will result in certain interlocking relations. The Reorganization Agreement provides that at the Effective Time the Board of Directors of Holdings will consist of all the persons then constituting the Entergy Board of Directors (currently 14 individuals) together with four representatives of Gulf States (its chief executive officer and three other members of its Board of Directors). The Board of Directors of Gulf States at the Effective Time will be comprised of all the persons then constituting the Gulf States Board (currently 11 individuals) and four persons designated by Entergy. As noted, it is contemplated that Gulf States will be added as a party to the

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The parties hereto acknowledge the requirements of Section 17(c) of the Act and Rule 70 thereunder with respect to limitations upon directors and officers of registered holding companies and subsidiary companies thereof having affiliations with commercial banking institutions and investment bankers, and undertake that at the Effective Time, Holdings and Gulf States will be in compliance with the applicable provisions thereof.

System Agreement and will enter into an operating and various related agreements with EOI and a service agreement with ESI. These relationships are merely those necessary fully to integrate Gulf States into the Entergy System. Moreover, the benefits that will accrue to the public, investors and consumers from the combination of Entergy and Gulf States make clear that whatever interlocking relations may arise from the combination are not detrimental.

b. Concentration of Control

For the reasons stated below, the proposed combination also will not violate Section 10(b)(1) by tending towards a detrimental "concentration of control".

Section 10(b)(1)'s proscription against detrimental concentrations of control is intended to prevent utility acquisitions that result in an undue concentration of economic power. Centerior Energy Corporation, Release No. 35-24073, 35 S.E.C. Docket 769, 771 (April 29, 1986). However, the provision must be construed in light of the policy stated in Section 1(b)(4) of the Act, where Congress, in its statement of abuses and conditions which adversely affect the public interest, condemned "the growth and extension of holding companies >that! bears no relation to economy of management and operation or the integration and coordination of related operating properties." The Commission's determination of whether to prohibit enlargement of a system by acquisition is to be based on all the relevant circumstances, not just size. American Electric Power Company, Inc., 46 S.E.C. 1299, 1309 (1978).

The combination of Entergy and Gulf States will result in a large utility system, but certainly not one that exceeds the economies of scale of current electrical generation and transmission technology. Compared to the 35 largest investor-owned electric and combined electric/gas utility systems in the United States, the total assets of a combined system comprised of Entergy and Gulf States would, based on year-end 1991 data, be less than those of two other investor-owned systems (see Exhibit I-1). Five investor-owned systems reported operating revenues for 1991 greater than the total operating revenues of the combined Entergy-Gulf States system (see Exhibit I-2). In terms of total retail electric customers served, the Entergy-Gulf States system would serve fewer customers than seven other investor-owned systems (see Exhibit I-3). In terms of total generating capacity and 1991 KwH sales, the Entergy-Gulf States system would be ranked fourth and third, respectively, among all investor-owned systems (see Exhibits I-4 and I-5). Finally, the combined service territory of the Entergy-Gulf States system is smaller than that of six other investor-owned systems (see Exhibits I-6 and E-3).

The combined Entergy-Gulf States system would also not exceed current size parameters for electric utility systems registered under the Act. Based on 1991 data, The Southern Company ("Southern") is larger than the Entergy-Gulf States system in total assets and operating revenues. Southern and American Electric Power Company, Inc. are both larger than the Entergy-Gulf States system in terms of number of electric customers, total generating capacity and KwH sales. Finally, Southern and Central and South West Corporation have larger aggregate service territories than the service territory of the proposed Entergy-Gulf States system.

The affiliation of Gulf States and Entergy would not significantly change the relationship between the size of the Entergy System and the balance of the electric utility industry in the region. For these purposes, the narrowest plausible definition of the relevant region would include Entergy and Gulf States and those electric utilities directly interconnected with Entergy and/or Gulf States (referred to herein as "First Tier" utilities; see Exhibit D-5.13). When measured by net electric plant, operating revenues, number of electric customers, KwH sales, generating capacity, net generation, peak load and ownership of transmission facilities, the combined Entergy-Gulf States system would in each case represent substantially less than 40 percent of the utility industry in the region, a benchmark previously regarded by the Commission as significant for these purposes. Considered in light of the available recent data, the combined system would represent the following percentages of the utility industry in the region, in terms of the above criteria: net electric plant (26 percent); operating revenues (23 percent); number of electric customers (23 percent); KwH sales (19 percent); generating capacity (20 percent); net generation (19 percent); peak load (19 percent); and total transmission mileage (21 percent). For further information as to the size of the combined system in relation to the utility industry in the region, reference is made to Exhibits F, I-7(a) and I-8.

In New England Electric System, 45 S.E.C. 684 (1975), the Commission reviewed the relative sizes of three companies proposing to combine (New England Electric System, Boston Edison Company and Eastern Utilities Associates), and the proposed combined system as a whole, by reference to five criteria: (1) operating revenues, (2) number of electric customers, (3) KwH sales, (4) kilowatt capacity and (5) electric power generated in kilowatt hours. By each measure, the combined system would have constituted about 40 percent of the New England electric utility industry. (However, the actual basis on which the Commission rejected the proposed combination was that the applicants had made an inadequate showing of the economies and efficiencies likely to be produced by the combination.) Compare Northeast Utilities, Release No. 35-25221, 47 S.E.C. Docket 1270, 1281 (December 21, 1990), supplemented, Release No. 35-25273 (March 15, 1991), aff'd, City of Holyoke Gas & Elec. Dept. v. S.E.C., 792 F.2d 358 (D.C. Cir. 1992) (Commission noting, in approving proposed combination of Northeast Utilities ("Northeast") and Public Service Company of New Hampshire, that combined system would not significantly change relationship between size of Northeast system and balance of New England electric industry since, measured in terms of (1) peak load capacity, (2) total assets, (3) operating revenues, (4) number of electric customers and (5) KwH sales, combined system would represent less than 40 percent of New England).

Section 10(b)(1) also requires the Commission to consider possible anticompetitive effects of a proposed acquisition. Municipal Electric Ass'n v. S.E.C., 413 F.2d 1052, 1056-1057 (D.C. Cir. 1969). In this context, Entergy has analyzed whether the proposed combination with Gulf States will create enhanced market power. The facts demonstrate that this combination will not create enhanced market power in any plausible relevant market. Set forth below is a summary of Entergy's analysis.

The primary effect of the combination will be to extend Entergy's commitment to open transmission access indefinitely (by disassociating it from market-based capacity sales) and expand that commitment to encompass the Gulf States system. In the open access post-merger world, utilities located within or adjacent to the Entergy-Gulf States area will be able to deal

In 1991, ESI, acting as agent for the Operating Companies and EPI, submitted to the Federal Energy

Regulatory Commission ("FERC") proposed tariffs that would provide electric utilities "open access" to the System's integrated transmission system (subject to certain requirements of the tariffs) in conjunction with System proposals to make sales of wholesale power at market-based rates through the year 2001. The Operating Companies determined to make such access available in order to support a finding by the FERC that the System would not have market power over transmission. Under FERC policy, this finding is a prerequisite to FERC's approval of sales of power at negotiated market-based rates. In March and August 1992, the FERC issued orders approving the open access tariffs with certain modifications (copies of these orders are filed as Exhibits D-5.15 and D-5.16, respectively). The Entergy System now offers a consolidated transmission service tariff that provides for wheeling on a System-wide basis for a single charge -- that is, capacity or energy can be moved across the transmission systems of two or more of the Operating Companies without incurring any "pancaked" charges.

with more than a dozen other utilities over a multi-state area for only a single, relatively low wheeling charge. The direct effect of the combination will be to assure all area utilities that the open access commitment will remain in place for the long run and to make transactions more economic between the utilities in Gulf States' area and the utilities located within or adjacent to Entergy.

Second, although both Entergy and Gulf States have surplus capacity currently available for sale which will come under common ownership after the combination, the combined company will be in no position to dominate short-run capacity sales. A detailed examination of the market reveals that, in the next five years, relatively few utilities in the area will be seeking capacity while a large number of suppliers, including the combined company, will have surplus capacity to sell. Moreover, in most cases, the combination actually will expand the options available to the utilities needing capacity by creating a wider market accessible for a single wheeling charge. In the longer run, new capacity construction will serve as an additional competitive check in the capacity sales market.

Third, the combination will not create or increase control over any key inputs needed for new capacity development and marketing. Accordingly, the combined company will not have market power in long-term capacity sales markets. The evidence demonstrates that the combined company will not control transmission access, scarce generating plant sites, fuel supplies or transportation facilities. By utilizing Entergy's open access tariff, buyers in the area will be able to reach numerous utilities (including Entergy) that independently have constructed substantial generation capacity in the past, as well as any nonutility supplier that locates anywhere within the expanded Entergy system area.

Fourth, the data clearly indicate that the combined firm will not have market power over nonfirm energy sales. Competition among nonfirm energy sellers takes place throughout a broad market in the central and southeastern part of the United States. The market is driven by cost differentials among western coal generation, eastern coal generation and natural gas generation, weather, outages of large baseload units, and internal constraints such as minimum load conditions or must-take fuel contracts. While it is difficult to delineate the boundaries of such a fluid market with precision, it is clear that it includes most First Tier utilities plus a number of other utilities to the north and west of the Entergy-Gulf States area. Based on 1990-91 data, the combined company's share of total nonfirm energy sales in this broad market is estimated to be less than 10 percent. Even confining the analysis to First Tier utilities, the analysis found that the combined company's share of nonfirm energy sales in the First Tier markets ranges from only 8.0 to 13.4 percent.

Fifth, while Entergy and Gulf States clearly play a larger role as buyers in nonfirm energy markets than they do as sellers, the proposed Entergy-Gulf States combination does not threaten to create or enhance buyer market power or facilitate its exercise in nonfirm energy markets. Historic data indicate that Entergy and Gulf States together account for about 27-30 percent of the nonfirm purchases in the relevant market and that the post-merger Herfindahl-Hirschman Index (employed in the 1992 Horizontal Merger Guidelines issued by the Department of Justice and the Federal Trade Commission, and hereinafter referred to as "HHI") will be in the 1,200-1,600 range. These measures almost certainly understate the competitiveness of the market that will exist in the post-open access post-merger world because they do not reflect the fact that the open access tariff will allow many more buyers and sellers to deal directly with one another and, in many cases, will reduce the number of wheels required to complete transactions. The nonfirm energy purchase market shares and HHIs also understate the true competitiveness of the energy market by failing to count buyers' "purchases" from their own generating resources as part of the relevant market. Buyers clearly shift between internal and external purchases depending upon their relative costs, and markets that fail to recognize this substitutability are defined too narrowly. In interpreting the conservatively estimated market shares and HHIs, it is important to recognize that nonfirm energy markets have a number of characteristics that make the exercise of buyer market power, either jointly or unilaterally, extremely unlikely. In particular, the numerous ways that energy transactions can be packaged, the diversity of the players in the market and, of key importance, the fact that buyers are also sellers at the same or different times make it most unlikely that those who happen to be buyers at a given point in time would have the community of interest required to exercise buyer market power jointly through coordinated behavior. Moreover, where transactions are priced on a split-savings basis, there is little or no incentive for buyers to reduce purchases in an effort to drive down prices because the prices of individual transactions are determined by the buyer's and seller's costs rather than the overall quantity of energy purchased in the marketplace.

Finally, the proposed Entergy-Gulf States combination will have no substantial effect on retail competition. Fringe or border area competition between the two combining entities has not been significant nor does it seem likely to become so, given the limited and largely rural area in which Entergy's and Gulf States' facilities are in close proximity. As for industrial location competition, in the few cases when electric rates play a major role in industrial location decisions, the competition can be expected to take place over a wide area and pit a large number of utilities against one another. Eliminating Gulf States as an independent entity cannot be expected to diminish that competition significantly. Indeed, to the extent that Gulf States' and the Operating Companies' rates and costs are reduced as a result of the combination, industrial location competition may intensify. Lastly, there is no evidence that Gulf States and Entergy have been used in the past as significant yardsticks for gauging each other's performance. After the combination, the opportunity will still exist to make interutility performance comparisons by examining data for utilities throughout the United States.

After reviewing an extensive record and taking into account its prior experience in utility merger cases, the FERC, in its Order on Applications, dated January 28, 1993 (a copy of which is filed as Exhibit D-5.99), concluded that the provisions approved in Entergy's open-access tariff, when extended to Gulf States' service territory and in perpetuity (or until the FERC deems it unnecessary), will adequately mitigate any increase in market power in the relevant geographic and product markets that may arise from the proposed merger, if approved. In reaching its conclusion, the FERC found that the loss of Gulf States as an independent competitor will not adversely affect competition.

Twenty-one parties filed various requests for rehearing with respect to the FERC's January 28, 1993 Order on Applications. The submissions focused almost exclusively on the FERC's treatment of the competition and related issues in this case, including Entergy's expanded open-access tariff, intervenor requests for "network" transmission service, alleged unscheduled power flows and other transmission and operational detriments purportedly occasioned by the merger (see Exhibits D-5.119, D-5.124 and D-5.126 through D-5.140). By order dated March 12, 1993, the FERC tolled the prescribed 30-day period within which the FERC was otherwise required to rule on the rehearing requests, granting rehearing for the limited purpose of further considering these requests (see Exhibit D-5.150). On July 1, 1993, the FERC issued an order denying the requests for rehearing and affirming its prior findings on the competition issues. In so doing, the FERC determined that there was more than enough written evidence in the record to enable it to make a reasoned decision on the competition issues without holding an evidentiary hearing (see Exhibit D-5.362).

The FERC's analysis indicated that in some markets the merger would result in an increase in concentration ratios when utilizing the HHI. However, the FERC stated that a merger must be functionally viewed in the context of its particular industry and, therefore, while statistics reflecting market shares are a primary index of market power, only an examination of the particular market can provide the appropriate setting for judging the probable anticompetitive effect of a merger. The FERC further stated that while the Entergy System's ownership of transmission facilities will increase if the merger is consummated, Entergy's post-merger effective control over transmission access will in fact be reduced due to its pledge to expand the open-access tariff to Gulf States' service territory and to keep the open-access tariff in place in perpetuity.

The FERC also rejected an argument that the continuation of point-to-point service, as opposed to "network" transmission service, under the expanded open-access tariff will enhance the market power of Entergy vis-a-vis transmission dependent utilities. The FERC concluded that entities currently connected with the Operating Companies will be in the same position post-merger as they are pre-merger vis-a-vis transmission access. Entities currently connected with Gulf States will be in a better position post-merger than they are pre-merger vis-a-vis transmission access because they will have the additional option of service under the expanded open-access tariff. Accordingly, any effect resulting from the failure of the merged company to offer network transmission service is not an effect resulting from the merger, much less an anticompetitive effect resulting from the merger.

The FERC also determined, in its January 28, 1993 order, that the proposed combination will not adversely affect retail competition, holding that because of the geographic configuration of the two systems, retail competition is, and will likely continue to be, de minimis. Moreover, the FERC noted that the proposed merger is unlikely to affect franchise or fringe area retail competition between the merged company and other First-Tier entities because Entergy cannot take over a retail competitor's distribution area without the local regulator's permission. Similarly, the FERC held that the proposed merger is unlikely to affect industrial/locational retail competition between the merged company and other First-Tier utilities because large industrial end-users are relatively immobile and their locational decisions are made with the objective of minimizing costs over a period of years and therefore are more concerned with long term rate relationships when choosing a site for new or expanded operations. Finally, the FERC found that despite the removal of Gulf States as a separate retail yardstick competitor, there is a sufficient number of alternative utilities whose rates local regulators can compare.

In an Order on Motion for Expedited Clarification, dated February 18, 1993 (a copy of which is filed as Exhibit D-5.122), the FERC clarified that it did not intend to set for hearing the issue of the merger's impacts on the costs and rates of interconnected utilities. Specifically, the operational issues of decreased transmission availability, operational complications, and loop flows (i.e., unscheduled power flows) will not be set for hearing. The FERC reasoned that unscheduled power flows are an unavoidable consequence of interconnected operations. Applicants were directed to describe the plan of operations of the combined system in order to substantiate their claimed benefits of integration. With this information, a utility will be able to identify the operational impacts of the proposed merger on its system. The FERC concluded that if, at the appropriate time, a utility wants to be compensated for any inadvertent or unauthorized power flows that may result from the merger, the utility may then file a transmission rate under Section 205 of the Federal Power Act.

For further information with respect to the potential impact of the proposed combination on competition, reference is made to Exhibits D-5.12, D-5.13, D-5.99, D-5.122, D-5.362 and F.

Three parties filed requests for rehearing with respect to the FERC's Order on Motion for Expedited Clarification. By order dated April 9, 1993, the FERC tolled the prescribed 30-day period within which the FERC was otherwise required to rule on the rehearing requests, granting rehearing for the limited purpose of further considering these requests (see Exhibit D-5.222). On July 1, 1993, the FERC issued an order generally denying the requests for rehearing with respect to the operational impacts on interconnected systems. However, in light of contract allegations by one intervenor that the applicants would not be able to dispatch their combined system as planned, the FERC ordered the presiding administrative law judge, to the extent necessary, to receive additional evidence on whether the combined system can be operated as planned and, if not, how the applicants' projected merger-related savings would be affected (see Item 4 and Exhibit D-5.362).

In conclusion, given the size of the combined Entergy-Gulf States system, the absence of anticompetitive consequences of the combination and the economies and efficiencies to be realized from the affiliation, there is no basis for the Commission to conclude that the proposed combination will tend towards a detrimental concentration of control.

2. Section 10(b)(2)

Under Section 10(b)(2) of the Act, the Commission may not approve the proposed combination of Entergy and Gulf States if it finds that the consideration to be paid in connection with the combination, including all fees, commissions and other remuneration, is "not reasonable or it does not bear a fair relation to the sums invested in or the earning capacity of ... the utility assets underlying the securities to be acquired."

a. Reasonableness of Consideration

Upon consummation of the Entergy-Gulf States combination the holders of Gulf States Common Stock will have the right to receive $20 per share (subject to adjustment under certain circumstances), payable at the holder's election in cash or shares of Holdings Common Stock. Based upon the 114,055,065 shares of Gulf States Common Stock outstanding on September 30, 1993, the aggregate consideration to be paid to holders of Gulf States Common Stock will be approximately $2.28 billion.

Entergy believes that the purchase price payable to Gulf States in the combination is fair and reasonable and fully consistent with the criteria of Section 10(b)(2). Entergy's belief is based on the following considerations, each of which is discussed in detail below:

1. The proposed purchase price is the product of arms-length negotiations between Entergy and Gulf States conducted in a competitive bidding context in which the losing bidder's offer to acquire Gulf States had price terms very close to those of

Entergy's winning bid.

2. Immediately prior to submitting its combination proposal to Gulf States, Entergy's Board of Directors received an opinion from its financial advisor, Salomon, stating that the consideration to be paid by Entergy in the combination is fair, from a financial point of view, to Entergy and its shareholders. Salomon's opinion was based on three valuation analyses (relating to, respectively, comparable utility combinations, pro forma earnings effects and discounted cash flows of Gulf States), each of which supported the fairness of the proposed consideration, from a financial perspective, to Entergy and its shareholders.

3. Valuation analyses performed by Entergy comparing the proposed consideration on the basis of various factors to that offered in other recent utility combinations of comparable size also support the reasonableness of the purchase price. First, with reference to offer price as a multiple of pre-announcement market price, book value, earnings per share and cash flow per share, the $20 per share price offered by Entergy is consistent in all material respects with the corresponding data of the comparable utility combinations. Second, a comparison of Entergy's offer price on the basis of pro forma effects on historical book value and earnings per share indicates that the pro forma effects for the proposed combination are within the ranges of the corresponding pro forma effects for the comparable transactions.

4. An analysis of Entergy's $20 per share fixed price offer in relation to recent comparable utility acquisitions that are based on a fixed exchange ratio should appropriately adjust for the difference in exchange mechanisms (i.e., fixed price versus fixed exchange ratio). When viewed in this light, Entergy's proposed combination with Gulf States yields a premium to Gulf States' pre-announcement market value that is well within

the range of premiums offered in the other comparable transactions.

5. The $20 per share price offered by Entergy adequately accommodates the risks and contingencies currently confronting Gulf States. In particular, the price is reasonable in light of the risks associated with both the pending court appeal regarding the rate treatment in Texas of the abeyed portion of Gulf States' investment in River Bend as well as the pending Cajun lawsuit against Gulf States regarding their joint ownership of River Bend, especially given the substantial benefits to be realized as a result of the combination.

As to the unresolved Texas rate matters referred to above, Entergy notes that such abeyed River Bend costs are not currently in Gulf States' rate base and any write-off of all or a portion of the abeyed River Bend costs would be a non-cash event. Further, as stated in the Joint Proxy Statement/Prospectus, Gulf States' management believes that the company may well ultimately recover all or a portion of the abeyed River Bend costs, based on, among other things, advice of counsel of record in the underlying proceeding, the conclusions set forth in a related cost reconciliation study prepared on behalf of Gulf States and the magnitude of plant investments ultimately disallowed in previous Texas rate proceedings involving nuclear power plants.

With respect to the Cajun litigation, Entergy notes Gulf States' belief that the lawsuit is without merit and that the company is contesting it vigorously. Indeed, in each of the pending state regulatory proceedings concerning the proposed combination, Cajun itself proposed to settle the litigation contingent upon the respective state commissions adopting, as a condition to approving the combination, a so-called "Regulatory Plan" having a total value to Cajun of approximately $900 million, including $402 million to settle the litigation. The proposal is unacceptable not only to Entergy and Gulf States but also to the two state commissions, the Louisiana Public Service Commission ("LPSC") and the Public Utiltiy Commission of Texas ("PUCT"), who flatly rejected Cajun's "regulatory plan" in their orders conditionally authorizing the proposed merger. Nevertheless, Cajun's proposal indicates that even the plaintiff values the litigation at substantially less than the damages originally sought. Entergy also notes that, while each case necessarily turns on its own facts, the only other similar lawsuit between joint owners of a nuclear generating facility that went to trial was won by the defendant.

Balanced against the foregoing contingencies is the high degree of probability that the combined Entergy-Gulf States system will generate substantial, otherwise unavailable, cost savings and other benefits not readily susceptible to quantification. Although most of the combination-related cost savings will accrue to Gulf States, a significant portion will benefit the Operating Companies. The savings that will accrue to Gulf States are in large part already being realized by the Operating Companies as a result of their participation in the System Agreement and the Entergy System's internal restructuring into functional business units. Moreover, the majority of the cost reductions produced by the combination will continue indefinitely into the future, notwithstanding that Entergy's calculations cover only the initial ten-year period subsequent to closing. Finally, while Entergy has not sought a return on or recovery of the estimated $392 million acquisition adjustment, Entergy and Gulf States have received conditional approvals from the LPSC and the PUCT of regulatory plans that will provide Entergy's shareholders a significant opportunity to share in the savings generated by the combination.

6. Entergy's stock price has outperformed utility

stock indices by a considerable margin since the combination was announced.

7. Entergy's shareholders voted overwhelmingly to approve the transaction; nearly two-thirds of Entergy's outstanding stock were then held by sophisticated, institutional investors.

i. Competitive Bidding Negotiations

The proposed purchase price accurately reflects Gulf States' fair market value. The price was arrived at after extensive deliberations between the two companies involving senior management personnel assisted by financial and legal advisors skilled in mergers and acquisitions transactions. Moreover, the negotiations were carried out in a competitive bidding context in which another company, Central and South West Corporation ("CSW"), also submitted an offer to Gulf States' Board of Directors for a controlling interest in the company; CSW's independently derived bid of $19 per share was very close to (95 percent of) Entergy's winning bid.

Preliminary communications between Entergy and Gulf States with respect to a possible business combination transaction commenced in the fall of 1990. In November, 1990, Gulf States publicly reported that its then chief executive officer had had informal conversations with various utility companies regarding potential business combination transactions and that Gulf States had hired an investment banker and a law firm with mergers and acquisitions expertise to stand ready

The discussion in this subsection regarding the background of the proposed combination is based in part on information supplied to Entergy by Gulf States. In the Comments filed by Gulf States with the Commission concurrently with the filing of Amendment No. 4 to this Application, Gulf States expressly concurred with the discussion in this subsection.

should developments occur. In September, 1990, Entergy retained

Salomon to provide financial advice in connection with a possible business combination between Entergy and Gulf States.

After informal contacts in 1990 and early 1991, by telephone and in person, between Gulf States' chief executive officer and the chief executive officers of five possible business combination candidates, only two, Entergy and CSW, expressed a serious interest in a business combination with Gulf States. Negotiations were not pursued with the other three candidates.

In April and May, 1991, legal representatives of both business combination candidates engaged in separate discussions with Gulf States regarding the terms of proposed confidentiality agreements that, among other things, would permit each candidate to conduct a "due diligence" review of Gulf States. In May, 1991, Entergy and Gulf States executed a confidentiality agreement pursuant to which each commenced a due diligence review of the other's business and operations. Likewise, CSW and Gulf States also commenced mutual due diligence examinations pursuant to a confidentiality agreement entered into between them.

From June 1991 through February 1992, Gulf States and representatives of Entergy and CSW, respectively, held a series of meetings with a view to exploring the feasibility of a business combination transaction, conducting due diligence examinations and discussing the terms of a possible business combination agreement. Legal counsel representing Gulf States in these meetings included the firms of Fried, Frank, Harris, Shriver & Jacobson; LeBoeuf, Lamb, Leiby & MacRae; Orgain, Bell & Tucker; Taylor, Porter, Brooks & Phillips and Clark, Thomas, Winters & Newton. Legal counsel representing Entergy in these meetings included the firms of Skadden, Arps, Slate, Meagher & Flom and Reid & Priest. The discussions focused upon possible price ranges and contractual terms of a business combination transaction, including conditions to the consummation of a business combination transaction, the extent of restrictions on Gulf States' operations during the period between executing a definitive agreement and closing of the transaction, the impact on the transaction of Gulf States' pending litigation with Cajun relating to their joint ownership of River Bend, the regulatory plans that would be submitted to state public utility commissions in connection with a transaction, and possible termination fees.

Throughout this period, representatives of Entergy and Gulf States, including on occasion their respective legal counsel, engaged in numerous discussions, both in person and by telephone, concerning a possible business combination transaction, including, specifically, with respect to those matters described above.

In March of 1992, Gulf States reported publicly that it was conducting negotiations with respect to possible business combination transactions. In March, 1992, and from time to time thereafter, Gulf States' chief executive officer met separately with the chief executive officers of Entergy and CSW to discuss various key issues relating to a possible business combination with the respective companies. Representatives of Gulf States carried on simultaneous negotiations with both of the candidates and ultimately each was invited to make a proposal. From March 1992 through June 5, 1992, the date on which Entergy and Gulf States entered into the Reorganization Agreement, representatives of Entergy and Gulf States and, separately, representatives of CSW and Gulf States, including on occasion their respective legal counsel, were in contact on a continuing basis to discuss matters relating to a possible business combination, including primarily due diligence matters and issues relating to the terms of a possible business combination agreement.

At a special meeting of the Entergy Board of Directors held on May 28, 1992, the Board was updated on the status of the discussions between Entergy representatives and those of Gulf States. At a special meeting of the Entergy Board of Directors held on June 5, 1992 the Board considered, adopted and approved the proposed Reorganization Agreement and the transactions contemplated thereby, and authorized such proposal to be communicated to the Gulf States Board of Directors.

On June 5, 1992, Gulf States received separate business combination proposals from Entergy and CSW. The proposal received by Entergy is embodied in the Reorganization Agreement and the documents referred to therein. The proposal by CSW included a stock-for-stock exchange based on a price of $19.00 per each share of Gulf States Common Stock (subject to (a) an adjustment in the number of shares to be received in the event of fluctuations of plus or minus 10 percent in the market price of CSW's common stock, and (b) an upward adjustment of $0.25 per quarter for each quarterly dividend period after January 1, 1994 in the event the transaction had not closed by that date) and otherwise included contractual terms and conditions similar to those specified in the Reorganization Agreement.

For further information regarding the background of the proposed combination between Entergy and Gulf States, reference is made to the Joint Proxy Statement/Prospectus filed as part of Exhibit C.

ii. Salomon Fairness Opinions

The Boards of Directors of Entergy and Gulf States unanimously approved the Reorganization Agreement and the transactions contemplated thereby in separate meetings held on June 5, 1992. Prior to such approvals, the Boards received opinions from Entergy's and Gulf States' respective financial advisors as to the fairness of the proposed consideration.

Entergy's Board of Directors received an oral opinion from Salomon (later confirmed in writing) that, based upon specified procedures and assumptions, the consideration to be paid by Entergy in the combination is fair, from a financial point of view, to Entergy and its shareholders. Gulf States' Board of Directors received an oral opinion from Goldman, Sachs (later confirmed in writing) that the proposed consideration is fair.

In arriving at their respective opinions, Salomon and Goldman, Sachs (i) reviewed the terms of the Reorganization Agreement and the Merger Agreements; (ii) reviewed certain publicly available business and financial information relating to Entergy and Gulf States; (iii) reviewed certain other information concerning Entergy and Gulf States, including financial projections provided to them by Entergy and Gulf States; (iv) met with certain officers and employees of Entergy and Gulf States to discuss the business and prospects of Entergy and Gulf States and the views of Entergy's and Gulf States' managements concerning certain strategic implications and operational benefits which might result from the combination; (v) analyzed certain publicly available information regarding companies considered by Salomon and Goldman, Sachs to be comparable to Entergy and Gulf States as well as the trading markets for certain of such other companies' securities; (vi) considered, to the extent publicly available, the financial terms of certain other business combination transactions deemed by Salomon and Goldman, Sachs to be relevant; and (vii) considered such other information, financial studies, analyses and investigations and financial, economic and market criteria as Salomon and Goldman, Sachs deemed appropriate.

In connection with the special shareholders meetings of Entergy and Gulf States held to approve the combination, the Reorganization Agreement provides that it is a condition to the mailing of the Joint Proxy Statement/Prospectus that (1) Entergy shall have received an opinion of Salomon, dated the mailing date of the Joint

Proxy Statement/Prospectus, to the effect that the consideration payable in the combination is fair from a financial standpoint to the shareholders of Entergy ("Bring-Down Salomon Opinion"), and (2) Gulf States shall have received an opinion of Goldman, Sachs, dated such mailing date, to the effect that the proposed consideration is fair to the holders of Gulf States Common Stock. (Copies of these "bring-down" fairness opinions are filed and included as part of Exhibit C.)

Salomon's opinion that the consideration to be paid by Entergy is fair from a financial point of view was based on the three analyses summarized below. The results of these valuation methods were discussed with the Entergy Board of Directors at its special meeting held on June 5, 1992 and were updated by Salomon, with essentially the same results, in connection with the delivery of the Bring-Down Salomon Opinion. (For more information with respect to the fairness opinions delivered by Salomon and Goldman, Sachs in connection with the proposed Entergy-Gulf States combination, reference is made to the Joint Proxy Statement/Prospectus filed as part of Exhibit C.)

Analysis of Selected Comparable Acquisition Transactions. Salomon reviewed a set of completed and proposed electric utility combinations announced since August, 1987 having aggregate values in excess of $1 billion ("Comparable Transactions"). The Comparable Transactions consisted of the acquisitions by PacifiCorp of Utah Power & Light Company and by The Kansas Power & Light Company of Kansas Gas and Electric Company and the proposed acquisitions by PacifiCorp of Pinnacle West Capital Corporation and by SCEcorp of San Diego Gas & Electric Company. Salomon calculated multiples based on the offer price for each of the four target companies in the set of Comparable Transactions to such companies' respective pre-announcement market price, book value, earnings and cash flow per share.

The consideration offered for the target companies in the Comparable Transactions provides a range of 1.28x to 1.88x book value per share based on the latest available data prior to announcement; a range of 6.22x to 8.64x cash flow from operations per share for the trailing twelve months ending with the last quarter prior to announcement; a range of 13.3x to 20.3x earnings per share adjusted for non-recurring items ending with the last quarter prior to announcement; and a range of 1.35x to 1.63x market value one month prior to the first indication that the target company was a takeover candidate. The consideration offered in the proposed Entergy-Gulf States combination represents 1.14x March 31, 1992 book value per share; 4.90x cash flow from operations per share for the trailing twelve months to March 31, 1992; 18.7x Gulf States' estimated 1993 earnings per share; and 1.65x market value per share one month prior to disclosure of merger discussions.

Salomon considered that this analysis supports the fairness of the consideration to be paid, given that the multiples derived from the consideration offered in the proposed transaction are below or within the ranges of multiples derived from the prices offered in the Comparable Transactions, with the exception of the multiple of market value which is above, although not materially above, the range of multiples derived from the prices offered in the Comparable Transactions.

Pro Forma Merger Analysis. Salomon also analyzed certain pro forma effects resulting from the proposed combination for the years 1994-2001. This analysis was based upon financial and operating assumptions for Entergy and Gulf States, as provided to Salomon by Entergy, and assumed the realization of the cost savings projected by Entergy management to result from the combination. The objective of the pro forma merger analysis was to compare the results of the combined Entergy-Gulf States system to Entergy's stand-alone results based on these financial and operating assumptions. The accretion/dilution that results from the combination will vary based on the number of shares issued by Holdings to Gulf States common stockholders in the combination. This number will be a function in turn of, among other factors, the Average Trading Price and the amount of cash consideration (up to $250 million) elected by Gulf States common stockholders. Salomon's pro forma merger analysis indicates that the earnings per share from continuing operations of the combined system would be approximately 4 percent dilutive to Entergy's stand-alone earnings per share in 1994, break even to slightly accretive in years 1995-1997 and accretive in years 1998-2001 to a level of approximately 10 percent in year 2001. In Salomon's judgment, the accretive nature of the combination within a relatively short period as indicated by the above analysis supports the fairness of the consideration to be paid.

Discounted Cash Flow Analysis. In connection with the delivery of its fairness opinion, Salomon also prepared a discounted cash flow analysis of Gulf States. This analysis was based on certain operating and financial assumptions for Gulf States in years 1994-2001 provided by Entergy management in order to determine a present value for Gulf States as of the expected closing date of the transaction. To calculate the value of a business using discounted cash flow analysis, the projected free cash flows together with the net income from the final year of the projection period multiplied by a terminal multiple are discounted to the beginning of the projection period. The terminal multiple is estimated by reviewing the price/earnings multiples of the electric utility industry and selected companies whose financial profiles resemble the expected financial condition of Gulf States in the terminal year. Based on discount rates of 9 to 12 percent and terminal multiples of 10.0x to 13.0x applied to Gulf States' free cash flow and terminal net income, the discounted cash flow analysis provided a range of reference values for Gulf States Common Stock of $16.04 to $21.30 per share. Given that the consideration to be paid is within the range of reference values so derived, Salomon concluded that the discounted cash flow analysis also supports the fairness of the proposed consideration.

iii. Entergy Comparable Transactions and Pro Forma Effects Analyses

Entergy's own analyses comparing the proposed consideration to that offered in recent utility combinations of comparable size also support the reasonableness of the consideration.

Exhibit J-1 compares the proposed Entergy-Gulf States combination with the four other major utility combinations announced since August, 1987 having aggregate values in excess of $1 billion -- i.e., the "Comparable Transactions" in the valuation analysis performed by Salomon in connection with its fairness opinion, as described above -- with reference to offer price as a multiple of, respectively, pre-announcement market price, book value, earnings per share and cash flow per share. The consideration offered in the proposed transaction is 1.14x book value and 4.90x cash flow from operations, each of which multiples is lower than the corresponding multiples for any of the comparable transactions. The consideration offered represents 1.65x market value and 18.5x trailing twelve-months earnings per share to June 30, 1992 (adjusted for the effects of Gulf States' refinancing program during the first six months of 1992). These multiples are consistent in all material respects with the corresponding data for the comparable transactions.

Exhibit J-2 provides available data for all but one of these same combinations in terms of the pro forma effect of the proposed combination on historical book value and earnings per share of the acquiror company. Based on June 30, 1992 data, the book value per share of Entergy Common Stock as of that date would be increased as a result of the combination from $23.79 to $25.51, or 6.7 percent, while Entergy's earnings per share for

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The comparable transactions analysis reflected in Exhibit J-1 is identical to that performed by Salomon in connection with its fairness opinion, except that, with respect to the calculation for purposes of the present transaction of the earnings per share multiple, Entergy based such calculation on Gulf States' trailing twelve-months earnings per share to June 30, 1992 (taking into account the effects of Gulf States' refinancing program during the first six months of 1992), whereas Salomon based its calculation on estimated 1993 earnings per share of Gulf States.

the six months ended June 30, 1992 would be reduced on a pro forma basis from $1.00 to $0.88 (adjusted for the effects of Gulf States' refinancing program), or 12 percent. These amounts are within the ranges of the pro forma effects calculated for the other major transactions noted, and Entergy believes that the indicated dilution of historical earnings per share is reasonable in light of the substantial savings and benefits anticipated to accrue from the combination with Gulf States.

iv. Fixed Price Payment Mechanism and Present Value Considerations

As noted in subsections (ii) and (iii) above, the consideration offered by Entergy in the proposed combination is only slightly above the range for market premiums (35 to 63 percent) in the comparable transactions. However, it is almost identical to the only other transaction which employed a fixed price mechanism (PacifiCorp's bid for Pinnacle West Capital Corporation, which represented a market premium of 63 percent). The other electric utility acquisitions in the group of comparable transactions, all of which were based on fixed exchange ratios, had market premiums in the range of

The Kansas Power & Light Company ("KPL") offered a "collared" payment mechanism that resulted in a fixed exchange ratio of 1.347 shares of KPL common stock per each share of common stock of Kansas Gas and Electric Company. SCEcorp offered 1.3 shares of SCEcorp common stock per each share of common stock of San Diego Gas & Electric Company. PacifiCorp offered .909 shares of PacifiCorp common stock per each share of Utah Power & Light Company common stock. Only PacifiCorp's fixed price offer of $21.00 per each share of common stock of Pinnacle West Capital Corporation represents a payment mechanism similar to that used in the Entergy-Gulf States transaction.

35 to 55 percent.

Entergy believes, in this connection, that an appropriate analysis of its proposed combination with Gulf States adjusts for the difference in the exchange mechanisms (i.e., fixed price versus fixed exchange ratio). In a fixed exchange ratio transaction, the consideration to be paid is valued in terms of the current market value of the acquiring entity. In a fixed price transaction, the consideration to be paid represents a fixed dollar amount to be delivered at some future time. The adjustment to account for this distinction in the present context can be effected in either of two ways: (1) by assessment of the value offered to Gulf States stockholders under an exchange ratio set according to the expected Average Trading Price of Entergy Common Stock at closing; and (2) by calculation of the present value, at the time of announcement of the transaction, of the $20 per share fixed price payable by Entergy at closing.

The first method in effect conforms the proposed Entergy-Gulf States combination to the calculations employed in analyzing a fixed exchange ratio transaction. In a fixed exchange ratio transaction, the consideration offered represents the number of shares to be delivered at closing applied to the acquiror's pre-announcement market value. On this basis, a comparable value of the consideration offered in the proposed combination is based on the expected prevailing exchange ratio at closing, applied to Entergy's pre-announcement market level. For example, if the Average Trading Price of Entergy Common Stock at closing is $33 (in fact, the 1992 year-end stock price) the exchange ratio will be .606 ($20 divided by $33). When applied to Entergy's pre-announcement market value of $27.125, this represents a consideration of $16.44 and a premium of 36 percent to Gulf States' pre-announcement market value. This premium is within the range of premiums paid in the other utility acquisitions having fixed exchange ratios. The table below sets forth information with respect to implied exchange ratios and related market premiums based upon a potential Average Trading Price of $30, $33 and $36, respectively:

	Average Trading Price		
	$30.000	$33.000	$36.000
Price to be paid	$20.000	$20.000	$20.000
Implied exchange ratio	.667	.606	.556
Exchange ratio applied to Entergy's pre-announcement market value	$18.083	$16.439	$15.069
Implied market premium	49%	36%	24%

The alternative method of adjusting the fixed price so that it is comparable to the analysis of a fixed exchange ratio transaction is to view the fixed price offer on a present value basis, by discounting the $20.00 price at a range of discount rates over the time period from announcement to closing. For example, assuming 1.5 years from June 5, 1992 until closing and a

Premiums are measured according to market values as of one month prior to the first recognition that the company is a take-over candidate.

The closing price of Entergy Common Stock on the NYSE first reached $30 on July 9, 1992, first reached $33 on December 21, 1992 and first reached $36 on February 4, 1993.

discount rate of 12 percent, the fixed price represents a present value at announcement of $16.87. This consideration value is comparable to that of the other fixed exchange ratio transactions that are based on market levels at announcement. An offer price of $16.87 implies a premium of 39 percent to Gulf States' pre-announcement market value, which is within the range of premiums paid in the other utility acquisitions having fixed exchange ratios. The table below sets forth implied market premiums under various assumptions with respect to applicable discount rates:

	Discount Rates			
	9%	10%	11%	12%
Fixed Price Payable at Closing	$20.00	$20.00	$20.00	$20.00
NPV (discounted for 1.5 yrs)	17.57	17.34	17.10	16.87
Implied Premium to Market	45%	43%	41%	39%

v. Risks Confronting Gulf States; Combination Benefits

The $20 per share price offered by Entergy adequately accommodates the risks and contingencies currently confronting Gulf States. (For a comprehensive description of these risks and contingencies, reference is made to the Joint Proxy Statement/Prospectus included as part of Exhibit C and to Gulf States' 1992 Form 10-K and September 30, 1993 Quarterly Report on Form 10-Q, in File No. 1-2703.) In particular, the price is reasonable in light of the risks associated with both the pending court appeal regarding the abeyed portion of Gulf States' investment in River Bend as well as the pending Cajun lawsuit

The discussion set forth in this subsection regarding risks confronting Gulf States is based in part on information publicly reported by Gulf States or otherwise supplied by Gulf States to Entergy. Gulf States has advised Entergy that it expressly concurs with the discussion in the first seven paragraphs of this subsection.

against Gulf States regarding their joint ownership of River Bend, especially when weighed against the substantial benefits to be realized as a result of the combination.

The following is a brief summary of the unresolved matters referred to above. Gulf States has stated in various public filings that certain regulatory actions and related court decisions and appeals in Texas and Louisiana, together with the application of relevant accounting standards, may result in significant write-offs of Gulf States' investment in River Bend. In this regard, on October 1, 1991, a Texas district court upheld a 1988 order of the PUCT that purported to set aside $1.4 billion of Gulf States' investment in River Bend (the Texas jurisdictional portion of which is approximately $302 million, net of accumulated depreciation and related tax benefits, as of September 30, 1993). The decision stated that while it was clear that the PUCT had made an error in assuming that it could set aside $1.4 billion of the total costs of River Bend for consideration in a later proceeding, the commission nevertheless had found that Gulf States had not met its burden of proof related to the amounts placed in abeyance. The court also ruled that deferred costs associated with River Bend accrued after the unit was placed in commercial operation, but prior to relevant rate orders, should not be included in rate base under therationale of an earlier 1991 Texas appellate court decision regarding similar deferred costs of El Paso Electric Company ("El Paso"). The court remanded the case to the PUCT with instructions as to the proper handling of the deferred cost issues. Gulf States' motion for a new trial was denied, and Gulf States appealed the decision of the district court. On September 15, 1993, the Third District Court of Appeals, in deciding the appeal of the October 1, 1991 district court order, remanded the case to the PUCT, based on its determination that the PUCT's 1988 order was not based on substantial evidence. The court also stated that its remand included the issues relating to the recoverability through rates of post-in-service deferred River Bend costs, noting that the 1991 El Paso decision had subsequently been modified by the appellate court, on rehearing, to allow rate base treatment of certain of these costs and recovery of other costs without rate base treatment. The ruling of the Court of Appeals remains subject to possible modification on rehearing and to possible review by the Texas Supreme Court. However, if the court's remand becomes final, the PUCT could render a further decision allowing all or a portion of the abeyed investment in River Bend into rate base. Gulf States has stated that no assurance can be given as to the timing or outcome of the appeals discussed above. Pending further developments in these proceedings, Gulf States has made no write-offs of the River Bend-related costs discussed above. For further information regarding these River Bend-related rate matters, reference is made to the Joint Proxy Statement/Prospectus filed as part of Exhibit C and to Gulf States' 1992 Form 10-K and September 30, 1993 Quartely Report on Form 10-Q.

As to the above-referenced Cajun litigation, in June 1989, Cajun, the owner of 30 percent of River Bend, filed a civil suit against Gulf States in a Louisiana federal district court ("Cajun Litigation") citing, among other things, fraud and error by Gulf States, breach of its fiduciary duties owed to an owner, and/or Gulf States' repudiation, renunciation, abandonment or dissolution of its core obligations under the Joint Ownership, Participation and Operating Agreement between Gulf States and Cajun relating to River Bend ("JOPOA"). Among other things, Cajun seeks (1) to annul the JOPOA and (2) to recover as damages its $1.6 billion investment in River Bend, plus attorneys fees, interests and costs. On March 31, 1992, the court appointed a mediator to initiate settlement discussions and to schedule settlement conferences between the parties, which are in pro0gress. On August 3, 1993, the court ordered that a separate non-jury trial would be held first on Cajun's claims for rescission. The trial date for such initial trial is currently set for April 12, 1994.

Two of Cajun's member cooperatives also filed a suit against Gulf States in a Louisiana federal court on November 25, 1992 seeking that the JOPOA be declared void based upon a failure to obtain an approval thereof by the LPSC, which they allege was required.

Gulf States has stated that, although no assurances can be given as to the outcome thereof, it believes the litigation (including the member cooperatives' suit) is without merit and is contesting it vigorously. Gulf States has also disclosed that if it were ultimately unsuccessful in this litigation and were required to make substantial payments, it would probably have to seek relief from its creditors under the Federal bankruptcy code. For further information concerning the Cajun Litigation, reference is made to the Joint Proxy Statement/Prospectus and to Gulf States' 1992 Form 10-K and September 30, 1993 Quarterly Report on Form 10-Q.

Regarding the reasonableness of the proposed consideration in view of the unresolved Texas rate matters relating to Gulf States' investment in River Bend, Entergy notes the basic fact that the abeyed portion of River Bend is not in Texas rate base at this time and any potential write-off by Gulf States of its investment in River Bend would be a non-cash event. Accordingly, even if Gulf States ultimately were required to write-off the entire amount of the abeyed River Bend costs, that event, while having a potentially adverse effect on Gulf States' ability to pay dividends and to obtain financing, would not have an adverse impact on the estimated cost savings and other benefits to be realized by the proposed combination.

In addition, Gulf States has publicly stated that, although no assurances can be given, it is reasonably possible that the company will recover, in rate base or otherwise (such as by means of a deregulated asset plan similar to Gulf States' deregulated asset plan currently in effect in Louisiana), all or substantially all of the abeyed River Bend costs. Gulf States has cited a number of factors as support for its position, among which are the following. Gulf States states that, based on advice from Clark, Thomas, Winters & Newton, legal counsel of record in the appeal, it is reasonably possible that the company will prevail on its appeal of the PUCT's 1988 order and that the PUCT, on remand, will be allowed to rule expressly on the prudence of the abeyed River Bend costs. In this connection, Gulf States believes, based on prior decisions of the PUCT and the cost reconciliation study described in the next sentence (among other factors), that its River Bend construction costs were prudently incurred and thus properly includable in rate base. As part of its direct case in a subsequent PUCT proceeding, Gulf States filed a cost reconciliation study prepared by Sandlin Associates, management consultants with expertise in the cost analysis of nuclear power plants, supporting the reasonableness of the River Bend costs held in abeyance by the PUCT. This study determined that approximately 82 percent of the River Bend cost increase above the amount included by the PUCT in rate base was a result of changes in Federal nuclear safety requirements and provided other support for the remainder of the abeyed amounts. Further, Gulf States points out that in the four previous Texas rate proceedings involving nuclear power plants, the total investment in the plants ultimately disallowed ranged from 0 to 15 percent for all four of the companies. Finally, while subject to rehearing and further appeals, Gulf States believes that the decision by the Texas Court of Appeals on September 15, 1993 to remand the case to the PUCT supports its position.

As to the reasonableness of the proposed consideration given the risks posed by the Cajun Litigation, Entergy in the first place notes Gulf States' publicly stated belief that the lawsuit is without merit, and Gulf States is contesting it vigorously.

Indeed, Cajun itself offered to settle the lawsuit for a total dollar value far below that of the damages sought by Cajun in its original pleadings. Specifically, in testimony filed by Cajun with the LPSC in November, 1992 in connection with the LPSC's pending proceeding regarding the proposed combination (Docket U-19904) and with the PUCT in January, 1993 in connection with the PUCT's pending proceeding regarding the proposed combination (Docket No. 11292), Cajun proposed to settle the Cajun Litigation for cash and non-cash consideration in the total amount of approximately $900 million, provided that the LPSC and PUCT condition their respective approvals of the transaction upon adoption of Cajun's self-styled "Regulatory Plan." According to the testimony filed by Cajun, this plan consists of two essential elements. First, Cajun would agree to settle the Cajun Litigation in exchange for Gulf States' payment of a "substantially discounted sum of money." As specified in the testimony filed with the PUCT, the proposed settlement payment would be $402 million. The second essential component of Cajun's proposal provides that Cajun would sell its 30 percent interest in River Bend to Entergy, or one of its subsidiaries, at "a market price." As specified in the testimony filed with the PUCT, the market price contemplated is $1500 per kW, plus spare parts and fuel inventories, for a total price of $492 million.

The total value to Cajun of its proposed regulatory plan is therefore $894 million. Cajun's proposal is unacceptable to Entergy and Gulf States and was recently unanimously rejected by the LPSC and the PUCT. Of greater importance, however, is that the proposal strongly suggests that even Cajun views the ultimate liability of Gulf States in this matter to be but a fraction of the monetary award sought. For further information regarding Cajun's proposal, reference is made to Exhibits D-1.1 and D-3.1.

Entergy also notes that, while each case necessarily turns on its own facts, the only other similar lawsuit between joint owners of a nuclear generating facility that was decided on the merits was won by the defendant majority owner. City of Austin v. Houston Lighting & Power Co., 1992 WL 386199 (Tex. App. Ct. Oct. 7, 1992).

Balanced against the risks presented by the unresolved Texas rate treatment of the abeyed River Bend costs and the Cajun Litigation is the strong likelihood that the proposed combination with Gulf States will produce significant cost savings and other benefits not otherwise available to either company on a stand-alone basis. In Entergy's view these manifest benefits clearly outweigh the associated risks and fully support the reasonableness of the proposed consideration. Although the anticipated savings and other benefits are described in detail later in this Application, with reference to the "economies and efficiencies" standard of Section 10(c)(2), several points bear mentioning in the present context.

First, while Gulf States is expected to realize the bulk of the projected cost savings (in the total amount of approximately $1,340 million, in nominal dollars), the Operating Companies will also realize substantial savings. For the first ten years following the combination, the Operating Companies are projected to realize total fuel and non-fuel savings of approximately $325 million (in nominal dollars). Many of the fuel and non-fuel cost savings to be achieved by Gulf States are already being realized by the Operating Companies both through their participation in the System Agreement and (as described below) through the Entergy System's internal restructuring into functional business units. Moreover, the operational efficiencies underlying the savings accruing to the Operating Companies are expected to generate additional cost savings well beyond the ten-year study period used by Entergy.

Second, Entergy anticipates that the combination will yield important non-quantifiable benefits to both systems. For example, the combination should result in both Gulf States and the Entergy System becoming better able to respond to competitive forces in the electric utility industry. This will result from a cost of service for the combined Entergy-Gulf States system that is lower than it otherwise would be for either entity on a stand-alone basis. Likewise, the combined system should benefit from enhanced resource allocation efficiencies. As a result of the expansion of the geographic base of both Entergy (into Texas) and Gulf States (into Mississippi, Arkansas and additional portions of Louisiana), the combined system should be able to benefit from geographic advantages not otherwise available. By way of illustration, choices for future supply-side additions will be enlarged such that an optimal selection can be made.

Third, although Entergy and Gulf States have not requested from the LPSC or the PUCT a return on or recovery of the acquisition adjustment to be recorded in connection with the combination (which, based on pro forma financial data as of June 30, 1992, amounts to approximately $392 million), they have received conditional approvals by the LPSC and the PUCT of regulatory plans that will provide the shareholders of the combined Entergy-Gulf States system an opportunity to retain a substantial portion of the savings produced by the combination, as measured by a predetermined tracking mechanism. This opportunity to share in the combination-related savings is intended to compensate Entergy's shareholders for assuming the risks and providing the capital needed to create these savings. A discussion of the regulatory plan in each jurisdiction follows.

Texas. On March 30, 1993, Entergy, Gulf States and the PUCT staff entered into a proposed Stipulation and Agreement ("Settlement") that would resolve most of the issues in the PUCT proceeding. Subsequent to March 30, 1993, the International Brotherhood of Electrical Workers and the Texas Industrial Energy Consumers joined as signatories to the Settlement. Since the Settlement is not unanimous (i.e., it is being opposed by Cajun, Southwestern Electric Power Company and Houston Lighting & Power Company), the Office of Public Utility Council ("OPC"), in accordance with its prior practice, is not a signatory. However, OPC has publicly stated that it will support the Settlement before the PUCT. In addition, various Texas cities are not signatories to the Settlement but have also publicly stated that they will not oppose the Settlement.

The Settlement was achieved after the development of an extensive record before the PUCT, including five rounds of prepared detailed testimony and responses by Entergy and Gulf States to over 1,300 data requests from the PUCT staff and various other parties. The key provisions of the Settlement include (1) the agreement of the parties that the proposed combination of Gulf States and Entergy is consistent with the public interest and (2) the adoption by the PUCT of a regulatory plan, whereby ratepayers and stockholders will be permitted to share in savings in Gulf States' non-fuel operation and maintenance ("O&M") expenses that are created by the merger.

The regulatory plan embodied in the Settlement, which is based upon the principle that the combination will generate substantial fuel and non-fuel savings, consists of the following significant elements:

(1) The total Texas fuel savings available to Gulf States as a result of the merger will be flowed through to Gulf States' ratepayers under applicable provisions of Texas law.

(2) Gulf States' Texas base rates will be capped at closing at the levels then in effect and the cap will continue for five years (subject to force majeure exceptions).

(3) During the eight-year period following the closing, the ratepayers and the shareholders will be permitted to share in the non-fuel O&M savings created by the merger on the basis of 50 percent for the ratepayers and 50 percent for the shareholders, these merger-related savings to be measured by a prescribed merger savings tracking mechanism. After the eight-year period, all savings, both fuel and non-fuel, will inure to the ratepayers.

(4) At specified intervals during the eight-year period of the Settlement, Gulf States will be required to file a rate case with the PUCT, so as to permit Gulf States' base rates periodically to be set at levels reflecting its then cost of service. In any such rate case (or in any other rate proceedings that might be initiated by parties other than Gulf States), Gulf States will be entitled to include the stockholders' share of the non-fuel O&M savings resulting from the merger as a reasonable and necessary cost of service adjustment.

(5) Entergy and Gulf States will not be permitted to seek either a return on or a recovery of the accounting acquisition adjustment associated with the merger.

A hearing on the Settlement before the PUCT administrative law judge was held on April 19, 1993. On June 25, 1993, the administrative law judge issued a Proposal for Interim

Order recommending that the PUCT enter an order consistent with the Settlement, finding that the proposed Entergy-Gulf States combination is consistent with the public interest and approving the regulatory plan embodied in the Settlement. The judge recommended that the PUCT determine that the Settlement provides a reasonable resolution of the issues in the PUCT proceeding and, in particular, that the sharing of merger benefits between shareholders and customers of the combined system provided for under the terms of the Settlement is consistent with the public interest. On July 21, 1993, the PUCT, by unanimous (3-0) decision, voted to adopt the administrative law judge's recommendation and to issue an Interim Order approving the Settlement. For further information regarding the terms of the Settlement, reference is made to Exhibit D-3.4. A copy of the Proposal for Interim Order of the PUCT administrative law judge is filed as Exhibit D-3.5, and a copy of the PUCT's Interim Order is filed as Exhibit D-4.

Louisiana. On April 27, 1993, the LPSC, by unanimous (5-0) decision, voted to adopt the recommendations contained in the Report of Special Counsel to the LPSC and to issue an order approving the Entergy-Gulf States combination, subject to various conditions. The approval was granted after the development of an extensive record before the LPSC, including the submission by Entergy and Gulf States, the LPSC staff and intervenors of 30 pieces of prepared testimony, responses by Entergy and Gulf States to numerous data requests, depositions of approximately 25 witnesses, four technical conferences, informal meetings with the LPSC staff and 22 days of formal hearings.

In approving the combination, the LPSC concluded that the merger is in the public interest and will generate significant cost savings for Gulf States and should also produce savings for the Entergy Operating Companies. The terms of the

LPSC approval adopt the Joint Regulatory Proposal of the LPSC staff and Entergy and Gulf States, whereby ratepayers and shareholders will be permitted to share in the expected savings in Gulf States' non-fuel O&M expenses that result from the merger. The Joint Regulatory Plan consists of the following significant elements:

(1) The total Louisiana fuel savings available to Gulf States as a result of the merger will be flowed through to Gulf States' ratepayers pursuant to the Louisiana fuel clause.

(2) Gulf States' Louisiana electric base rates will be capped at closing at the levels then in effect and the cap will continue for five years (subject to force majeure exceptions).

(3) During the eight-year period following the closing, the Louisiana ratepayers and the shareholders will be permitted to share in the non-fuel O&M savings created by the merger allocable to Louisiana retail operations on the basis of 60 percent for the shareholders and 40 percent for the Louisiana ratepayers, these merger-related savings to be measured by a prescribed merger savings tracking mechanism. After the eight-year period, all savings, both fuel and non-fuel, will inure to the ratepayers.

(4) During the eight-year period following the closing, Gulf States will be required to make annual filings with the LPSC specifying Gulf States' Louisiana jurisdictional revenue requirement, so as to permit Gulf States' Louisiana electric base rates to be set by the LPSC at levels reflecting its then cost of service. In each annual filing, Gulf States will be entitled to include the stockholders' share of the non-fuel O&M savings resulting from the merger as a legitimate and prudent operating expense.

The LPSC concluded that the Joint Regulatory Proposal is a reasonable and well-balanced plan to share the expected merger savings and, in allowing the shareholders to retain 60 percent of O&M cost savings, affords them a reasonable opportunity to recover the premium included in their investment in Gulf States. This regulatory plan obviates the need for recovery of an acquisition premium from LPSC jurisdictional customers, and the LPSC approval precludes any direct or indirect recovery of an acquisition premium, except as contemplated by the plan.

For further information regarding the terms of the LPSC order, including the Joint Regulatory Proposal, reference is made to Item 4 below and to Exhibits D-1.3 and D-2.

In the event the regulatory plans described above are implemented in conjunction with state regulatory approval of the combination of Entergy and Gulf States, the shareholders of the combined system will be afforded an opportunity to retain a significant portion of the savings produced by the merger. Entergy's $20 offer price was predicated upon the achievement of this important opportunity for its shareholders.

vi. Entergy Stock Price Appreciation

Since the announcement of the proposed combination, Entergy's stock price has far outstripped the Dow Jones Utility Average, an index comprised of fifteen electric and gas utilities ("DJUA"), the Philadelphia Utility Index, an index comprised of twenty electric utilities ("PUI"), and the S&P Utility Index ("S&PUI"). Between June 5, 1992 and November 5, 1993, Entergy's stock price increased approximately 36 percent, compared to approximately a 6.4 percent increase for the DJUA, a 7.4 percent increase for the PUI and a 19.4 percent increase for the S&PUI. While a number of factors undoubtedly have contributed to the significant increase in Entergy's stock price during this period, including declining interest rates, changes in inflation expectations, etc., it is reasonable to conclude that company-specific factors have caused Entergy's stock price to outperform the market, including (among others) the market's perception that the proposed combination is beneficial for the Entergy System.

vii. Entergy Shareholder Approval

At respective special meetings in New Orleans, Louisiana and Beaumont, Texas, held on December 17, 1992, the shareholders of Entergy and Gulf States approved the proposed combination by overwhelming majorities (76.5 percent as to the holders of Entergy Common Stock and 79.5 percent as to the holders of Gulf States Common Stock). Nearly two-thirds (approximately 64 percent) of Entergy's outstanding shares were then held by sophisticated, institutional investors (e.g., mutual funds, pension plans and insurance companies), while about 58 percent of the outstanding shares of Gulf States Common Stock were then held by financial institutions. These investors voted to approve the proposed transaction on the basis of, among other things, the Joint Proxy Statement/Prospectus, which included extensive disclosure regarding the terms and conditions of the transaction and a separate "Risk Factors" section specifically highlighting the risks to Gulf States posed by the Cajun Litigation and the pending state regulatory proceedings and court appeals regarding its investment in River Bend.

Accordingly, the shareholder votes authorizing the proposed combination constitute emphatic evidence not only that Gulf States' shareholders favor the transaction but also, more significantly, that Entergy's shareholders, including institutional investors, favor the transaction and regard the purchase price as reasonable.

* * *

In conclusion, an abundance of factors justifies the reasonableness of the proposed consideration in the present transaction. These factors include the following: the $19 per share competing bid of CSW; Salomon's fairness opinions and the valuation analyses performed in connection therewith; Entergy's own comparable transactions and pro forma effects analyses; the fixed price payment structure; Entergy's stock price appreciation relative to various benchmark indices in the period since the transaction was announced; the vote of Entergy's shareholders overwhelmingly approving the transaction; and, finally, the high probability that the combination will generate hundreds of millions of dollars in cost savings, a significant portion of which Entergy is seeking to retain for its shareholders. As in most transactions of this magnitude, certain business and financial risks incident to the combination are present. However, an even-handed assessment of the relevant circumstances surrounding the principal such risks in this transaction -- the unresolved Texas rate matters and the Cajun Litigation -- reveals that these risks are limited, sufficiently circumscribed and in no way undermine the conclusion that the consideration offered is reasonable and fair. The applicable standards of the Act call for no more; they do not require certainty nor, in effect, a final resolution of these risks prior to Commission action. Rather, Section 10(b)(2) requires the Commission to determine whether, judged in light of all the relevant facts and circumstances, the associated risks are reasonable. The record

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See, e.g., Northeast Utilities, Release No. 35-25221 (December 21, 1990), supplemented, Release No. 35-25273 (March 15, 1991), aff'd, City of Holyoke Gas & Electric Dept. v. S.E.C., 792 F.2d 358 (D.C. Cir. 1992) (Orders authorizing Northeast Utilities' ("Northeast") proposed acquisition of bankrupt utility, Public Service Company of New Hampshire ("PSNH"), Commission emphasizing that PSNH's emergence from bankruptcy as subsidiary of Northeast met applicable public interest standards of Act, notwithstanding that "Commission, of course, cannot guarantee the success of PSNH"); Eastern Utilities Associates, Release No. 24245 (November 21, 1986) (Order authorizing Eastern Utilities Associates' proposed acquisition of additional ownership interests aggregating 11.3 percent in Unit 1 of Seabrook, New Hampshire nuclear generating station (an investment that, according to the

> Commission, the applicant itself characterized as high-risk), Commission finding that ">i!n light of all the circumstances" proposed consideration was reasonable, notwithstanding that (among other Seabrook-related contingencies) "it >was! by no means certain that commercial operation >would! ever be achieved").

herein amply justifies the Commission in making this finding and, accordingly, in concluding that the offered consideration meets the standards of the Act.

For further information with respect to the reasonableness of the proposed consideration, reference is made to Exhibits F and F-1.

b. *Reasonableness of Fees*

In view of the size and nature of the proposed transaction and fees paid in comparable transactions, the fees and commissions paid or to be paid to Salomon in connection with the combination are also consistent with the standards of Section 10(b)(2).

Entergy retained Salomon as its financial advisor in connection with a possible business combination transaction involving Gulf States and certain other matters pursuant to an engagement letter dated September 19, 1990. Salomon was paid a total fee of $250,000 pursuant to the 1990 engagement letter. On March 7, 1991, Entergy and Salomon entered into an engagement letter which superseded the 1990 engagement letter. As compensation for its services pursuant to this letter, Entergy agreed to pay Salomon (1) $100,000 per month for each month of Salomon's engagement until Entergy made its initial proposal to Gulf States to effect a business combination (i.e., on June 5, 1992), (2) $500,000 following such proposal, (3) $375,000 following the execution of the Reorganization Agreement, (4) $375,000 following the approval of the Reorganization Agreement and the transactions contemplated thereby by the common stockholders of both Entergy and Gulf States, and (5) a transaction fee at the closing of the proposed combination, such fee to be equal to 0.485 percent of the first $500 million of the aggregate consideration payable to holders of Gulf States Common Stock in the combination, plus:

Fee Rate	Applied to Aggregate Consideration in the Range (dollars in millions)			
0.2733%	over	500	up to	600, plus
0.2700%	over	600	up to	700, plus
0.2567%	over	700	up to	800, plus
0.2433%	over	800	up to	900, plus
0.2400%	over	900	up to	1,000, plus
0.2333%	over	1,000	up to	1,250, plus
0.2067%	over	1,250	up to	1,500, plus
0.1950%	over	1,500	up to	1,750, plus
0.1930%	over	1,750	up to	2,000, plus
0.1910%	over	2,000	up to	2,500, plus
0.1890%	over	2,500	up to	3,000, plus
0.1850%	over	3,000	up to	3,500, plus
0.1723%	over	3,500	up to	4,000, plus
0.1687%	over	4,000	up to	4,500, plus

0.135% of any aggregate consideration in excess of $4.5 billion,

less the aggregate amount of $1,250,000 paid pursuant to the arrangements described in clauses (2), (3), and (4) above. The transaction fee is subject to adjustment (upward or downward, as the case may be) to the extent that the consideration to be paid for shares of Gulf States Common Stock in the Gulf States Merger is adjusted to account for the declaration of dividends on Entergy Common Stock or Gulf States Common Stock under the circumstances specified above in Item 1(C)(1). Based on the unadjusted $20 per share price payable to holders of Gulf States Common Stock in the combination, the transaction fee payable by Entergy to Salomon upon consummation of the combination (including the total of $1,250,000) is $6,315,203. Entergy also agreed to reimburse Salomon for its reasonable out-of-pocket expenses, including the reasonable fees and disbursements of its legal counsel. For further information with respect to the fees payable by Entergy to Salomon in connection with the proposed transactions, reference is made to Exhibits C and G-1.

The fees payable to Salomon in this transaction are well within the range of fees paid to investment banks in other merger and acquisition transactions comparable in terms of size and nature of services rendered. Exhibits L and M were prepared from information regarding merger and acquisition transactions recorded in the data base of the Securities Data Company, a nationally recognized financial data base company. Exhibit L sets forth publicly disclosed fees paid to nationally recognized investment banks by acquirees and acquirors, from June 1, 1987 to June 1, 1992, in merger and acquisition transactions with aggregate values in excess of $500 million. Exhibit L shows that the median fee paid by acquirees and acquirors to nationally recognized investment banks in these transactions is 0.32 percent and the mean is 0.40 percent.

The data base from which Exhibits L and M were prepared includes all readily available data regarding publicly disclosed fees in merger and acquisition transactions announced from June 1, 1987 to June 1, 1992 having aggregate values greater than $500 million, and is believed to be comprehensive.

Exhibit M sets forth all publicly disclosed fees paid since June 1, 1987 to Salomon in merger and acquisition transactions with aggregate values in excess of $500 million. The median Salomon fee paid by clients in these transactions is 0.39 percent and the mean is 0.47 percent. Salomon's total fee in the present transaction ($8,286,000) is 0.36 percent. Of the 429 fees listed in Exhibit L, 189, or approximately 44 percent of all such fees paid, are higher than Salomon's fee in this transaction.

Although the transactions cited in Exhibits L and M are not identical to the present transaction, Entergy believes that there is no better data available for comparative purposes and that the fees payable to Salomon in the present transaction are fully consistent with market practices. Investment banking firms actively compete with each other to act as financial advisors in merger transactions. The fees charged by Salomon in connection with the proposed combination reflect this competition.

3. Section 10(b)(3)

Section 10(b)(3) of the Act requires the Commission to approve a proposed acquisition unless the acquisition would "unduly complicate the capital structure of the holding-company system of the applicant" or would be "detrimental to the public interest or the interest of investors or consumers or the proper functioning of such holding-company system."

a. Capital Structure

Holdings' capital structure will consist solely of par value common stock. Gulf States' current capital structure consists primarily of conventional utility securities (common stock, preferred and preference stock, first mortgage bonds, pollution control revenue bonds, debentures and notes) issued and outstanding in relative proportions well within the parameters established by Commission precedent. Only one of those classes of securities, Gulf States Common Stock, has general voting rights. Moreover, the terms and provisions of Gulf States' senior securities, its outstanding first mortgage bonds and preferred stock, are substantially similar to the comparable securities of the Operating Companies and, although they vary in certain respects from the applicable provisions of the Commission's Statements of Policy Regarding First Mortgage Bonds and Preferred Stock (for further information with respect to which, reference is made to Exhibits N-1 and N-2, respectively), these variations are not material in the context of Section 10(b)(3) of the Act.

The Commission generally has required a common equity to total capitalization ratio of not less than 30 percent (both on a corporate and consolidated basis). See, e.g., Eastern Utilities Associates, Release No. 35-24641, 40 S.E.C. Docket 1186, 1197 (May 28, 1988); Middle South Energy, Inc., Release No. 35-24106, 35 S.E.C. Docket 998, 1001 (May 28, 1986); Georgia Power Company, 45 S.E.C. 610, 614-615 (1974); Eastern Utilities Associates, 34 S.E.C. 390, 444-445 (1952).

The pro forma consolidated capital structure (including short-term debt) of Entergy and Gulf States as of September 30, 1993 is as follows:

	Entergy		Gulf States		Pro Forma Adjustments	Combined	
	$	%	$	%	$	$	%
Capitalization(1):							
Common stock equity	4,561,910	43.4	1,987,066	41.9	44,035(2)	6,593,011	43.1
Preference stock	-	-	150,000	3.2	-	150,000	1.0
Preferred stock	662,729	6.3	233,814	4.9	6,162(3)	902,705	5.9
Long-term debt	5,170,095	49.1	2,368,597	50.0		7,538,692	49.2
Short-term debt (includes currently maturing long-term debt)	122,207	1.2	425	-	-	122,632	0.8
Totals	10,516,941	100	4,739,902	100	50,197	15,307,040	100

(1) All dollar amounts in the table are in thousands and are unaudited.

(2) Reflects the elimination of the Gulf States Common Stock account of $1,987,066,000 net of a $2,031,101,000 adjustment to reflect the issuance to holders of Gulf States Common Stock in the Gulf States Merger of 67,703,376 shares of Holdings Common Stock based on (1) the unadjusted $20 price for each share of Gulf States Common Stock, (2) holders of Gulf States Common Stock electing to receive the maximum amount of cash payable in the transaction ($250 million), and (3) an Average Trading Price of $30.

(3) Certain reclassifications of previously reported amounts have been made to conform to current reclassifications.

This analysis indicates that the combination will not have a significant effect upon the consolidated capital structure of Entergy. Pro forma levels of common equity and long-term debt will conform to the applicable Commission standards. Further, since Holdings will acquire all of the outstanding common stock of Gulf States and Entergy, following the combination there will be no publicly held minority interest in Gulf States or Entergy. (Moreover, as noted above, in conjunction with the proposed combination, Entergy will be merged with and into Holdings.)

b. Proper Functioning of System

Section 10(b)(3) also requires the Commission to determine whether the proposed combination will be detrimental to the public interest, the interest of investors or consumers or the proper functioning of the Entergy System.

Entergy's proposed affiliation with Gulf States is entirely consistent with the "proper functioning" of a registered electric utility holding company system. Gulf States' electric operations will be fully integrated with those of the other companies of the Entergy System. Further, the combination will result in substantial, otherwise unavailable benefits to the public and to consumers and investors of both companies -- specifically, production cost and deferred capacity savings, reduced operation and maintenance expenses, improvements in System-wide generation mix and reliability and other important qualitative benefits. The integration of Gulf States with the Entergy System and the benefits to be generated from the combination are further summarized in Item 1 and described in detail in the discussion below regarding the Section 10(c)(2) standard.

With regard to the Cajun Litigation, Entergy preserved for itself the option of not proceeding with the combination if certain adverse developments occur prior to closing concerning this lawsuit. Specifically, Entergy may terminate the Reorganization Agreement if the Cajun Litigation is settled or otherwise resolved prior to closing at a net cost constituting a material adverse effect on Gulf States. Entergy also is entitled to terminate the proposed combination if prior to closing there is a significant change in the status of the Cajun Litigation and a reasonable probability exists that the litigation will be settled or otherwise resolved at a net cost constituting such a material adverse effect. If Entergy terminates the transaction pursuant to this latter provision, it would be required to pay Gulf States a fee of $25 million plus up to $15 million in expenses.

In addition to the protections afforded by these contractual provisions, Gulf States' post-combination status as a separate subsidiary company of Holdings will insulate the other System companies from any legal liability for Gulf States' obligations, absent any guaranty or contractual arrangement to the contrary. No such guaranty, indemnity, credit support or other similar contractual commitment will be provided by Holdings, Entergy or any of Entergy's subsidiaries.

Entergy's FERC witness Bruce Louiselle, in his prepared testimony filed with that agency (see Exhibits D-5.14, D-5.115 and D-5.271), addresses the potential indirect impacts on the Operating Companies were Gulf States to suffer an adverse final outcome, following the consummation of the combination, in respect of the pending court appeal in Texas concerning the abeyed portion of Gulf States' investment in River Bend and/or the Cajun Litigation. Mr. Louiselle states that, in theory, an adverse outcome in either or both of the foregoing matters could indirectly affect the Operating Companies in two ways. First, an adverse outcome could adversely affect the Operating Companies' ability to obtain funds to finance needed capital improvements. Second, an adverse outcome could adversely affect Holdings' risk profile as perceived by investors, possibly resulting in an increase in the Operating Companies' cost of capital.

With respect to potential cash flow constraints, Mr.

Louiselle concludes that an adverse outcome in either or both of the Texas litigation concerning Gulf States' abeyed River Bend costs or the Cajun Litigation would not adversely impact the Operating Companies' ability to meet their service obligations.

Mr. Louiselle is the president of ECONAT, Inc., a consulting firm specializing in public utility economics, finance and accounting. Mr. Louiselle has testified in over 200 proceedings before the regulatory commissions of various states and the FERC. In addition, from 1967 through the fall of 1985, Mr. Louiselle served as a consultant to the LPSC. In that capacity, he was retained by the LPSC to assist in (among other things) representing the State of Louisiana's interests before the FERC in proceedings concerning the System Agreement and the Unit Power Sales Agreement relating to Grand Gulf 1.

He notes, first, that an adverse outcome in the Texas rate litigation would have no detrimental impact on the combined system's cash flow inasmuch as the abeyed River Bend costs that are the subject matter of the appeal are not currently included in Gulf States' rate base. As to the Cajun Litigation, Mr. Louiselle concludes that although an adverse resolution post-closing of this lawsuit would indeed adversely impact the combined system's cash flow (assuming that Gulf States were required to make a cash payment), the Operating Companies would still be able to discharge their regulatory responsibilities, including the funding of needed capital projects.

As support for the latter proposition, Mr. Louiselle notes that the Entergy System generated cash flow averaging $875 million per year over the 1989-1991 period and that, during the same period, the System's construction expenditures averaged $414 million per year. In 1992 and 1993, the System's construction expenditures are expected to average $438 million per year. Finally, Entergy projects that no new generating units will be needed for the combined system for at least the initial ten-year period following the combination with additional capacity requirements of the combined system, commencing in 2001, expected to be met through repowering of existing units and/or demand-side resource additions). Consequently, notwithstanding an adverse outcome in the Cajun Litigation, the Operating Companies' internally generated cash flow should be more than sufficient to fund their required construction expenditures for the foreseeable future.

With regard to the potential for an increased cost of capital for the Operating Companies, Mr. Louiselle acknowledges that an adverse outcome in the Texas rate litigation could result in some marginal adverse impact on the perceived risk profile of Entergy and hence, for some limited period, its cost of equity capital. Likewise, Mr. Louiselle recognizes that an adverse resolution of the Cajun Litigation could, and in his opinion would, lead to an increase in Holdings' cost of equity capital. Mr. Louiselle emphasizes, however, that the Operating Companies need not be adversely affected as a consequence. Rather than using Holdings' higher cost of equity capital as a benchmark in setting rates, the Operating Companies' rate regulators (retail and/or wholesale) could find appropriate a cost of equity reflecting the risks specific to the particular Operating Company whose rates were at issue. In this fashion, the Operating Companies' rate regulators could protect the customers subject to their jurisdiction from any adverse consequences resulting from an increase in Holdings' cost of equity capital.

In conclusion, the proposed combination manifestly is not detrimental to the proper functioning of the Entergy System or to the public, investors or consumers.

4. Section 10(c)(2)

Section 10(c)(2) of the Act requires that an acquisition, in order to be approved by the Commission, must "serve the public interest by tending towards the economical and efficient development of an integrated public-utility system." Under this test the Commission must first determine whether the utility system to be controlled by Holdings will be an "integrated public-utility system". Assuming that this part of the test is met, the Commission must then assess whether the combination will tend towards the economical and efficient development of Holdings' integrated utility system.

a. Integrated System

Section 2(a)(29)(A) of the Act defines an "integrated public utility system", as applied to electric utility companies, as:

> a system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utilities, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region, in one or more states, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation.

The proposed combination satisfies each of these criteria.

i. Physical Interconnection

First, as shown on the maps filed as Exhibits E-1 and E-2, the Entergy and Gulf States systems are contiguous and highly interconnected. The principal interconnections are in the Baton Rouge area and consist of two 500 kilovolt ("kV") lines, two 230 kV lines and two 138/115 kV transformers, totaling 4911 MW of thermal capability. Further, the eastern section of Gulf States' electric system and the western section of LP&L's system are interconnected by a 500 kV transmission line rated at 1732 MW. The existing interconnections provide ample capacity to implement central economic dispatch for the combined system and to handle all the expected transactions among the System companies (including Gulf States) following the merger.

ii. Economic and Coordinated System

Second, the combined Entergy-Gulf States system will be economically operated as a single interconnected and coordinated system. In connection with the combination, Gulf States will be added as a party to the System Agreement, which provides for the coordinated planning, construction and operation of the System's electric generating units and transmission facilities. To achieve operating efficiencies, the System Agreement provides for "centralized economic dispatch" of all of the System's generation resources. Centralized economic dispatch is accomplished by the System Operations Center (SOC) in Pine Bluff, Arkansas. Centralized economic dispatch involves the calculation of an output level (in megawatts) for each on line unit that minimizes the overall production cost for the System. These output levels are then communicated to each of the units. These activities are

Following the merger, Entergy and Gulf States intend to upgrade an existing interconnection between LP&L and Gulf States, increasing the current import limit from 1850 MW to 2500 MW. Under central dispatch of the combined system, the upgrade will permit a higher level of economy energy imports into the southeast portion of Louisiana (commonly known as the Amite South area), thereby contributing to merger-related production cost savings.

performed repeatedly at intervals of about every five minutes.

It is contemplated that the integration of Gulf States' generating capacity into Entergy's centralized economic dispatch will occur in two distinct phases. Detailed plans implementing such integration will be based on evaluations by joint Entergy-Gulf States transition teams, which have recently begun work.

Phase I. This will be an interim mode of operation until the final and completely integrated dispatch system (Phase II) is implemented. In this interim mode of operation, Entergy's SOC in Pine Bluff will perform centralized economic dispatch calculations for all the units of the combined Entergy-Gulf States system. However, due to equipment incompatibilities, the Entergy SOC will not communicate the calculated output levels directly to the Gulf States units. Instead the SOC will communicate the output levels for the Gulf States units to the Gulf States Energy Control Center (ECC). Then, the Gulf States ECC will communicate the output levels to the Gulf States generating units.

Phase I implementation will require communication channels between Entergy's SOC and Gulf States' ECC. This will be accomplished by installing modems at both Entergy's SOC and Gulf States' ECC and installing a data link between the two centers. Since the communication protocols used by Entergy's SOC and Gulf States' ECC are different, the data communication between the two centers will also require the installation of a protocol converter. Entergy estimates that Phase I implementation will be completed by the closing of the proposed combination. This will enable most of the production cost savings resulting from the combination to be captured commencing with combined operations. As explained above, centralized economic dispatch calculations will be performed for the combined Entergy-Gulf States system. However, due to the hybrid mode of communicating the calculated output levels to the generating units, both Entergy and Gulf States will continue to perform independent automatic generation control (AGC) for their generating units. This means that Entergy and GSU will continue to operate as separate control areas during Phase I. As a result, both Entergy and Gulf States may be required to maintain separate operating reserves in their respective control areas. Notwithstanding these constraints, Entergy estimates that at least 90 percent of the total estimated fuel savings (described in further detail below) will be achievable in the Phase I mode of operation.

Phase II. In this mode of operation, the combined Entergy-Gulf States system will be operated as a single control area. To accomplish this, Gulf States' substation loads and breaker statuses, line loadings and other operating information will be telemetered to the consolidated Entergy-Gulf States control center. The consolidated control center will perform economic dispatch for on-line generation units in the combined system and communicate generation requirements directly to all the units of the combined system.

Phase II implementation may require additional computer hardware and software upgrades as well as modeling of the combined Entergy-Gulf States electric system and power plants. In addition, communication of data from Gulf States' remote terminal units to the new consolidated control center will need to be implemented.

Phase II implementation is expected to be completed within approximately six months following the closing. Once the Phase II mode has begun, the combined Entergy-Gulf States system will be able to optimize generating unit commitment and perform AGC for all the participating units in the combined system. Consequently, Phase II will enable the remaining estimated total fuel savings to be achieved. (For further information regarding the contemplated integration of Gulf States' generating capacity with that of Entergy, reference is made to Exhibits D-5.7, D-5.112 and D-5.267.)

iii. Single Area or Region

The combined Entergy-Gulf States system also falls within a single area or region. The combination represents a logical extension of the Entergy System's existing service territory. Entergy's 45,000 square-mile retail electric service area covers most of Arkansas, western Mississippi and north central and southeastern Louisiana, while Gulf States' 28,000 square-mile service area extends 350 miles across southern Louisiana and southeastern Texas, from Baton Rouge, Louisiana to a point approximately 50 miles east of Austin, Texas. The two systems are geographically contiguous; Gulf States' service territory borders that of LP&L (in south Louisiana, near Baton Rouge) and MP&L (along the southwestern portion of the Louisiana-Mississippi state line). The combined service territory is compact.

Moreover, in terms of physical characteristics, customer mix, industries served and residential usage characteristics, Gulf States' service territory shares fundamental similarities with Entergy's existing service area in Louisiana served by LP&L. The service areas of both Gulf States and LP&L are located along or close to the Gulf of Mexico and consequently feature a subtropical climate with hot and humid summers and abundant rainfall. As with LP&L, Gulf States' industrial sales are concentrated in the petrochemical industry. Likewise, Gulf States' overall customer mix is very similar to that of LP&L. Total 1992 megawatt-hour ("MwH") sales of Gulf States were comprised as follows: residential, 25 percent; commercial/governmental, 22 percent; and industrial, 53 percent; while the corresponding customer categories and percentages of total 1992 MwH sales for LP&L were residential, 26 percent; commercial/governmental, 18 percent; and industrial, 56 percent. Gulf States' residential usage profile also closely parallels that of LP&L. For 1992, average annual KwH use per residential customer of Gulf States was 13,382 KwH, while the corresponding figure per residential customer of LP&L was 13,387 KwH.

iv. Localized Management, Efficient Operation and Effective Regulation

Finally, the combined Entergy-Gulf States system will not be so large as to impair "the advantages of localized management, efficient operation, and the effectiveness of regulation." Gulf States will continue to be regulated by two state commissions, the PUCT and the LPSC, as to retail rates and service and related matters, and the FERC will continue to regulate Gulf States' interstate electric sales for resale and transmission services. Moreover, the proposed combination will have no effect upon the continuing jurisdiction of Federal, state and municipal regulatory bodies over the companies in the Entergy System.

With respect to the advantages of localized management, Gulf States will continue its operations as a separate subsidiary company of Holdings with its headquarters located in Beaumont, Texas. In addition, the members of Gulf States' Board of Directors in office at the Effective Time will continue thereafter, supplemented by four Entergy appointees.

The combined Entergy-Gulf States system will not impair the advantages of efficient operation as contemplated by Section 2(a)(29)(A). On the contrary, as discussed under the next caption, the combination will produce significant economies and efficiencies.

b. Economies and Efficiencies

The proposed combination not only will result in an integrated system but, as further required by Section 10(c)(2), will produce substantial economies and efficiencies. Total cost savings to the Entergy-Gulf States system resulting from the combination are expected to be approximately $1,665 million (nominal dollars) for the ten-year period 1994 through 2003, with $1,340 million in savings accruing to Gulf States and $325 million in savings accruing to the Operating Companies ($135.6 million to AP&L, $85.8 million to LP&L, $48.9 million to MP&L and $54.7 million to NOPSI). These savings fall into two

The Act requires that the proposed Entergy-Gulf States combination generate probable savings for the combined integrated public utility system, regardless of how those savings are allocated between Entergy and Gulf States. Specifically, Section 10(c)(2) requires that, in order to approve a proposed acquisition, the Commission find that the acquisition will "serve the public interest by tending towards the economical and efficient development of an integrated public-utility system ›emphasis added!". Entergy is aware of no decisional authority that, contrary to the plain language of the statute, requires a particular allocation, for purposes of Section 10(c)(2), of merger benefits between the acquiror and the acquiree. In any event, the fact that the bulk of the savings in the proposed combination will accrue to the acquired company (Gulf States) is consistent with the great weight of applicable precedent. See, e.g., Northeast Utilities, Release No. 35-25221 (December 21, 1990), supplemented, Release No. 35-25273 (March 15, 1991), aff'd, City of Holyoke Gas & Electric Dept. v. S.E.C., 792 F.2d 358 (D.C. Cir. 1992) (Commission finding proposed acquisition met Section 10(c)(2) standard where (a) two-thirds of total estimated cost savings would accrue to Public Service Company of New Hampshire ("PSNH") ($549 million out of total estimated 10-year savings of $837 million, on net present value basis), and (b) acquisition would serve as vehicle to bring prompt end to PSNH bankruptcy and to render PSNH financially viable again); The Southern Company; SV Ventures, Inc., Release No. 35-24579 (February 12, 1988) (Commission finding proposed acquisition satisfied Section 10(c)(2) standard, citing following probable benefits: (1) ability of Savannah Electric and Power Company ("SEPCO") to defer capacity additions; (2) production cost savings stemming generally from larger and more efficient Southern generating units; (3) fuel procurement savings deriving from SEPCO's post-merger status as subsidiary of one of nation's largest coal buyers; (4) operation and maintenance savings based on economies of scale to be realized by SEPCO as part of Southern system; and (5) other savings and efficiencies resulting from SEPCO's utilization of system-wide financial, tax, accounting and other centralized services provided by Southern Company Services, Inc.); Union Electric Company, 45 S.E.C. 489 (1974) (Commission finding proposed acquisition by Union Electric Company ("Union") of Missouri Utilities Company ("MU") met Section 10(c)(2) standard, "record showing . . . that advantages may reasonably be expected to flow to MU", id. at 494 (emphasis added), as a result of, among other things, MU's use of Union's substantial operational and financial resources to provide more efficient and reliable service in its service area); Hawaiian Electric Company, Inc., Release No. 16592 (January 26, 1970) (Commission finding proposed acquisition by Hawaiian Electric Company, Inc. ("HECO") of Hilo Electric Company ("Hilo") met Section 10(c)(2) standard, inasmuch as proposed acquisition "›would! produce significant economies and savings for Hilo as a subsidiary company of HECO ›emphasis added!", in following areas: (1) purchasing of supplies, etc., (2) engineering services, (3) data processing for customer billing, accounting and related matters, and (4) short-term bank borrowings).

general categories: (1) production cost savings (comprised of fuel savings, other effects pursuant to the System Agreement and deferred capacity savings) and (2) nonfuel operation and maintenance expense savings (in the areas of nuclear operations, generation and transmission, distribution and customer service, and administrative and general). Entergy further believes that the proposed combination will produce substantial additional benefits, such as improved fuel diversity and system reliability, which are not precisely quantifiable.

Although the estimated combination-related savings, where quantifiable, have been calculated only in terms of the respective amounts for the ten-year period 1994 through 2003, most of the operational and other synergies to be made available by the combination are expected to be permanent in nature. Consequently, the aggregate long-term cost savings to be realized from the combination should greatly exceed the projected ten-year overall total of $1,665 million.

Furthermore, the various ten-year estimates of cost savings are largely based on publicly available information and limited internal Gulf States' information. This reflects the vigorous arm's-length negotiations between Entergy and Gulf States and the fact that, until the parties executed the Reorganization Agreement on June 5, 1992, Gulf States had been engaged in negotiations concerning a potential business combination transaction not only with Entergy but also with CSW. Given its limited access to Gulf States' operations during the negotiations, Entergy determined to estimate cost savings in a conservative manner. For example, Entergy believes that total non-fuel O&M savings potentially available to Gulf States as a result of the merger are approximately $92 million annually (1990 dollars). However, Entergy scaled backed its level of estimated merger savings to a more conservative level of approximately $56 million annually (1990 dollars). The difference of $36 million was excluded from savings estimates to cover all uncertainties in the stated savings estimates, including implementation costs necessary to effect these savings. Entergy believes that once the proposed combination has been consummated and the related functional, organizational and structural changes have been fully implemented (expected to occur by 1997), even greater cost savings will be achieved than are currently projected.

Although Entergy maintains that it is appropriate to present its cost savings analysis in nominal dollars (that being a more reasonable measure of the effect of the transaction on customers), Entergy has prepared two net present value analyses of the projected cost savings, using discount rates of 9.07 percent and 11.20 percent, respectively. These discount rates have been used by Entergy previously. During a period beginning in 1990, Entergy prepared certain production cost analyses regarding a proposed merger with Gulf States using an 11.20 percent discount rate. In December 1992, Entergy presented a Least Cost Integrated Resource Plan ("LCIRP") to regulators in Arkansas, Mississippi, Louisiana and New Orleans. The net present value calculations associated with the LCIRP were based on a 9.07 percent discount rate.

These analyses show that the Operating Companies and Gulf States will achieve significant savings as a result of the combination, whether expressed in nominal dollars or discounted dollars. Under the analysis using the 9.07 percent discount rate, total cost savings over the ten-year study period are projected to have a net present value in 1994 of approximately $957.7 million, with $769.5 million in savings accruing to Gulf States and $188.2 million accruing to the Operating Companies ($75.8 million to AP&L, $50.8 million to LP&L, $31.3 million to MP&L and $30.3 million to NOPSI). (See Joint Exhibit No. APP-111, attached to Exhibit D-5.26).

Under the analysis using the 11.20 percent discount rate, total cost savings over the ten-year study period are projected to have a net present value in 1994 of approximately $853.4 million, with $684.7 million in savings accruing to Gulf States and $168.7 million in savings accruing to the Operating Companies ($67.3 million to AP&L, $45.5 million to LP&L, $29.1 million to MP&L and $26.8 million to NOPSI). (See Joint Exhibit No. APP-111, attached to Exhibit D-5.267.)

For further information regarding the savings and other benefits that Entergy anticipates will result from the proposed combination, reference is made to Exhibits D-5.6, D-5.7, D-5.8, D-5.111, D-5.112, D-5.113, D-5.266, D-5.267, D-5.269, F and F-1.

Production Cost Savings

Entergy estimates that production cost savings for the Entergy-Gulf States system in the total amount of approximately $993 million will be realized over the period 1994 through 2003. Set forth below is a discussion of the various components of the anticipated production cost savings and of the methodology utilized by Entergy to calculate the amounts thereof.

i. Fuel Savings

Using a modified PROMOD III production cost model, Entergy developed forecasts of fuel and purchased power costs for Entergy and Gulf States on a stand-alone basis and for the combined Entergy-Gulf States system, in each case for the ten-year period following the combination (1994 through 2003). A base case using PROMOD III was run for each of the Entergy and Gulf States systems for the years 1994 through 2003 to determine the fuel-related costs for Entergy and Gulf States on a stand-alone basis. The forecast data inputs were identical

PROMOD III is a production cost model developed by Energy Management Associates, a nationally recognized consulting firm, that models the operation of an electric utility's generating system in order to project fuel and

> purchased power costs. PROMOD III is used extensively in both the public and private sectors of the electric utility industry. Over seventy electric utilities throughout the United States, plus several in Canada and overseas, use PROMOD III for reliability analyses, generation planning, fuel budgeting, long-range avoided cost forecasting and other production costing applications. PROMOD III results have been accepted into evidence by the FERC and the regulatory commissions of more than thirty states. In the normal course of their businesses, both Entergy and Gulf States use the PROMOD III model to prepare forecasts of the costs of fuel and purchased power for their respective systems.

to the data used for the pre-existing 1992 business plans of each system, with the only adjustments thereto being those necessary for a proper comparison. An additional case was developed combining the two sets of data into one, reflecting a centrally-dispatched system. The total fuel-related costs were calculated annually for each Operating Company and Gulf States and compared to the combined system as a whole. Differences in annual fuel costs between the combined case and the sum of the two stand-alone cases were calculated to determine the likely savings resulting from the centrally-dispatched system comprised of Entergy and Gulf States.

This analysis showed that significant savings are available for the combined system. Specifically, Entergy projects that for the period 1994 through 2003 the combined system will save a total of approximately $849 million (nominal dollars) in fuel expenses as compared to the stand-alone systems, $790 million of which are allocable to Gulf States and the balance ($59 million) to the Operating Companies.

These estimated fuel savings will result primarily from the central economic dispatch of the generating facilities of the combined system. Many generating units of Entergy and Gulf States will be able to be operated more efficiently following the combination. This is due to the ability to perform a more cost effective "unit commitment" of the larger system. Unit commitment involves selecting the specific units to start up or shut down over a period of about a week. These units are then available to participate in the central economic dispatch.

The following factors contribute to the improved unit commitment:

1. Load diversity between the two systems will lower the combined peak load to a value less than the sum of the individual peaks on most days, and will raise minimum loads to a value greater than the sum of the individual system minimum loads on most days. For example, from historical load data for April 18, 1991, the Entergy peak was 7410 MW and occurred at 2100 hours; the Entergy minimum was 5308 MW and occurred at 0500 hours; the Gulf States peak was 3755 MW and occurred at 1700 hours; the Gulf States minimum was 2745 MW and occurred at 0400 hours. For the combined system the peak would have been 11135 MW at 2100 hours and the minimum would have been 8061 MW at 0500 hours. The aggregate peak is 11165 MW and the aggregate minimum is 8053 MW. Thus, the combined peak is lower than the aggregate peak by 30 MW, while the combined minimum is higher than the aggregate minimum by 8 MW on this particular day.

2. Operating reserve requirements will be lower than the sum of the operating reserves of the independent systems due to operating reserves being driven mainly by the size of the largest unit. In particular, Entergy's operating reserve requirement is 1200 MW based on protecting against the loss of the largest unit (Grand Gulf at 1142 MW) on the Entergy System. Gulf States carries 6% of its annual peak load as its operating reserve based on Southwest Power Pool guidelines. This amounts to about 300 MW, which is only about half of Gulf States' largest unit (River Bend at 655 MW). So the aggregate operating reserve of the two stand-alone systems is about 1500 MW. Since Grand Gulf will still be the largest unit on the combined system, the combined system operating reserve requirement will remain at 1200 MW.

3. The number of generating units committed for the combined system will be less than the sum of the number of generating units for the individual systems on many days. This is primarily a function of the factors discussed above. The lower peak load for the combined system coupled with the lower operating reserve requirement will reduce the number of MW required for the combined system as compared to the two stand-alone systems. For April 18, 1991, this would have amounted to at least a 330 MW reduction in required MW. In addition, to maintain system reliability the number of MW committed must always equal or exceed the number of MW required. There will be many days when less than a whole additional unit is needed to meet the required MW on each of the stand-alone systems, but because of the sizes of the units available, a whole unit will still have to be committed on each system. On many of these days, the combined system will be able to satisfy the MW required with just one additional unit instead of the two required by the stand alone systems.

Since there will be fewer units committed, in general the committed units run at higher capacity factors since the same amount of energy will be required. The units are typically more efficient as they operate at higher levels up to about 85% capacity factor. The final result is a lower overall average system heat rate. For example, in the year 1994, the aggregate heat rate of the Entergy and Gulf States stand-alone systems is projected to be 10713 Btu/KwH, while for the combined system the average heat rate is projected to be 10702 Btu/KwH.

In addition, a number of other factors will facilitate the realization of the projected fuel savings. In particular, it is projected that the consolidation of Gulf States' nuclear operations with those of Entergy will result in River Bend achieving a level of performance comparable to Grand Gulf 1, which is similar to River Bend in design, age and operational history. Further, Entergy's analysis indicates that coal generation for the combined system will increase by five to eight percent over the period 1994 through 2003, as compared to the two stand-alone systems. Since, in general, the price of natural gas tends to escalate at a higher rate than the price for coal, an increase in coal generation and a related reduction in gas generation will result in an increase in fuel savings.

Moreover, the combined system should be able more efficiently to avail itself of purchases of economy energy, replacement energy, and other bulk power offerings. This is due to several factors:

1. The size of a control area limits the amount of economy energy or replacement energy that can reasonably be purchased. By definition, economy energy can only be purchased if the purchasing utility has an equivalent amount of operating reserves to back-up the transaction if it is withdrawn by the seller. This means that the purchasing utility must have spinning or ready reserves (capacity that can be brought on-line within ten minutes equal to the amount of economy energy being purchased. Thus from an operating standpoint, the

combined system can purchase more economy energy than the stand-alone systems.

2. The minimum downtime and turndown ratios of Gulf States' units are not as flexible as those of the Entergy System or the combined system. This means that Gulf States cannot cycle units off-line overnight or on weekends and therefore misses those opportunities to purchase economy energy. Gulf States basically has no quick-start capacity. As a result, Gulf States is unable to cover any economy energy purchases with off-line capacity. Many of Gulf States' units have minimum load points that are significant fractions of the maximum load points. Therefore, Gulf States is less able than the combined system to back down its units in order to import energy and still meet operating reserve obligations at peak load hours.

3. Integrated planning and operation of the combined transmission system is expected to yield some significant synergies in the ability to import power into certain areas of the combined system. The merger is expected to allow higher imports into the Entergy load area commonly referred to as Amite South (the LP&L and NOPSI load areas in South Louisiana) and the combined load area of Gulf States, LP&L, and NOPSI. Units that would be required to run in the stand-alone systems to maintain transmission line loadings within acceptable limits will not have to be run as much in the combined system. As a consequence, the combined system will be able to purchase economy energy during periods when economy purchases would not previously have been effected.

Finally, coordination of generating unit maintenance schedules, changes related to fuel acquisition practices and further optimization of the combined system's operations will also contribute to the total fuel savings.

ii. Other Effects under the System Agreement

Entergy also analyzed anticipated changes in other production costs with respect to likely effects on the allocation of revenues and expenses under the System Agreement for each of the Operating Companies and Gulf States. The determination of these production costs pursuant to the System Agreement involves a proportionate allocation among the Operating Companies of (in addition to fuel expenses) (1) the costs of reserve generating capacity pursuant to the methodology provided in Service Schedule MSS-1, (2) the costs associated with certain transmission facilities owned and operated by the respective Operating

Companies pursuant to the methodology provided in Service Schedule MSS-2, and (3) the net proceeds from sales to off-system companies pursuant to the methodology provided in Service Schedule MSS-5.

As with its fuel savings analysis, Entergy's evaluation in this regard compared each of Entergy and Gulf States on a stand-alone basis and as part of the combined system. The results of this study indicated that for the period 1994 through 2003 neither Gulf States nor the Operating Companies would experience a significant change in other production costs, with Gulf States expected to incur increased production costs of approximately $21.3 million and the Operating Companies expected to experience increased production costs of approximately $18.7 million (in each case, in nominal dollars).

iii. Deferred Capacity Savings

Service Schedule MSS-1 provides a method of allocating the costs of reserve capacity among the Operating Companies, i.e., generating capacity in excess of that which is necessary to supply all of the requirements of an Operating Company's own customers. Each company is responsible for a share of total System capacity based on a ratio of each company's contribution to the System's monthly peak load on a rolling twelve-month average basis. Some companies provide more than their proportionate share of the System's capacity ("long" companies) and other companies provide less ("short" companies). Service Schedule MSS-1 provides for the short companies to make reserve equalization payments to the long companies. These payments are based on the amount of capacity by which short companies are deficient and the cost of the long companies' oil- and gas-fired steam units.

Service Schedule MSS-2 provides a method to equalize the ownership costs associated with certain transmission system facilities owned and operated by the respective Operating Companies. Service Schedule MSS-2 equalizes these costs among the Operating Companies on the basis of each Operating Company's allocable share of the total System load.

Service Schedule MSS-5 provides the basis for distributing to each Operating Company its allocable share of the net proceeds received from sales to off-system companies.

The proposed combination will also yield substantial cost savings as a result of delaying resource additions for the combined system past the year 1999. Entergy estimates the total amount of the associated savings to be approximately $184 million (nominal dollars) through 2003. Deferred capacity benefits result from the combined system's ability to take advantage of two circumstances that are unavailable to the stand-alone systems

With reference to Service Schedule MSS-5, in response to testimony of the FERC staff and the state and local regulators of Gulf States and the Operating Companies filed in the pending proceedings before the FERC with respect to the proposed combination, Entergy has proposed a change in order to "grandfather" the treatment of off-system sales pursuant to contracts entered into prior to the combination (see Exhibit D-5.267 (Rebuttal Testimony of Frank F. Gallaher) at 144-145 and Exhibit No. APP 129 attached thereto). Entergy originally had proposed that Gulf States be permitted to share in the profits from off-system sales made under contracts entered into by the Operating Companies prior to the consummation of the Entergy-Gulf States combination. Under the "grandfathering" proposal now supported by Entergy, and adopted by the FERC administrative law judge as a condition to his initial decision approving the merger, the net balance of such sales would continue to be solely for the account of the Operating Companies, and Gulf States would be permitted to share in the revenues from off-system sales pursuant to contracts entered into after the combination. The increase in estimated ten-year benefits accruing to the Operating Companies, from $260 million to $325 million, and the decrease in estimated ten-year benefits accruing to Gulf States, from $1,434 million to $1,340 million (nominal dollars, in each case), reflect this proposed revision to Service Schedule MSS-5.

-- load diversity and earlier use of Gulf States' surplus capacity.

Consistent with recent experience, Entergy determined a one percent minimum load diversity between Entergy and Gulf States in calculating the combined system peak load. Load diversity reduces the need for capacity in each year studied. Approximately $86 million, or 47 percent, of the total projected deferred capacity benefits are derived from load diversity.

Under Entergy's current long-term load and capability forecast, the Entergy System will initially experience a generating capacity deficit in the year 1999. This stand-alone capacity deficit is projected to total 246 MW in 1999 and 565 MW by the year 2000. By contrast, Gulf States does not project a need for additional generating capacity before the year 2006. The Entergy System will realize savings as part of the combined Entergy-Gulf States system since it will not need to add capacity (or undertake other resource measures) until 2001, rather than in 1999 on a stand-alone basis. In addition, after

An earlier load and capability forecast was prepared by Entergy in 1989 in connection with the proposed transfer of certain generating facilities owned by AP&L to EPI (File No. 70-7684). That forecast indicated that, based on the current assumptions, Entergy had a resource deficit in 2000, one year later than the forecast used in this proceeding. In a proceeding before the Arkansas Public Service Commission involving the same transaction, Entergy relied on the same forecast showing a need for capacity in the year 2000 and stated that, through the use of aggressive demand-side programs, capacity additions could be deferred from 2000 until 2005. The load and capability forecast used in this proceeding is, and remains, Entergy's most recent and best estimate.

2001 the combined system's need for additional capacity will be substantially less than that of the stand-alone Entergy System. Specifically, the combined system is projected to have a capacity deficiency of 401 MW in 2001 (compared to 949 MW for Entergy on a stand-alone basis), growing to 1,070 MW in 2002 (compared to 1,619 MW for Entergy on a stand-alone basis) and 1,354 MW by 2003 (compared to 1,923 MW for Entergy on a stand-alone basis).

In determining the value to the Entergy System of delaying or avoiding capacity additions, Entergy utilized an avoided cost revenue requirement for supply-side capacity developed in connection with Entergy's least-cost planning process; Entergy believes that its calculations serve as an accurate proxy for the avoided cost revenue requirement of any new resources needed to meet new capacity requirements, whether supply-side or demand-side. The value of delaying or avoiding resource additions so determined is projected by Entergy to be $69.20/KW-year in 1999, $72.30/KW-year in 2000, $75.60/KW-year in 2001, $79/KW-year in 2002 and $82.50/KW-year in 2003.

To calculate the economic benefit of delaying capacity additions, Entergy ran two separate case studies. In the first case, capacity was assumed to be added to the Entergy System (without Gulf States) beginning in 1999. Capacity was allocated to the Operating Companies in accordance with their proportionate share of overall System capability. In the second case, capacity was added to the System (including Gulf States) beginning in the year 2001, and allocated among the Operating Companies and Gulf States in the same manner. In both cases, capacity was priced at avoided cost, as discussed above. A comparison of the two cases indicated a total deferred capacity benefit to the System of $17 million, $35.1 million (net of $5.8 million of one-time capital costs), $41.4 million, $43.4 million and $47 million in each of the years 1999 through 2003, respectively.

As set forth in Exhibit No. APP-83 (attached to Exhibit D-5.112), the respective portions of the total deferred capacity benefit to the System in each of the years 1999 through 2003 attributable to load diversity are $15.74 million, $14.37 million, $17.65 million, $18.75 million and $19.79 million. The load diversity component of the deferred capacity benefits is not affected by the timing of future resource needs and is expected to provide benefits beyond the year 2003.

Operation and Maintenance Savings

Entergy anticipates that, over the ten-year period 1994 through 2003, Gulf States and the Operating Companies, as subsidiary companies of the combined Entergy-Gulf States system, will realize operation and maintenance cost savings (excluding fuel and other production cost savings) in the total approximate amounts (nominal dollars) of $578 million and $95 million, respectively. Set forth below is a discussion of the various components of the projected operation and maintenance expense savings and of the methodology used by Entergy to calculate the amounts thereof. As hereinafter described, over the last several years, the Entergy System has undertaken to reorganize its utility operations along functional lines in order to improve operations and achieve economies and efficiencies; the System-wide business units that resulted from this reorganization provided the context for the development of the estimated combination-related operation and maintenance expense savings.

In order to lower costs and more fully capture the benefits potentially available through the combined operation of multiple operating companies, Entergy commenced a System-wide restructuring effort in 1990. The restructuring proceeded in four stages and will be completed in 1996. In the first stage, Entergy created discrete business units that more clearly define and better organize the System's utility business. Second, Entergy's management performed a detailed analysis, including site visits and interviews, of the controllable cost areas of major utilities in the United States, with special attention to those near Entergy's service area. The objective of this effort was to identify and quantify other successful companies' cost performances with a view to defining appropriate benchmarks for the System's own reorganization. The third stage of the restructuring involved a detailed analysis of the System's then-current organization to assess how the System could achieve further economies of scale by consolidating certain functions of the Operating Companies. The final stage of the restructuring involves the implementation of the best of the cost-savings measures previously identified. Four business units resulted from this restructuring:

1. EOI, which manages and operates the System's nuclear generating units.

2. Generation and Transmission ("G&T"), which was responsible for fuel purchases, operations and administration for approximately 50 System-owned non-nuclear generating units. G&T also managed the System's electric transmission grid.

3. Distribution and Customer Service ("DCS"), which manages the System's retail business as well as product marketing, delivery and related services.

4. Entergy Business Support ("EBS"), which consolidates the provision of financial, technical and administrative and general services to the other three business units.

Entergy believes that its restructuring into functional units is accelerating the System's decision-making process, reducing the number of redundant activities and permitting it to capture the available economies of scale to the greatest extent practicable.

The process of identifying the potential operation and maintenance ("O&M") savings available through a business combination with Gulf States took much the same form as the

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In order further to enhance System performance, Entergy recently modified its business unit structure in the following respects:

Entergy System Business Units as of 1991-1992	Entergy System Business Units as of August 1992
EOI/Fossil generation segment of G&T	Energy Supply
DCS/Transmission segment of G&T	DCS and Transmission
EBS	EBS

process Entergy employed in restructuring the System along functional lines. Entergy formed management teams from its four business units and analyzed Gulf States' operation, maintenance and capital costs, using the System's benchmarking results as a guide and, initially, publicly available information only. Accordingly, the discussion which follows of the projected combination-related O&M savings available to Gulf States is organized by reference to the respective business units which initially resulted from the System's restructuring (notwithstanding the recent further consolidation of these units), since the anticipated O&M savings were developed in these four categories.

i. Nuclear Operations

Based on its experience in operating the Entergy System's nuclear units, EOI expects to reduce operating costs at River Bend and to improve the unit's operating and regulatory performance as a result of its consolidation and integration into the Entergy System.

The consolidation of nuclear operations in the Entergy System in 1990 has resulted in a streamlining of the System's nuclear organizations, eliminated duplication, allowed for more efficient use of personnel, reduced reliance on outside vendors and contractors, and generally resulted in more efficient and effective operations. These same efficiencies that have been achieved as a result of the nuclear consolidation within the Entergy System can benefit River Bend and Gulf States, and River Bend's co-owner, Cajun. That is, adding another plant to the operating responsibility of EOI will have the same streamlining and elimination of duplication benefits at Gulf States as it did within the Entergy System. Integration of River Bend into EOI will allow for the more efficient use of personnel at River Bend. Additionally, EOI, as the operator of five nuclear units, can achieve economies of scale for the benefit of River Bend in commercial dealings with third party contractors and vendors. These benefits are not available to River Bend absent the merger.

To calculate the nuclear cost savings achievable by Entergy's proposed combination with Gulf States, several EOI officers and senior managers evaluated certain economic and operational issues related to River Bend, including River Bend's design, operational condition, performance history, O&M expenses and standing with the NRC. River Bend's stand-alone performance was initially evaluated solely on the basis of publicly available information. Then, in mid and late 1991, EOI personnel made two site visits to River Bend. On these visits, particular attention was paid to the material condition of the facility, outstanding maintenance and engineering items, outstanding regulatory commitments, existing service contracts and outage plans.

Information obtained through this process was compared to similar information for Grand Gulf 1 and, to a lesser extent, for other units operated by EOI and for other nuclear units in the industry. Grand Gulf 1 was used as the benchmark comparison because of its similarity to River Bend in design, age and operational history. The nuclear steam supply systems of both plants were designed by General Electric and have the same model boiling water reactor design. Also, the containment system in both plants is based on the Mark III design, with a similar layout of plant equipment. Other systems, such as instrumentation and control, are also very similar.

Based on this evaluation, EOI concluded that River Bend appears to be well designed, well constructed and well operated. Once it is integrated into the Entergy System, EOI believes that it can operate at even better levels of performance relative to the industry. EOI also concluded that the same type of improvements in performance that it experienced at the Entergy System's nuclear units as a result of the 1990 consolidation should be achievable at River Bend. Since the 1990 consolidation of Entergy's nuclear operations, EOI has made significant reductions in O&M costs at Grand Gulf 1 and the other units it operates, without sacrificing performance or safety.

EOI's evaluation of River Bend, together with its experience in achieving savings in connection with the consolidation of Entergy's nuclear operations, revealed considerable opportunities for realizing savings at River Bend following the proposed combination. The specific estimate of potential ongoing O&M savings was based on two primary factors. First, while Entergy's 1989 studies concerning the proposed consolidation of System nuclear operations concluded that annual O&M savings of between $6.5 and $8.6 million could be achieved at each of the System's three nuclear plant sites, in practice these estimates proved conservative. Actual annual savings resulting from the Entergy System's nuclear consolidation, once the phase in period is over, should approximate $33 million in the aggregate, as compared with the approximately $23 million projected in the 1989 consolidation studies (see Exhibit D-5.6). The same factors underpinning these projected and actual savings are equally applicable to River Bend. Second, Grand Gulf's performance in terms of cost, capacity factor and regulatory ratings has generally been better than that of River Bend:

1. River Bend's O&M costs for the years 1987 through 1989 averaged approximately $25 million per year more than those for Grand Gulf 1. In addition, from 1988 to 1991, Grand Gulf's O&M costs have increased $1.5 million, from $96.2 million to $97.7 million, while River Bend's O&M costs during this period increased $26.5 million, from $98.3 million to $124.8 million.

2. Grand Gulf's three-year rolling average capacity factor falls between 81 percent and 85 percent. River Bend's average capacity factor varies from 69 percent to 73 percent. This excludes the initial 1986-1988 average where Grand Gulf and River Bend performance was almost identical at 72.1 percent and 72.8 percent, respectively. The industry median for capacity factor has improved from 66.3 percent for the 1986-1988 period to 71.1 percent for the 1989-1991 period. River Bend has operated near or above the indicated median throughout this time.

3. Grand Gulf's average Systematic Assessment of Licensee Performance ("SALP") ratings issued by the NRC have improved from an average of 1.58 to 1.14. SALP averages for River Bend fluctuated somewhat and have declined slightly from 1.71 to 1.86. The NRC SALP median for the 1989-1991 period was 1.67. River Bend's SALP average is slightly above this median at 1.86 for its latest appraisal period. The NRC SALP program is an integrated effort to collect available observations of licensee performance on a periodic basis, generally 15 to 18 months, and evaluate performance based on these observations. Ratings are specifically related to management's attention to, and involvement in, the safety performance of a plant. A SALP score of two or below indicates a good level of management attention to, and involvement in, nuclear safety or safeguards.

Because of the similarity of the units in design, age and operations, and based on the evaluation performed by EOI, no technical or other factors were detected that would prevent River Bend from operating at approximately the same average O&M level as Grand Gulf after consolidation with a larger nuclear operating company like EOI.

Based on the above analysis, Entergy believes that the total amount of the O&M savings deriving from the consolidation of River Bend with the System's nuclear operations will be approximately $81 million (nominal dollars) for the period 1994 through 2003.

Total annual savings at River Bend (expressed in 1990 dollars) are estimated to be approximately $15 million. However, these savings include stand-alone savings of approximately $5 million annually, identified by Gulf States as achievable without the combination, such that net merger-related savings of $10 million per year are anticipated. Given that Cajun has a 30 percent ownership interest in River Bend, Cajun would realize combination-related savings of approximately $3 million annually and Gulf States combination-related savings of approximately $7 million annually. Entergy expects that it will take approximately three years fully to realize these savings.

Entergy anticipates that one-time capital costs of approximately $37 million will be incurred to add or upgrade facilities and equipment in a manner consistent with modifications made or planned at Entergy's plants. These capital expenditures are not necessary to achieve the estimated level of savings in non-fuel O&M. However, capital expenditures are expected to shorten plant outages thereby reducing future generation costs for the facility and are to improve working conditions for employees at River Bend, which should result in improved efficiency and, in turn, plant performance.

ii. Generation and Transmission

The management team drawn from Entergy's G&T business unit that reviewed Gulf States' G&T operations and facilities concentrated its efforts on non-nuclear generation operations (including power dispatching). Entergy conservatively assumed that the combination would yield no savings in consolidated transmission operations.

To estimate the potential cost savings relating to non-nuclear generation operations available from the proposed combination, Entergy compared itself to Gulf States in this regard using 1990 FERC Form 1 data, the existing functional organizations of Entergy and Gulf States and Entergy's available data system. Entergy analyzed net MwHs per employee, capacity per employee, O&M costs per installed MW and O&M costs (excluding labor costs). To assure reasonable comparisons, Entergy considered the impact of factors such as the age of the generating units, fuel type, manner of operation, capacity factor, forced outage rate and capacity per site. Entergy personnel also visited certain of Gulf States' fossil-fueled generating facilities to assess the general condition of these facilities.

These analyses and investigations indicated the availability of significant O&M cost savings for Gulf States in a number of areas relating to fossil generation. In particular, reduced labor costs should be attainable by consolidating management in various fossil-facility support areas, such as fuels management, engineering and technical support, purchasing, inventory control, environmental affairs, administrative services, training and maintenance. In addition, as discussed above, Gulf States' dispatch center will be consolidated with Entergy's System Operations Center to capture the fuel savings projected for the proposed combination. This latter consolidation (of personnel, duplicative equipment, etc.) was also included in the estimation of the total O&M savings relating to generation and transmission.

Entergy anticipates that the proposed combination will result in total O&M savings for Gulf States relating to generation and transmission of approximately $138 million (nominal dollars) for the period 1994 through 2003.

Total annual savings (expressed in 1990 dollars) are estimated to be approximately $11.5 million. One-time capital costs of approximately $7 million per year for the period 1994 through 1997 will likely be required to conform certain related equipment to Entergy specifications. There are no one-time related O&M expenses expected to be incurred.

iii. Distribution and Customer Service

Entergy identified numerous ways to reduce Gulf States' DCS costs. Entergy has determined that savings can be achieved through economies of scale, elimination of duplication, centralization of functions (including customer accounting, distribution engineering, warehousing, purchasing and maintenance), increased spans of control of supervision, reduced levels of management, standardization and reductions in material cost.

In estimating the potential magnitude of the O&M cost reductions achievable in Gulf States' DCS operations as a consequence of the proposed combination, Entergy's DCS team undertook three approaches, each of which used Entergy's DCS business unit as a yardstick.

First, results from Entergy's DCS consolidation study were applied to Gulf States' DCS operations to determine what analogous savings could be expected. Second, Entergy examined the actual cost savings experience from 1989 to 1991 of LP&L and NOPSI, which were selected for this purpose because of their close similarity to Gulf States in terms of service territory and customer base. The third method employed 1990 FERC Form 1 data to compare Gulf States' total DCS costs to those of LP&L and NOPSI on a dollar per customer basis. Comparable estimates of savings were obtained by each of the three methods.

The average of the results of these three studies yielded an estimate of approximately $120 million (nominal dollars) of total DCS cost savings likely to be realized by Gulf States for the period 1994 through 2003 as a result of the proposed combination.

Total annual savings (expressed in 1990 dollars) are estimated to be approximately $10 million. The combination-related DCS savings are assumed to be phased in over a three-year period. There are no significant one-time related capital or O&M costs expected to be incurred.

iv. Administrative and General

Entergy is currently in the process of reorganizing its administrative and general ("A&G") services groups under the name of Entergy Business Support (or "EBS") in order to consolidate further the System's A&G functions. In analyzing the potential A&G savings available in the proposed combination, Entergy's study team compared Gulf States' A&G costs on a per customer basis to the industry in general. The study team also examined specific A&G functions and performed benchmarking comparisons for each functional area against similar data of eleven electric utilities chosen for their low costs and excellent financial performance. The A&G functions studied were accounting, communications, environmental affairs, facilities, finance and treasury, human resources, information systems, internal audit, legal and risk management, procurement and transportation.

The A&G study revealed that the proposed combination will provide an opportunity to consolidate and streamline a number of corporate and administrative functions that currently are performed separately by Entergy and Gulf States. These functions relate to budgeting; finance and treasury; accounting systems and processes; computer hardware, software, policies and procedures; and adoption of consistent human resource processes in the areas of compensation administration, benefit plans, training and development.

Entergy projects that the total amount of O&M savings relating to A&G functions that will be realized by Gulf States by virtue of the proposed combination is approximately $239 million (nominal dollars) for the period 1994 through 2003.

Total annual A&G savings (expressed in 1990 dollars) are estimated to be approximately $20 million, which will be phased in over a three-year period. One-time related O&M expenditures of $12.4 million are expected to be incurred due to the implementation of an early retirement program and the payment of directors' and officers' insurance premiums.

v. Operating Companies' O&M Savings

Entergy anticipates that the proposed addition of Gulf States as a "sister" company to the Operating Companies will spread allocable System overhead costs over a larger base, thereby reducing the Operating Companies' O&M costs. Overhead costs arise from two principal areas: (1) ESI charges for administrative and general services (such as those relating to planning, engineering, management, information systems and finance/treasury) provided to all Operating Companies and (2) EOI charges for nuclear-related management, technical and administrative functions pertaining to the Entergy System's nuclear sites.

The estimated overhead cost savings to the Operating Companies were calculated in three steps. First, future Entergy System overhead costs (absent the combination) were estimated for each Operating Company. Second, Gulf States' future overhead costs were estimated, based on an assessment of its operating budgets and the resulting estimated share of Gulf States' total non-fuel O&M expenses represented by overhead functions. These estimates were then reduced to account for A&G cost savings anticipated to be achievable at Gulf States as a result of the combination. Finally, respective proportions for the overhead costs of the combined system allocable to each Operating Company and Gulf States were developed as follows.

First, a straight average of four representative measures of utility size (retail sales, customers, employees and installed capacity) was used to determine the relative overhead responsibility that each of Entergy and Gulf States would bear after the combination. This resulted in 72.5 percent of the combined overhead costs being allocated to the Operating Companies and 27.5 percent being allocated to Gulf States. Second, as to Entergy, the allocation to the various Operating Companies was made in proportion to the expected allocation in 1992 of Entergy overhead costs (since the relative proportions among the Operating Companies were not found to have varied significantly over time).

With these allocation shares, the resulting overhead cost obligations of each of the Operating Companies and Gulf

States were compared to expected overhead cost obligations of these companies absent the combination (calculated, in the case of Gulf States, net of expected A&G improvements) to estimate the amount of overhead cost savings deriving from the proposed combination. This analysis indicated that the Operating Companies are anticipated to realize total overhead savings of approximately $95 million (nominal dollars) for the period 1994 through 2003.

For further information with respect to the computation of the estimated overhead cost savings, reference is made to Exhibit D-3.3.

Other Benefits

As the Commission has observed, with reference to the requirement of Section 10(c)(2) that a proposed combination yield economies and efficiencies, "specific dollar forecasts of future savings are not necessarily required; a demonstrated potential for economies will suffice even when these are not precisely quantifiable." Centerior Energy Corporation, supra, 35 S.E.C. Docket at 775 (citation omitted). In this connection, Entergy believes that its proposed combination with Gulf States will result in certain additional benefits which, though not precisely quantifiable, are nonetheless significant. Two principal benefits in this category relate to generation mix and system reliability.

i. Generation Mix

The proposed combination will result in a more balanced generation mix for both companies (particularly Gulf States), less susceptible to price volatility and supply interruptions. Included as part of Exhibit D-5.112 is Revised Exhibit No. APP-22, a table showing the projected sources of generation, in terms of oil and gas, coal, nuclear and off-system purchases, for each of Entergy and Gulf States on a stand-alone basis and for the combined Entergy-Gulf States system. The table shows that, for the period 1994 through 1998, Entergy expects to generate approximately 27 percent of its energy requirements from natural gas and oil units, 27 percent from coal generation and 35 percent from nuclear units. The remaining 11 percent would be provided by hydroelectric generation and off-system economy energy purchases. During the same five-year period, Gulf States expects to meet its energy requirements by generating approximately 67 percent from natural gas and oil units, 14 percent from coal generation and 16 percent from its nuclear unit. The remaining 3 percent would be met by off-system economy energy purchases. The table indicates that when the two systems are combined, approximately 34 percent of the combined system's energy requirements would be generated by natural gas and oil units, 25 percent from coal generation and 30 percent from nuclear units. The remaining 11 percent would be provided by hydroelectric generation and off-system economy energy purchases.

For the period 1999 through 2003, the table indicates that the generation mix of the Entergy System on a stand-alone basis will not change significantly. Entergy expects to generate approximately 25 percent of its energy requirements from natural gas and oil units, 28 percent from coal generation and 34 percent from nuclear units. The remaining 13 percent would be met by hydroelectric generation and economy purchases. While Gulf States' stand-alone energy mix is projected to stay constant for nuclear and coal generation during this five-year period, natural gas and oil generation would drop to 60 percent and off-system economy purchases would increase to 10 percent. For the combined system for this period, approximately 31 percent of its energy requirements would be met by natural gas and oil units, 26 percent by coal generation and 29 percent by nuclear units. The remaining 14 percent would be provided by hydroelectric generation and off-system economy purchases.

ii. System Reliability

Finally, Entergy believes that the proposed transactions will result in a combined system better positioned to provide more reliable electric service than is possible for either company on a stand-alone basis. For example, the Entergy System will share in a larger generating base after Gulf States generating units are added to the System. As a result, the combined system will have more generating resources to call on when units are down for maintenance or due to an unscheduled outage. In addition, each of Entergy and Gulf States has a higher risk of unserved load than would be the case for the combined system, since the companies on a stand-alone basis have access to fewer tie lines to neighboring systems for emergency support.

5. Section 10(c)(1) (Section 11)

Section 10(c)(1) of the Act requires, in relevant part, that the Commission withhold its approval of the proposed Entergy-Gulf States combination if it finds that the transaction is "detrimental to the carrying out of the provisions of Section 11". Section 11(b)(1) of the Act generally requires a registered holding company system to limit its operations "to a single integrated public-utility system and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system". Section 11(b)(2) directs the Commission "to ensure that the corporate structure or continued existence of any company in the holding-company system does not unduly or unnecessarily complicate the structure, or unfairly or inequitably distribute voting power among security holders, of such holding-company system".

a. Merger of Entergy into Holdings (Section 11(b)(2))

As discussed in Item 1, the Reorganization Agreement provides that at the Effective Time Merger Subs A and B will be merged into Entergy and Gulf States, with the result that Holdings will own all the outstanding common stock of Entergy and Gulf States. Entergy will then be merged into Holdings, which will be the surviving corporation in this merger -- the Upstream Merger --and will change its name to "Entergy Corporation". Entergy and Gulf States have obtained a ruling from the IRS confirming that this structure will be treated as a tax-free transaction under the appropriate provisions of the Code and that, consequently, no gain or loss will be recognized by Entergy or Gulf States shareholders that exchange their shares for shares of Holdings Common Stock. In view of the proposal to eliminate the existence of Entergy as an intermediate holding company, no issues are raised under Section 11(b)(2).

b. Gulf States' Gas Business (Section 11(b)(1))

In addition to its principal electric business, Gulf States operates a small retail gas distribution system located entirely in East Baton Rouge Parish, Louisiana. Entergy proposes that, following the combination, Gulf States continue its ownership and operation of the gas business. Entergy believes that retention of the gas business is in the public interest and consistent with the applicable standards of the Act, for the reasons hereinafter set forth.

Gulf States' gas distribution system covers approximately 220 square miles and consists of 1,444 miles of main and 1,239 miles of service lines, with pipes ranging in size from 1/2 inch to 18 inches in diameter. The operating pressures vary from a minimum of 4 oz. to a maximum of 150 psi and are controlled by 117 regulator stations located throughout the system. There are 8 purchase points where the gas is supplied by Mid-Louisiana Gas Company.

Operating revenues for the gas business amounted to approximately $29 million in 1992, or about two percent of Gulf

States' total operating revenues. At year-end 1992, the gas properties had a net book value of approximately $17 million, or 0.35 percent of the book value of Gulf States' total net utility plant. In terms of the combined Entergy-Gulf States system, revenues from Gulf States' gas business would account for about 0.50 percent of consolidated operating revenues, and net gas utility plant attributable thereto would constitute about 0.11 percent of consolidated net utility plant (in each case based on 1992 data).

Upon consummation of the proposed Entergy-Gulf States combination, Gulf States, as a member of Holdings' utility system, will become subject to the integration requirements of Section 11 of the Act. In general, Section 11(b)(1) limits the operations of a registered holding company system to "a single integrated public-utility system". A single integrated system may not consist of both electric and gas utility properties. However, under certain circumstances -- specifically, the so-called "ABC Clauses" of Section 11(b)(1) -- a registered holding company system may control both electric and gas utility businesses if the Commission finds that:

> (A) the additional system "cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control by >the! holding company...",
>
> (B) the additional system is located in one state or in adjoining states, and
>
> (C) the "continued combination of such systems under the control of such holding company is not so large (considering the state of the art and the area or region affected) as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation."

Retention of the gas business is clearly consistent with all these requirements.

Following consummation of the proposed combination, clause (B) will be satisfied because Gulf States' gas distribution system is located entirely within an approximate 220 square mile area in East Baton Rouge Parish, Louisiana. In addition, clause (C) will be satisfied because Holdings' combined electric and gas systems will not be so large as to impair "the advantages of localized management, efficient operation, or the effectiveness of regulation."

As more fully discussed in Section (A)(4)(a)(iv) of this Item 3, the advantages of localized management will be preserved following the proposed combination. Many of the important operational functions of the Gulf States gas division will continue to be managed from the gas division headquarters located in Baton Rouge at the Choctaw Drive location. Further, as set forth in Section (A)(1)(b) of this Item 3, the combined Entergy-Gulf States system will satisfy all of the applicable requirements of the Act with respect to size, and the retention of the gas business, representing about one-tenth of one percent of combined net utility plant of the system, is immaterial. Finally, retention of Gulf States' gas system will have no effect upon, much less impair the effectiveness of, regulation. Following the proposed combination, the rates and services of Gulf States' retail gas business will continue to be regulated by the LPSC.

With respect to the requirements of clause (A) of Section 11(b)(1) of the Act, Entergy and Gulf States have prepared a detailed study, entitled "Analysis of the Economic Effects of Spinning-Off the GSU Gas Division into a Separate Entity" (filed as Exhibit O-1(a)) (the "Gas Study"), which clearly establishes that severing Gulf States' gas distribution system from its electric system would result in the "loss of substantial economies" under any reasonable interpretation of the statute.

As noted by the Commission in prior retention cases, a loss of substantial economies requires a showing that the additional system cannot be operated under separate ownership without the loss of economies "so important as to cause a serious impairment of that system." In assessing the estimated loss of economies that would result from a severing of the additional system, the Commission has considered the size of the estimated loss of economies in proportion to the separate system's total revenues, expenses and income. The Commission has then compared the anticipated proportionate losses that would result to loss ratios that were developed in prior cases.

The Gas Study demonstrates that, if Gulf States' gas system were required to operate independently, the system would

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S.E.C. v. New England Electric Sys., 384 U.S. 176, 179 (1966)("NEES I"), dismissal order vacated, 376 F.2d 107 (1st Cir. 1967), rev'd, 390 U.S. 207 (1968)("NEES II"), aff'g 41 S.E.C. 888 (1964). See also UNITIL Corp., Release No. 25524, 51 S.E.C. Docket 562, 567 (1992).

NEES II, 390 U.S. at 213-14; See also UNITIL, 51 S.E.C. Docket at 567, n. 40; Philadelphia Co., Release No. 8242, 28 S.E.C. 35, 49 (1948); and General Public Utilities Corp., Release No. 10982, 32 S.E.C. 807, 837 (1951).

See Engineers Public Service Co., Release No. 3796, 12 S.E.C. 41 (1942); General Public Utilities Corp., 32 S.E.C. at 836; and New England Electric System, 41 S.E.C. at 897-98. In NEES II, the Supreme Court expressly approved the Commission's use of loss ratios in prior cases as a guide in adjudicating a pending proceeding. 390 U.S. at 216.

forfeit many of the economies and efficiencies that it currently derives from integration with Gulf States' electric system. Most notably, the gas system would be required to establish its own internal service functions. Due to the extremely small size of the gas system, the projected increases in overhead costs associated with the establishment of internal service functions would result in losses to the system which far exceed losses that were anticipated to result in prior Commission decisions in which divestiture was ordered . In fact, the losses that are projected in the present case exceed those which were anticipated to result in the recent UNITIL case, where the Commission determined that retention of the additional system was consistent with the integration standards of Section 11(b)(1) of the Act. See UNITIL, supra, 51 S.E.C Docket at 567-68.

If the gas system were severed from Gulf States, the gas system's operation and maintenance expenses (excluding purchased gas) on a pro forma basis for the year ended December 31, 1991 would have increased by 68 percent from $7,503,000 to $12,641,000. This increase in operation and maintenance expenses represents approximately 16.1 percent of the gas system's 1991 total operating revenues. Of the cases in which the Commission has required divestment, the highest estimated loss of operating revenues of an independent system was 6.58 percent, less than

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A table of the anticipated losses in notable prior Commission decisions where divestiture was required is filed as Exhibit O-2.

half of the losses anticipated in this case. See Engineers Public Service, supra. Further, a decline equivalent to 16.1 percent of the gas system's total operating revenues would cause the system's net operating income to decline by 350 percent, from income of $969,000 to a loss of $2,422,000. Of the comparable cases in which the Commission has required divestment, the highest estimated decline in operating income of an independent system was 29.9 percent. See NEES II, supra at 214 n.11.

In addition, the Gas Study reflects that, on a stand-alone basis, the gas system would have a rate base of approximately $14.3 million (substantially less than one percent of the combined Entergy-Gulf States capital structure, including short-term debt). This would place the independent gas system at a non-competitive level with respect to access to long-term debt and equity resources at a reasonable cost. Furthermore, the projected return on rate base of the gas system would decline from 6.79 percent to a negative 16.98 percent. Of the cases in which the Commission has required divestment, a decline in rate of return from 6.4 percent to 5.2 percent has been held

A reduction in net income of 113 percent was estimated in connection with the divestiture of the gas properties of Jersey Central Power & Light Company (see Exhibit O-2). In NEES, however, the Commission determined that the Jersey Central case was not comparable because the gross income of Jersey Central's gas department prior to severance was so low that a reduction in operating revenues of only 4.87 percent resulted in a net loss. See NEES, supra at 898, n. 22.

insufficient to constitute a loss of substantial economies where the lower rate was comparable to that of similar independent gas companies in the area. Id. at 215. Information regarding returns on rate base recently earned by many of the comparable investor-owned gas companies is not publicly available. However, Entergy has calculated the average return on gross plant for these companies during 1991 to be approximately 8 percent (see Exhibit 5 to the Gas Study). This is significantly higher than the negative 6.04 percent return on gross plant that would be experienced by the Gulf States gas system after divestiture.

This data demonstrates that, in the absence of substantial and sustained rate relief, the severance of Gulf States' gas system would seriously impair its viability as an independent system. Moreover, Entergy calculates that the magnitude of the decline in the gas system's return on rate base would necessitate a revenue requirement increase of $6.4 million and an increase in average gas rates of 20.2 percent in order for the gas system to realize a return of only 10.6 percent.

In addition, if operated independently, the gas system would be smaller than most of the other investor-owned gas distribution companies in the region. The Commission

Exhibit 5 to the Gas Study compares the number of customers, number of employees, gas sales, operating revenues, operating income and gas plant of the investor-owned gas companies in the region. If operated independently, Gulf States' gas system would be smaller than most of these companies.

has recognized that small utilities have particular difficulties in operating independently In fact, in many of the cases that involved the retainability of small additional systems, retention was permitted without a detailed analysis of the loss of economies that would result from divestment .

Finally, the projected losses that would result from a divestment of the gas system would be of such magnitude that they could not possibly be offset by benefits that theoretically might arise from a separate management solely dedicated to promoting the gas operations.

As a result of the above analysis, Entergy believes that the retention of Gulf States' gas system following consummation of the proposed Energy-Gulf States combination is fully consistent with all the integration standards of Section 11(b)(1) of the Act and should therefore be permitted.

See UNITIL, supra note 1, at 567,568, citing 79 Cong. Rec. 14479 (August 24, 1935) (statement of Senator Wheeler) (the Conference Committee had intended a narrow exception that would allow a holding company to control more than one integrated system if, among other things, the additional systems "were so small that they were incapable of independent economical operation."); See also Republic Service Corp., et al., Release No. 6820, 23 S.E.C. 436, 451 (1946); Central Louisiana Electric Co., Release No. 10430, 32 S.E.C. 266, 281 (1951); and Federal Light & Traction Co., Release No. 4960, 15 S.E.C. 675, 683.

See Republic Service Corp., 23 S.E.C. at 451 (1946); Central Louisiana Electric Co., 32 S.E.C. at 281 (1951); and Federal Light & Traction Co., 15 S.E.C. at 683.

c. Retention of Non-Utility Interests (Section 11(b)(1))

Section 11(b)(1) of the Act requires a registered holding company system to limit its operations to a single integrated public utility system and "such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system." Each of Gulf States' non-utility business interests conforms to the "other business" standards of the Act and therefore should be retainable by Gulf States following the combination.

With respect to its steam business, Gulf States' sole customer is a large industrial company located in Baton Rouge which uses process steam and by-product electricity supplied from Gulf States' Louisiana Station, a specially-designed, steam-electric cogeneration facility. Accordingly, Gulf States' steam business is integrally related to its electric business. Steam sales constituted only three percent of Gulf States' total 1992 operating revenues.

Gulf States has three non-utility subsidiaries, Prudential, Railway and Varibus. Prior to the 1987 sale of its oil and gas reserves, Prudential had been engaged in exploring for, developing and operating oil and gas reserves in Texas and Louisiana. Prudential is presently inactive and Entergy understands that Gulf States intends to dissolve Prudential as soon as reasonably practicable. Railway was formed in February 1993 to own and/or operate several miles of rail track in Louisiana for the purpose of transporting coal for use as boiler fuel in Unit 6 of the Nelson Station. Varibus operates two intrastate gas pipelines used primarily to transport fuel to certain gas-fired generating facilities of Gulf States located, respectively, at the Nelson Station, near Lake Charles, Louisiana, and at the Willow Glen Station, near Baton Rouge, Louisiana.

Gulf States has advised Entergy of the following information with respect to Vari Tech, a division of Varibus. Through Vari Tech, Varibus markets to Gulf States and non-affiliates various Computer-Aided Drafting (CAD) services, as well as related personal computer equipment and services. With regard to Vari Tech's CAD services, the technology for providing these services was originally developed by Gulf States to improve productivity, thereby reducing operating costs. The Vari Tech Computer-Aided Drafting department provides an engineering service of converting engineering and design drawings from manual format to CAD format. For the nine months ended September 30, 1993, 10% of Vari Tech's operating revenue was derived from these drafting/drawing operations. Of that 10%, 88% came from Gulf States while 12% was derived from non-affiliates.

Varibus also markets, through Vari Tech, related computer equipment (hardware and software) sales and services. Such services primarily include custom personal computer (PC) software configuration, network installation and support, CAD-related support, PC equipment evaluation, PC system design, PC rentals/leases, and PC repair. Vari Tech specializes in the CAD area of the personal computer industry and has established several related dealerships to better support clients and lower costs. For the nine months ended September 30, 1993, 90% of Vari Tech's operating revenue was derived from these computer-related equipment sales and associated services. Of that 90%, 11% came directly from Gulf States, 72% came from sales to a third-party leasing corporation which in turn leased 100% of these sales to Gulf States, while the remaining 17% was derived from sales to non-affiliates.

At September 30, 1993, Varibus had total assets of approximately $23 million. For the nine months then ended, Varibus reported total operating revenue of approximately $4.8 million ($4.3 million of which was attributable to Vari Tech's operations, and net income of approximately $543,000. In sum, Varibus' operations, which are immaterial in relation to Gulf States' overall operations, are an outgrowth of, and remain primarily dedicated to, Gulf States' core utility business.

6. Section 10(f)

Section 10(f) of the Act generally prohibits Commission approval of any acquisition under Section 10 unless it appears to the Commission's satisfaction that applicable state laws have been complied with. Consummation of the transactions contemplated by the Reorganization Agreement is conditioned upon receipt of all required shareholder approvals under applicable state law and the requisite approvals of the LPSC and the PUCT. When these approvals have been obtained, the proposed transactions will comply with Section 10(f).

The parties do not believe that any approvals or other actions by any municipalities or other local governmental authorities will be necessary in connection with the proposed transactions.

B. Other Applicable Provisions

1. Sections 6 and 7, Rule 50

The issuance by Holdings of shares of its common stock to effect the Entergy Merger and the Gulf States Merger will comply with the standards of Section 7 of the Act. With reference to Sections 7(c) and 7(d) of the Act, Holdings Common Stock has a par value of $0.01 per share, will be Holdings' only outstanding voting security and will not be preferred as to dividends or distributions over any other security of Holdings.

Holdings Common Stock is reasonably adapted to Holdings' security structure (par value common stock being the cornerstone of a registered holding company's capital structure). Further, Holdings Common Stock is reasonably adapted to the earning power of Holdings. Exhibit P-1, which contains Gulf States' cash flow projections for the period 1992 through 1995, clearly shows that Gulf States will have more than adequate cash

For information with respect to a comparison of the material terms and provisions of Holdings Common Stock with the comparable provisions of Entergy Common Stock, reference is made to Exhibit G-1.

resources available to fund, through payment of cash dividends on common stock to its parent, Holdings, its proportionate share of cash dividends declared on Holdings Common Stock.

As set forth on page 60 of the Joint Proxy Statement/ Prospectus (see Exhibit G-1), it is currently anticipated that Holdings will pay cash dividends on Holdings Common Stock at approximately the same rate as the rate of dividends on Entergy Common Stock existing immediately prior to the Effective Time. The present indicated annual rate of dividends on Entergy Common Stock (based upon the December 1, 1993 regular quarterly dividend payment of $0.45 a share) is $1.80 a share. Based upon an assumed issuance to Gulf States' common stockholders pursuant to the merger of approximately 56.4 million shares of Holdings Common Stock, Gulf States would need to pay approximately $102 million in aggregate annual cash dividends to Holdings in order

The 56.4 million shares are calculated (as shown in the table below) on the basis of an assumed Average Trading Price of $36 and on the assumption that Gulf States' common stockholders elect to receive $250 million in cash as part of the merger consideration:

	Figures in millions, except Purchase and Average Trading Price
Purchase Price	$ 20
Gulf States Shares Outstanding	114.1
Total Purchase Price	$2,282
Less Cash Component	$(250)
Value of Holdings Common Stock Issued	$2,032
Average Trading Price	$ 36
Number of Shares Issued	56.4

fully to fund its proportionate share of the Holdings Common

Stock dividend at the present indicated annual rate.

Exhibit P-1 reflects that Gulf States' cash position at year-end 1993 is projected to be approximately $240 million and that its projected annual cash flow available for dividends on common stock for the years 1994 and 1995 (which Gulf States anticipates to be in the range of approximately $175 million to $215 million) will be well in excess of amounts reasonably anticipated to be required to fund Gulf States' annual contribution to the parent company's common dividend. These projections are conservative in that they do not reflect increases in Gulf States' cash flow likely to be generated from savings resulting from the merger. Accordingly, although Gulf States last declared cash dividends on its common stock in the second quarter of 1986, Entergy anticipates that Gulf States will be able to pay such dividends after consummation of the proposed merger.

In addition, the shares of Holdings Common Stock to be issued in the Entergy Merger and the Gulf States Merger are an integral part of the overall transaction and thus are not detrimental to the public interest or the interest of investors or consumers. Finally, with respect to Section 7(g) of the Act, neither the LPSC nor the PUCT nor any other state commission or state securities commission has jurisdiction over the issuance of Holdings Common Stock.

Certain limitations on Gulf States' ability to pay cash dividends on common stock are contained in its Restated Articles of Incorporation, first mortgage bond indenture, bank loan agreement, the Reorganization Agreement and applicable state and federal law. Currently, the most restrictive of these conditions that would apply following consummation of the merger is a limitation in Gulf States' bank loan agreement (expiring in March 1994) that prohibits Gulf States, without the requisite consent of the lending banks, from declaring and paying cash dividends on common stock in an amount exceeding 50 percent of Gulf States' Cumulative Net Income (as defined) accruing after December 31, 1991. Gulf States currently has no outstanding borrowings under its bank loan agreement, and would likely attempt to secure a waiver of this requirement or terminate this agreement prior to March 1994 if this restriction would impair its ability to pay dividends at desired levels following consummation of the merger. If this restriction did not apply, the most restrictive provision, as of September 30, 1993, in Gulf States' other instruments (excluding the Reorganization Agreement) would have allowed $720 million of Gulf States' retained earnings to be available for payment of common dividends. As noted in Section C(1)(a) of Item 1, the purchase price of $20 a share for Gulf States Common Stock would be decreased by the aggregate amount of any cash dividends on Gulf States Common Stock declared on or prior to closing of the merger.

Rule 50 generally requires that any securities issued by a registered holding company be issued in compliance with specified competitive bidding procedures. However, with respect to the shares of Holdings Common Stock to be issued as proposed herein, application of the Rule's competitive bidding requirements is neither necessary nor appropriate in the public interest or for the protection of investors or consumers and, therefore, the parties hereto request an exemption from such requirements pursuant to Rule 50(a)(5).

2. Section 12(e), Rules 62 and 65

Entergy's proxy solicitation of its common stockholders to approve the combination is subject to Section 12(e) and Rules 62 and 65. Copies of the proxy materials are filed as Exhibits G-1 and G-2.

3. Section 13(b), Rules 86, 87, 90 and 91

The execution and performance by the respective parties of the EOI-GSU Operating Agreement, the EOI-GSU Support Agreement, the EOI-GSU Switchyard Agreement and the ESI-GSU Service Agreement are subject to Section 13(b) of the Act and Rules 86, 87, 90 and 91. Each of these agreements will be similar to corresponding agreements previously entered into pursuant to Commission authorization. Each of these agreements will require that the services to be rendered thereunder satisfy all requirements of Section 13(b) of the Act and the applicable rules of the Commission, particularly with regard to accounting for and allocating costs and the requirement that all services be rendered at cost.

EOI hereby undertakes that its Annual Report on form U-13-60 filed with the Commission pursuant to Rule 94 under the Act shall, for calendar years commencing in 1994, include the following: (a) the section entitled "Analysis of Billing Associate Companies - Account 457" shall be modified to include references to each facility operated by EOI and a statement to the effect that EOI does not render bills directly to non-associate co-owners and that such co-owners are billed directly by the applicable associate company, and (b) Schedules XVI and XVII of the Annual Report shall be expanded to include sub-schedules setting forth, for each facility operated by EOI, the information required by such schedules.

4. Section 12(b), Rule 45

The guarantee by Holdings in respect of EOI's obligations under the EOI-GSU Operating Agreement is subject to Section 12(b) of the Act and Rule 45. The Holdings-GSU Guarantee Agreement will be substantially identical to the guarantee agreements executed by Entergy pursuant to prior Commission authorization in connection with the existing operating agreements between EOI and the Plant Owners.

Entergy's obligation under Section 6.1 of the Reorganization Agreement (in respect of potential dividend arrearages and unsatisfied sinking fund obligations on Gulf States' preferred stock) and Holdings' indemnification obligation under Section 6.11 of the Reorganization Agreement (with respect to officers and directors of Gulf States and its subsidiaries) are or may be subject to Section 12(b) and Rule 45. These obligations and undertakings, which are, in each case, an integral component of the proposed business combination, are in the public interest and the interest of investors and consumers as they will be in furtherance of and will facilitate consummation of the transaction.

Item 4. Regulatory Approval

Item 4 of the Application-Declaration, as previously amended, is hereby amended and restated in its entirety as follows:

In addition to this Commission, the LPSC, the PUCT, the FERC and the NRC have jurisdiction over various aspects of the transactions proposed herein. Reference is made to Exhibits D-1 through D-8 with respect to the proceedings of these regulatory bodies. Further, both Entergy and Gulf States are required to file notification and report forms under the Hart-Scott-Rodino Antitrust Improvements Act with the Federal Trade Commission and the Antitrust Division of the Department of Justice. No other state or local regulatory body or agency and no other Federal commission or agency has jurisdiction over the transactions proposed herein.

Set forth below is a brief description of the developments in proceedings pending before the LPSC, the PUCT and the FERC on the proposed combination:

LPSC. On April 27, 1993, the LPSC, by unanimous (5-0) decision, voted to adopt the recommendations contained in the Report of Special Counsel to the LPSC and to issue an order approving the Entergy-Gulf States combination, including the Joint Regulatory Proposal described in Item 3 above, subject to various conditions. The LPSC's action also approved the proposed transfer to EOI of operating responsibility for River Bend, subject to conditions similar to those imposed by the LPSC in its 1990 order (No. U-18170) approving the transfer to EOI of operating responsibility for Waterford 3. Copies of the LPSC's order and the related Report of Special Counsel to the LPSC, issued April 19, 1993, are filed as Exhibits D-2 and D-1.3, respectively.

In determining that the proposed merger is in the public interest, the LPSC stated that the transaction presents a unique opportunity to achieve economies through greater coordination and sharing of resources between utilities that are interconnected and well situated to provide mutual benefits. The LPSC concluded that the evidence establishes that the merger will produce substantial cost savings for Gulf States and should also produce savings for the Operating Companies. The LPSC acknowledged that studies undertaken by its consultants, Kennedy & Associates and Exeter Associates, indicated that the merger had the potential for isolated harm to one or more of the Operating Companies, but noted that those same studies showed that under almost any scenario the merger should yield overall benefits to the entire system.

Specifically, with respect to the applicants' projected fuel savings, the LPSC concluded that for the period 1994 through 2003 each of the Operating Companies and Gulf States should experience varying amounts of cost savings as a result of the merger, with Gulf States being the largest beneficiary. Regarding the projected non-fuel O&M cost savings, the LPSC concluded that the savings tracking mechanism included as part of

Two parties in the proceedings before the LPSC, the Alliance for Affordable Energy, Inc. and Houston Lighting & Power Company, have appealed the LPSC's order to the 19th Judicial District Court in Louisiana. The matter is pending.

the Joint Regulatory Proposal -- permitting the shareholders of the combined system to share only in the savings actually achieved -- obviated any need for a precise estimate of these savings. The LPSC emphasized, however, that Entergy's agreement to measure merger-related non-fuel savings by means of the tracking mechanism lends credibility to its savings projections and provides a substantial incentive for Entergy to fulfill its predictions; accordingly, the LPSC found that it was reasonable to conclude that Entergy will achieve non-fuel merger-related savings with respect to Gulf States' operations. The LPSC also concluded that the merger should enable the Operating Companies to realize economic benefits through Gulf States' added capacity and by spreading allocable overhead expenses over a larger base. Further, the LPSC observed that the merger offered benefits in terms of the complementary generation mixes of the two systems and the relative locations of their base-load generation resources.

The LPSC noted that its consultants and various intervenors had raised concerns regarding potential harms that might result to one or more of the Operating Companies due to the merger. In the LPSC's view, however, these potential impacts do not weigh as heavily as the strong likelihood of savings. Moreover, the LPSC observed, ratepayers can be shielded from any adverse impact of these contingencies, provided appropriate conditions are attached to the merger.

To that end, the LPSC conditioned its approval of the proposed merger by requiring Entergy to agree in principle that it would not attempt to have included in the rate of return component for retail rates charged by LP&L any cost of capital increment deriving from the entry of Gulf States into the Entergy System and that it will not oppose in principle a similar constraint in proceedings conducted by the FERC affecting LP&L or in proceedings involving NOPSI. With respect to the Cajun Litigation, the LPSC determined not to require a settlement as a condition of the merger, noting that the risks of the Cajun Litigation were not so great as to threaten the financial viability of Entergy or the ability of the Operating Companies to provide reasonable service. The LPSC approval, however, requires Entergy and Gulf States to continue to participate in good faith in settlement discussions regarding the Cajun Litigation conducted by the LPSC's special counsel. Finally, although acknowledging that fuel cost projections indicated that none of the Operating Companies was likely to be harmed by the merger, the LPSC conditioned its approval of the merger upon the FERC's adoption, in its parallel proceeding with respect to the merger, of a fuel cost protection mechanism for LP&L (and, presumably, NOPSI, AP&L and MP&L) and of a provision, in respect of Schedule MSS-5 of the System Agreement, precluding Gulf States from participating in profits from off-system sales pursuant to existing sales contracts (while permitting Gulf States to share in the profits of transactions negotiated subsequent to the merger).

In addition to the foregoing, the LPSC determined that the merged company can easily operate as a single integrated system; that specified conditions with respect to continued access to financial data, the conduct of affiliate transactions among System companies and the regulatory plan for Gulf States will assure continued ability to regulate the merged entity; that the merger should not produce significant adverse impacts on competition; and that the merger will not have a significant impact on power flows in the region. Finally, regarding Cajun's alleged concerns over the proposed transfer of operating responsibility for River Bend to EOI, the LPSC authorized its special counsel to oversee discussions among the parties relating to these concerns, if necessary.

The LPSC's approval, finding after intensive scrutiny that the Entergy-Gulf States combination is in the public interest and that not only Gulf States but all of the Operating Companies are likely to realize substantial merger-related benefits, should be accorded great weight in the Commission's consideration of the proposed combination under the applicable standards of the Act, including the requirements of Section 10.

PUCT. On June 25, 1993, the administrative law judge in the PUCT proceeding issued a Proposal for Interim Order (filed as Exhibit D-3.5) recommending that the PUCT issue an order consistent with the Stipulation and Agreement, dated March 30, 1993 ("Settlement"), among Entergy, Gulf States, the PUCT staff and various other parties to the PUCT proceeding. (A copy of the Settlement is filed as Exhibit D-3.4, and the terms thereof are summarized in section A(2)(a)(v) of Item 3.) On July 21, 1993, the PUCT, by unanimous (3-0) decision, voted to adopt the administrative law judge's recommendation and to issue an Interim Order approving the Settlement. (A copy of the Interim Order is filed as Exhibit D-4.)

In concluding that the proposed combination (including the Settlement) is consistent with the public interest under applicable Texas law, the PUCT made in substance the following findings relevant to the proceedings pending before this Commission:

(1) The evidence establishes that the proposed combination will produce both fuel and non-fuel cost savings;

(2) It is appropriate to account for the combination under the purchase method of accounting in accordance with APB No. 16;

(3) The purchase price for the acquisition of Gulf States is reasonable in light of (a) the competitive bidding process conducted by Gulf States and the proximity of CSW's competing bid;

(b) the acquisition premium embodied in Entergy's fixed price offer comparing favorably with those offered in other recent utility merger transactions; (c) the various financial analyses conducted by the PUCT staff; and (d) the strong performance, following announcement of the merger, of Entergy's and Gulf States' stock prices relative to utility benchmark indices;

(4) A loss by Gulf States in the Cajun Litigation would not put the Entergy System in a precarious financial condition;

(5) It is not reasonable to require Entergy to provide a guaranty in favor of Cajun in the event of a judgment against Gulf States in the Cajun Litigation;

(6) Cajun's asserted concerns regarding the adverse impact of the merger on competition and its contractual transmission arrangements with Gulf States lack merit and in any event are more properly addressed by the FERC; and

(7) HL&P's assertions that the proposed combination will adversely impact effectiveness of state regulation and that the PUCT should assess whether alternative transactions to the proposed combination would better serve the interests of Texas ratepayers also lack merit.

The Interim Order adopted by the PUCT provides that upon the issuance of decisions on the combination by all other regula-tory commissions (i.e., the FERC, SEC, LPSC and NRC), parties to the Settlement must promptly advise the PUCT regarding the impact of those decisions on the Settlement. Thereafter, the PUCT would be asked to issue its non-interim order on the combination.

FERC. On January 28, 1993 the FERC issued an Order on Applications resolving certain issues and setting certain other issues for a trial-type evidentiary hearing on an expedited basis. As to the former, the FERC ruled that no significant issues had been raised, and accordingly determined not to hold a hearing, regarding the reasonableness of the purchase price, coercion, impairment of effective state and federal regulation and (as more fully described in Item 3) competition. On the other hand, the FERC set for hearing the proposed combination's effect on operating costs and rates (including both the indirect effect of the purchase price on Entergy's capital structure and capital costs and the impact on costs and rates of potential adverse outcomes to Gulf States in the Cajun Litigation and the Texas Rate Litigation), the proposed accounting for the transaction, and the proposed amendment to the System Agreement that would add Gulf States as a party (solely for the purpose of assessing whether the Operating Companies and their customers would be adversely affected). The FERC's January 28 order required the presiding administrative law judge to render an initial decision by not later than August 31, 1993.

Various parties filed requests for rehearing of the FERC's January 28 order and a related Order on Motion for Expedited Clarification, dated February 18, 1993 (discussed in Item 3). By further order dated July 1, 1993, the FERC denied the rehearing requests. However, in light of the allegations by one intervenor, Southwestern Electric Power Company, that it has rights under existing contracts which could preclude Entergy and Gulf States from dispatching their combined system as planned, the FERC ordered the administrative law judge, to the extent necessary, to reopen the record to consider additional evidence on whether the applicants will be able to operate the merged system as planned and if not, how that affects the projected savings estimated to result from the proposed merger. The FERC also extended the deadline for the administrative law judge to render his initial decision from August 31 to September 30, if necessary. Copies of the FERC's January 28, February 28 and July 1, 1993 orders are filed as Exhibits D-5.99, D-5.122 and D-5.362, respectively.

Pursuant to the FERC's January 28 and July 1 orders, eighteen days of hearings were held before the presiding administrative law judge in the spring and summer of 1993. Thirteen parties, including the FERC's staff, actively participated in the hearings, 35 witnesses were cross-examined, and 430 exhibits were admitted into evidence. Transcripts of the FERC proceedings, totalling 3,916 pages, are filed as Exhibits D-5.229 through D-5.231, D-5.321 through D-5.329, D-5.331 through D-5.334, D-5.336 through D-5.339, D-5.385, D-5.397 and D-5.413.

Several of the parties in the FERC proceedings have appealed the FERC's January 28 and July 1, 1993 orders to the Court of Appeals for the District of Columbia Circuit. The matter is pending.

On September 9, 1993, the FERC administrative law judge issued an Initial Decision approving the proposed combination, subject to the "hold harmless" conditions discussed below. (A copy of the Initial Decision is filed as Exhibit D-5.427.) In concluding that the proposed combination is consistent with the public interest, the judge determined that the combination, with the adoption of the recommended conditions, will not adversely affect any of the Entergy Operating Companies or Gulf States, and each of the Entergy Operating Companies and Gulf States will receive a net benefit. The judge also approved the proposed integration of Gulf States into the Entergy System Agreement.

The administrative law judge made the following findings relevant to the proceedings pending before this Commission:

(1) The evidence submitted by Entergy and Gulf States is convincing that, with proper safeguards, the merger will result in overall significant benefits to the combined entities.

(2) With respect to the applicants' specific projections, the judge found that (a) although the applicants' projection of $849 million in fuel-related savings is overstated, the projection that fuel-related savings will result from the merger is reasonable, (b) while the applicants have been overly optimistic in their estimates of non-fuel O&M savings, they have convincingly demonstrated that non-fuel O&M savings, although unquantified, will occur, and (c) while there is a recognition that some savings will probably be realized from deferred capacity benefits, the uncertainties

surrounding the projections of deferred capacity benefits precludes a finding that any specific savings will result; even if the projected deferred capacity savings do not materialize, each existing Operating Company is projected to benefit from the merger.

(3) The presence of Gulf States in the integrated system brings economies of scale, greater reliability and efficiencies and reductions in reserve requirements.

(4) The evidence does not support a contention that the merged company will be beyond the size where economies of scale will result. In fact, it was established that utilities within larger holding companies experienced lower unit costs because of consolidation. While diseconomies of scale may result at a certain point, no diseconomies have been established with regard to this particular merger.

(5) The merger will not have an adverse effect on the operating costs and rate levels of the individual Entergy Operating Companies and their ratepayers. With the adoption of the conditions detailed in the decision, the existing Operating Companies will share in the benefits resulting from the merger and will be protected from added costs without placing an unjustifiable burden on Gulf States.

(6) The risk that Entergy's cost of capital may increase because of the Cajun Litigation or the pending appeal concerning the rate treatment in Texas of the abeyed portion of Gulf States' investment in River Bend cannot by itself totally outweigh the net benefits of the merger. In any event, the effect of a loss in either case would be borne by Gulf States and not the Entergy Operating Companies.

(7) It is appropriate to account for the merger under the purchase method of accounting in accordance with APB No. 16. The acquisition premium is properly recorded on the books of Entergy.

As noted above, the FERC administrative law judge's approval of the proposed combination is subject to specific "hold harmless" conditions which will eliminate any perceived likelihood of adverse effects from the merger. These conditions, which were sponsored by the LPSC and are supported by Entergy, Gulf States and the Texas Office of Public Utility Counsel, include limited modifications to the Entergy System Agreement. The conditions are as follows:

(1) System Agreement Service Schedule MSS-1. The generating units of Gulf States that are currently in extended reserve shutdown shall not be considered available for the purpose of determining Gulf States' capability in the Service Schedule MSS-1 reserve equalization calculation until the units are brought into service. The effect of this requirement is that Gulf States will make payments and produce benefits to all Entergy Operating Companies for the first five years following the merger.

(2) System Agreement Service Schedule MSS-3 and Other Fuel Costs. A new Service Schedule MSS-7, the "Merger Fuel Protection Procedure," shall be adopted. This mechanism, which is also a condition to LPSC approval of the merger, is intended to hold participating Entergy Operating Companies harmless from unexpected or catastrophic fuel cost increases. The protection afforded by this mechanism, in conjunction with the benefits received from other aspects of the merger, help assure that the merger will provide net benefits for all Entergy Operating Companies.

(3) System Agreement Service Schedule MSS-5. Gulf States shall not share in the distribution of the net revenue balance from sales to third parties for the joint account of all the Operating Companies received from contracts entered into by Entergy prior to the merger. Gulf States shall participate in any future sales, including any extensions or expansions of existing contracts.

(4) Cost of Capital. Entergy shall agree that it will not oppose in principle, in proceedings at the FERC, the adoption of a methodology to estimate Entergy's cost of capital or the cost of capital of its subsidiaries as if there had been no merger. The parties may legitimately disagree on the best method to accomplish this objective.

(5) Auditing Rights. Entergy shall agree to a periodic audit of Entergy Services. Upon the request of at least two retail jurisdictions, an audit will be permitted by an audit firm selected by the jurisdictions and agreed to by Entergy. The audit may cover all transactions and cost allocations of Entergy Services that reasonably relate to costs recoverable for ratemaking and will be based upon the audit workpapers of Entergy's auditors. If the regulatory auditors identify specific issues or concerns, they will be entitled to request and receive back-up documents to the audit workpapers. Entergy will pay the reasonable costs of any audit. The audit may be requested no more often than annually.

In rejecting various other conditions proposed by the intervenors, the judge concluded that the merger will not interfere with the contractual rights and obligations of the parties and will not have an adverse effect on the applicants' wholesale and transmission service rates.

Finally, the judge noted that numerous intervenors, notably the Arkansas Public Service Commission, the Mississippi Public Service Commission and the City of New Orleans, made vigorous presentations for fairness in the distribution of merger benefits. The judge stated, however, that while "›t!he plea of these intervenors deserve and, and have received, sympathetic consideration . . . , an inchoate desire to achieve fairness cannot take precedence over the statutory standard prescribed for a merger."

With respect to whether Entergy and Gulf States will be able to operate the merged system as planned, the judge found that the recent settlement entered into by the applicants and Southwestern Electric Power Company (see Exhibit D-5.408) specifically authorizes the merged company to engage in central dispatch and thus enables the applicants to operate the merged system as planned. To satisfy the concerns of the City of New Orleans relative to this settlement, three minor stipulations were adopted as conditions to the approval of the merger in order to assure no adverse fuel cost effects upon the Entergy Operating Companies.

Parties to the FERC proceedings were required to file briefs on exceptions to the Initial Decision by September 29, 1993 and briefs opposing exceptions by October 14, 1993. The Initial Decision is subject to review by the FERC.

* * *

In accordance with its undertaking set forth in Item 5, the Applicants have lodged with the Commission the entire record developed thus far in the FERC proceeding, consisting of many thousands of pages of pleadings, testimony and exhibits. Entergy reiterates its position, set forth in detail in Exhibits F, F-1 and F-2, that the record filed with the Commission in this case is clearly sufficient to permit the Commission to render a reasoned decision approving the proposed combination and related transactions without a hearing and that the extensive evidentiary hearings conducted by the FERC would render a duplicative hearing before the Commission both wasteful and completely unnecessary.

Item 5. Procedure

Item 5 of the Application-Declaration, as previously amended, is hereby amended and restated in its entirety as follows:

The parties hereto request that the Commission issue an order pursuant to Rule 62(d) under the Act by September 15, 1992, or as soon thereafter as practicable, authorizing Entergy to solicit proxies for use at the special meeting of the common stockholders of Entergy to be held in connection with the approval of the transactions contemplated by the Reorganization Agreement, including the Entergy Merger and the Upstream Merger.

As stated in Item 4, the LPSC has issued an order, the PUCT has issued an interim order, and the FERC administrative law judge has issued an initial decision, in each case approving the proposed combination subject to various conditions. Entergy believes that each of these regulatory authorities will have issued orders approving the proposed combination by the fourth quarter of 1993. In addition, Entergy has recently entered into settlements with each of its state and local regulators that do not have jurisdiction over the proposed combination (the Arkansas Public Service Commission, the Council of the City of New Orleans and the Mississippi Public Service Commission), pursuant to which these regulators have agreed to withdraw their requests for hearing filed with the Commission and not to oppose the merger in this proceeding. For further information with respect to the terms of these settlements, reference is made to Exhibits D-15, D-16 and D-17.

See footnote 1, supra.

In order to permit timely realization of the merger-related benefits, it is imperative that the transaction close by December 31, 1993. Accordingly, the parties hereto urgently request that the Commission render its order authorizing the proposed transactions by the week of December 6, 1993, thereby affording the parties the minimum time required to obtain non-interim regulatory approval from the PUCT, to carry out the cash/stock election procedures and to complete the other steps necessary to consummate the merger in a timely manner.

The parties hereby undertake to continue to file with the Commission, as promptly as practicable and in any event by the last business day of each calendar month, all pleadings, testimony and other documentation filed with, all written transcripts of the pro-ceedings before, and all orders issued by, the FERC or the FERC administrative law judge in FERC Docket Nos. EC92-21-000 and ER92-806-000, so that the evidentiary record of the SEC in the pro-ceedings herein will continue to include all evidence submitted or developed in the parallel FERC proceedings with respect to the proposed combination.

No recommended decision by a hearing officer or any other responsible officer of the Commission is necessary or required. The Division of Investment Management of the Commission may assist in the preparation of the Commission's decision. There should be no thirty-day waiting period between the issuance and the effective date of any order issued by the Commission in this matter, and it is respectfully requested that any such order be made effective immediately upon the entry thereof. Pursuant to Rule 24(c)(1) under the Act, the Commission is requested to specify in its order that the transactions authorized thereby shall be carried out in accordance with the terms and conditions of, and for the purposes stated in, the Application within 24 months of its effective date.

As stated in Item 4 above, the PUCT has adopted an interim order but has not yet issued its non-interim order in respect of the proposed combination. The parties acknowledge that the Commission's order approving the transactions proposed herein will be subject to the terms and conditions prescribed in Rule 24(c)(2) under the Act.

Item 6. Exhibits and Financial Statementstem 6. Exhibits and Financial Statements

Item 6 of the Application-Declaration, as previously amended, is hereby amended and restated in its entirety as follows:

(a) Exhibits:

The number in parentheses after each exhibit refers to the number of the amendment to this Application with which that document was physically filed. Items followed by (0) were filed with the original Application. Asterisked (*) items are to be filed by subsequent amendment. Items without such a parenthetical reference are filed with this Amendment No. 24.

A-1 - Certificate of Incorporation of Holdings (0)

A-2 - By-Laws of Holdings (0)

A-3 - Form of Common Stock certificate of Holdings (0)

A-4 - Articles of Incorporation of Merger Sub A (0)

A-5 - By-Laws of Merger Sub A (0)

A-6 - Articles of Incorporation of Merger Sub B (0)

A-7	-	By-Laws of Merger Sub B (0)
A-8	-	Restated Articles of Incorporation, as amended, of Entergy (0)
A-9	-	By-Laws of Entergy (0)
A-10	-	Common Stock certificate of Entergy (0)
A-11	-	Restated Articles of Incorporation, as amended, of Gulf States (0)
A-11(a)	-	Statement of Resolution amending Restated Articles of Incorporation establishing terms of new Preference Stock (15)
A-12	-	By-Laws of Gulf States (0)
A-13	-	Common Stock certificate of Gulf States (0)
B-1	-	Agreement and Plan of Reorganization (including forms of Entergy Merger Agreement, Gulf States Merger Agreement and Upstream Merger Agreement attached, respectively, as Exhibits A, B and C) (0)
B-2	-	Form of EOI-GSU Operating Agreement (0)
B-2(a)	-	Revised form of EOI-GSU Operating Agreement (4)
B-2(b)	-	Joint Ownership Participation and Operating Agreement - River Bend Unit 1, by and among Gulf States, Cajun and Sam Rayburn G & T, Inc (5)
B-2(c)	-	Accounting Procedures of EOI (23)
B-2(d)	-	Revised form of EOI-GSU Operating Agreement
B-2(e)	-	Revised Accounting Procedures of EOI
B-3	-	Form of EOI-GSU Support Agreement (0)
B-4	-	Form of EOI-GSU Switchyard Agreement (0)
B-5	-	Form of Holdings-GSU Guarantee Agreement (0)
B-6	-	Form of ESI-GSU Service Agreement (0)
B-6(a)	-	Revised form of ESI-GSU Service Agreement (23)
B-6(b)	-	Revised form of ESI-GSU Service Agreement
C	-	Registration Statement on Form S-4 for the registration under the Securities Act of 1933 of Holdings Common Stock (2)

D-1 - Application to the LPSC (exclusive of exhibits and appendices) (0)

D-1.1 - Excerpts of Direct Testimony of David Lee Mohre on behalf of Cajun Electric Power Cooperative, Inc. before the LPSC (4)

D-1.2 - Excerpt from March 25, 1993 hearing of the LPSC -- Statement of LPSC Special Counsel (5)

D-1.3 - Report of Special Counsel to the LPSC, issued April 19, 1993 (7)

D-2 - Certified copy of the Order of the LPSC (9)

D-3 - Application to the PUCT (exclusive of exhibits and appendices) (0)

D-3.1 - Excerpts of Direct Testimony of David Lee Mohre on behalf of Cajun Electric Power Cooperative, Inc. before the PUCT (4)

D-3.2 - Rebuttal Testimony of Shelton G. Cunningham, Jr. on behalf of Entergy and Gulf States before the PUCT (4)

D-3.3 - Documentation of Overhead Allocation Savings (4)

D-3.4 - Stipulation and Agreement (Settlement), and testimony in support thereof, filed in PUCT proceedings (5)

D-3.5 - Proposal for Interim Order and Proposed Interim Order Issued by Administrative Law Judge in PUCT Proceeding, dated June 25, 1993 (14)

D-4 - Certified Copy of Interim Order Issued by the PUCT (16)

*D-4.1 - Certified Copy of Non-Interim Order Issued by the PUCT

Exhibits D-5.1 through D-5.455 consist of documentation filed with, transcripts of proceedings before, or orders issued by, the FERC in Docket Nos. EC92-21-000 and ER92-806-000.

D-5.1 - Section 203 Application to the FERC (0)

D-5.2 - Section 205 Application to the FERC (0)

D-5.3 - Motion for Consolidation of Section 203 and 205 Applications, Expedited Action, and Limited Hearing Procedures (0)

D-5.4 - Prefiled testimony of Edwin Lupberger in support of Exhibit D-5.1 (0)

D-5.5 - Prefiled testimony of Joseph L. Donnelly in support of Exhibit D-5.1 (0)

D-5.6 - Prefiled testimony of Donald Hunter in support of Exhibit D-5.1 (0)

D-5.6(a) - Workpapers relating to the Testimony of Donald Hunter (3)

D-5.6(b) - Revised Exhibit DH-9 to Testimony of Donald Hunter (4)

D-5.7 - Prefiled testimony of Frank F. Gallaher in support of Exhibit D-5.1 (0)

D-5.7(a) - Workpapers relating to the Testimony of Frank F. Gallaher (3)

D-5.8 - Prefiled testimony of Donald C. Hintz in support of Exhibit D-5.1 (0)

D-5.8(a) - Workpapers relating to the Testimony of Donald C. Hintz (3)

D-5.9 - Prefiled testimony of Lee W. Randall in support of Exhibit D-5.1 (0)

D-5.9(a) - Workpapers relating to the Testimony of Lee W. Randall (3)

D-5.10 - Prefiled testimony of Amery J. Champagne in support of Exhibit D-5.1 (0)

D-5.11 - Prefiled testimony of Clyde W. McBride in support of Exhibit D-5.1 (0)

D-5.11(a) - Workpapers relating to the Testimony of Clyde W. McBride (3)

D-5.12 - Prefiled testimony of Jerry J. Saacks in support of Exhibit D-5.1 (0)

D-5.12(a) - Workpapers relating to the Testimony of Jerry J. Saacks (3)

D-5.13 - Prefiled testimony of Joe D. Pace in support of Exhibit D-5.1 (0)

D-5.13(a) - Workpapers relating to the Testimony of Joe D. Pace (3)

D-5.14 - Prefiled testimony of Bruce M. Louiselle in support of Exhibit D-5.1 (0)

D-5.14(a) - Workpapers relating to the Testimony of Bruce M. Louiselle (3)

D-5.15 - Entergy Services, Inc., Order on Rate Filing, Docket No. ER91-569-000, March 3, 1992 (3)

D-5.16 - Entergy Services, Inc., Order on Rehearing, Docket No. ER91-569-001, August 7, 1992 (3)

D-5.17	-	Motion for Consolidation, Expedited Action, and Limited Hearing Procedures (3)
D-5.18	-	Notice of Filing (3)
D-5.19	-	Notice of Intervention of the Mississippi Public Service Commission (3)
D-5.20	-	Notice of Intervention of the Louisiana Public Service Commission (3)
D-5.21	-	Answer of Mississippi Public Service Commission to Energy Services, Inc. and Gulf States Utilities Company's Motion for Consolidation, Expedited Action and Limited Hearing Procedures (3)
D-5.22	-	Notice of Extension of Time (3)
D-5.23	-	Letter from Newman & Holtzinger to the FERC re: Revised Joint Exhibit (3)
D-5.24	-	Motion to Intervene of Sam Rayburn Municipal Power Agency (3)
D-5.25	-	Answer of The Louisiana Public Service Commission to Motion for Consolidation, Expedited Action and Limited Hearing Procedures (3)
D-5.26	-	Motion to Intervene of Texas Utilities Electric Company (3)
D-5.27	-	Motion to Intervene of DC Tie, Inc. (3)
D-5.28	-	Arkansas Public Service Commission Notice of Intervention, Protest, Request for Hearing and Response to Entergy Motion for Consolidation, Expedited Action, and Limited Hearing Procedures (3)
D-5.29	-	Supplemental Answer of the Mississippi Public Service Commission (3)
D-5.30	-	Motion for Intervention By The Attorney General of the State of Mississippi (3)
D-5.31	-	Arkansas Cities and Cooperative's Answer to Entergy Services, Inc. and Gulf States Utilities Company's Action and Limited Hearing Procedures (3)
D-5.32	-	Texas Office of Public Utility Counsel's Motion to Intervene and Protest (3)
D-5.33	-	Motion for Leave to Intervene and Request for Hearing, or in the Alternative, for Additional Time to Obtain Discovery and File Comments and Evidence, of Occidental Chemical Corporation (3)

D-5.34 - Protest, Motion to Intervene, Answer to Motions and Request for Hearing of South Mississippi Electric Power Association (3)

D-5.35 - Motion to Intervene, Protest, Request for Hearing and Answer to Motions of Cajun Electric Power Cooperative, Inc. (3)

D-5.36 - Motion to Intervene, Protest and Request for Hearing of The Cities of Campbell and Thayer, Missouri (3)

D-5.37 - Motion to Intervene of Central Louisiana Electric Company, Request for Formal Hearing, and Opposition to Motion for Expedited Procedures (3)

D-5.38 - Motion to Intervene, Request for Hearing and Protest, and Opposition to Expedition of Arkansas Electric Cooperative Corporation (3)

D-5.39 - Motion of Southwestern Electric Power Company to Intervene and for Additional Time in Which to File Supplementary Comments (3)

D-5.40 - Motion of Houston Light & Power Company to Intervene and Answer in Opposition to Motion for Expedited Action (3)

D-5.41 - Motion of the Attorney General of The State of Arkansas for Leave to Intervene (3)

D-5.42 - Tex-La Electric Cooperative of Texas, Inc. Motion to Intervene (3)

D-5.43 - Northwest Texas Electric Cooperative, Inc. Motion to Intervene (3)

D-5.44 - Motion to Intervene of Rayburn Country Electric Cooperative, Inc. (3)

D-5.45 - Motion to Intervene of Brazos Electric Power Cooperative, Inc. (3)

D-5.46 - City of Houma, Louisiana's Protest, Motion to Intervene, request for a Hearing; and Answer to The Motion for Consolidation, Expedited Action, and Limited Hearing Procedures (3)

D-5.47 - Lafayette, Louisiana Protest, Petition to Intervene, and Request for Hearing (3)

D-5.48 - Protest; Motion to Intervene, and Request for hearing of the Municipal Energy Agency of Mississippi and Opposition to Companies' Motion for Expedited Action and Limited Hearing

Procedures (3)

D-5.49 - Motion to Intervene of Sam Rayburn G&T Electric Cooperative, Inc. (3)

D-5.50 - Motion to Intervene, Answer to Applicants' Motion to Consolidate, et al., and Request for Investigation and Hearing of The American Public Power Association (3)

D-5.51 - Motion to Intervene and Preliminary Comments of The American Paper Institute, Inc. and Answer to Motion for "Paper" Hearing (3)

D-5.52 - Protest and Motion of Alabama Electric Cooperative, Inc. for Leave to Intervene; Answer to Applicants' Motion for Expedited Proceedings and for a Decision Without an Evidentiary Hearing (3)

D-5.53 - Motion to Intervene of Nucor-Yamato Steel Company (3)

D-5.54 - Protest, Motion to Intervene, Request for Hearing and Request for Conditions of Arkansas Electric Energy Consumers (3)

D-5.55 - Notice of Intervention of The City of New Orleans (3)

D-5.56 - Answer to Applicants' Procedural Motion and Request for Hearing (the City of New Orleans) (3)

D-5.57 - Motion for Leave to File Original Affidavit of Marvin L. Carraway and Corrected Affidavit of C. Neil Davis (3)

D-5.58 - Louisiana Energy and Power Authority's Protest, Motion to Intervene, Request for a Hearing; and Answer to Motion for Consolidation, Expedited Action, and Limited Hearing Procedures (3)

D-5.59 - Executed last page of the affidavit of Mr. Sylvan J. Richard (3)

D-5.60 - Answer of Entergy Services, Inc. and Gulf States Utilities Company to Motion to Intervene (3)

D-5.61 - Answer of Louisiana Energy and Power Authority Objecting to The Entergy-GSU Motion for Waiver (3)

D-5.62 - Motion for Rejection of Improper Answer or, in the Alternative, Motion for Leave to File Response and Response of Central Louisiana Electric Company to Answer of Entergy Services, Inc. and Gulf States

Utilities Company (3)

D-5.63 - Public Utility Commission of Texas Motion to Intervene (3)

D-5.64 - Notice of Erratum Regarding Motion for Rejection of Improper Answer or, in The Alternative, Motion Leave to File Response and Response of Central Louisiana Electric Company to Answer of Entergy Services, Inc. and Gulf States Utilities Company (3)

D-5.65 - Response of the Louisiana Public Service Commission to Answer of Entergy Services, Inc. and Gulf States Utilities Company to Motions to Intervene (3)

D-5.66 - Response of Cajun Electric Power Cooperative, Inc. to Requests for Affirmative Relief of Applicants (3)

D-5.67 - Occidental Chemical Corporation's Answer in Opposition to Applicants' Request for Leave to Answer, Or In the Alternative, request for Leave to File Answer to Applicants' Answer (3)

D-5.68 - Motion to Respond and Response of Nucor-Yamato Steel Company (3)

D-5.69 - Motion to Respond, Response and Motion to Strike of Arkansas Electric Energy Consumers (3)

D-5.70 - Motion of South Mississippi Electric Power Association for an Order Requiring Entergy Services and Gulf States Utilities to Produce Discovery Responses Promptly and Under Reasonable Terms (3)

D-5.71 - Motion of Central Louisiana Electric Company, Inc. for Discovery from Entergy Services, Inc. and Gulf States Utilities Company and for Shortened Answer Period (3)

D-5.72 - Answer of Entergy Services, Inc. and Gulf States Utilities Company for Shortened Answer Period (3)

D-5.73 - Answer of Entergy Services, Inc. and Gulf States Utilities Company to Motions of South Mississippi Electric Power Association and Central Louisiana Electric Company, Inc. for Orders Compelling Discovery (3)

D-5.74 - Answer of Southwestern Electric Power Company to Motion of Central Louisiana Electric Company for Discovery (3)

D-5.75 - Motion of South Mississippi Electric Power Association for an Order Requiring an Updated Market Analysis, Reconsideration, Consolidation of Dockets and Request for Hearing (3)

D-5.76 - Louisiana Energy and Power Authority's Motion to Lodge Correspondence Referred to In Applicants' Answer to Motions to Compel Discovery (3)

D-5.77 - Response of Entergy Services, Inc. to Motion of South Mississippi Electric Power Association for an Order Requiring an Updated Market Analysis, Reconsideration, Consolidation of Dockets and Request for Hearing (3)

D-5.78 - Answer of Arkansas Cities and Cooperative to Motion of South Mississippi Electric Power Association for an Order requiring an Updated Market Analysis, reconsideration, Consolidation of Dockets and Request for Hearing and Request for Imposition of Conditions Should Additional Market Studies not be made (3)

D-5.79 - Motion of Arkansas Cities and Cooperative for an Order Requiring Entergy Services, Inc. and Gulf States Utilities Company to Produce Discovery requests (3)

D-5.80 - Motion of Central Louisiana Electric Company for Leave to File Answer One Day Out-of-Time (3)

D-5.81 - Motion of Southwestern Electric Power Company for an Order Requiring an Updated Market Analysis (3)

D-5.82 - AECC's Answer to Request for Arkansas Cities and Cooperative for Imposition of Conditions (3)

D-5.83 - Response of Entergy Services, Inc. and Gulf States Utilities Company to Motion of Arkansas Cities and Cooperative For an Order to Produce Discovery (3)

D-5.84 - Response of Entergy Services, Inc. and Gulf States Utilities Company to Answer and De Facto Motions for Alternative Relief of Central Louisiana Electric Company and Arkansas Cities and Cooperative (3)

D-5.85 - Response of Entergy Services, Inc. and Gulf States Utilities Company to Motion of Southwestern Electric Power Company for an Order Requiring an Updated Market Analysis (3)

D-5.86 - Supplement to Motion to Intervene, Protest, Request for Hearing and Answer

		to Motions of Cajun Electric Power Cooperative, Inc. (3)
D-5.87	-	Second Supplement to Motion to Intervene, Protest for Hearing and Answer to Motions of Cajun Electric Power Cooperative, Inc. (3)
D-5.88	-	Answer of Entergy Services, Inc. and Gulf States Utilities Company to The Second Unauthorized Supplement of Cajun Electric Power Cooperative, Inc.'s Motion to Intervene (3)
D-5.89	-	Answer of Entergy Services, Inc. and Gulf States Utilities Company to Cajun Electric Power Cooperative, Inc.'s Unauthorized Supplement to its Motion to Intervene (3)
D-5.90	-	Cajun Electric Power Cooperative, Inc.'s Answer to Applicants' "Answers" to First and Second Supplements (3)
D-5.91	-	LEPA's Answer to Entergy's Motion to Strike Cajun's Filing of the Second Affidavit of Dr. Roger Odisio (3)
D-5.92	-	Notice of Change of Firm Name (3)
D-5.93	-	Supplement to Motion to Intervene of Southwestern Electric Power Company (3)
D-5.94	-	Affidavit of Jerry J. Saacks (3)
D-5.95	-	Supplemental Response of Entergy Services, Inc. and Gulf States Utilities Company to the First and Second Unauthorized Supplements of Cajun Electric Power Cooperative, Inc. (3)
D-5.96	-	Reply of Louisiana Energy and Power Authority to Entergy's Supplemental Response and Saacks Affidavit (3)
D-5.97	-	Cajun Electric Power Cooperative, Inc.'s Response to Applicants' Affidavit and Statement of Position on Network Transmission Service (3)
D-5.98	-	Response of Entergy Services, Inc. and Gulf States Utilities Company to Supplement to Motion to Intervene of Southwestern Electric Power Company (3)
D-5.99	-	Entergy Services, Inc. and Gulf States Utilities Company, Order on Applications, Docket Nos. EC92-21-000 and ER92-806-000, January 28, 1993 (3)
D-5.100	-	Response to Applicants' Affidavit and Statement of Position on Network Transmission Service of South Mississippi Electric Power Association

(4)

D-5.101 - Errata Notice (4)

D-5.102 - Notice of Designation of Staff Counsel (4)

D-5.103 - Notice of Entry of Appearance and Addition to Service List (4)

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D-5.392 - Direct Testimony of Bruce Honnol (SWEPCO) (16)

D-5.393 - Direct Testimony of Sterling G. Taylor (SWEPCO) (16)

D-5.394 - Direct Testimony of Robert L. Watt (SWEPCO) (16)

D-5.395 - FERC Exhibit List for Prepared Direct Testimony of SWEPCO (16)

D-5.396 - Applicants' Motion to Compel Responses to Applicants' Third Set of Data Requests to Southwestern Electric Power Company (16)

D-5.397 - Transcript of Oral Argument Held August 2, 1993 (Volume 22) (17)

D-5.398 - Order Denying Motion for Clarification (Issued August 4, 1993) (17)

D-5.399 - Order Granting Motions to Correct Hearing Transcripts (Issued August 4, 1993) 17

D-5.400 - Cross-Rebuttal Testimony of Dr. Martin S. Fullenbaum on Behalf of the LPSC (17)

D-5.401 - Cross-Rebuttal Testimony and Exhibit of Randall J. Falkenberg on Behalf of the LPSC (17)

D-5.402 - Cross-Rebuttal Testimony of Dr. S. Keith Berry on Behalf of the APSC (17)

D-5.403 - Prepared Cross Rebuttal Testimony of Visweswararao V. Tekumalla Witness for the FERC Staff (17)

D-5.404 - Prepared Cross-Rebuttal Testimony of Elton W. Beasley Witness for the FERC Staff (17)

D-5.405 - Order Ruling on Discovery Disputes and Canceling Oral Argument (Issued August 5, 1993) (17)

D-5.406 - Motion For Extension of Time (17)

D-5.407 - Order Granting Motion For One Day Extension (Issued August 10, 1993) (17)

D-5.408 - Final Rebuttal Testimony of Frank F. Gallaher on Behalf of Entergy Services and Gulf States (17)

D-5.409 - Final Rebuttal Testimony of Jerry J. Saacks on Behalf of Entergy Services and Gulf States (17)

D-5.410 - Final Rebuttal Testimony of Bruce M. Louiselle on Behalf of Entergy Services and Gulf States (17)

D-5.411 - Joint Statement of Issues - Phase II, August 13, 1993 (17)

D-5.412 - Motion of Entergy Services and Gulf States To Quash Subpoena For Attendance of Donald C. Hintz At Hearing (17)

D-5.413 - Transcript of Hearing Held August 18, 1993 (Volume 23) (18)

D-5.414 - Notice of Withdrawal of SWEPCO's Motion to Intervene (18)

D-5.415 - Applicants' Exhibit List and Summaries of Final Rebuttal Testimony (18)

D-5.416 - Response To Occidental Chemical Corporation's Request For Rehearing (18)

D-5.417 - Initial Brief of Entergy Services and Gulf States (Phase II) (18)

D-5.418 - Initial Brief of FERC's Trial Staff (Phase II) (18)

D-5.419 - Initial Brief of CNO (Phase II) (18)

D-5.420 - Initial Brief of Cajun (Phase II) (18)

D-5.421 - Answer of CNO to LPSC Motion to Lodge (18)

D-5.422 - Reply Brief of Entergy Services and Gulf States (Phase II) (18)

D-5.423 - Reply Brief of CNO (Phase II) (18)

D-5.424 - Reply Brief of Cajun (Phase II) (18)

D-5.425 - Reply Brief of FERC's Trial Staff (Phase II) (18)

D-5.426 - Order Rejecting Motion To Lodge (Issued September 3, 1993) (18)

D-5.427 - Initial Decision by the FERC administrative law judge in Docket Nos. EC92-21-000 and ER92-806-000 (Issued September 9, 1993) (19)

D-5.428 - Withdrawal Of Objection To Merger By MEAM in FERC Proceeding (20)

D-5.429 - Order Denying Rehearing (Issued September 22, 1993) (21)

D-5.430 - Brief on Exceptions of Entergy Services and Gulf States (21)

D-5.431 - Brief on Exceptions of the MPSC (21)

D-5.432 - Brief on Exceptions of the CNO (21)

D-5.433 - Brief on Exceptions of the Mississippi Attorney General (21)

D-5.434 - PUCT's Brief on Exceptions (21)

D-5.435 - Texas Office of Public Utility Counsel's Brief on Exceptions (21)

D-5.436 - Brief on Exceptions of Arkansas Cities and Cooperative (21)

D-5.437 - Brief on Exceptions of Arkansas Electric Energy Consumers (21)

D-5.438 - Brief on Exceptions of Occidental Chemical Corporation (21)

D-5.439 - Brief on Exceptions of the APSC (21)

D-5.440 - Brief on Exceptions of the FERC Trial Staff (21)

D-5.441 - Brief on Exceptions of Cajun (21)

D-5.442 - Motion of Cajun To File Brief on Exceptions One Day Out of Time (21)

D-5.443	-	Errata Filing of CNO Relating to Its Brief on Exceptions (21)
D-5.444	-	Brief Opposing Exceptions of Entergy Services and Gulf States (22)
D-5.445	-	Brief Opposing Exceptions of the LPSC (22)
D-5.446	-	Brief Opposing Exceptions of the APSC (22)
D-5.447	-	Brief Opposing Exceptions of Arkansas Cities and Cooperative (22)
D-5.448	-	Brief Opposing Exceptions of Cajun (22)
D-5.449	-	Brief Opposing Exceptions of the CNO (22)
D-5.450	-	Brief Opposing Exceptions of Occidental Chemical Corporation (22)
D-5.451	-	PUCT's Brief Opposing Exceptions (22)
D-5.452	-	Texas Office of Public Utility Counsel's Brief Opposing Exceptions (22)
D-5.453	-	Brief Opposing Exceptions of the FERC Trial Staff (22)
D-5.454	-	Texas Office of Public Utility Counsel's Request for Oral Argument (22)
D-5.455	-	Texas Office of Public Utility Counsel's Letter to the FERC Withdrawing Its Request for Oral Argument (23)
*D-6	-	Certified copy of the order(s) of the FERC
D-7(a)	-	Application to NRC to amend River Bend operating license (4)
D-7(b)	-	Application to NRC for consent to change of control over Gulf States (4)
D-7(c)	-	Letter of Gulf States to the NRC Addressing Gulf States' Agency Authority to File a Request for Amendment to the River Bend Operating License Permitting EOI to Assume Operating Responsibility (5)
*D-8	-	Certified copies of the River Bend operating license amendments and NRC orders
D-9	-	Merger Benefits Projected by Entergy-Gulf States (1994-2003)
D-10	-	Entergy-Gulf States Merger Benefits - Summary of Decision of the FERC Administrative Law Judge

D-11	-	Entergy-Gulf States Merger Benefits - Summary of LPSC Order
D-12	-	Entergy-Gulf States Merger Benefits - Summary of PUCT Interim Order
D-13	-	Entergy-Gulf States Merger Benefits - Summary of Positons of the APSC, CNO and MPSC
D-14	-	Entergy-Gulf States Merger Benefits - Summary of Positons of the Non-Regulatory Intervenors
D-15	-	Settlement Agreement, dated as of November 3, 1993, entered into by Entergy, AP&L and the Arkansas Public Service Commission
D-16	-	Resolution, dated November 4, 1993, of the Council of the City of New Orleans Authorizing Withdrawal From SEC Proceeding
D-17	-	Settlement Agreement, dated as of November 10, 1993, entered into by Entergy, MP&L and the Mississippi Public Service Commission
E-1	-	Map showing the respective service territories of the Entergy System and Gulf States (0)
E-2	-	Map showing the principal transmission lines of the Entergy System and Gulf States (0)
E-3	-	Maps showing the combined service territory of the Entergy-Gulf States system in comparison with the service territories of certain other investor-owned utilities (0)
F	-	Brief of Entergy Corporation, et al., in Response to Hearing Requests and in Support of Application-Declaration With Respect to Proposed Entergy-Gulf States Combination and Related Transactions (5)
F-1	-	Response of Entergy Corporation to Supplemental Motion of Houston Industries Incorporated and Houston Lighting & Power Company (17)
F-2	-	Supplemental Response of Entergy to Limited Response and Letter of Houston Industries Incorporated and Houston Lighting & Power Company (20)
F-3(a)	-	Opinion of Reid & Priest (21)
F-3(b)	-	Opinion of Monroe & Lemann (21)
F-3(c)	-	Opinion of Bickerstaff, Heath & Smiley,

		L.L.P. (21)
F-3(d)	-	Opinion of Wise Carter Child & Caraway (21)
G-1	-	Form of Joint Proxy Statement/Prospectus (1)
G-2	-	Form of proxy card relating to the special meeting of common stockholders of Entergy (1)
H	-	Suggested form of Notice of Proposed Transactions and Order under Rule 62(d) for publication in the Federal Register (0)
I-1	-	Table of largest investor-owned utilities ranked by total assets (0)
I-2	-	Table of largest investor-owned utilities ranked by operating revenues (0)
I-3	-	Table of largest investor-owned utilities ranked by number of electric customers (0)
I-4	-	Table of largest investor-owned utilities ranked by generating capacity (0)
I-5	-	Table of largest investor-owned utilities ranked by kilowatt-hour sales (0)
I-6	-	Table of largest investor-owned utilities ranked by size of service territory (0)
I-7	-	Table comparing combined Entergy-Gulf States system with the electric utility industry in the region (0)
I-7(a)	-	Revised table comparing combined Entergy-Gulf States system with the electric utility industry in the region (4)
I-8	-	Table comparing combined Entergy-Gulf States transmission mileage with transmission mileage of utility industry in the region (4)
J-1	-	Offer price as a multiple of market price, book value and earnings per share, and cash flow per share in comparable utility combinations (0)
J-2	-	Pro forma impact of comparable utility combinations -- book value and earnings per share (0)
K-1	-	Diagram outlining the Primary Structure (0)

K-2	-	Diagram outlining the Alternative Structure (0)
L	-	List of investment banker fees in recent merger and acquisition transactions (0)
M	-	List of fees paid to Salomon in recent merger and acquisition transactions (0)
N-1	-	Memorandum comparing Gulf States' first mortgage indenture with the provisions of the Commission's Statement of Policy Regarding First Mortgage Bonds (0)
N-2	-	Memorandum comparing Gulf States' preferred stock with the provisions of the Commission's Statement of Policy Regarding Preferred Stock (0)
O-1	-	Analysis of the Economic Effects of Spinning-off the GSU Gas Division Into a Separate Entity (5)
O-1(a)	-	Revised Analysis of the Economic Effects of Spinning-off the GSU Gas Division Into a Separate Entity
O-2	-	Table of Estimated Losses in Prior Decisions On Divestiture of Gas Divisions (5)
P	-	Gulf States' cash flow projections, 1992-1995 (5)
P-1	-	Gulf States' revised cash flow projections, 1992-1995
*Q-1	-	Fee Statement of Skadden, Arps, Slate, Meagher & Flom
*Q-2	-	Fee Statement of Reid & Priest
*Q-3	-	Fee Statement of Newman & Holtzinger, P.C.
*Q-4	-	Fee Statement of Wise Carter Child & Caraway
*Q-5	-	Fee Statement of Monroe & Lemann, P.C.
*Q-6	-	Fee Statement of Bickerstaff, Heath & Smiley, L.L.P.
*R-1	-	Fee Statement of ECONAT, Inc.
*R-2	-	Fee Statement of KPMG Peat Marwick
*R-3	-	Fee Statement of Putnam, Hayes & Bartlett, Inc.
*S	-	Fee Statement of Entergy Services, Inc.

(b) Financial Statements:

- Financial Statements of Entergy and of Entergy and Subsidiaries, consolidated, as of June 30, 1992, including pro forma journal entries

- Notes to Financial Statements of Entergy and Subsidiaries, consolidated, included in the Annual Report on Form 10-K for the fiscal year ended December 31, 1991 and the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1992 (filed in File No. 1-3517 and incorporated herein by reference)

- Financial Statements of ESI and of EOI as of June 30, 1992, including pro forma journal entries

- Financial Statements of Gulf States as of June 30, 1992

- Notes to Financial Statements of Gulf States included in the Annual Report on Form 10-K for the fiscal year ended December 31, 1991 and the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1992 (filed in File No. 1-2703 and incorporated herein by reference)

- Reference is also made to the Registration Statement on Form S-4 filed as Exhibit C for further information, including pro forma financial statements reflecting the proposed combination of Entergy and Gulf States

Except as reflected in the financial statements (including the notes thereto), no material changes not in the ordinary course of business have taken place since June 30, 1992.

S I G N A T U R E S

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

ENTERGY CORPORATION

By: /s/ Lee W. Randall
Lee W. Randall
Vice President and
Chief Accounting Officer

ENTERGY SERVICES, INC.
ENTERGY OPERATIONS, INC.

By: /s/ Lee W. Randall
Lee W. Randall
Vice President and
Chief Accounting Officer
and Assistant Secretary

ENTERGY-GSU HOLDINGS, INC.

By: /s/ Lee W. Randall
Lee W. Randall
Principal Financial Officer

Dated: November 18, 1993

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Amendment No. 24 to the joint Application-Declaration in File No. 70-8059, was caused to be served upon the following persons by U.S. Mail this 18th day of November, 1993:

Zachary David Wilson, P.A.
321 Maple Street
North Little Rock, AR 72114

Zachary D. Wilson

City Hall
P.O. Box 607
Benton, AR 72015

Mayor J.F. Presnall
John Walden

Conway Corporation
P.O. Box 99
Conway, AR 72032

Bill Hegeman

Farmers Electric Cooperative Corporation
P.O. Box 400
Newport, AR 72212

Gene Sweat

N.L.R. Electric Department
P.O. Box 159
North Little Rock, AR 72119

Cathern Wilkins

City Hall
P.O. Box 443
Osceola, AR 72370

Mayor Dickie Kennemore

City Hall
P.O. Box 676
Prescott, AR 71857

Mayor James Johnson
Larry Stockton

West Memphis Utilities
P.O. Box 38
West Memphis, AR 72301

William H. Johnson

A. J. Rowe & Assoc., Inc.
4312-D Evergreen Lane
Annandale, VA 22003

David N. Carne

Wright, Lindsey & Jennings
2200 Worthen Bank Building
200 West Capitol Avenue
Little Rock, AR 72201-3699

N.M. Norton, Jr.
Charles L. Schlumberger

Arkansas Electric Cooperative Corp.
8000 Scott Hamilton Drive
P.O. Box 194208
Little Rock, AR 72219-4208

Robert M. Lyford

Arkansas Public Service Commission
1000 Center Street
P.O. Box 400
Little Rock, AR 72203-0400

Mary W. Cochran
Paul R. Hightower
D. David Slaton

Duncan, Weinberg, Miller & Pembroke, P.C.
Suite 800
1615 M Street, N.W.
Washington, DC 20036

James D. Pembroke
Thomas L. Rudebusch

Cajun Electric Power Cooperative, Inc.
10719 Airline Highway
Baton Rouge, LA 70895

Phillip G. Harris

Gulf States Utilities
350 Pine Street
Beaumont, TX 77701

Cecil L. Johnson

Orgain, Bell & Tucker
Beaumont Savings Building
Beaumont, TX 77701

Benny H. Hughes

Simpson Thatcher & Bartlett
425 Lexington Avenue
New York, New York 10017

James M. Cotter

Baker & Botts
555 13th Street, N.W.
Washington, DC 20004

David N. Powers

Baker & Botts
3000 One Shell Plaza
910 Louisiana
Houston, TX 77002

L. Proctor Thomas
Scott Rozzell

Houston Lighting & Power Company
P.O. Box 61867
Houston, TX 77208

Hugh Rice Kelly
Michael L. Jines

Brand, Beeny, Berger & Whitler
Suite 1000
1730 K Street, N.W.
Washington, DC 20006

Wallace E. Brand
Sean T. Beeny
Melvin G. Berger

Louisiana Energy & Power Authority
315 Johnston Street
Lafayette, LA 70501

Sylvan J. Richard

Terrebonne Parish
Consolidated Government
301 Plant Road
P.O. Box 6097
Houma, LA 70361-6097

Thomas K. Bourg
D.P. Daigle

Stone, Pigman, Walther, Wittmann & Hutchinson
546 Carondelet Street
New Orleans, LA 70130-3588

Laurie B. Halpern
Michael R. Fontham
Paul L. Zimmering
Noel J. Darce

Louisiana Public Service Commission
One American Place, Suite 1630
Baton Rouge, LA 70825

Carolyn L. DeVitis

Mississippi Public Service Commission
P.O. Box 1174
Jackson, MS 39215-1174

George M. Fleming
Wm. Bruce McKinley

Duncan, Weinberg, Miller & Pembroke, P.C.
1615 M Street, N.W.
Suite 800
Washington, DC 20036

Robert Weinberg
Michael R. Postar
Charles A. Braun

South Mississippi Electric Power Association
6401 Highway 49 North
P.O. Box 1589
Hattiesburg, MS 39401

John Carley

GDS Associates, Inc.
Suite 720

1850 Parkway Place
Marietta, GA 30067

Stephen Page Daniel
J. Bertram Solomon

Compton, Crowell & Hewitt
146 Porter Avenue
P.O. Drawer 1937
Biloxi, MS 39533-1937

James N. Compton

Lafayette Utilities System
P.O. Box 4017-C
Lafayette, LA 70502

Don A. Ouchley
Frank D. Ledoux

Spiegel & McDiarmid
Suite 1100
1350 New York Avenue, N.W.
Washington, DC 20005-4798

Daniel Guttman

Ross, Hunt, Spell & Ross
P.O. Box 1196
123 Court Street
Clarksdale, MS 38614

David R. Hunt

Spiegel & McDiarmid
Suite 1000
1350 New York Avenue, N.W.
Washington, DC 20005-4798

Robert C. McDiarmid
Bonnie S. Blair

Verner, Liipfert, Bernhard, McPherson & Hand
Suite 700
901 15th Street, N.W.
Washington, DC 20003-2301

Paul E. Nordstrom
Clinton A. Vince
Glen L. Ortman
Montina M. Cole

Council Utilities Regulatory Office
Room 6E07 - City Hall
1300 Perdido Street
New Orleans, LA 70112

William D. Aaron, Jr.

Michael W. Tift

Dewey Ballantine
1775 Pennsylvania Avenue, N.W.
Washington, DC 20006-4605

Earle H. O'Donnell
Judith A. Center
Donna M. Attanasio

Occidental Chemical Corporation
5005 LBJ Freeway
Dallas, TX 75244

Anthony G. Tummarello

Kirkland & Ellis
Suite 1200
655 15th Street, N.W.
Washington, DC 20005

Mitchell F. Hertz

Rose Law Firm
120 East Fourth Street
Little Rock, AR 72201

Herbert C. Rule, III
Stephen N. Joiner

Public Utilities Section
Energy Division
P.O. Box 12548, Capitol Station
Austin, TX 78711-2548

Norma K. Scogin

/s/Thomas J. Igoe, Jr.
Thomas J. Igoe, Jr.
Reid & Priest
40 West 57th Street
New York, New York 10019
(212) 603-2110

Attorneys for
Entergy Corporation, et al.