FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the Quarterly Period Ended March 31, 1994

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

For the transition period from ____________ to ____________

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 225 Baronne Street New Orleans, Louisiana 70112 Telephone (504) 529-5262	13-5550175
1-10764	ARKANSAS POWER & LIGHT COMPANY (an Arkansas corporation) 425 West Capitol Avenue, 40th Floor Little Rock, Arkansas 72201 Telephone (501) 377-4000	71-0005900
1-2703	GULF STATES UTILITIES COMPANY (a Texas corporation) 350 Pine Street Beaumont, Texas 77701 Telephone (409) 838-6631	74-0662730
1-8474	LOUISIANA POWER & LIGHT COMPANY (a Louisiana corporation) 639 Loyola Avenue New Orleans, Louisiana 70112 Telephone (504) 569-4000	72-0245590
0-320	MISSISSIPPI POWER & LIGHT COMPANY (a Mississippi corporation) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 969-2311	64-0205830
0-5807	NEW ORLEANS PUBLIC SERVICE INC. (a Louisiana corporation) 639 Loyola Avenue New Orleans, Louisiana 70112 Telephone (504) 569-4000	72-0273040
1-9067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) Echelon One 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 984-9000	72-0752777

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

Yes X No

Common Stock Outstanding		Outstanding at April 30, 1994
Entergy Corporation	($0.01 par value)	230,024,379

ENTERGY CORPORATION AND SUBSIDIARIES
INDEX TO QUARTERLY REPORT ON FORM 10-Q
March 31, 1994

This combined Form 10-Q is separately filed by Entergy Corporation, Arkansas Power & Light Company, Gulf States Utilities Company, Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc., and System Energy Resources, Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other companies. This combined Form 10-Q supplements and updates the Form 10-K, for the calendar year ended December 31, 1993, filed by the individual registrants with the SEC on March 17, 1994, and must be read in conjunction therewith.

DEFINITIONS

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

Abbreviation or Acronym	Term
ALJ	Administrative Law Judge
ANO	Arkansas Nuclear One Steam Electric Generating Station
ANO 2	Unit No. 2 of ANO
AP&L	Arkansas Power & Light Company
APSC	Arkansas Public Service Commission
Availability Agreement	Agreement, dated as of June 21, 1974, as amended, among System Energy and AP&L, LP&L, MP&L, and NOPSI, and the assignments thereof
Capital Funds Agreement	Agreement, dated as of June 21, 1974, as amended, between System Energy and Entergy Corporation, and the assignments thereof
CCLM	Customer-Controlled Load Management (a DSM activity utilizing residential time-of-use rates)
City of New Orleans or City	New Orleans, Louisiana
Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DSM	Demand-Side Management (Least Cost Plan activities that influence electricity usage by customers)
Entergy Corporation	Entergy Corporation, a Delaware corporation, successor to Entergy Corporation, a Florida Corporation
Entergy Operations	Entergy Operations, Inc., a subsidiary of Entergy Corporation that has operating responsibility for Grand Gulf 1, Waterford 3, and ANO
Entergy or System	Entergy Corporation and its various direct and indirect subsidiaries
Entergy Power	Entergy Power, Inc., a subsidiary of Entergy Corporation that markets capacity and energy from certain generating facilities to other parties, principally non-affiliates, for resale
Entergy Services	Entergy Services, Inc.
FERC	Federal Energy Regulatory Commission
Form 10-K	The combined Annual Report on Form 10-K for the year ended December 31, 1993, of Entergy, AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy
G&R Bonds	General and Refunding Mortgage Bonds issued and issuable by MP&L and NOPSI
Grand Gulf Station	Grand Gulf Steam Electric Generating Station
Grand Gulf 1	Unit No. 1 of the Grand Gulf Station
GSU	Gulf States Utilities Company
KWH	Kilowatt-Hour(s)
Least Cost Plan	Least Cost Integrated Resource Plan (combination of demand- and supply-side resources to be used by Entergy to satisfy electricity demand
LP&L	Louisiana Power & Light Company
LPSC	Louisiana Public Service Commission
Merger	The combination transaction, consummated on December 31, 1993, by which GSU became a subsidiary of Entergy Corporation and Entergy Corporation became a Delaware Corporation
Money Pool	System Money Pool, which allows certain System companies to borrow from, or lend to, certain other System companies
MP&L	Mississippi Power & Light Company
MPSC	Mississippi Public Service Commission
1991 NOPSI Settlement	Agreement, retroactive to October 4, 1991, among NOPSI, the Council and the Alliance for Affordable Energy, Inc. that settled certain Grand Gulf 1 prudence issues and pending litigation related to a resolution adopted by the Council disallowing the recovery by

	NOPSI of $135 million of previously deferred Grand Gulf 1-related costs
NOPSI	New Orleans Public Service Inc.
NRC	Nuclear Regulatory Commission
Owner Participant	A corporation that, in connection with the Waterford 3 sale and leaseback transactions, has acquired a beneficial interest in a trust, the Owner Trustee of which is the owner and lessor of undivided interests in Waterford 3
Owner Trustee	Each institution and/or individual acting as Owner Trustee under a trust agreement with an Owner Participant in connection with the Waterford 3 sale and leaseback transactions
PUCT	Public Utility Commission of Texas
Rate Cap	The level of GSU's retail electric base rates in effect at December 31, 1993, for the Louisiana retail jurisdiction, and the level in effect prior to the Texas Cities Rate Settlement for the Texas retail jurisdiction, that may not be exceeded for the five years following December 31, 1993
Reallocation Agreement	1981 Agreement, superseded in part by a June 13, 1985 decision of the FERC, among AP&L, LP&L, MP&L, NOPSI, and System Energy relating to the sale and capacity of energy from the Grand Gulf Station
River Bend	River Bend Steam Electric Generating Station, owned 70% by GSU
Revised Plan	MP&L's Grand Gulf 1-related rate phase-in plan, originally approved by the MPSC in an order issued on September 16, 1985, as modified by the MPSC order issued September 29, 1988, to bring such plan into compliance with the requirements of SFAS No. 92
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards as promulgated by the Financial Accounting Standards Board
SFAS 109	SFAS No. 109, "Accounting for Income Taxes"
System Agreement	Agreement, effective January 1, 1983, as modified by a June 13, 1985, decision of the FERC, among the System operating companies relating to the sharing of generating capacity and other power resources
System Energy	System Energy Resources, Inc.
System Fuels	System Fuels, Inc.
System operating companies	AP&L, GSU, LP&L, MP&L, and NOPSI, collectively
System or Entergy	Entergy Corporation and its various direct and indirect subsidiaries
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended, among AP&L, LP&L, MP&L, NOPSI, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf 1
Waterford 3	Unit No. 3 of the Waterford Steam Electric Generating Station

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$20,878,026	$20,848,844
Plant acquisition adjustment - GSU	377,052	380,117
Electric plant under leases	664,806	663,024
Property under capital leases - electric	173,954	175,276
Natural gas	190,621	156,452
Steam products	43,176	75,689
Construction work in progress	651,028	533,112
Nuclear fuel under capital leases	321,253	329,433
Nuclear fuel	24,901	17,760
Total	23,324,817	23,179,707
Less - accumulated depreciation and amortization	7,296,056	7,157,981
Utility plant - net	16,028,761	16,021,726
Other Property and Investments:		
Decommissioning trust funds	197,532	172,960
Other	185,612	183,597
Total	383,144	356,557
Current Assets:		
Cash and cash equivalents:		
Cash	169,935	27,345
Temporary cash investments - at cost, which approximates market	324,990	536,404
Total cash and cash equivalents	494,925	563,749
Special deposits	9,247	36,612
Notes receivable	17,076	17,710
Accounts receivable:		
Customer (less allowance for doubtful accounts of $8.6 million in 1994 and $8.8 million in 1993)	296,603	315,796
Other	61,544	81,931
Accrued unbilled revenues	207,053	257,321
Fuel inventory	86,582	110,204
Materials and supplies - at average cost	359,209	360,353
Rate deferrals	345,622	333,311
Prepayments and other	95,960	98,144
Total	1,973,821	2,175,131
Deferred Debits and Other Assets:		
Rate deferrals	1,785,163	1,876,051
SFAS 109 regulatory asset - net	1,220,674	1,385,824
Long-term receivables	235,546	228,030
Unamortized loss on reacquired debt	246,673	210,698
Other	640,825	622,680
Total	4,128,881	4,323,283
TOTAL	$22,514,607	$22,876,697

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $0.01 par value, authorized 500,000,000 shares; issued 231,219,737 shares in 1994 and 1993	$2,312	$2,312
Paid-in capital	4,224,207	4,223,682
Retained earnings	2,172,493	2,310,082
Less - treasury stock (1,001,243 shares in 1994)	35,456	-
Total common shareholders' equity	6,363,556	6,536,076
Preference stock	150,000	150,000
Subsidiaries' preferred stock:		
Without sinking fund	550,955	550,955
With sinking fund	324,803	349,053
Long-term debt	7,309,630	7,355,962
Total	14,698,944	14,942,046
Other Noncurrent Liabilities:		
Obligations under capital leases	310,508	322,867
Other	294,907	270,318
Total	605,415	593,185
Current Liabilities:		
Currently maturing long-term debt	371,210	322,010
Notes payable	43,667	43,667
Accounts payable	310,136	413,727
Customer deposits	129,365	127,524
Taxes accrued	135,207	118,267
Accumulated deferred income taxes	80,312	44,637
Interest accrued	201,505	210,894
Dividends declared	117,881	13,404
Deferred revenue - gas supplier judgment proceeds	4,349	14,632
Deferred fuel cost	9,251	4,528
Obligations under capital leases	185,603	194,015
Other	202,616	240,471
Total	1,791,102	1,747,776
Deferred Credits:		
Accumulated deferred income taxes	3,831,036	3,849,439
Accumulated deferred investment tax credits	777,123	802,273
Other	810,987	941,978
Total	5,419,146	5,593,690
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$22,514,607	$22,876,697

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:		
Electric	$1,340,252	$897,266
Natural gas	54,079	29,146
Steam products	11,708	-
Total	1,406,039	926,412
Operating Expenses:		
Operation and maintenance:		
Fuel, fuel-related expenses, and gas purchased for resale	314,728	176,935
Purchased power	124,796	56,813
Nuclear refueling outage expenses	16,825	17,099
Other operation and maintenance	334,932	231,069
Depreciation and decommissioning	160,809	110,130
Taxes other than income taxes	72,852	48,410
Income taxes	33,553	31,786
Rate deferrals:		
Rate deferrals	-	(1,313)
Amortization of rate deferrals	93,674	62,740
Total	1,152,169	733,669
Operating Income	253,870	192,743
Other Income (Deductions):		
Allowance for equity funds used during construction	3,535	2,152
Miscellaneous - net	14,362	15,387
Income taxes	(8,197)	(9,577)
Total	9,700	7,962
Interest and Other Charges:		
Interest on long-term debt	160,395	123,719
Other interest - net	14,140	6,614
Allowance for borrowed funds used during construction	(2,642)	(1,526)
Preferred and preference dividend requirements of subsidiaries and other	20,942	14,585
Total	192,835	143,392
Income before Cumulative Effect of a Change in Accounting Principle	70,735	57,313
Cumulative effect to January 1, 1993, of Accruing Unbilled Revenues (net of income taxes of $57,188)	-	93,841
Net Income	$70,735	$151,154
Earnings per average common share before cumulative effect of a change in accounting principle	$0.31	$0.33
Earnings per average common share	$0.31	$0.86
Dividends declared per common share	$0.90	$0.80
Average number of common shares outstanding	230,584,786	175,108,922

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$70,735	$151,154
Noncash items included in net income:		
Cumulative effect of a change in accounting principle	-	(93,841)
Change in rate deferrals/excess capacity-net	80,768	36,290
Depreciation and decommissioning	160,809	110,130
Deferred income taxes and investment tax credits	1,064	(8,218)
Allowance for equity funds used during construction	(3,535)	(2,152)
Amortization of deferred revenues	(10,283)	(9,311)
Provision for estimated losses and reserves	(13,503)	9,934
Changes in working capital:		
Receivables	89,848	35,943
Fuel inventory	23,622	4,065
Accounts payable	(103,591)	(48,034)
Taxes accrued	16,940	9,505
Interest accrued	(9,389)	(8,124)
Other working capital accounts	36	(770)
Refunds to customers - gas contract settlement	-	(56,027)
Decommissioning trust contributions	(5,516)	(5,706)
Other	24,426	30,796
Net cash flow provided by operating activities	322,431	155,634
Investing Activities:		
Construction/capital expenditures	(175,107)	(86,836)
Allowance for equity funds used during construction	3,535	2,152
Nuclear fuel purchases	(9,344)	(17,015)
Proceeds from sale/leaseback of nuclear fuel	1,035	-
Investment in nonregulated/nonutility properties	240	(58,229)
Decrease in other temporary investments	-	9,012
Net cash flow used in investing activities	(179,641)	(150,916)
Financing Activities:		
Proceeds from the issuance of:		
First mortgage bonds	-	100,000
General and refunding mortgage bonds	-	195,000
Bank notes and other long term debt	-	788
Premium and expense on refinancing sale/leaseback bond	(47,602)	-
Retirement of:		
First mortgage bonds	(400)	(88,585)
General and refunding mortgage bonds	-	(84,400)
Bank notes and other long-term debt	(44)	-
Repurchase of common stock	(35,590)	(6,524)
Redemption of preferred stock	(24,250)	(22,000)
Common stock dividends paid	(103,728)	(69,629)
Net cash flow provided by (used in) financing activities	(211,614)	24,650
Net increase (decrease) in cash and cash equivalents	(68,824)	29,368
Cash and cash equivalents at beginning of period	563,749	379,792
Cash and cash equivalents at end of period	$494,925	$409,160

ENTERGY CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	$169,748	$134,450
Income taxes	$(6,070)	$14,197
Noncash investing and financing activities:		
Capital lease obligations incurred	$20,547	$232
Excess of fair value of decommissioning trust assets over amount invested	$15,634	-

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric Operating Revenues:				
Residential	$ 476.0	$ 323.1	$ 152.9	47
Commercial	339.1	227.0	112.1	49
Industrial	436.1	268.5	167.6	62
Governmental	38.9	31.1	7.8	25
Total retail	1,290.1	849.7	440.4	52
Sales for resale	69.4	58.2	11.2	19
Other	(19.3)	(10.6)	(8.7)	(82)
Total	$ 1,340.2	$ 897.3	$ 442.9	49
Billed Electric Energy Sales (Millions of KWH):				
Residential	6,062	4,072	1,990	49
Commercial	4,406	2,884	1,522	53
Industrial	9,728	5,853	3,875	66
Governmental	525	433	92	21
Total retail	20,721	13,242	7,479	56
Sales for resale	1,736	1,704	32	2
Total	22,457	14,946	7,511	50

Note: On December 31, 1993, GSU became a wholly-owned subsidiary of Entergy Corporation. In accordance with the purchase method of accounting, the 1993 first quarter operating results does not include GSU's operating results.

ARKANSAS POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$4,107,725	$4,098,355
Property under capital leases	61,608	62,139
Construction work in progress	221,518	197,005
Nuclear fuel under capital lease	96,411	93,606
Total	4,487,262	4,451,105
Less - accumulated depreciation and amortization	1,634,841	1,604,318
Utility plant - net	2,852,421	2,846,787
Other Property and Investments:		
Investment in subsidary companies - at equity	11,232	11,232
Decommissioning trust fund	126,294	108,192
Other - at cost (less accumulated depreciation)	4,337	4,257
Total	141,863	123,681
Current Assets:		
Cash	33,223	1,825
Accounts receivable:		
Customer (less allowance for doubtful accounts of $2.1 million in 1994 and 1993)	58,607	65,641
Associated companies	25,140	18,312
Other	12,177	20,817
Accrued unbilled revenues	70,290	83,378
Fuel inventory - at average cost	39,225	51,920
Materials and supplies - at average cost	81,266	81,398
Rate deferrals	97,080	92,592
Deferred excess capacity	9,210	9,115
Prepayments and other	23,184	28,303
Total	449,402	453,301
Deferred Debits and Other Assets:		
Rate deferrals	446,832	475,387
Deferred excess capacity	26,180	28,465
SFAS 109 regulatory asset - net	243,924	234,015
Unamortized loss on reaquired debt	59,346	60,169
Other	114,333	112,300
Total	890,615	910,336
TOTAL	$4,334,301	$4,334,105

See Notes to Financial Statements.

ARKANSAS POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 1994 and 1993	$470	$470
Paid-in capital	590,844	590,844
Retained earnings	452,416	448,811
Total common shareholder's equity	1,043,730	1,040,125
Preferred stock:		
Without sinking fund	176,350	176,350
With sinking fund	65,027	70,027
Long-term debt	1,315,548	1,313,315
Total	2,600,655	2,599,817
Other Noncurrent Liabilities:		
Obligations under capital leases	97,082	94,861
Other	51,871	59,750
Total	148,953	154,611
Current Liabilities:		
Currently maturing long-term debt	3,020	3,020
Notes payable:		
Associated companies	31,992	21,395
Other	667	667
Accounts payable:		
Associated companies	38,122	45,177
Other	74,941	93,611
Customer deposits	15,234	15,241
Taxes accrued	63,180	43,013
Accumulated deferred income taxes	33,469	32,367
Interest accrued	31,076	31,410
Dividends declared	4,883	5,049
Nuclear refueling reserve	5,024	3,070
Co-owner advances	39,438	39,435
Deferred fuel cost	15,951	16,130
Obligations under capital leases	60,937	60,883
Other	24,158	29,789
Total	442,092	440,257
Deferred Credits:		
Accumulated deferred income taxes	876,561	876,618
Accumulated deferred investment tax credits	151,798	154,723
Other	114,242	108,079
Total	1,142,601	1,139,420
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$4,334,301	$4,334,105

See Notes to Financial Statements.

ARKANSAS POWER & LIGHT COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:	$371,091	$346,740
Operating Expenses:		
Operation and maintenance:		
Fuel and fuel related expenses	63,474	58,952
Purchased power	91,182	81,670
Nuclear refueling outage expenses	8,634	12,485
Other operation and maintenance	80,526	84,755
Depreciation and decommissioning	35,718	33,431
Taxes other than income taxes	9,115	7,380
Income taxes	(2,405)	(3,115)
Amortization of rate deferrals	40,173	34,221
Total	326,417	309,779
Operating Income	44,674	36,961
Other Income (Deductions):		
Allowance for equity funds used during construction	1,154	1,279
Miscellaneous - net	14,659	15,172
Income taxes	(5,771)	(10,239)
Total	10,042	6,212
Interest Charges:		
Interest on long-term debt	25,233	27,269
Other interest - net	3,915	917
Allowance for borrowed funds used during construction	(820)	(907)
Total	28,328	27,279
Income before Cumulative Effect of a Change in Accounting Principle	26,388	15,894
Cumulative Effect to January 1, 1993, of Accruing Unbilled Revenues (net of income taxes of $31,140)	-	50,187
Net Income	26,388	66,081
Preferred Stock Dividend Requirements and Other	4,883	5,262
Earnings Applicable to Common Stock	$21,505	$60,819

See Notes to Financial Statements.

ARKANSAS POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$26,388	$66,081
Noncash items included in net income:		
Cumulative effect of a change in accounting principle	-	(50,187)
Change in rate deferrals/excess capacity-net	26,257	19,878
Depreciation and decommissioning	35,718	33,431
Deferred income taxes and investment tax credits	(11,751)	(16,374)
Allowance for equity funds used during construction	(1,154)	(1,279)
Changes in working capital:		
Receivables	21,934	26,478
Fuel inventory	12,695	163
Accounts payable	(25,725)	(15,703)
Taxes accrued	20,167	17,638
Interest accrued	(334)	1,893
Other working capital accounts	1,391	(5,316)
Decommissioning trust contributions	(2,545)	(3,195)
Other	(14,857)	11,412
Net cash flow provided by operating activities	88,184	84,920
Investing Activities:		
Construction expenditures	(40,188)	(30,908)
Allowance for equity funds used during construction	1,154	1,279
Net cash flow used in investing activities	(39,034)	(29,629)
Financing Activities:		
Retirement of first mortgage bonds	(400)	(15,400)
Redemption of preferred stock	(5,000)	(5,000)
Change in short-term borrowings	10,597	(4,000)
Dividends paid:		
Common stock	(17,900)	(6,000)
Preferred stock	(5,049)	(5,481)
Net cash flow used in financing activities	(17,752)	(35,881)
Net increase in cash and cash equivalents	31,398	19,410
Cash and cash equivalents at beginning of period	1,825	-
Cash and cash equivalents at end of period	$33,223	$19,410
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	$24,655	$24,976
Income taxes	$(242)	$11,252
Noncash investing and financing activities:		
Capital lease obligations incurred	$14,313	$232
Excess of fair value of decommissionning trust assets over amount invested	$13,463	-

See Notes to Financial Statements.

ARKANSAS POWER & LIGHT COMPANY
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric Operating Revenues:				
Residential	$ 123.3	$ 118.9	$ 4.4	4
Commercial	66.3	63.8	2.5	4
Industrial	72.8	70.4	2.4	3
Governmental	4.1	3.8	0.3	8
Total retail	266.5	256.9	9.6	4
Sales for resale	110.9	95.8	15.1	16
Other	(6.3)	(6.0)	(0.3)	(5)
Total	$ 371.1	$ 346.7	$ 24.4	7
Billed Electric Energy Sales (Millions of KWH):				
Residential	1,438	1,370	68	5
Commercial	931	888	43	5
Industrial	1,364	1,295	69	5
Governmental	58	55	3	5
Total retail	3,791	3,608	183	5
Sales for resale	4,454	3,972	482	12
Total	8,245	7,580	665	9

GULF STATES UTILITIES COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$6,836,203	$6,825,989
Natural gas	43,176	42,786
Steam products	75,720	75,689
Property under capital leases	86,382	86,039
Construction work in progress	58,018	50,080
Nuclear fuel under capital leases	87,372	94,828
Total	7,186,871	7,175,411
Less - accumulated depreciation and amortization	2,367,935	2,323,804
Utility plant - net	4,818,936	4,851,607
Other Property and Investments:		
Decommissioning trust fund	19,050	17,873
Other - at cost (less accumulated depreciation)	29,070	29,360
Total	48,120	47,233
Current Assets:		
Cash and cash equivalents:		
Cash	43,505	3,012
Temporary cash investments - at cost, which approximates market:		
Associated companies	58,651	-
Other	80,239	258,337
Total cash and cash equivalents	182,395	261,349
Accounts receivable:		
Customer (less allowance for doubtful accounts of $2.2 million in 1994 and $2.4 million in 1993)	118,476	117,369
Associated companies	6,642	-
Other	21,083	18,371
Accrued unbilled revenues	28,199	32,572
Deferred fuel costs	-	5,883
Fuel inventory	18,902	23,448
Materials and supplies - at average cost	88,863	86,831
Rate deferrals	92,593	90,775
Prepayments and other	28,724	48,948
Total	585,877	685,546
Deferred Debits and Other Assets:		
Rate deferrals	614,210	638,015
SFAS 109 regulatory asset - net	435,767	432,411
Long-term receivables	227,237	218,079
Unamortized loss on reacquired debt	69,248	70,970
Other	198,673	193,490
Total	1,545,135	1,552,965
TOTAL	$6,998,068	$7,137,351

See Notes to Financial Statements.

GULF STATES UTILITIES COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 100 shares in 1994 and 1993	$114,055	$114,055
Paid-in capital	1,152,344	1,152,304
Retained earnings	569,951	666,401
Total common shareholder's equity	1,836,350	1,932,760
Preference stock	150,000	150,000
Preferred stock:		
Without sinking fund	136,444	136,444
With sinking fund	98,754	101,004
Long-term debt	2,368,715	2,368,639
Total	4,590,263	4,688,847
Other Noncurrent Liabilities:		
Obligations under capital leases	142,841	152,359
Other	45,686	47,107
Total	188,527	199,466
Current Liabilities:		
Currently maturing long-term debt	425	425
Accounts payable:		
Associated companies	13,318	2,745
Other	68,649	109,840
Customer deposits	22,443	21,958
Taxes accrued	29,658	22,856
Interest accrued	65,891	59,516
Nuclear refueling reserve	23,902	22,356
Obligations under capital leases	33,416	41,713
Other	66,261	98,074
Total	323,963	379,483
Deferred Credits:		
Accumulated deferred income taxes	1,226,373	1,222,999
Accumulated deferred investment tax credits	93,333	94,455
Deferred River Bend finance charges	100,675	106,765
Other	474,934	445,336
Total	1,895,315	1,869,555
Commitments and Contingencies (Note 1 and 2)		
TOTAL	$6,998,068	$7,137,351

See Notes to Financial Statements.

GULF STATES UTILITIES COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:		
Electric	$402,104	$381,531
Natural gas	15,846	12,524
Steam products	11,708	10,123
Total	429,658	404,178
Operating Expenses:		
Operation and maintenance:		
Fuel, fuel related expenses, and gas purchased for resale	119,018	118,369
Purchased power	60,220	36,271
Nuclear refueling outage expenses	3,600	4,800
Other operation and maintenance	100,970	93,468
Depreciation and decommissioning	47,867	47,277
Taxes other than income taxes	24,346	24,904
Income taxes	(821)	(4,822)
Amortization of rate deferrals	15,897	14,503
Total	371,097	334,770
Operating Income	58,561	69,408
Other Income (Deductions):		
Allowance for equity funds used during construction	260	113
Miscellaneous - net	4,443	3,989
Income taxes	(1,972)	(4,751)
Total	2,731	(649)
Interest Charges:		
Interest on long-term debt	48,980	51,604
Other interest - net	1,475	2,375
Allowance for borrowed funds used during construction	(206)	(227)
Total	50,249	53,752
Income before the Cumulative Effect of Accounting Changes	11,043	15,007
Cumulative Effect to January 1, 1993, of Accruing Unbilled Revenues (net of income taxes of $6,940)	-	10,660
Net Income	11,043	25,667
Preferred and Preference Stock Dividend Requirements and Other	7,407	9,891
Earnings Applicable to Common Stock	$3,636	$15,776

See Notes to Financial Statements.

GULF STATES UTILITIES COMPANY
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$11,043	$25,667
Noncash items included in net income:		
Cumulative effect of accounting changes	-	(10,660)
Change in rate deferrals	15,897	14,503
Depreciation and decommissioning	47,867	47,277
Deferred income taxes and investment tax credits	1,150	(52)
Allowance for equity funds used during construction	(260)	(113)
Changes in working capital:		
Receivables	(6,088)	12,893
Fuel inventory	4,546	1,615
Accounts payable	(30,618)	(36,739)
Taxes accrued	6,802	9,935
Interest accrued	6,375	7,276
Other working capital accounts	(8,093)	3,945
Decommissioning trust contributions	(493)	(739)
Purchased power settlement	-	(124,300)
Other	5,648	19,083
Net cash flow provided by (used in) operating activities	53,776	(30,409)
Investing Activities:		
Construction expenditures	(20,824)	(21,564)
Allowance for equity funds used during construction	260	113
Nuclear fuel purchases	(3,538)	(2,118)
Proceeds from sale/leaseback of nuclear fuel	1,035	2,118
Refund of escrow account and other property	-	8,503
Net cash flow used in investing activities	(23,067)	(12,948)
Financing Activities:		
Proceeds from issuance of other long-term debt	-	21,440
Retirement of other long-term debt	-	(17,974)
Redemption of preferred stock	(2,250)	(4,500)
Dividends paid:		
Common stock	(100,000)	-
Preferred and preference stock	(7,413)	(9,922)
Net cash flow used in financing activities	(109,663)	(10,956)
Net decrease in cash and cash equivalents	(78,954)	(54,313)
Cash and cash equivalents at beginning of period	261,349	197,741
Cash and cash equivalents at end of period	$182,395	$143,428
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest - net of amount capitalized	$40,192	$42,038
Excess of fair value of decommissioning trust assets over amount invested	$390	-

See Notes to Financial Statements.

GULF STATES UTILITIES
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric Department				
Operating revenues:				
Residential	$ 123.8	$ 117.2	$ 6.6	6
Commercial	94.7	91.4	3.3	4
Industrial	153.0	154.7	(1.7)	(1)
Governmental	6.3	6.7	(0.4)	(6)
Total retail	377.8	370.0	7.8	2
Sales for resale	18.4	6.3	12.1	192
Other	5.9	5.2	0.7	13
Total Electric Department	$ 402.1	$ 381.5	$ 20.6	5
Billed Electric Energy Sales (Millions of KWH):				
Residential	1,601	1,418	183	13
Commercial	1,307	1,207	100	8
Industrial	3,575	3,411	164	5
Governmental	74	74	0	0
Total retail	6,557	6,110	447	7
Sales for resale	541	127	414	326
Total Electric Department	7,098	6,237	861	14
Steam Department	410	377	33	9
Total	7,508	6,614	894	14

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$4,652,930	$4,646,020
Electric plant under lease	226,395	225,083
Construction work in progress	163,492	133,536
Nuclear fuel under capital lease	66,415	61,375
Nuclear fuel	5,065	3,823
Total	5,114,297	5,069,837
Less - accumulated depreciation and amortization	1,529,189	1,496,107
Utility plant - net	3,585,108	3,573,730
Other Property and Investments:		
Nonutility property	20,060	20,060
Decommissioning trust fund	24,452	22,109
Investment in subsidiary company - at equity	14,230	14,230
Other	1,000	984
Total	59,742	57,383
Current Assets:		
Cash and cash equivalents:		
Cash	6,436	-
Temporary cash investments - at cost, which approximates market	27,770	33,489
Total cash and cash equivalents	34,206	33,489
Special deposits	3,149	19,077
Accounts receivable:		
Customer (less allowance for doubtful accounts of $1.1 million in 1994 and 1993)	55,416	66,575
Associated companies	5,866	2,952
Other	8,891	10,656
Accrued unbilled revenues	50,948	64,314
Deferred fuel costs	7,212	-
Accumulated deferred income taxes	3,393	6,031
Materials and supplies - at average cost	84,065	87,204
Rate deferrals	28,422	28,422
Prepayments and other	24,393	16,510
Total	305,961	335,230
Deferred Debits and Other Assets:		
Rate deferrals	47,372	54,031
SFAS 109 regulatory asset - net	350,157	349,703
Unamortized loss on reaquired debt	46,804	47,853
Other	48,181	46,068
Total	492,514	497,655
TOTAL	$4,443,325	$4,463,998

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, no par value, authorized 250,000,000 shares; issued and outstanding 165,173,180 shares in 1994 and 1993	$1,088,900	$1,088,900
Capital stock expense and other	(5,771)	(6,109)
Retained earnings	103,006	89,849
Total common shareholder's equity	1,186,135	1,172,640
Preferred stock:		
Without sinking fund	160,500	160,500
With sinking fund	118,802	126,302
Long-term debt	1,457,751	1,457,626
Total	2,923,188	2,917,068
Other Noncurrent Liabilities:		
Obligations under capital leases	32,082	27,508
Other	29,600	27,672
Total	61,682	55,180
Current Liabilities:		
Currently maturing long-term debt	25,315	25,315
Notes payable-associated companies	24,893	52,041
Accounts payable:		
Associated companies	41,911	33,523
Other	56,928	76,284
Customer deposits	53,022	52,234
Taxes accrued	28,505	15,110
Interest accrued	36,118	42,141
Dividends declared	5,701	5,938
Deferred revenue - gas supplier judgment proceeds	4,349	14,632
Deferred fuel cost	-	605
Obligations under capital leases	33,867	33,867
Other	8,382	9,741
Total	318,991	361,431
Deferred Credits:		
Accumulated deferred income taxes	845,538	834,899
Accumulated deferred investment tax credits	187,128	188,843
Deferred interest - Waterford 3 lease obligation	25,530	25,372
Other	81,268	81,205
Total	1,139,464	1,130,319
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$4,443,325	$4,463,998

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:	$383,826	$357,856
Operating Expenses:		
Operation and maintenance:		
Fuel and fuel-related expenses	58,108	62,596
Purchased power	103,496	85,661
Nuclear refueling outage expenses	4,591	4,567
Other operation and maintenance	73,632	75,883
Depreciation and decommissioning	37,392	35,388
Taxes other than income taxes	14,437	11,552
Income taxes	16,843	18,675
Amortization of rate deferrals	6,659	6,659
Total	315,158	300,981
Operating Income	68,668	56,875
Other Income (Deductions):		
Allowance for equity funds used during construction	1,111	603
Miscellaneous - net	607	457
Income taxes	(10)	2,285
Total	1,708	3,345
Interest Charges:		
Interest on long-term debt	31,197	31,112
Other interest - net	2,884	3,777
Allowance for borrowed funds used during construction	(801)	(402)
Total	33,280	34,487
Net Income	37,096	25,733
Preferred Stock Dividend Requirements and Other	6,119	6,456
Earnings Applicable to Common Stock	$30,977	$19,277

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$37,096	$25,733
Noncash items included in net income:		
Change in rate deferrals	6,659	6,659
Depreciation and decommissioning	37,392	35,388
Deferred income taxes and investment tax credits	11,147	9,133
Allowance for equity funds used during construction	(1,111)	(603)
Amortization of deferred revenues	(10,283)	(9,311)
Changes in working capital:		
Receivables	23,376	12,076
Accounts payable	(10,968)	(34,287)
Taxes accrued	13,395	14,069
Interest accrued	(6,023)	(3,986)
Other working capital accounts	2,796	13,481
Refunds to customers - gas contract settlement	-	(56,027)
Decommissioning trust contributions	(1,204)	(1,000)
Other	(2,755)	4,119
Net cash flow provided by operating activities	99,517	15,444
Investing Activities:		
Construction expenditures	(41,381)	(37,935)
Allowance for equity funds used during construction	1,111	603
Net cash flow used in investing activities	(40,270)	(37,332)
Financing Activities:		
Proceeds from the issuance of first mortgage bonds	-	100,000
Change in short-term borrowings	(27,148)	-
Retirement of other long-term debt	(44)	-
Redemption of preferred stock	(7,500)	(7,500)
Dividends paid:		
Common stock	(17,900)	(30,600)
Preferred stock	(5,938)	(6,675)
Net cash flow provided by (used in) financing activities	(58,530)	55,225
Net increase in cash and cash equivalents	717	33,337
Cash and cash equivalents at beginning of period	33,489	22,782
Cash and cash equivalents at end of period	$34,206	$56,119
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	$37,730	$37,425
Income taxes	-	$2,016
Noncash investing and financing activities:		
Capital lease obligations incurred	$9,677	-
Excess of fair value of decommissioning trust assets over amount invested	$843	-

See Notes to Financial Statements.

LOUISIANA POWER & LIGHT COMPANY
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric Operating Revenues:				
Residential	$ 124.9	$ 109.6	$ 15.3	14
Commercial	80.8	73.2	7.6	10
Industrial	159.9	152.4	7.5	5
Governmental	7.9	7.5	0.4	5
Total retail	373.5	342.7	30.8	9
Sales for resale	6.9	6.3	0.6	10
Other	3.4	8.9	(5.5)	(62)
Total	$ 383.8	$ 357.9	$ 25.9	7
Billed Electric Energy Sales (Millions of KWH):				
Residential	1,680	1,484	196	13
Commercial	1,028	935	93	10
Industrial	3,977	3,825	152	4
Governmental	107	102	5	5
Total retail	6,792	6,346	446	7
Sales for resale	128	140	(12)	(9)
Total	6,920	6,486	434	7

MISSISSIPPI POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$1,394,289	$1,389,229
Construction work in progress	104,201	62,699
Total	1,498,490	1,451,928
Less - accumulated depreciation and amortization	573,732	577,728
Utility plant - net	924,758	874,200
Other Property and Investments:		
Investment in subsidiary company - at equity	5,531	5,531
Other	4,758	4,760
Total	10,289	10,291
Current Assets:		
Cash	41,876	7,999
Notes receivable	6,939	7,118
Accounts receivable:		
Customer (less allowance for doubtful accounts of $2.5 million in 1994 and 1993)	32,900	33,155
Associated companies	5,022	7,342
Other	3,318	3,672
Accrued unbilled revenues	42,124	57,414
Fuel inventory - at average cost	8,987	8,652
Materials and supplies - at average cost	20,893	20,886
Rate deferrals	101,459	96,935
Prepayments and other	8,102	13,763
Total	271,620	256,936
Deferred Debits and Other Assets:		
Rate deferrals	479,043	504,428
Notes receivable	8,309	9,951
Other	32,928	20,931
Total	520,280	535,310
TOTAL	$1,726,947	$1,676,737

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, no par value, authorized 15,000,000 shares; issued and outstanding 8,666,357 shares in 1994 and 1993	$199,326	$199,326
Capital stock expense and other	(1,762)	(1,864)
Retained earnings	235,921	236,337
Total common shareholder's equity	433,485	433,799
Preferred stock:		
Without sinking fund	57,881	57,881
With sinking fund	38,770	46,770
Long-term debt	476,194	516,156
Total	1,006,330	1,054,606
Other Noncurrent Liabilities:		
Obligations under capital leases	654	686
Other	8,935	6,231
Total	9,589	6,917
Current Liabilities:		
Currently maturing long-term debt	88,250	48,250
Notes payable - associated companies	71,589	11,568
Accounts payable:		
Associated companies	35,272	29,181
Other	23,855	12,157
Customer deposits	21,687	21,474
Taxes accrued	10,106	24,252
Accumulated deferred income taxes	43,099	41,758
Interest accrued	16,215	23,171
Dividends declared	1,955	1,985
Obligations under capital leases	148	156
Other	15,900	17,147
Total	328,076	231,099
Deferred Credits:		
Accumulated deferred income taxes	310,783	311,616
Accumulated deferred investment tax credits	36,734	37,193
SFAS 109 regulatory liability - net	23,466	23,626
Other	11,969	11,680
Total	382,952	384,115
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$1,726,947	$1,676,737

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:	$187,417	$179,467
Operating Expenses:		
Operation and maintenance:		
Fuel and fuel-related expenses	22,795	9,933
Purchased power	64,322	75,389
Other operation and maintenance	36,573	33,404
Depreciation and amortization	8,706	8,018
Taxes other than income taxes	10,276	10,011
Income taxes	1,225	990
Amortization of rate deferrals	24,805	17,588
Total	168,702	155,333
Operating Income	18,715	24,134
Other Income (Deductions):		
Allowance for equity funds used during construction	576	169
Miscellaneous - net	94	502
Income taxes	(36)	(187)
Total	634	484
Interest Charges:		
Interest on long-term debt	12,037	13,922
Other interest - net	1,430	741
Allowance for borrowed funds used during construction	(367)	(121)
Total	13,100	14,542
Income before Cumulative Effect of a Change in Accounting Principle	6,249	10,076
Cumulative Effect to January 1, 1993, of Accruing Unbilled Revenues (net of income taxes of $19,456)	-	32,706
Net Income	6,249	42,782
Preferred Stock Dividend Requirements and Other	2,075	2,395
Earnings Applicable to Common Stock	$4,174	$40,387

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$6,249	$42,782
Noncash items included in net income:		
Cumulative effect of a change in accounting principle	-	(32,706)
Change in rate deferrals	20,861	9,791
Depreciation and amortization	8,706	8,018
Deferred income taxes and investment tax credits	673	(2,531)
Allowance for equity funds used during construction	(576)	(169)
Changes in working capital:		
Receivables	18,219	16,686
Fuel inventory	(335)	349
Accounts payable	17,789	5,679
Taxes accrued	(14,146)	(16,511)
Interest accrued	(6,956)	(7,670)
Other working capital accounts	4,799	(3,317)
Other	(8,419)	1,688
Net cash flow provided by operating activities	46,864	22,089
Investing Activities:		
Construction expenditures	(58,989)	(10,854)
Allowance for equity funds used during construction	576	169
Net cash flow used in investing activities	(58,413)	(10,685)
Financing Activities:		
Proceeds from issuance of general and refunding bonds	-	125,000
Retirement of:		
First mortgage bonds	-	(73,185)
General and refunding bonds	-	(55,000)
Redemption of preferred stock	(8,000)	(8,000)
Dividends paid:		
Common stock	(4,600)	(13,000)
Preferred stock	(1,995)	(2,427)
Change in short-term borrowings	60,021	-
Net cash flow provided by (used in) financing activities	45,426	(26,612)
Net increase (decrease) in cash and cash equivalents	33,877	(15,208)
Cash and cash equivalents at beginning of period	7,999	34,008
Cash and cash equivalents at end of period	$41,876	$18,800
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	$19,590	$22,211
Income taxes	$(1,532)	$3,428

See Notes to Financial Statements.

MISSISSIPPI POWER & LIGHT COMPANY
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric Operating Revenues:				
Residential	$ 76.1	$ 70.0	$ 6.1	9
Commercial	58.4	53.4	5.0	9
Industrial	44.1	40.0	4.1	10
Governmental	6.6	6.4	0.2	3
Total retail	185.2	169.8	15.4	9
Sales for resale	8.1	5.6	2.5	45
Other	(5.9)	4.1	(10.0)	(244)
Total	$187.4	$179.5	$ 7.9	4
Billed Electric Energy Sales (Millions of KWH):				
Residential	976	890	86	10
Commercial	683	624	59	9
Industrial	692	623	69	11
Governmental	77	74	3	4
Total retail	2,428	2,211	217	10
Sales for resale	132	51	81	159
Total	2,560	2,262	298	13

NEW ORLEANS PUBLIC SERVICE INC.
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

ASSETS	1994	1993
	(In Thousands)	
Utility Plant:		
Electric	$478,873	$476,976
Natural gas	114,902	113,666
Construction work in progress	17,726	15,205
Total	611,501	605,847
Less - accumulated depreciation and amortization	334,716	330,268
Utility plant - net	276,785	275,579
Other Investments:		
Investment in subsidiary company - at equity	3,259	3,259
Current Assets:		
Cash and cash equivalents:		
Cash	2,597	1,176
Temporary cash investments - at cost, which approximates market:		
Associated companies	27,764	10,034
Other	31,972	32,107
Total cash and cash equivalents	62,333	43,317
Accounts receivable:		
Customer (less allowance for doubtful accounts of $0.8 million in 1994 and 1993)	31,203	35,801
Associated companies	1,166	1,378
Other	774	876
Accrued unbilled revenues	15,492	19,643
Deferred electric fuel and resale gas costs	1,141	6,323
Materials and supplies - at average cost	9,203	11,885
Rate deferrals	26,068	24,587
Prepayments and other	10,732	2,994
Total	158,112	146,804
Deferred Debits and Other Assets:		
Rate deferrals	197,706	204,190
SFAS 109 regulatory asset - net	9,164	9,004
Other	9,349	8,769
Total	216,219	221,963
TOTAL	$654,375	$647,605

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $4 par value, authorized 10,000,000 shares; issued and outstanding 8,435,900 shares in 1994 and 1993	$33,744	$33,744
Paid-in capital	36,201	36,156
Retained earnings subsequent to the elimination of the accumulated deficit of $13.9 million on November 30, 1988	101,911	100,556
Total common shareholder's equity	171,856	170,456
Preferred stock:		
Without sinking fund	19,780	19,780
With sinking fund	3,450	4,950
Long-term debt	179,124	188,312
Total	374,210	383,498
Other Noncurrent Liabilities:		
Accumulated provision for losses	18,022	18,022
Other	5,561	3,351
Total	23,583	21,373
Current Liabilities:		
Currently maturing long-term debt	24,200	15,000
Accounts payable:		
Associated companies	18,635	23,080
Other	19,697	22,011
Customer deposits	16,978	16,617
Accumulated deferred income taxes	3,880	4,968
Taxes accrued	11,018	5,161
Interest accrued	4,754	5,472
Dividends declared	374	432
Other	16,174	6,935
Total	115,710	99,676
Deferred Credits:		
Accumulated deferred income taxes	102,265	105,096
Accumulated deferred investment tax credits	11,406	11,592
Other	27,201	26,370
Total	140,872	143,058
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$654,375	$647,605

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:		
Electric	$78,855	$79,419
Natural gas	38,233	29,147
Total	117,088	108,566
Operating Expenses:		
Operation and maintenance:		
Fuel, fuel-related expenses, and gas purchased for resale	33,915	26,133
Purchased power	37,732	37,013
Other operation and maintenance	19,671	21,971
Depreciation and amortization	4,710	4,292
Taxes other than income taxes	7,054	6,270
Income taxes	619	1,101
Rate deferrals:		
Rate deferrals	-	(1,313)
Amortization of rate deferrals	6,928	4,271
Total	110,629	99,738
Operating Income	6,459	8,828
Other Income (Deductions):		
Allowance for equity funds used during construction	113	-
Miscellaneous - net	510	378
Income taxes	(525)	192
Total	98	570
Interest Charges:		
Interest on long-term debt	4,369	5,044
Other interest - net	459	374
Allowance for borrowed funds used during construction	(84)	(2)
Total	4,744	5,416
Income before Cumulative Effect of a Change in Accounting Principle	1,813	3,982
Cumulative Effect to January 1, 1993, of Accruing Unbilled Revenues (net of income taxes of $6,592)	-	10,948
Net Income	1,813	14,930
Preferred Stock Dividend Requirements and Other	458	471
Earnings Applicable to Common Stock	$ 1,355	$14,459

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$1,813	$14,930
Noncash items included in net income:		
Cumulative effect of a change in accounting principle	-	(10,948)
Change in rate deferrals	5,003	2,056
Depreciation and amortization	4,710	4,292
Deferred income taxes and investment tax credits	(4,254)	(1,384)
Allowance for equity funds used during construction	(113)	-
Changes in working capital:		
Receivables	9,063	2,483
Accounts payable	(6,759)	(3,521)
Taxes accrued	5,857	2,909
Interest accrued	(718)	471
Other working capital accounts	9,726	(4,746)
Other	2,180	1,097
Net cash flow provided by operating activities	26,508	7,639
Investing Activities:		
Construction expenditures	(5,634)	(3,779)
Allowance for equity funds used during construction	113	-
Net cash flow used in investing activities	(5,521)	(3,779)
Financing Activities:		
Proceeds from the issuance of general and refunding bonds	-	70,000
Retirement of general and refunding bonds	-	(29,400)
Redemption of preferred stock	(1,500)	(1,500)
Preferred stock dividend payments	(471)	(490)
Net cash flow provided by (used in) financing activities	(1,971)	38,610
Net increase in cash and cash equivalents	19,016	42,470
Cash and cash equivalents at beginning of period	43,317	46,070
Cash and cash equivalents at end of period	$62,333	$88,540

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

	1994	1993
Cash paid during the period for:		
Interest - net of amount capitalized	$5,244	$4,820
Income taxes	-	$2,386

See Notes to Financial Statements.

NEW ORLEANS PUBLIC SERVICE INC.
SELECTED OPERATING RESULTS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

Description	1994	1993	Increase/ (Decrease)	%
	(In Millions)			
Electric operating Revenues:				
Residential	$ 28.0	$ 24.6	$ 3.4	14
Commercial	39.0	36.5	2.5	7
Industrial	6.3	5.8	0.5	9
Governmental	13.9	13.4	0.5	4
Total retail	87.2	80.3	6.9	9
Sales for resale	1.4	2.5	(1.1)	(44)
Other	(9.7)	(3.4)	(6.3)	(185)
Total	$ 78.9	$ 79.4	$ (0.5)	(1)
Billed Electric Energy Sales (Millions of KWH):				
Residential	367	327	40	12
Commercial	457	437	20	5
Industrial	119	110	9	8
Governmental	210	202	8	4
Total retail	1,153	1,076	77	7
Sales for resale	29	81	(52)	(64)
Total	1,182	1,157	25	2

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
ASSETS		
Utility Plant:		
Electric	$3,027,642	$3,027,537
Electric plant under lease	438,411	437,941
Construction work in progress	42,665	41,442
Nuclear fuel under capital lease	71,055	79,625
Total	3,579,773	3,586,545
Less - accumulated depreciation	694,415	669,666
Utility plant - net	2,885,358	2,916,879
Other Investments:		
Decommissioning trust fund	27,736	24,787
Current Assets:		
Cash and cash equivalents:		
Cash	10,783	2,424
Temporary cash investments - at cost, which approximates market:		
Associated companies	61,078	46,601
Other	70,336	147,107
Total cash and cash equivalents	142,197	196,132
Accounts receivable:		
Associated companies	63,077	57,216
Other	2,752	2,057
Materials and supplies - at average cost	70,296	69,765
Recoverable income taxes	64,600	63,400
Prepayments and other	7,893	4,835
Total	350,815	393,405
Deferred Debits and Other Assets:		
Recoverable income taxes	9,356	29,289
SFAS 109 regulatory asset - net	385,098	384,317
Unamortized loss on reacquired debt	57,279	17,258
Other	127,219	125,131
Total	578,952	555,995
TOTAL	$3,842,861	$3,891,066

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
March 31, 1994 and December 31, 1993
(Unaudited)

	1994	1993
	(In Thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares in 1994 and 1993	$789,350	$789,350
Paid-in capital	7	7
Retained earnings	192,323	228,574
Total common shareholder's equity	981,680	1,017,931
Long-term debt	1,512,298	1,511,914
Total	2,493,978	2,529,845
Other Noncurrent Liabilities:		
Obligations under capital leases	16,109	24,679
Other	18,229	18,229
Total	34,338	42,908
Current Liabilities:		
Currently maturing long-term debt	230,000	230,000
Accounts payable:		
Associated companies	1,557	1,928
Other	20,481	18,223
Taxes accrued	7,274	20,952
Interest accrued	47,178	48,929
Obligations under capital leases	55,000	55,000
Other	2,528	2,805
Total	364,018	377,837
Deferred Credits:		
Accumulated deferred income taxes	779,171	775,630
Accumulated deferred investment tax credits	112,980	113,849
Other	58,376	50,997
Total	950,527	940,476
Commitments and Contingencies (Notes 1 and 2)		
TOTAL	$3,842,861	$3,891,066

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF INCOME
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Revenues:	$147,847	$164,630
Operating Expenses:		
Operation and maintenance:		
Fuel and fuel-related expenses	11,987	15,113
Nuclear refueling outage expenses	-	47
Other operation and maintenance	21,540	21,050
Depreciation and decommissioning	22,969	22,676
Taxes other than income taxes	6,873	6,219
Income taxes	20,136	23,194
Total	83,505	88,299
Operating Income	64,342	76,331
Other Income (Deductions):		
Allowance for equity funds used during construction	322	101
Miscellaneous - net	1,837	1,666
Income taxes	(1,720)	1,337
Total	439	3,104
Interest Charges:		
Interest on long-term debt	41,177	46,362
Other interest - net	2,435	1,383
Allowance for borrowed funds used during construction	(380)	(92)
Total	43,232	47,653
Net Income	$21,549	$31,782

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
	(In Thousands)	
Operating Activities:		
Net income	$21,549	$31,782
Noncash items included in net income:		
Depreciation and decommissioning	22,969	22,676
Deferred income taxes and investment tax credits	5,705	5,946
Allowance for equity funds used during construction	(322)	(101)
Amortization of debt discount	1,685	1,106
Changes in working capital:		
Receivables	(6,556)	4,540
Accounts payable	1,887	(7,554)
Taxes accrued	(13,678)	(9,856)
Interest accrued	(1,751)	1,167
Other working capital accounts	(3,866)	(5,039)
Recoverable income taxes	18,733	14,663
Decommissioning trust contributions	(1,241)	(1,511)
Other	8,285	(384)
Net cash flow provided by operating activities	53,399	57,435
Investing Activities:		
Construction expenditures	(2,254)	(1,850)
Allowance for equity funds used during construction	322	101
Net cash flow used in investing activities	(1,932)	(1,749)
Financing Activities:		
Premium and expenses paid on refinancing sale/leaseback bonds	(47,602)	-
Common stock dividend payments	(57,800)	(32,000)
Net cash flow used in financing activities	(105,402)	(32,000)
Net increase (decrease) in cash and cash equivalents	(53,935)	23,686
Cash and cash equivalents at beginning of period	196,132	181,795
Cash and cash equivalents at end of period	$142,197	$205,481
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	$42,561	$46,578
Income taxes	$(3,278)	$(4,388)
Noncash investing and financing activities:		
Excess of fair value of decommissioning trust assets over amount invested	$938	-

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
ARKANSAS POWER & LIGHT COMPANY
GULF STATES UTILITIES COMPANY
LOUISIANA POWER & LIGHT COMPANY
MISSISSIPPI POWER & LIGHT COMPANY
NEW ORLEANS PUBLIC SERVICE INC.
SYSTEM ENERGY RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES

Cajun - River Bend

Entergy Corporation and GSU

GSU has significant business relationships with Cajun Electric Power Cooperative, Inc. (Cajun), including co-ownership of River Bend and Big Cajun 2 Unit 3. GSU and Cajun own 70% and 30% of River Bend, respectively, while Big Cajun 2 Unit 3 is owned 42% and 58% by GSU and Cajun, respectively. GSU operates River Bend, and Cajun operates Big Cajun 2 Unit 3.

In June 1989, Cajun filed a civil action against GSU in the U. S. District Court for the Middle District of Louisiana. Cajun stated in its complaint that the object of the suit is to annul, rescind, terminate, and/or dissolve the Joint Ownership Participation and Operating Agreement entered into on August 28, 1979 (Operating Agreement) relating to River Bend. Cajun alleges fraud and error by GSU, breach of its fiduciary duties owed to Cajun, and/or GSU's repudiation, renunciation, abandonment, or dissolution of its core obligations under the Operating Agreement, as well as the lack or failure of cause and/or consideration for Cajun's performance under the Operating Agreement. The suit seeks to recover Cajun's alleged $1.6 billion investment in the unit as damages, plus attorneys' fees, interest, and costs. Two member cooperatives of Cajun have brought an independent action to declare the River Bend Operating Agreement void, based upon failure to get prior LPSC approval alleged to be necessary. GSU believes the suits are without merit and is contesting them vigorously.

A trial without jury began on April 12, 1994, on the portion of the suit by Cajun to rescind the Operating Agreement, and is continuing. No assurance can be given as to the outcome of this litigation. If GSU were ultimately unsuccessful in this litigation and were required to make substantial payments, GSU would probably be unable to make such payments and would probably have to seek relief from its creditors under the Bankruptcy Code. If GSU prevails in this litigation, no assurance can be provided that Cajun's weak financial condition will allow funding of all required costs of Cajun's ownership in River Bend.

See pages 103 and 180 of the Form 10-K for the accounting treatment of preacquisition contingencies in connection with the Merger, including any charge resulting from an adverse resolution in the Cajun - River Bend litigation.

In July 1992, Cajun notified GSU that it would fund a limited amount of costs related to the fourth refueling outage at River Bend, completed in September 1992. Cajun has also not funded its share of the costs associated with certain additional repairs and improvements at River Bend completed during the refueling outage. GSU has paid the costs associated with such repairs and improvements without waiving any rights against Cajun. GSU believes that Cajun is obligated to pay its share of such costs under the terms of the applicable contract. Cajun has filed a suit seeking a declaration that it does not owe such funds and seeking injunctive relief against GSU. GSU is contesting such suit and is reviewing its available legal remedies.

In September 1992, GSU received a letter from Cajun alleging that the operating and maintenance costs for River Bend are "far in excess of industry averages" and that "it would be imprudent for Cajun to fund these excessive costs." Cajun further stated that until it is satisfied it would fund a maximum of $700,000 per week under protest for the remainder of 1992. In a December 1992 letter, Cajun stated that it would also withhold costs associated with certain additional repairs, of which the majority will be incurred during a refueling outage that began April 15, 1994. GSU believes that Cajun's allegations are without merit and is considering its legal and other remedies available with respect to the underpayments by Cajun. The total resulting from Cajun's failure to fund repair projects, Cajun's funding limitation on the fourth refueling outage, and the weekly funding limitation by Cajun was $36.7 million as of March 31, 1994, compared with a $33.3 million unfunded balance as of December 31, 1993. These amounts are reflected in long-term receivables.

During 1994, and for the next several years, it is expected that Cajun's share of River Bend-related costs will be in the range of $60 million to $70 million per year. Cajun's weak financial condition could have a material adverse effect on GSU, including a possible NRC action with respect to the operation of River Bend and a need to bear additional costs associated with the co-owned facilities. If GSU is required to fund Cajun's share of costs, there can be no assurance that such payments will be recovered. Cajun's weak financial condition could also affect the ultimate collectibility of amounts owed to GSU, including any amounts awarded in litigation.

Cajun - Transmission Service

Entergy Corporation and GSU

GSU and Cajun are parties to FERC proceedings related to transmission service charge disputes. In April 1992, FERC issued a final order. In May 1992, GSU and Cajun filed motions for rehearings which are pending consideration by FERC. In June 1992, GSU filed a petition for review in the United States Court of Appeals regarding certain of the issues decided by FERC. In August 1993, the United States Court of Appeals rendered an opinion reversing the FERC order regarding the portion of such disputes relating to the calculations of certain credits and equalization charges under GSU's service schedules with Cajun. The opinion remanded the issues to FERC for further proceedings consistent with its opinion. In January 1994, FERC denied GSU's request to collect a surcharge while FERC considers the court's remand.

GSU interprets the FERC order and the court of appeals' decision to mean that Cajun would owe GSU approximately $86 million as of March 31, 1994. GSU further estimates that if it prevails in its May 1992 motion for rehearing, Cajun would owe GSU approximately $119 million as of March 31, 1994. If Cajun were to prevail in its May 1992 motion for rehearing to FERC, and if GSU were not to prevail in its May 1992 motion for rehearing to FERC, and if FERC does not implement the court's remand as GSU contends is required, GSU estimates it would owe Cajun ap proximately $77 million as of March 31, 1994. The above amounts are exclusive of a $7.3 million payment by Cajun on December 31, 1990, which the parties agreed to apply to the disputed transmission service charges. GSU and Cajun further agreed that their positions at FERC would remain unaffected by the $7.3 million. Pending FERC's ruling on the May 1992 motions for rehearing, GSU has continued to bill Cajun utilizing the historical billing methodology and has booked underpaid transmission charges, including interest, in the amount of $145.8 million as of March 31, 1994. This amount is reflected in long-term receivables and in other deferred credits, with no effect on net income.

Financial Condition

GSU

Although GSU received partial rate relief relating to River Bend, GSU's financial position was strained from 1986 to 1990 by its inability to earn a return on and fully recover its investment and other costs associated with River Bend. GSU's financial position has continued to improve; however, issues to be finally resolved in PUCT rate proceedings and appeals thereof, as discussed in Note 2, combined with the application of accounting standards, may result in substantial write-offs and charges that could result in substantial net losses being reported in 1994, and subsequent periods, with resulting substantial adverse adjustments to common shareholder's equity. Future earnings will continue to be adversely affected by the lack of full recovery and return on the investment and other costs associated with River Bend.

Capital Requirements and Financing

Entergy, AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy

Construction expenditures (excluding nuclear fuel) for the years 1994, 1995, and 1996, and long-term debt and preferred stock maturities and cash sinking fund requirements for the period 1994-1996, are estimated to total (in millions):

	Construction Expenditures			Long-term Debt and Preferred Stock Maturities and Cash Sinking Fund Requirements
	1994	1995	1996	1994-1996
Entergy	$629	$560	$550	$1,413
AP&L	$181	$172	$175	$ 83
GSU	$140	$128	$119	$ 215
LP&L	$134	$143	$142	$ 162
MP&L	$130	$ 63	$ 63	$ 228
NOPSI	$ 25	$ 26	$ 26	$ 81
	$ 18	$ 22	$ 23	$ 645

The System plans to meet the above requirements with internally generated funds, including collections under the System operating companies' rate phase-in plans, and cash on hand, supplemented by the issuance of long-term debt and preferred stock. See pages 130-131, 205-206, 240-241, 271-272, and 301 of the Form 10-K and Notes 3 and 4 for information on the possible issuance of preferred stock, common stock, and long-term debt, and the possible retirement, redemption, purchase, or other acquisition of outstanding securities by the System operating companies and System Energy.

Nuclear Insurance, Spent Nuclear Fuel, and Decommissioning Costs

Entergy Corporation, AP&L, GSU, LP&L, and System Energy

See pages 96-97, 133-134, 174-175, 208, and 304 of the Form 10-K for information on nuclear liability, property and replacement power insurance, and related NRC regulations.

See pages 97-98, 134, 175, 208-209, and 304-305 of the Form 10-K for information on the disposal of spent nuclear fuel, other high-level radioactive waste, and decommissioning costs associated with ANO, River Bend, Waterford 3, and Grand Gulf 1. Decommissioning costs for ANO and Waterford 3 are currently estimated to be approximately $806.3 million (based on a recent interim update to the 1992 update of the original cost study) and $320.1 million (based on a recently completed 1993 update to the original cost study), respectively. In March 1994, AP&L filed with the APSC this interim update of the ANO cost study, which reflected significant increases in costs of low-level radioactive waste disposal. AP&L expects to include the updated costs in the annual decommissioning cost rate rider filing with the APSC during the fourth quarter of 1994. As of January 1994, LP&L began funding $4.8 million annually to fund the increased estimated costs for decommissioning Waterford 3.

ANO Matters

Entergy Corporation and AP&L

See pages 30, 77, and 123 of the Form 10-K for information on leaks in certain steam generator tubes at ANO 2 that were discovered and repaired during an outage in March 1992. During a refueling outage in September 1992, a comprehensive inspection of all steam generator tubing was conducted and necessary repairs were made. During a mid-cycle outage in May 1993, a scheduled special inspection of certain steam generator tubing was conducted by Entergy Operations and additional repairs were made. Entergy Operations operated ANO 2 with no further steam generator inspections until the refueling outage which was completed on April 23, 1994. Inspections during the outage revealed additional cracks, however most were smaller than those seen in earlier inspections except for one relatively large crack. Based upon results of these inspections and an inconclusive pressure test, Entergy Operations plans to inspect the steam generator tubes during a mid-cycle outage tentatively scheduled for January 1995. The operations and power output of the unit have not been materially adversely affected.

Environmental Issues

GSU

GSU has been notified by the U. S. Environmental Protection Agency (EPA) that it has been designated as a potentially responsible party for the cleanup of sites on which GSU and others have or have been alleged to have disposed of material designated as hazardous waste. GSU is currently negotiating with the EPA and state authorities regarding the cleanup of some of these sites. Several class action and other suits have been filed in state and federal courts seeking relief from GSU and others for damages caused by the disposal of hazardous waste and for asbestos-related disease allegedly resulted from exposure on GSU premises. While the amounts at issue in the cleanup efforts and suits may be substantial, GSU believes that its results of operations and financial condition will not be materially affected by the outcome of the suits.

As of March 31, 1994, GSU has accrued cumulative amounts related to the cleanup of six sites at which GSU has been designated a potentially responsible party, totaling $25.2 million since 1990. Through March 31, 1994, GSU has expensed $7.4 million cumulatively on the cleanup, resulting in a remaining liability of $17.8 million as of March 31, 1994.

Waterford 3 Lease Obligations

LP&L

In September 1989, LP&L entered into three substantially identical, but entirely separate, transactions for the sale and leaseback of three undivided portions (aggregating approximately 9.3%) of its 100% ownership interest in Waterford 3. See pages 210-211 of the Form 10-K and Note 4 below for information.

Upon the occurrence of certain events, LP&L may be obligated to pay amounts sufficient to permit the Owner Participants to withdraw from the lease transactions, and LP&L may be required to assume the outstanding bonds issued by the Owner Trustee to finance, in part, its acquisition of the undivided interests in Waterford 3. These events include failure, at specified dates, to maintain equity capital of at least 30% of adjusted capitalization and a fixed charge coverage ratio of at least 1.50. As of March 31, 1994, LP&L's total equity capital (including preferred stock) was 48.62% of adjusted capitalization, and its fixed charge coverage ratio was 3.27.

Reimbursement Agreement

System Energy

Under the provisions of the Reimbursement Agreement, as amended, and letters of credit related to the Grand Gulf 1 sale and leaseback transactions, System Energy has agreed to a number of covenants relating to the maintenance of equity at not less than 33%, and common equity at not less than 29%, of adjusted capitalization, and a fixed charge coverage ratio of at least 1.60. As of March 31, 1994, System Energy's equity and common equity, in each case, approximated 34.03% of its adjusted capitalization, and its fixed charge coverage ratio was 1.86.

Failure by System Energy to perform its covenants under the Reimbursement Agreement could give rise to a draw under the letters of credit and/or an early termination of the letters of credit. If such letters of credit were not replaced in a timely manner, a default under System Energy's related leases could result.

See Note 2 "FERC Audit" below for information on a FERC order, that, if ultimately sustained and implemented, could cause System Energy to fall below the required equity and fixed charge coverage covenant levels. System Energy has obtained the consent of the banks to waive these covenants, for the 12-month period beginning with the earlier of the write-off or the first refund, if the August 4 Order is implemented prior to December 31, 1994. The waiver is conditioned upon System Energy not paying any common stock dividends to Entergy Corporation until the equity ratio covenant is once again met. Also see pages 296-297 of the Form 10-K for further information.

System Fuels

AP&L, LP&L, MP&L, NOPSI, and System Energy

See pages 133, 207, 242-243, 274, and 305 of the Form 10-K for information on certain commitments and contingencies of System Fuels, and related commitments and contingencies of AP&L, LP&L, MP&L, NOPSI, and System Energy, respectively, in connection with System Fuels' fuel procurement programs.

Other

Entergy Corporation and System Energy

See pages 96 and 302 of the Form 10-K for information on Entergy Corporation's commitments to System Energy under the Capital Funds Agreement.

AP&L, LP&L, MP&L, NOPSI, and System Energy

See pages 302-303 of the Form 10-K for information on System Energy relating to the Unit Power Sales, Availability, and Reallocation Agreements. See also pages 132-133, 206-207, 242, and 273-274 of the Form 10-K for information on commitments and potential liabilities of AP&L, LP&L, MP&L, and NOPSI, respectively, relating to these agreements.

NOTE 2. RATE AND REGULATORY MATTERS

River Bend

Entergy Corporation and GSU

In May 1988, the PUCT granted GSU a permanent increase in annual revenues of $59.9 million resulting from the inclusion in rate base of approximately $1.6 billion of company-wide River Bend plant investment and approximately $182 million of related Texas retail jurisdiction deferred River Bend costs (Allowed Deferrals). In addition, the PUCT disallowed as imprudent $63.5 million of company-wide River Bend plant costs and placed in abeyance, with no finding of prudency, approximately $1.4 billion of company-wide River Bend plant investment and approximately $157 million of Texas retail jurisdiction deferred River Bend operating and carrying costs. The PUCT affirmed that the ultimate rate treatment of such amounts would be subject to future demonstration of the prudency of such costs. GSU and intervening parties appealed this order (Rate Appeal) and GSU filed a separate rate case asking that the abeyed River Bend plant costs be found prudent (Separate Rate Case). Intervening parties filed suit in a Texas district court to prohibit the Separate Rate Case. The district court's decision was ultimately appealed to the Texas Supreme Court, which ruled in 1990 that the prudence of the purported abeyed costs could not be relitigated in a separate rate proceeding. The Texas Supreme Court's decision stated that all issues relating to the merits of the original PUCT order, including the prudence of all River Bend-related costs, should be addressed in the Rate Appeal.

In October 1991, the Texas district court in the Rate Appeal issued an order holding that, while it was clear the PUCT made an error in assuming it could set aside $1.4 billion of the total costs of River Bend and consider them in a later proceeding, the PUCT, nevertheless, found that GSU had not met its burden of proof related to the amounts placed in abeyance. The court also ruled that the Allowed Deferrals should not be included in rate base under a 1991 decision regarding El Paso Electric Company's similar deferred costs (El Paso Case). The court further stated that the PUCT had erred in reducing GSU's deferred costs by $1.50 for each $1.00 of revenue collected under the interim rate increases authorized in 1987 and 1988. The court remanded the case to the PUCT with instructions as to the proper handling of the Allowed Deferrals. GSU's motion for rehearing was denied and, in December 1991, GSU filed an appeal of the October 1991 district court order. The PUCT also appealed the October 1991 district court order, which served to supersede the district court's judgment, rendering it unenforceable under Texas law.

In August 1992, the court of appeals in the El Paso Case handed down its second opinion on rehearing modifying its previous opinion on deferred accounting. The court's second opinion concluded that the PUCT may lawfully defer operating and maintenance costs and subsequently include them in rate base, but that the Public Utility Regulatory Act prohibits such rate base treatment for deferred carrying costs. The court stated that its opinion would not preclude the recovery of deferred carrying costs. The August 1992 court of appeals opinion was appealed to the Texas Supreme Court where arguments were heard in September 1993. The matter is pending.

In September 1993, the Texas Third District Court of Appeals (the Appellate Court) remanded the October 1991 district court decision to the PUCT "to reexamine the record evidence to whatever extent necessary to render a final order supported by substantial evidence and not inconsistent with our opinion." The Appellate Court specifically addressed the PUCT's treatment of certain costs, stating that the PUCT's order was not based on substantial evidence. The Appellate Court also applied its most recent ruling in the El Paso Case to the deferred costs associated with River Bend. However, the Appellate Court cautioned the PUCT to confine its deliberations to the evidence addressed in the original rate case. Certain parties to the case have indicated their position that, on remand, the PUCT may change its original order only with respect to matters specifically discussed by the Appellate Court which, if allowed, would increase GSU's allowed River Bend investment, net of accumulated depreciation and related taxes, by approximately $47 million as of March 31, 1994. GSU believes that under the Appellate Court's decision, the PUCT would be free to reconsider any aspect of its order concerning the abeyed $1.4 billion River Bend investment. GSU has filed a motion for rehearing asking the Appellate Court to modify its order so as to permit the PUCT to take additional evidence on remand. The PUCT and other parties have also moved for rehearing on various grounds. The Appellate Court has not yet ruled on any of these motions.

As of March 31, 1994, the River Bend plant costs disallowed for retail ratemaking purposes in Texas, and the River Bend plant costs held in abeyance, and the related cost deferrals totaled (net of taxes) approximately $14 million, $298 million (both net of depreciation), and $170 million, respectively. Allowed Deferrals were approximately $93 million, net of taxes and amortization, as of March 31, 1994. GSU estimates it has collected approximately $146 million of revenues as of March 31, 1994, as a result of the originally ordered rate treatment of these deferred costs. However, if the PUCT adopts the most recent decision in the El Paso Case, the possible refunds approximate $28 million as a result of the inclusion of deferred carrying costs in rate base for the period July 1988 through December 1990. However, if the PUCT reverses its decision to reduce GSU's deferred costs by $1.50 for each $1.00 of revenue collected under the interim rate increases authorized in 1987 and 1988, the potential refund of amounts described above could be reduced by an amount ranging from $7 million to $19 million.

No assurance can be given as to the timing or outcome of the remands or appeals described above. Pending further developments in these cases, GSU has made no write-offs for the River Bend-related costs. Management believes, based on advice from Clark, Thomas & Winters, a Professional Corporation, legal counsel of record in the Rate Appeal, that it is reasonably possible that the case will be remanded to the PUCT, and the PUCT will be allowed to rule on the prudence of the abeyed River Bend plant costs. Rate Caps imposed by the PUCT's regulatory approval of the Merger could result in GSU being unable to use the full amount of a favorable decision to immediately increase rates; however, a favorable decision could permit some increases and/or limit or prevent decreases during the period the Rate Caps are in effect. At this time, management and legal counsel are unable to predict the amount, if any, of the abeyed and previously disallowed River Bend plant costs that ultimately may be disallowed by the PUCT. A net of tax write-off as of March 31, 1994, of up to $312 million could be required based on the PUCT's ultimate ruling.

In prior proceedings, the PUCT has held that the original cost of nuclear power plants will be included in rates to the extent those costs were prudently incurred. Based upon the PUCT's prior decisions, management believes that its River Bend construction costs were prudently incurred and that it is reasonably possible that it will recover in rate base, or otherwise through means such as a deregulated asset plan, all or substantially all of the abeyed River Bend plant costs. However, management also recognizes that it is reasonably possible that not all of the abeyed River Bend plant costs may ultimately be recovered.

As part of its direct case in the Separate Rate Case, GSU filed a cost reconciliation study prepared by Sandlin Associates, management consultants with expertise in the cost analysis of nuclear power plants, which supports the reasonableness of the River Bend costs held in abeyance by the PUCT. This reconciliation study determined that approximately 82% 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.

There have been four other rate proceedings in Texas involving nuclear power plants. Investment in the plants ultimately disallowed ranged from 0% to 15%. Each case was unique, and the disallowances in each were made on a case-by-case basis for different reasons. Appeals of most, if not all, of these PUCT decisions are currently pending.

The following factors support management's position that a loss contingency requiring accrual has not occurred, and its belief that all, or substantially all, of the abeyed plant costs will ultimately be recovered:

1. The $1.4 billion of abeyed River Bend plant costs have never been ruled imprudent and disallowed by the PUCT.
2. Sandlin Associates' analysis which supports the prudence of substantially all of the abeyed construction costs.
3. Historical inclusion by the PUCT of prudent construction costs in rate base.
4. The analysis of GSU's internal legal staff, which has considerable experience in Texas rate case litigation.

Additionally, management believes, based on advice from Clark, Thomas & Winters, a Professional Corporation, legal counsel of record in the Rate Appeal, that it is probable that the deferred costs will be allowed. However, assuming the August 1992 court of appeals' opinion in the El Paso Case is upheld and applied to GSU and the deferred River Bend costs currently held in abeyance are not allowed to be recovered in rates as allowable costs, a net of tax write-off of up to $170 million could be required. In addition, future revenues based upon the deferred costs previously allowed in rate base could also be lost and no assurance can be given as to whether or not refunds (up to $28 million as of March 31, 1994) of revenue received based upon such deferred costs previously recorded will be required.

See pages 103 and 180 of the Form 10-K for the accounting treatment of preacquisition contingencies, including any River Bend write-down.

FERC Audit

Entergy Corporation and System Energy

In December 1990, the FERC Division of Audits issued a report for System Energy for the years 1986 through 1988. The report recommended, among other things, that System Energy (1) write off and not recover in rates approximately $95 million of Grand Gulf 1 costs included in utility plant related to certain System income tax allocation procedures alleged to be inconsistent with FERC's accounting requirements, and (2) compute refunds for the years 1987 to date to correct for resulting overcollections from AP&L, LP&L, MP&L, and NOPSI.

In August 1992, FERC issued an opinion and order (August 4 Order) which found that System Energy overstated its Grand Gulf 1 utility plant account by approximately $95 million as indicated in FERC's report. The order required System Energy to make adjusting accounting entries and refunds, with interest, to AP&L, LP&L, MP&L, and NOPSI within 90 days from the date of the order. System Energy filed a request for rehearing and, in October 1992, FERC issued an order allowing additional time for its consideration of the request. In addition, it deferred System Energy's refund obligation until 30 days after FERC issues an order on rehearing. Should such refunds and adjusting entries be necessary, System Energy estimates that as of March 31, 1994, its net income would be reduced by approximately $155.3 million. This amount includes System Energy's potential refund obligation, which is estimated to be $118.9 million (including interest) as of March 31, 1994. The ongoing effect of this order, if implemented, would be to reduce System Energy's revenues by approximately $21.4 million during the first twelve months following the write-off and by a comparable amount (but decreasing by approximately $0.4 million per year) in each subsequent year.

Assuming AP&L, LP&L, MP&L, and NOPSI are required to refund or credit to their customers all of the System Energy refund (except for those portions attributable to AP&L's and LP&L's retained share of Grand Gulf 1 costs), implementation of the August 4 Order would result in a reduction in Entergy's consolidated net income of approximately $149.1 million as of March 31, 1994. However, this reduction could be partially offset by (1) the write-off by AP&L, LP&L, MP&L, and NOPSI of unamortized balances of corresponding deferred credits (approximately $65.3 million as of March 31, 1994), and (2) any recovery from ratepayers of deferred credits that have been previously amortized and passed on to ratepayers (approximately

$26.1 million as of March 31, 1994). The amount of such recovery would depend on the associated retail rate treatment.

If the August 4 Order is implemented, System Energy would need the consent of certain banks to temporarily waive the fixed charge coverage and equity ratio covenants in the letters of credit and reimbursement agreement related to the Grand Gulf 1 sale and leaseback transaction in order to avoid violation of the covenants (see "Reimbursement Agreement" above). System Energy has obtained the consent of the banks to waive these covenants, for the 12-month period beginning with the earlier of the write-off or the first refund, if the August 4 Order is implemented prior to December 31, 1994. The waiver is conditioned upon System Energy not paying any common stock dividends to Entergy Corporation until the equity ratio covenant is once again met. Absent a waiver, System Energy's failure to perform these covenants could cause a draw under the letters of credit and/or early termination of the letters of credit. If the letters of credit were not replaced in a timely manner, a default or early termination of System Energy's leases could result.

System Energy believes that its consolidated income tax accounting procedures and related rate treatment are in compliance with SEC and FERC requirements and is vigorously contesting this issue. The ultimate resolution of this matter cannot be predicted.

Texas Cities Rate Settlement

Entergy Corporation and GSU

In June 1993, 13 cities within GSU's Texas service area instituted an investigation to determine whether GSU's current rates were justified. In October 1993, the general counsel of the PUCT instituted an inquiry into the reasonableness of GSU's rates. In November 1993, a settlement agreement was filed with the PUCT which provides for an initial reduction in GSU's annual retail base revenues in Texas of approximately $22.5 million effective for electric usage on or after November 1, 1993, and a second reduction of $20 million to be effective September 1994. Further, the settlement provided for GSU to reduce rates with a $20 million one-time bill credit in December 1993, and to refund approximately $3 million to Texas retail customers on bills rendered in December 1993. The cities' rate inquiries had been settled earlier on the same terms.

While no parties to the PUCT rate inquiry now oppose the settlement agreement which has been filed in that case, the settlement agreement is subject to review by the PUCT. The presiding officer in the PUCT rate inquiry has set a June 8, 1994 hearing to consider the merits of the settlement agreement. The cities, who are parties to the PUCT rate inquiry, have filed testimony with the PUCT expressing their reservations about certain aspects of the settlement. However, the cities have announced that those reservations will not cause the cities to oppose the settlement agreement. GSU believes that the PUCT will ultimately issue an order consistent with the settlement agreement, but there can be no assurance in this regard.

In March 1994 the Texas Office of Public Utility Counsel and certain cities served by GSU instituted a second investigation of the reasonableness of GSU's rates. See Part II, Item 1. "Legal Proceedings," for additional information.

Louisiana

GSU

Previous rate orders of the LPSC have been appealed, and pending resolution of various appellate proceedings, GSU has made no write-off for the disallowance of $30.6 million of rate deferrals that GSU recorded for the period December 16, 1987 through February 18, 1988.

LPSC Investigation

Entergy Corporation, GSU, and LP&L

In response to a preliminary report of the LPSC indicating that the rates of return on equity of several electric utilities subject to the LPSC's jurisdiction may be too high, GSU provided the LPSC with information GSU believes supports the current rate level. In September 1993, the LPSC deferred review of GSU's base rates until the first post-Merger earnings analysis is filed in accordance with the LPSC Merger approval (scheduled for mid-1994).

Recognizing that LP&L was subject to a rate freeze until March 1994, the LPSC requested LP&L to explain its "relatively high cost of debt" compared to other electric utilities subject to LPSC jurisdiction. LP&L responded to this request, and in an August 1993 report to the LPSC, the LPSC's legal consultants acknowledged LP&L's rationale for its cost of debt in comparison to two other utilities subject to the LPSC's jurisdiction. In October 1993, the LPSC approved a schedule to conduct a review of LP&L's rates and rate structure upon the expiration of LP&L's rate freeze. The LPSC is currently scheduled to review LP&L's rates and rate structure in May 1994, which may result in a further decrease in rates.

February 1994 Ice Storm

Entergy Corporation, AP&L, and MP&L

In early February 1994, an ice storm left more than 221,000 Entergy customers without electric power across the System's four-state service area. The storm was the most severe natural disaster ever to affect the System, causing damage to transmission and distribution lines, equipment, poles, and facilities in certain areas, primarily in Mississippi. Repair costs are currently estimated to be $107.0 million, $26.3 million, and $70.8 million for the System, AP&L, and MP&L, respectively with $75.1 million, $15.4 million, and $57.5 million of these amounts estimated to be capitalized as plant-related costs. The remaining balances have been charged against the respective companies' regulatory storm damage reserves, except for MP&L which recorded a deferred debit. On April 15, 1994, MP&L filed for rate recovery of the non-plant costs related to the ice storm. See Part II, Item 1. "Legal Proceedings," for additional information on this filing. Estimated construction expenditures (see Note 1) reflect the above amounts.

Louisiana Supreme Court Ruling/Refund

GSU

In 1988, GSU entered into a joint venture with Conoco, Inc., Citgo Petroleum Corporation, and Vista Chemical Company (Industrial Participants) whereby GSU's Nelson Units 1 and 2 were sold to a partnership (NISCO) consisting of the Industrial Participants and GSU. The sale of the units by GSU to NISCO was for an amount in excess of the units' depreciated cost. The Industrial Participants are supplying the fuel for the units, while GSU operates the units at the discretion of the Industrial Participants and purchases the electricity produced by the units.

In February 1990, the LPSC disallowed the pass-through to ratepayers for the portion of GSU's cost to purchase power from NISCO representing the excess of NISCO's purchase price of the units over GSU's depreciated cost of the units. GSU appealed the 1990 order. In March 1994, the Louisiana Supreme Court ruled in favor of the LPSC, and GSU recorded an estimated refund provision of $10.1 million, before related income taxes of $4.1 million.

Reserve for Revenue Reduction

Entergy Corporation and NOPSI

See pages 27 and 266-268 of the Form 10-K for information regarding the 1991 NOPSI Settlement and a 1992 gas rate settlement. Under the terms of the 1991 NOPSI Settlement and a 1992 gas rate settlement, NOPSI agreed that during the period October 1, 1992 through October 31, 1996, the Council will have the right to investigate the appropriateness of NOPSI's rates if NOPSI's return on equity on its operations (calculated in accordance with the applicable provisions of the 1991 NOPSI Settlement and a 1992 gas rate settlement) for twelve month periods subsequent to September 30, 1992, were to exceed 13.76%, and after rate hearing(s), to impose a credit on NOPSI's customers' bills over the ensuing twelve month period in an amount that would have allowed NOPSI, during the relevant test year, to earn a return on equity incident to its operations of no less than 12.76%.

A review by the Council's advisors of NOPSI's return on equity for the twelve month period ended September 30, 1993, indicates that NOPSI may be required to credit $21.5 million to its customers. In early May 1994, NOPSI determined it was likely that a credit to customers would be required, however, NOPSI estimates that the actual amount of the revenue reduction will be approximately $14.3 million. In the first quarter of 1994, NOPSI recorded a reserve for this revenue reduction which reduced net income by $8.8 million (net of taxes). The Council is expected to order a hearing in the second quarter of 1994 to render a final decision on the actual amount, method, and timing of the credit.

LPSC Fuel Cost Review

GSU

In November 1993, the LPSC ordered a review of GSU's fuel costs. The LPSC stated that fuel costs for the period October 1988 through September 1991 would be reviewed based on the number of outages at River Bend and the findings in the June 1993 PUCT fuel reconciliation case. Hearings began in March 1994 and are continuing. For information on the June 1993 PUCT fuel reconciliation case, see page 165 of the Form 10-K.

NOTE 3. PREFERRED AND COMMON STOCK

Entergy Corporation

Entergy Corporation has a program to repurchase shares of its outstanding common stock either on the open market or through negotiated purchases or tender offers. Stock repurchases are made from time to time depending upon market conditions and authorization of the Entergy Corporation Board of Directors.

During the first three months of 1994, 1,005,000 shares of common stock were repurchased and were accounted for as treasury stock using the average cost method, at a cost of $35.6 million.

AP&L

On January 3, 1994, AP&L redeemed, pursuant to sinking fund requirements, 200,000 shares of its 13.28% Series Preferred Stock, $25 par value.

GSU

GSU has requested, but has not yet received, SEC authorization to issue and sell, through December 31, 1995, up to $700 million aggregate principal amount of preferred stock and/or first mortgage bonds and medium term notes. The proceeds will be used for general corporate purposes and the repayment and/or redemption of certain outstanding securities. On March 15, 1994, GSU redeemed, pursuant to sinking fund requirements, 22,500 shares of its Adjustable Rate Series B Preferred Stock, $100 par value.

LP&L

On February 1, 1994, LP&L redeemed, pursuant to sinking fund requirements, 300,000 shares of its 12.64% Series Preferred Stock, $25 par value. On May 2, 1994, LP&L redeemed, pursuant to sinking fund requirements, 416 shares of its 14.72% Series Preferred Stock, $25 par value, which represented the remaining outstanding shares of this series.

MP&L

On January 3, 1994, MP&L redeemed 70,000 shares of its 9.76% Series Preferred Stock, $100 par value. On March 1, 1994, MP&L redeemed 10,000 shares of its 12.00% Series Preferred Stock, $100 par value.

NOPSI

On March 1, 1994, NOPSI redeemed 15,000 shares of its 15.44% Series Preferred Stock, $100 par value.

NOTE 4. LONG-TERM DEBT

AP&L

AP&L has requested, but has not yet received, SEC authorization to enter into arrangements for the issuance and sale, through December 31, 1996, of up to $200 million aggregate principal amount of tax-exempt bonds. The proceeds of the sale will be used to acquire and construct certain pollution control or sewage and solid waste disposal facilities at AP&L's generating plants or to refinance outstanding tax-exempt bonds issued for that purpose. On February 1, 1994, AP&L redeemed, pursuant to sinking fund requirements, $0.4 million of its 8.75% Series First Mortgage Bonds due 1998.

GSU

GSU has requested, but has not yet received, SEC authorization to issue and sell, through December 31, 1995, up to $700 million aggregate principal amount of its first mortgage bonds, medium term notes and/or preferred stock. The proceeds will be used for general corporate purposes and the repayment or redemption of certain outstanding securities. GSU has also requested SEC authorization to enter into arrangements for the issuance and sale, through December 31, 1995, of up to $250 million aggregate principal amount of tax-exempt bonds for the financing or refinancing of certain sewage and/or solid waste disposal facilities. The proceeds from the sale of tax-exempt bonds will be used to finance certain sewage and/or solid waste disposal or pollution control facilities or to refinance outstanding tax-exempt bonds issued for that purpose. In addition, GSU has requested, but has not yet received, SEC authorization to redeem, purchase, or otherwise acquire its outstanding pollution control revenue bonds and/or industrial development revenue bonds through December 31, 1995.

LP&L

LP&L has requested, but not yet received, SEC authorization to undertake, should LP&L decide to do so, the refunding of approximately $310 million of intermediate-term and long-term bonds issued by the Owner Trustee when it acquired interests in Waterford 3 in 1989. Such bonds became optionally redeemable in July 1994.

MP&L

On April 20, 1994, MP&L entered into arrangements with Warren County, Mississippi and Washington County, Mississippi for the issuance of an aggregate of $16.0 million principal amount of 7% Pollution Control Revenue Refunding Bonds due 2022, the proceeds of which were used to redeem $8.1 million principal amount of 8.5% Warren County pollution control revenue bonds and $7.9 million principal amount of 7.5% Washington County pollution control revenue bonds issued in 1974.

NOPSI

On May 2, 1994, NOPSI redeemed, pursuant to sinking fund requirements, $15 million of its 10.95% Series G&R Bonds.

System Energy

On January 11, 1994, System Energy refinanced $435 million aggregate principal amount of secured lease obligation bonds originally issued as part of the financing for the sale and leaseback of undivided portions of Grand Gulf 1. The secured lease obligation bonds of $356 million, 7.43% series due 2011 and $79 million, 8.2% series due 2014 are indirectly secured by liens on, and a security interest in, certain ownership interests and the respective leases relating to Grand Gulf 1. On April 28, 1994, System Energy issued $60 million of its 7-5/8% Series First Mortgage Bonds due 1999. On May 2, 1994, System Energy redeemed, pursuant to mandatory and optional sinking fund requirements, $60 million of its 11% Series First Mortgage Bonds due 2000.

NOTE 5. RETAINED EARNINGS

On January 29, 1994, Entergy Corporation's Board of Directors declared a common stock dividend of 45 cents per share which was paid on March 1, 1994. In addition, on March 25, 1994, Entergy Corporation's Board of Directors declared a common stock dividend of 45 cents per share payable on June 1, 1994. On January 28, 1994, the Boards of Directors of the respective companies listed below declared common stock dividends payable to Entergy Corporation in the following amounts (in millions):

Company	Date Payable	Amount
AP&L	2/1/94	$ 17.9
GSU *	2/1/94	$100.0
LP&L	2/1/94	$ 17.9
MP&L	2/1/94	$ 4.6
System Energy	2/1/94	$ 57.8

* Prior to the February 1, 1994, dividend payment, GSU had not paid a common dividend since June 1986.

NOTE 6. FAIR VALUE DISCLOSURE

The System adopted the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective January 1, 1994. As a result the System has recorded on the balance sheet an additional $15.6 million in decommissioning trust funds, representing the amount by which the fair value of the securities held in such funds exceeds the amounts recovered in rates and deposited in the funds and the related earnings on the amounts deposited. Due to the regulatory treatment for decommissioning trust funds, the System recorded an offsetting amount in unrealized gains on investment securities as a regulatory liability in other deferred credits.

NOTE 7. LINES OF CREDIT AND RELATED BORROWINGS

See pages 89, 129, 169, 203, 239, 270, and 300 of the Form 10-K for information on Entergy Corporation's, the System operating companies', and System Energy's short-term borrowing authorizations, including the Money Pool, and certain limitations thereon, and lines of credit with banks. As of March 31, 1994, AP&L, GSU, LP&L, and MP&L had unused lines of credit for short-term borrowings of $34.0 million, $3.2 million, $20.2 million, and $30.0 million, respectively. On March 25, 1994, GSU received SEC authorization to participate in the Money Pool. GSU is authorized to effect short-term borrowings of up to $125 million, subject to increase to as much as $455 million after further SEC approval. On April 21, 1994, AP&L, LP&L, and MP&L received SEC approval to increase their short-term borrowing limits to $200 million (from $125 million), $200 million (from $125 million), and $113 million (from $100 million), respectively. As of March 31, 1994, Entergy Corporation and the System operating companies had outstanding short-term borrowings from the Money Pool and/or from banks as follows (in millions):

Company	Money Pool	Banks
Entergy Corporation	-	$43
AP&L	$32	$0.6
LP&L	$24.9	-
MP&L	$71.6	-

In the opinion of Entergy Corporation, AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy, the accompanying unaudited condensed financial statements contain all adjustments (consisting primarily of normal recurring accruals and reclassifying previously reported amounts to conform to current classifications) necessary for a fair statement of the results for the interim periods presented. However, the business of AP&L, GSU, LP&L, MP&L, and NOPSI is subject to seasonal fluctuations with the peak period occurring during the summer months. The results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

In accordance with the purchase method of accounting, the 1993 first quarter results of operations for Entergy Corporation reported in its Statements of Consolidated Income and Cash Flows, do not include GSU's results of operations. However, the Results of Operations discussion in "Management's Financial Discussion & Analysis" is presented with GSU's 1993 results of operations included for comparative purposes. This information is not necessarily indicative of the results of operations that would have occurred had the Merger been consummated for the period for which it is being given effect, nor is it necessarily indicative of future operating results.

ENTERGY CORPORATION AND SUBSIDIARIES
ARKANSAS POWER & LIGHT COMPANY
GULF STATES UTILITIES COMPANY
LOUISIANA POWER & LIGHT COMPANY
MISSISSIPPI POWER & LIGHT COMPANY
NEW ORLEANS PUBLIC SERVICE INC.
SYSTEM ENERGY RESOURCES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Entergy, AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy

Liquidity is important to Entergy due to the capital intensive nature of its business, which requires large investments in long-lived assets. While large capital expenditures for the construction of new generating capacity are not currently planned, the System nevertheless requires significant capital resources for the periodic maturity of certain series of debt and preferred stock. See Note 1 for additional information on the System's capital and refinancing requirements in 1994 - 1996. Net cash flow from operations for Entergy, the System operating companies, and System Energy for the three months ended March 31, 1994 and 1993, was as follows (in millions):

Company	Three Months Ended 3/31/94	Three Months Ended 3/31/93
Entergy *	$322.4	$155.6
AP&L	$ 88.2	$ 84.9
GSU	$ 53.8	$(30.4)
LP&L	$ 99.5	$ 15.4
MP&L	$ 46.9	$ 22.1
NOPSI	$ 26.5	$ 7.6
System Energy	$ 53.4	$ 57.4

* Entergy's net cash flow from operations for the three months ended March 31, 1993, excludes GSU because the Merger was not yet consummated.

In the first quarter of 1994, as in recent years, cash from operations, supplemented by cash on hand, was sufficient to meet substantially all investing and financing requirements, including capital expenditures, dividends, and debt/preferred stock maturities. (However, MP&L required significant external funds in the form of short-term borrowings because of unexpected costs incurred as a result of an ice storm.) Entergy's ability to fund most of its capital requirements with cash from operations results, in part, from our continued efforts to streamline operations and reduce costs as well as collections under the Grand Gulf 1 rate phase-in plans, which exceed current cash requirements for Grand Gulf 1-related costs. (In the income statement, these revenue collections are offset by the amortization of previously deferred costs; therefore, there is no effect on net income.) The System operating companies and System Energy have the ability, subject to regulatory approval, to meet future capital requirements through future debt or preferred stock issuances, as discussed below. Also, in order to take advantage of lower interest and dividend rates, Entergy Corporation's subsidiaries may continue to refinance high-cost debt and preferred stock prior to maturity.

Productive investment of excess funds is necessary to enhance the long-term value of Entergy Corporation's common stock. Entergy Corporation expects to invest approximately $150 million per year in nonregulated and nonutility businesses. See "Significant Factors and Known Trends - Nonregulated Investments" for additional information.

Entergy Corporation's current primary capital requirements are to periodically invest in, or make loans to, its subsidiaries. Entergy Corporation expects to meet these requirements in 1994 - 1996 with internally generated funds and cash on hand. Entergy Corporation also pays dividends on its common stock, which aggregated $103.7 million in the first three months of 1994. Entergy Corporation receives funds through dividend payments from its subsidiaries. During the first quarter of 1994, these common stock dividend payments totaled $198.2 million, including a $100 million dividend paid by GSU. Certain restrictions may limit the amount of these distributions (see page 94 of the Form 10-K and Note 2). See Note 5 for information on dividends declared by Entergy Corporation, the System operating companies, and System Energy in the first quarter of 1994.

Entergy Corporation has a program to repurchase shares of its outstanding common stock. The occurrence and amount of such repurchase depend upon market conditions and authorization from Entergy Corporation's Board of Directors. See Note 3 for additional information. Entergy Corporation has requested SEC authorization for a $300 million bank line of credit, the proceeds of which are expected to be used for common stock repurchases, investments in non-regulated and non-utility businesses, and other activities.

Certain agreements and restrictions limit the amount of mortgage bonds and preferred stock that can be issued by the System operating companies and System Energy. Based on the most restrictive applicable tests as of March 31, 1994, and an assumed annual interest or dividend rate of 8.5%, the System operating companies and System Energy could have issued bonds or preferred stock in the following amounts (in millions):

Company	Bonds	Preferred Stock
AP&L	$ 860	$697
GSU	$ 407	$ -
LP&L	$ 69	$750
MP&L	$ 237	$231
NOPSI	$ 72	$184
System Energy	$1,030	*

* System Energy's charter does not provide for the issuance of preferred stock.

In addition, the System operating companies and System Energy have the conditional ability to issue bonds against the retirement of bonds, in some cases without meeting an earnings coverage test. AP&L may also issue preferred stock to refund outstanding preferred stock without meeting an earnings coverage test. GSU has no limitations on the issuance of preference stock. For information on the System operating companies' and System Energy's regulatory authorizations to issue and acquire securities, see Notes 3 and 4, and pages 90-94, 129-131, 170-172, 204-206, 239-241, 271-272, and 301 of the Form 10-K. See Note 7 for information on the System's short-term borrowings.

Entergy Corporation and GSU

See Notes 1 and 2, and Part II, Item 1. "Legal Proceedings," regarding litigation with Cajun and River Bend rate appeals. Substantial write-offs or charges resulting from adverse rulings in these matters could adversely affect GSU's ability to continue to pay dividends and obtain financing, which could in turn affect GSU's liquidity.

Entergy Corporation and System Energy

In connection with the financing of Grand Gulf 1, Entergy Corporation has undertaken, to provide to System Energy sufficient capital to (1) maintain System Energy's equity capital at an amount equal to at least 35% of System Energy's total capitalization (excluding short-term debt), (2) permit the continuation of commercial operation of Grand Gulf 1, and (3) enable System Energy to pay in full all borrowings of System Energy, whether at maturity, on prepayment, on acceleration or otherwise. In addition, Entergy Corporation has agreed to make certain cash capital contributions, if required, to enable System Energy to make payments when due on its long-term debt.

System Energy

The financial condition of System Energy significantly depends on the continued commercial operation of Grand Gulf 1 and on the receipt of payments from AP&L, LP&L, MP&L, and NOPSI. Such payments are System Energy's only source of operating revenues.

In addition, System Energy's financial condition could be affected by the outcome of a pending FERC audit matter. In December 1990, FERC Division of Audits issued a report that recommended that System Energy write off and not recover in rates approximately $95 million of Grand Gulf 1 costs included in utility plant, and compute refunds for over collections from AP&L, LP&L, MP&L, and NOPSI. In August 1992, FERC issued an opinion and order (August 4 Order) affirming an initial decision by a FERC ALJ. System Energy filed a Request for Rehearing, and in October 1992, FERC issued an order allowing additional time for its consideration of the request, and it deferred System Energy's refund obligation until 30 days after FERC issues an order on rehearing. If the decision is implemented, System Energy estimates that as of March 31, 1994, net income would be reduced by $155.3 million. This amount includes refund obligations of approximately $118.9 million (including interest). See Note 2 for additional information.

RESULTS OF OPERATIONS

ENTERGY

On December 31, 1993, GSU became a subsidiary of Entergy Corporation. In accordance with the purchase method of accounting, the 1993 first quarter results of operations for Entergy Corporation and subsidiaries reported in its Statements of Consolidated Income and Cash Flows do not include GSU's results of operations. However, the following discussion is presented with GSU's 1993 results of operations included for comparative purposes.

Net Income

Consolidated net income decreased in the first quarter of 1994 due primarily to the one-time recording in the first quarter of 1993 of the cumulative effect of the change in accounting principle for unbilled revenues for AP&L, GSU, MP&L, and NOPSI and the effect of implementing SFAS 109. Excluding these items, net income for the first quarter of 1994 decreased by approximately $3.0 million. This decrease was due primarily to the recording of a reserve for revenue reduction by NOPSI as a result of a review of NOPSI's return on equity in accordance with the 1991 Settlement Agreement and a 1992 gas rate settlement (see Note 2). This decrease was partially offset by increased retail operating revenues caused by increased energy sales resulting from colder than normal winter weather in 1994 and from non-weather related growth. In addition, interest on long-term debt and preferred dividend requirements decreased by approximately $18.5 million as a result of continued debt refinancing and stock redemption activities.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales," "Expenses," and "Other" below.

Revenues and Sales

See Entergy's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Electric operating revenues increased by approximately $62.1 million in the first quarter of 1994 due primarily to improving market conditions and increased retail energy sales resulting from colder than normal winter weather as compared to milder weather in 1993. Additionally, revenues were higher due to increased collections of Grand Gulf 1-related costs and increased fuel adjustment revenues, which do not affect net income. The increase in fuel adjustment revenues was due to increased gas generation resulting from scheduled nuclear refueling outages at Waterford 3 and ANO 2 during the first quarter of 1994. A $14.3 million reduction in revenues, as discussed in "Net Income" above, partially offset these increases.

Gas operating revenues increased by approximately $12.4 million in the first quarter of 1994 due primarily to increased retail sales resulting from colder than normal winter weather in 1994.

Expenses

Purchased power increased by approximately $32.3 million in the first quarter of 1994 due primarily to increased power purchased from nonassociated utilities due to changes in generation requirements for the System operating companies resulting primarily from increased energy sales and fuel-related costs. In addition, purchased power increased in 1994 as a result of nuclear refueling outages at Waterford 3 and ANO 2.

Nuclear refueling outage expenses decreased by approximately $5.1 million in the first quarter of 1994 due primarily to a reduction in AP&L's monthly nuclear refueling outage accrual resulting from revisions in estimated outage expenses. The lower monthly accrual began in the fourth quarter of 1993.

The amortization of rate deferrals increased by approximately $16.4 million in the first quarter of 1994 due primarily to collection of more Grand Gulf 1-related costs from customers in 1994 as compared to 1993.

Other

Other interest increased by approximately $5.2 million due to increased amortization of debt expense resulting from continued refinancing of debt.

AP&L

Net Income

Net income decreased in the first quarter of 1994 due primarily to the one-time recording in the first quarter of 1993 of the cumulative effect of the change in accounting principle for unbilled revenues and the effect of implementing SFAS 109. Excluding the effects of the change in accounting principle and SFAS 109, net income increased $7.9 million. This increase is due primarily to increased energy sales.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues and Sales

See AP&L's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Electric operating revenues and sales increased in the first quarter of 1994 due primarily to an increase in sales for resale to associated companies caused by changes in generation availability and requirements among the System operating companies. Further, retail energy sales increased as a result of non-weather related growth. The increase in energy sales was partially offset by milder weather in 1994 and the loss of sales due to an ice storm in February 1994. Additionally, revenues were higher due to increased collections of Grand Gulf 1-related costs and increased recovery of fuel-related costs, which do not affect net income.

Expenses

Fuel and fuel-related expenses increased in the first quarter of 1994 primarily due to higher energy sales. Purchased power increased in the first quarter of 1994 as a result of changes in generation availability and requirements among the System operating companies and lower nuclear generation as a result of ANO 2's refueling outage in mid-March 1994.

The amortization of rate deferrals increased due to increased collection of previously deferred Grand Gulf 1-related costs pursuant to the step-up provisions of AP&L's rate phase-in plan.

Nuclear refueling outage expenses decreased in the first quarter of 1994 due primarily to a reduction in AP&L's monthly nuclear refueling outage accrual resulting from revisions in estimated outage expenses. The lower monthly accrual began in the fourth quarter of 1993.

Total income taxes decreased in the first quarter of 1994 due primarily to the cumulative effect of the change in accounting principle for unbilled revenues and the effect of implementation of SFAS 109 in the first quarter of 1993.

GSU

Net Income

Net income decreased in the first quarter of 1994 due primarily to the one-time recording in the first quarter of 1993 of the cumulative effect of the change in accounting principle for unbilled revenues. Excluding the effect of the change in accounting principle, net income decreased $4.0 million. This decrease is due primarily to a $6.0 million net of tax refund provision made in March 1994 (see Note 2), and increased operations expense, partially offset by increased energy sales.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues and Sales

See GSU's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Operating revenues increased in the first quarter of 1994 due primarily to increased retail energy sales resulting from colder than normal winter weather and from non-weather related growth, and increased sales for resale as a result of GSU's participation in the System power pool.

Expenses

Purchased power increased in the first quarter of 1994 due to participation in joint dispatching through the System power pool resulting from increased energy sales as discussed above.

Operation expense increased due to one-time costs associated with safety and performance improvements at River Bend.

LP&L

Net Income

Net income increased in the first quarter of 1994. Excluding the effect of implementing SFAS 109 in the first quarter of 1993, net income increased by $5.6 million. This increase is due primarily to increased operating revenues partially offset by increased other operation and maintenance expenses.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues and Sales

See LP&L's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Electric operating revenues increased in the first quarter of 1994 due primarily to increased fuel adjustment revenues, which do not affect net income, to increased retail energy sales resulting from colder than normal winter weather in 1994 and from non-weather related growth.

Expenses

Purchased power increased in the first quarter of 1994 due primarily to increased power purchased from nonassociated utilities resulting from a scheduled refueling outage at Waterford 3 during the first quarter of 1994, and also due to increased retail energy sales as discussed above.

MP&L

Net Income

Net income decreased in the first quarter of 1994 due primarily to the one-time recording in the first quarter of 1993 of the cumulative effect of the change in accounting principle for unbilled revenues and the effect of implementing SFAS 109. Excluding the effects of the change in accounting principle and implementing SFAS 109, net income decreased by $5.6 million. This decrease is due primarily to a decrease in accrued unbilled revenues and increased operation and maintenance expenses, partially offset by an increase in operating revenues.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues and Sales

See MP&L's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Electric operating revenues increased in the first quarter of 1994 due to increased retail energy sales resulting from colder than normal winter weather in 1994 and from non-weather related growth, and increased sales for resale to associated and nonassociated companies. These increases were partially offset by a decrease in unbilled revenues.

Expenses

Fuel for electric generation and fuel-related expenses increased in the first quarter of 1994 due primarily to an increase in generation requirements resulting primarily from increased energy sales as discussed in "Revenues and Sales" above.

Purchased power expense decreased in the first quarter of 1994 due primarily to changes in generation availability and requirements among the System operating companies.

The amortization of rate deferrals increased in the first three months of 1994 reflecting the fact that MP&L, based on the Revised Plan, collected more Grand Gulf 1-related costs from its customers in the first quarter of 1994 than it recovered in the same period in 1993.

NOPSI

Net Income

Net income decreased in the first quarter of 1994 due primarily to the one-time recording in the first quarter of 1993 of the cumulative effect of the change in accounting principle for unbilled revenues offset by the effect of implementing SFAS 109. Excluding the effects of the change in accounting principle and implementing SFAS 109, net income decreased $1.9 million. This decrease is due primarily to the recording of a reserve for revenue reduction as a result of a review of NOPSI's return on equity in accordance with the 1991 NOPSI Settlement and a 1992 gas rate settlement (see Note 2).

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues and Sales

See NOPSI's "Selected Operating Results" for information on operating revenues by source and KWH sales.

Operating revenues decreased in the first quarter of 1994 due to the recording of a reserve for revenue reduction of $14.3 million as discussed above. This decrease was partially offset by increased retail energy sales resulting from colder than normal winter weather in 1994 and from non-weather related growth, increased fuel adjustment revenues, and accrued unbilled revenues.

Expenses

Fuel and fuel-related expenses and gas purchased for resale increased in the first quarter of 1994 due primarily to an increase in the amount of gas purchased for resale and an increase in deferred gas costs due to higher gas sales.

The increase in amortization of rate deferrals in the first quarter of 1994 is primarily a result of the collection of larger amounts of previously deferred costs under the 1991 NOPSI Settlement.

SYSTEM ENERGY

Net Income

Net income decreased in the first quarter of 1994 due primarily to a lower rate of return on equity (reduced from 13% to 11%) in System Energy's formula wholesale rates as a result of an August 1993 settlement of a rate proceeding with FERC. This decrease in revenue was partially offset by a reduction in interest expense due to the refinancing of high-cost debt.

Significant factors affecting the results of operations and causing variances between the first quarter of 1994 and 1993 are discussed under "Revenues and Sales" and "Expenses" below.

Revenues

Operating revenues recover operating expenses, depreciation and capital costs attributable to Grand Gulf 1. The capital costs are computed by allowing a return on System Energy's common equity funds allocable to its investment in Grand Gulf 1 and adding to such amount System Energy's effective interest cost for its debt allocable to its investment in Grand Gulf 1.

Operating revenues decreased in the first quarter of 1994 due primarily to the reduction in System Energy's rate of return on equity as discussed above, a lower return on System Energy's decreasing investment in Grand Gulf 1 (caused by depreciation of the unit), and a decrease in operating expenses.

Expenses

Interest expense decreased in the first quarter of 1994 due primarily to the refinancing of high-cost long-term debt.

SIGNIFICANT FACTORS AND KNOWN TRENDS

Entergy Corporation and GSU

Entergy Corporation-GSU Merger

On December 31, 1993, Entergy completed the Merger and became one of the nation's largest electric utilities. With GSU as its fifth retail operating company, Entergy gains size, expanded market area, economies of scale, an additional nuclear unit (River Bend), and a more price-competitive fuel mix. As a result of the Merger, Entergy estimates $850 million in fuel cost savings and $670 million in operation and maintenance expense savings over the next decade. It is possible that common shareholders may experience some dilution in earnings in the short term as a result of the Merger. However, Entergy Corporation believes that the Merger will be beneficial to common shareholders over the longer term, both in terms of the strategic benefits and the economies and efficiencies expected to be produced. For further information, see pages 103-104 and 180 of the Form 10-K and "Litigation and Regulatory Proceedings" below.

Entergy Corporation, AP&L, GSU, LP&L, MP&L, and NOPSI

Competition

Entergy welcomes competition in the electric energy business and believes that a more competitive environment should benefit our shareholders, customers, and employees. However, competition presents Entergy with many challenges. The following have been identified by Entergy as its major competitive challenges.

Retail and Wholesale Rate Issues

Increasing competition in the utility industry brings an increased need to stabilize or reduce retail rates. The retail regulatory environment is shifting from traditional rate-base regulation to incentive rate regulation. Incentive rate and performance-based plans encourage efficiencies and productivity while permitting utilities to share in the results. Retail wheeling, which requires utilities to "wheel" or move power from third parties to their own retail customers, is evolving. As a result, the retail market is expected to become more competitive. In the wholesale rate area, FERC approved in 1992, with certain modifications, the proposal of AP&L, LP&L, MP&L, NOPSI, and Entergy Power to sell wholesale power at market-based rates and to provide to electric utilities "open access" to the System's transmission system (subject to certain requirements). GSU was later added to this filing. Various intervenors in the proceeding filed petitions for review with the United States Court of Appeals for the District of Columbia Circuit. FERC's order, once it takes effect, will increase marketing opportunities for the System, but will also expose the System to the risk of loss of load or reduced revenues due to competition with alternative suppliers.

In connection with the Merger, AP&L agreed with its retail regulator not to request any general retail rate increases that would take effect before November 1998, with certain exceptions. For further information, see pages 82-83 and 125-126 of the Form 10-K.

On March 31, 1994, North Little Rock, Arkansas, awarded AP&L a wholesale electric contract which will provide estimated revenues of $347 million over 11 years. Under the contract, the price per KWH was reduced 18%, retroactive to March 1, 1994, with increases in price through the year 2004. AP&L, which has been serving North Little Rock for over 40 years, was awarded the contract after intense bidding with three competitors. On April 29, 1994, one of AP&L's competitors filed a motion with FERC to intervene in the approval process for the contract. See Part II, Item 5. "Other Information" for additional information.

In connection with the merger, GSU agreed with the LPSC and PUCT to a five-year Rate Cap on retail electric rates, and to pass through to retail customers the fuel savings and a certain percentage of the nonfuel savings created by the Merger. GSU's base rates will be reviewed by the LPSC during the first post-Merger earnings analysis, scheduled for mid-1994, for reasonableness of its return on equity. The PUCT will also review GSU's base rates in accordance with its Merger approval plan in mid-1994. For further information, see pages 82-83 and 163-164 of the Form 10-K. See Note 2 for information on recent filings by certain Texas cities seeking a reduction in GSU's rates.

Cogeneration projects developed or considered by certain of GSU's industrial customers over the last several years have resulted in GSU developing and securing approval of rates lower than the rates previously approved by the PUCT and LPSC for such industrial customers. Such rates are designed to retain such customers, and to compete for and develop new loads, and do not presently recover GSU's full cost of service. The pricing agreements at non-full cost of service based rates fully recover all related costs but provide only a minimal return. Substantially all of such pricing agreements expire no later than 1997. During the first quarter of 1994, KWH sales to industrial customers at less than full cost of service, which make up approximately 30% of the total industrial class, increased 24%. Sales to the remaining industrial customers decreased 2%.

LP&L's five year rate freeze expired in March 1994. At the same time, approximately $46 million of rate relief that was included in LP&L's retail rates also expired. The LPSC is scheduled to begin a review of LP&L's rates and rate structure in May 1994, which may result in a further decrease in rates. See Note 2 for additional information.

In February 1994, the MPSC conducted a general review of MP&L's current rates and in March 1994, the MPSC issued a final order adopting a formula rate plan for MP&L that will allow for periodic small adjustments in rates based on a comparison of earned to benchmark returns and upon certain performance factors. The order also adopted previously agreed-upon stipulations of a required return on equity of 11% and certain accounting adjustments that result in a 4.3% ($28.1 million) reduction in MP&L's June 30, 1993, test-year operating revenues. Pursuant to the MPSC's order, on March 18, 1994, MP&L filed rates designed to provide for this reduction in operating revenues for the test year. These rates are effective for service rendered on or after March 25, 1994. See pages 83-84 and 235-236 of the Form 10-K for further information.

In connection with the Merger, MP&L agreed with its retail regulator not to request any general retail rate increases that would take effect before November 1998, with certain exceptions. For further information, see pages 82-83 and 236 of the Form 10-K, and Part II, Item 1. "Legal Proceedings."

In connection with the Merger, NOPSI agreed with the Council to reduce its annual electric base rates by $4.8 million effective for bills rendered on or after November 1, 1993. NOPSI is currently operating under electric and gas base rate freezes through October 31, 1996. For further information, see pages 82-83 and 266-268 of the Form 10-K.

See pages 27 and 266-268 of the Form 10-K for information regarding the 1991 NOPSI Settlement and a 1992 gas rate settlement. Under the terms of the 1991 NOPSI Settlement and a 1992 gas rate settlement, NOPSI agreed that during the period October 1, 1992 through October 31, 1996, the Council will have the right to investigate the appropriateness of NOPSI's rates if NOPSI's return on equity on its operations (calculated in accordance with the applicable provisions of the 1991 NOPSI Settlement and a 1992 gas rate settlement) for twelve month periods subsequent to September 30, 1992, were to exceed 13.76%, and after rate hearing(s), to impose a credit on NOPSI's customers' bills over the ensuing twelve month period in an amount that would have allowed NOPSI, during the relevant test year, to earn a return on equity incident to its operations of no less than 12.76%.

A review by the Council's advisors of NOPSI's return on equity for the twelve month period ended September 30, 1993, indicates that NOPSI may be required to credit $21.5 million to its customers. In early May 1994, NOPSI determined it was likely that a credit to customers would be required, however, NOPSI estimates that the actual amount of the revenue reduction will be approximately $14.3 million. In the first quarter of 1994, NOPSI recorded a reserve for this revenue reduction which reduced net income by $8.8 million (net of taxes). The Council is expected to order a hearing in the second quarter of 1994 to render a final decision on the actual amount, method, and timing of the credit. NOPSI's future earnings may also be limited by the 1991 NOPSI Settlement and a 1992 gas rate settlement, as discussed above, which may not allow NOPSI to earn a return on equity in excess of 13.76%.

In light of the rate issues discussed above, Entergy is aggressively reducing costs to avoid potential earnings erosions that might result as well as to successfully compete by becoming a low-cost producer. To help minimize future costs, Entergy remains committed to least cost planning. In December 1992, AP&L, LP&L, MP&L, and NOPSI each filed a Least Cost Integrated Resource Plan (Least Cost Plan) with their respective retail regulators. GSU is currently working with the PUCT regarding integrated resource planning. Integrated resource or least cost planning includes demand-side measures such as customer energy conservation and supply-side measures such as more efficient power plants. These measures are designed to delay the building of new power plants for the next 20 years. The System operating companies plan to periodically file revised Least Cost Plans. See pages 8-9, 19, 23-24, 25 and 26-27 of the Form 10-K, and Part II, Item 1. "Legal Proceedings" for further information.

The Energy Policy Act of 1992

The Energy Policy Act of 1992 (Energy Act) is changing the business of transmitting and distributing electricity. The Energy Act encourages competition and affords utilities the opportunities, and the risks, associated with an open and more competitive market environment. The Energy Act increases competition in the wholesale energy market through the creation of exempt wholesale generators (EWGs). Entergy is competing in this market through its independent power subsidiary, Entergy Power Development Corporation. The Energy Act also gives FERC the authority to order investor-owned utilities to provide transmission access to or for other utilities, including EWGs. In addition, the Energy Act allows utilities to own and operate foreign generation, transmission, and distribution facilities. See "Nonregulated Investments" below for further information.

Entergy Corporation and GSU

Litigation and Regulatory Proceedings

See Note 1 and Part II, Item 1. "Legal Proceedings," for information on litigation with Cajun concerning Cajun's ownership interest in River Bend and the possible material adverse effects on GSU's financial condition in the event that GSU is ultimately unsuccessful in this litigation, including a possible filing under the bankruptcy laws.

See Note 2 for information on the possibility of material adverse effects on GSU's financial condition and results of operations as a result of substantial write-offs and/or refunds in connection with outstanding appeals and remands regarding approximately $1.4 billion of abeyed company-wide River Bend plant costs and approximately $187 million of Texas retail jurisdiction deferred River Bend operating and carrying costs.

System Energy

See Note 2 for information with respect to possible write-offs and refunds by System Energy which may result from a decision issued by FERC.

Entergy Corporation

Nonregulated Investments

Entergy Corporation continues to seek new opportunities to expand its electric energy business, including expansion into related nonutility businesses. These opportunities include new domestic ventures such as Entergy Systems and Service, Inc. (Entergy SASI), the region's only full-service provider of energy-efficient lighting and related services, previously established ventures in Argentina, and planned investments in Asia, Central America and South America. Entergy Corporation expects to invest approximately $150 million per year in nonregulated business opportunities. Additional shareholder and/or regulatory approvals may be required for such acquisitions to take place.

In the first quarter of 1994, Entergy Corporation's nonregulated investments reduced consolidated net income by approximately $6.9 million. In the near term, these investments are not likely to have a positive effect on earnings; but management believes that these investments could contribute to future earnings growth. See Part II, Item 1. "Legal Proceedings," for information on a petition filed with the SEC by the APSC, the Council, and the MPSC alleging that Entergy Corporation has failed to comply with the terms of a 1992 settlement agreement relating to certain non-regulated investments and Item 5. "Other Information" with respect to a new Entergy Corporation subsidiary that is seeking exempt wholesale generation status.

Entergy Corporation and AP&L

ANO Matters

See pages 30, 77, and 123 of the Form 10-K for information on leaks in certain steam generator tubes at ANO 2 that were discovered and repaired during an outage in March 1992. During a refueling outage in September 1992, a comprehensive inspection of all steam generator tubing was conducted and necessary repairs were made. During a mid-cycle outage in May 1993, a scheduled special inspection of certain steam generator tubing was conducted by Entergy Operations and additional repairs were made. Entergy Operations operated ANO 2 with no further steam generator inspections until the refueling outage which was completed on April 23, 1994. Inspections during the outage revealed additional cracks, however most were smaller than those seen in earlier inspections except for one relatively large crack. Based upon results of these inspections and an inconclusive pressure test, Entergy Operations plans to inspect the steam generator tubes during a mid-cycle outage tentatively scheduled for January 1995. The operations and power output of the unit have not been materially adversely affected.

GSU

Deregulated Portion of River Bend

As of March 31, 1994, GSU had not recovered a significant amount of its investment in, or received any return associated with, the portion of River Bend included in the deregulated asset plan in Louisiana and the portion of River Bend placed in abeyance as part of the Texas rate order which went into effect in July 1988. See pages 157 and 165 of the Form 10-K for further information. Future earnings will continue to be limited as long as the limited recovery of the investment and lack of return continues.

For the three months ended March 31, 1994, GSU recorded revenues resulting from the sale of electricity from the deregulated asset plan of approximately $8.9 million. Operations and maintenance expenses, including fuel, were approximately $10.6 million, and depreciation expense associated with the deregulated asset plan investment was approximately $4.1 million for the three months ended March 31, 1994. For the first quarter of 1994, GSU recorded nonfuel revenue of $8.0 million (included in the $8.9 million of total deregulated asset plan revenue discussed above) which, absent the deregulated asset plan, would not have been realized. The operations and maintenance expenses and depreciation expense allocated to the deregulated asset plan as detailed above would have been incurred at River Bend with or without the deregulated asset plan. The future impact of the deregulated asset plan on GSU's results of operations and financial position will depend on River Bend's future operating costs, the unit's efficiency and availability, and the future market for energy over the remaining life of the unit. Based on current estimates of the factors discussed above, GSU anticipates that future revenues from the deregulated asset plan will fully recover all related costs.

Item 1. Legal Proceedings

Least Cost Planning

AP&L, GSU, LP&L, MP&L, and NOPSI

As discussed on pages 8-9, 19, 23, 25-27, 76, 122, 197, 232, and 264 of the Form 10-K, AP&L, LP&L, MP&L, and NOPSI have filed a Least Cost Plan with their respective retail regulators, and GSU is currently working with the PUCT regarding integrated resource planning.

Several of the APSC public forum meetings were delayed into 1994. The public forum series is now expected to be completed in May 1994.

On March 30, 1994, the LPSC extended the current overall discovery, hearing and briefing schedule to provide that such schedule will conclude with the report of the LPSC special counsel on September 16, 1994 rather than on June 14, 1994. The LPSC could render a decision on the basis of this report.

On April 7, 1994, the Council issued its resolution with regard to the final phase (Phase III) of the Least Cost Plans initially filed by LP&L and NOPSI with the Council in December 1992. The Council stated that it believes the Least Cost Plans will result in benefits to the community and that the framework followed in the plans is consistent with that contemplated in an ordinance adopted by the Council in 1991 mandating implementation of least cost planning. The Council rejected the 20-year Least Cost Plan of LP&L and NOPSI because it was filed before the Merger and directed the next Least Cost Plan filing (scheduled for December 1994) to include the effects of the Merger. (LP&L and NOPSI believe the Merger will have little, if any, impact on the Least Cost Plan.) Further, the resolution directed LP&L and NOPSI to correct in the next Least Cost Plan filing what the Council regarded as deficiencies, and to address certain issues with regard to certain load-building and supply-side matters. The Council also approved, with certain refinements, LP&L's and NOPSI's demand-side implementation plans. The Council also recognized, but did not rule upon, the separate settlement among Entergy and a contractors' association of certain competition issues raised by contractors, approved the concept of (1) a rider mechanism for recovery of lost contributions and incentives and (2) the commencement of such recovery on January 1, 1996, and directed the opening of a separate docket "to consider alternative industrial rates."

LP&L and NOPSI plan to make, in early or mid-May, a CCLM filing in the new docket established by the Council to address the Entergy-proposed pilot CCLM and Council authorization of a fiber optics/coaxial cable network.

System Agreement

Entergy Corporation, AP&L, LP&L, MP&L, and NOPSI

a) As discussed on page 17 of the Form 10-K, on August 20, 1990, the City filed a complaint against Entergy Corporation, AP&L, LP&L, MP&L, NOPSI, and System Energy requesting that FERC investigate AP&L's transfer of generating capacity to Entergy Power and the effect of the transfer on AP&L, LP&L, MP&L, and NOPSI and their ratepayers. On December 15, 1993, FERC issued an opinion declining to address the issue of whether the transfer was prudent until a future time when replacement capacity has been added or planned and finding that, until such time, billings under the System Agreement as affected by the transfer are reasonable. The Entergy parties and the City each filed a request for rehearing of this order, which was denied by FERC on February 28, 1994. The Entergy parties and the City each filed an appeal of the FERC's orders with the D. C. Circuit.

b) In the December 15, 1993 order approving the Merger, the FERC also initiated a new proceeding to consider whether the System Agreement permits certain out-of-service generating units to be included in reserve equalization calculations under Service Schedule MSS-1 of that agreement. FERC established March 8, 1994 as the refund effective date.

On February 16, 1994, Entergy Corporation filed an Offer of Settlement to amend the System Agreement prospectively to make it explicit that certain out-of-service generating units may be included in reserve equalization calculations under Service Schedule MSS-1. The LPSC and MPSC contested certain provisions in the proposal, and also argued that LP&L and MP&L were entitled to refunds for MSS-1 payments made in the past. Subsequently, the LPSC and MPSC submitted testimony based on estimates, seeking refunds estimated at $22.6 million and $13.2 million, respectively.

On March 14, 1994, Entergy Corporation submitted a motion to the presiding ALJ seeking to limit the scope of the proceeding to prospective issues and to exclude the issue of past refunds. On

March 31, 1994, the ALJ limited the scope of the hearing to exclude any claims for retroactive refunds. Thereafter, it was agreed by the parties that the procedural schedule in the case would be stayed until at least May 10, 1994. The LPSC and MPSC stated that they would file complaints with FERC asserting their claims for retroactive refunds, and Entergy Corporation agreed to answer those complaints within three weeks.

On April 5, 1994, the LPSC, Mississippi Attorney General (MAG), and MPSC filed a complaint with FERC claiming that Entergy's past reserve equalization charges under System Agreement Schedule MSS-1 violated the System Agreement, sought refunds and requested FERC to hold a hearing to consider this claim. They also asked FERC to expedite its consideration of their complaints and to consolidate any hearings it deems appropriate with these proceedings. Responses by Entergy Corporation and other parties were filed on April 26, 1994. No date has been set for a FERC determination as to whether to set the LPSC, MAG and MPSC complaint for hearing. FERC estimates that it will not be able to render a decision finally concluding all of the issues in these proceedings until November 30, 1995. The amounts potentially subject to refund will continue to accrue at least until FERC issues a final order in the proceedings.

Entergy's position is that its MSS-1 charges have been, and will continue to be, in compliance with the System Agreement. Therefore, it is Entergy's position that no refunds are warranted. However, if refunds are ordered for one or more System operating companies on the grounds that their MSS-1 payments were too high, it has not yet been determined whether the revenues for such refunds could or would be obtained through corresponding revised charges to the System operating companies whose MSS-1 charges were too low. Any such revised charges would be subject to FERC approval.

Nonregulated Investments

Entergy Corporation

In April 1994, the APSC, the Council, and the MPSC filed a petition with the SEC alleging that Entergy Corporation has failed to comply with the terms of a 1992 settlement agreement with such parties executed in conjunction with the resolution of various matters pending before the SEC. Specifically, the petitioners contend that Entergy Corporation has failed to provide them with financial statements and other documentation relating to its non-regulated businesses, to submit to an audit of all transactions among Entergy Corporation, its regulated utilities and its non-regulated businesses, and to use its best efforts to obtain SEC approval of specified pricing methods for certain transactions between its regulated and non-regulated businesses. The petitioners assert that, because the SEC's orders approving Entergy Corporation's investments in Entergy SASI and in certain generating and distribution facilities in Argentina (see pages 3-4 of the Form 10-K) were issued in reliance on Entergy Corporation's undertakings in the settlement agreement, the SEC should order Entergy Corporation to comply with the agreement or, alternatively, withdraw its prior approvals of these investments until Entergy Corporation so complies. On May 3, 1994, Entergy Corporation filed with the SEC a response to the petition asserting that it has substantially complied, and is in the process of complying, with the 1992 settlement agreement and requesting the SEC to dismiss the petition. The matter is pending.

Merger Related Proceedings

Entergy Corporation and GSU

a) As discussed on pages 42 and 43 of the Form 10-K, purported class action complaints were filed against GSU and its directors relating to the then proposed merger with Entergy Corporation. GSU executed a Memorandum of Understanding with the counsel for the plaintiffs in these suits agreeing in principle to settle such actions subject to execution of an appropriate stipulation of settlement, approval by the court, and certain other conditions. On March 9, 1994, GSU executed a Stipulation of Settlement Agreement agreeing to settle such actions. The Stipulation was approved by the court on March 23, 1994. The Settlement is subject to certain conditions and entry of a final order by the court after notice and hearing presently scheduled for May 31, 1994.

b) As discussed on pages 19, 83, and 163 of the Form 10-K, the settlement agreement that led to the 1993 approval of the Merger by the PUCT required that GSU file a cost-of-service study for informational purposes with the PUCT as soon as possible following closing. GSU is preparing to make that filing in June 1994. The settlement agreement also provided that if an action to reduce GSU's rates were initiated between December 31, 1993 and the time GSU files its first post-closing rate case (as provided in the settlement agreement), the effect of any order actually reducing rates would relate back to the date the action was filed. Pursuant to that provision, the Texas Office of Public Utility Counsel and certain cities served by GSU have instituted actions at the PUCT and at the city level to investigate further the reasonableness of GSU's rates. The PUCT proceeding has been abated pending resolution of the proceedings before the cities. The current schedule for the cases before the cities contemplates final city action on or about August 18,

1994. GSU intends to vigorously oppose any reduction of its rates in these cases.

c) As discussed on page 38 of the Form 10-K, on December 28, 1993, Houston Industries Incorporated and Houston Lighting & Power Company filed a petition for reconsideration of the SEC order approving the Merger. By order dated April 28, 1994, the SEC denied the petition, stating that the petition raises no legal or factual issues that would alter the conclusions reached in the order approving the Merger.

As also discussed on page 38 of the Form 10-K, 14 parties requested rehearing of certain aspects of FERC's December 1993 order approving the Merger. On May 11, 1994, FERC reaffirmed its approval of the Merger, denied, for the most part, the requests for rehearing, and confirmed its findings that the Merger would result in significant benefits. FERC's orders on the Merger may be subject to appeal to the courts.

d) As discussed on page 38 of the Form 10-K, appeals seeking to set aside the LPSC order related to the Merger were filed in the 19th Judicial District Court for the Parish of East Baton Rouge, Louisiana, by Houston Lighting & Power Company on August 13, 1993, and by the Alliance for Affordable Energy, Inc. on August 20, 1993. On February 9, 1994, Houston Lighting & Power Company filed a motion voluntarily dismissing its appeal, which motion was granted on February 27, 1994.

NRC Fines

Entergy Corporation and GSU

a) The NRC staff informed Entergy Operations on April 11, 1994 that it proposes to fine GSU $100,000 for apparent fire-protection program violations at River Bend. During a 1993 reassessment of the plant's ability to safely shut down the facility in the event of a fire, GSU found five fire-protection deficiencies that were reported to the NRC. The NRC acknowledged that operator action in most cases could have overcome the fire protection deficiencies and shut down the reactor, and that the probability of these accidents was low. The NRC further recognized that each of the deficiencies was promptly resolved, bringing the program into compliance.

b) On April 20, 1994, the NRC fined Entergy Operations $112,500 for security violations at River Bend. The fine was based on security violations identified as a result of inspections conducted by the NRC between April 1992 and August 1993. The NRC acknowledged that Entergy Operations had taken remedial steps and plans other corrective measures to prevent similar violations in the future. Entergy Operations does not plan to contest the fine.

Cajun

Entergy Corporation and GSU

a) As discussed on pages 40-42, 94-95, and 172-173 of the Form 10-K, Cajun filed a civil action against GSU in the U. S. District Court, Middle District of Louisiana, which suit began on April 12, 1994 and is continuing. Cajun alleges fraud and error by GSU, breach of its fiduciary duties owed to Cajun, and/or GSU's repudiation, renunciation, abandonment or dissolution of its core obligations under the operating agreement for the unit, as well as the lack or failure of cause and/or consideration for Cajun's performance under the operating agreement. The suit seeks to recover Cajun's alleged $1.6 billion investment in the unit as damages, plus attorneys' fees, interest, and costs. GSU believes the suits are without merit and is contesting them vigorously. No assurance can be given as to the outcome of this litigation. If GSU were ultimately unsuccessful in this litigation and were required to make substantial payments, GSU would probably be unable to make such payments and would probably have to seek relief from its creditors under the Bankruptcy Code.

b) As discussed on page 31 of the Form 10-K, GSU filed two applications with the NRC to amend the River Bend operating license, and these amendments were issued in December 1993. On February 16, 1994, Cajun filed with the D. C. Circuit petitions for review of the two license amendments issued by the NRC. On March 14, 1994, Entergy Corporation, Entergy Operations, and GSU filed motions to intervene in the D.C. Circuit proceedings. On March 21, 1994, Cajun indicated that it will contend that the NRC erred by deciding that evidentiary hearings were not warranted on antitrust issues, on various issues concerning the Atomic Energy Act, and on certain ongoing litigation between Cajun and GSU regarding River Bend. Cajun will also argue that the NRC erred in failing to find adverse effects on certain alleged Cajun contract rights.

NISCO

Entergy Corporation and GSU

In 1988, GSU entered into a joint venture with Conoco, Inc., Citgo Petroleum Corporation, and Vista Chemical Company (Industrial Participants) whereby GSU's Nelson Units 1 and 2 were sold to a partnership (NISCO) consisting of the Industrial Participants and GSU. The sale of the units by GSU to NISCO was for an amount in excess of the units' depreciated cost. The

Industrial Participants are supplying the fuel for the units, while GSU operates the units at the discretion of the Industrial Participants and purchases the electricity produced by the units.

In February 1990, the LPSC disallowed the pass-through to ratepayers for the portion of GSU's cost to purchase power from NISCO, representing the excess of NISCO's purchase price of the units over GSU's depreciated cost of the units. GSU appealed the 1990 order. In March 1994, the Louisiana Supreme Court ruled in favor of the LPSC, and GSU recorded a estimated refund provision of approximately $10.1 million, before related income taxes of $4.1 million.

GSU Asbestos Suits

Entergy Corporation and GSU

As discussed on pages 39-40 of the Form 10-K, in October 1989, an amended lawsuit petition was filed on behalf of 985 plaintiffs in the District Court of Jefferson County, Texas, 60th Judicial District in Beaumont, Texas, naming 55 defendants including GSU. In February 1990, another amended lawsuit petition was filed in a different state District Court in Jefferson County, Texas, on behalf of over 200 plaintiffs (subsequently amended to include a total of 674) naming 127 defendants including GSU. Possibly 300 to 400 or more of the plaintiffs in Texas may have worked at GSU's premises. At least nine other individual suits have been filed in Beaumont against GSU and others, seeking damages for alleged asbestos exposure. All of the plaintiffs in such suits are also suing GSU and all other defendants on a conspiracy count. Two similar suits have also been filed in Texas on behalf of approximately 220 plaintiffs. There are 39 asbestos-related law suits filed in the 14th Judicial District Court of Calcasieu Parish in Lake Charles, Louisiana, on behalf of an aggregate of 91 plaintiffs naming from 16 to 24 defendants including GSU, and GSU is aware of as many as 61 additional cases that may be filed. The suits allege that each plaintiff contracted an asbestos-related disease from exposure to asbestos insulation products on the premises of such defendants. Management believes that GSU has meritorious defenses, but there can be no assurance as to the outcome of these cases or that additional claims may not be asserted. In asbestos-related suits against the manufacturers, very substantial recoveries have been achieved by large groups of claimants. GSU does not presently believe that the ultimate resolution of these cases will materially adversely affect its financial position or results of operations.

LPSC Investigation

Entergy Corporation and LP&L

As discussed on pages 75, 84, and 199 of the Form 10-K the LPSC is currently scheduled to begin to review LP&L's rates and rate structure in May 1994.

February 1994 Ice Storm

Entergy Corporation and MP&L

As discussed on pages 104 and 245 of the Form 10-K and Note 2, a February 1994 ice storm left more than 80,000 customers without electric power in MP&L's service area. Current estimates of repair costs are $70.8 million, of which $57.5 million is expected to be capitalized as plant related costs. The remaining balance has been recorded by MP&L as a deferred debit. On April 15, 1994, MP&L filed a Notice of Intent to Change Rates with the MPSC under which MP&L proposed to recover certain expenditures associated with the ice storm. MP&L proposes to recover its ice storm costs through a rider schedule ("Storm Damage Rider").

Under the proposed Storm Damage Rider, the initial rate adjustment would occur on August 15, 1994, and would recover ice storm costs incurred by MP&L through May 31, 1994. On or before February 15, 1995, revised rate adjustments reflecting the total ice storm costs would be submitted to the MPSC for review and verification. The revised rate adjustments are proposed to become effective March 15, 1995, and remain in effect until August 15, 1999, at which time MP&L would file revised base rates reflecting the annual revenue requirement associated with the then remaining capital related costs.

The MPSC is expected to hold a hearing on the filing and could order a method or level of recovery of ice storm costs different from that proposed by MP&L.

The Ice Storm Rider is proposed to operate independently and separately from MP&L's formulary incentive rate plan. See pages 25-26, 83-84, and 235-236 of the Form 10-K for additional information.

Livingston Parish Hazardous Waste Suits

GSU and LP&L

As discussed on pages 39 and 43 of the Form 10-K, various suits have been filed concerning a hazardous waste disposal site in Livingston Parish, Louisiana. At an April 28, 1994 status conference, the United States District Court for the Middle District of Louisiana (Federal District Court) judge stated that he intended to adopt the Federal magistrate's recommendation that the class action not be remanded to the Livingston Parish, Louisiana District Court (State District Court). Further, the judge will review, among other matters, the State District Court class certification to determine whether such certification should be maintained in Federal District Court. The April 11, 1994 State District Court trial date was not met. The matter is pending.

Decommissioning Costs

Entergy Corporation, AP&L, and LP&L

As discussed on pages 29 and 134 of the Form 10-K, estimated decommissioning costs are regularly reviewed and updated. In March 1994, AP&L filed with the APSC an interim update of the ANO cost study, which reflected significant increases in costs of low-level radioactive waste disposal. AP&L expects to include the updated costs in the annual decommissioning cost rate rider filing with the APSC during the fourth quarter of 1994. See Note 1 for additional information on updated decommissioning cost estimates.

Reserve for Revenue Reduction

Entergy Corporation and NOPSI

See pages 27 and 266-268 of the Form 10-K for information regarding the 1991 NOPSI Settlement and a 1992 gas rate settlement. Under the terms of the 1991 NOPSI Settlement and a 1992 gas rate settlement, NOPSI agreed that during the period October 1, 1992 through October 31, 1996, the Council will have the right to investigate the appropriateness of NOPSI's rates if NOPSI's return on equity on its operations (calculated in accordance with the applicable provisions of the 1991 NOPSI Settlement and a 1992 gas rate settlement) for twelve month periods subsequent to September 30, 1992, were to exceed 13.76%, and after rate hearing(s), to impose a credit on NOPSI's customers' bills over the ensuing twelve month period in an amount that would have allowed NOPSI, during the relevant test year, to earn a return on equity incident to its operations of no less than 12.76%.

A review by the Council's advisors of NOPSI's return on equity for the twelve month period ended September 30, 1993, indicates that NOPSI may be required to credit $21.5 million to its customers. In early May 1994, NOPSI determined it was likely that a credit to customers would be required, however, NOPSI estimates that the actual amount of the revenue reduction will be approximately $14.3 million. In the first quarter of 1994, NOPSI recorded a reserve for this revenue reduction which reduced net income by $8.8 million (net of taxes). The Council is expected to order a hearing in the second quarter of 1994 to render a final decision on the actual amount, method, and timing of the credit.

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

Entergy Corporation

The annual meeting of stockholders of Entergy Corporation was held on May 6, 1994. The following matters were voted on and received the specified number of votes for, abstentions, votes withheld (against), and broker non-votes:

1. Election of Directors:

Name of Nominee	Votes For	Abstentions	Votes Withheld	Broker Non-Votes
W. Frank Blount	205,283,455	N/A	1,021,762	N/A
John A. Cooper, Jr.	205,371,312	N/A	933,905	N/A
Lucie J. Fjeldstad	205,274,082	N/A	1,031,135	N/A
Norman C. Francis	205,136,089	N/A	1,169,128	N/A
Kaneaster Hodges, Jr.	205,267,089	N/A	1,038,128	N/A
Robert v. d. Luft	205,251,205	N/A	1,054,012	N/A
Edwin Lupberger	205,155,974	N/A	1,149,243	N/A
Kinnaird R. McKee	205,296,006	N/A	1,009,211	N/A
Paul W. Murrill	205,090,093	N/A	1,215,124	N/A
James R. Nichols	205,371,894	N/A	933,323	N/A
Eugene H. Owen	205,209,580	N/A	1,095,637	N/A
John N. Palmer, Sr.	205,388,740	N/A	916,477	N/A
Robert D. Pugh	205,336,833	N/A	968,384	N/A
H. Duke Shackelford	205,338,305	N/A	966,912	N/A
Wm. Clifford Smith	205,351,721	N/A	953,496	N/A
Bismark A. Steinhagen	205,317,947	N/A	987,270	N/A

2. Appointment of independent public accountants, Coopers & Lybrand, for the year 1994: 204,765,999 votes for; 600,386 votes against; 938,832 abstentions; and broker non-votes are not applicable.

AP&L

A consent in lieu of the annual meeting of common stockholders was executed on May 5, 1994, pursuant to an Arkansas statute that permits such a procedure. The consent was signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Edwin Lupberger, Jerry L. Maulden, and R. Drake Keith.

GSU

A consent in lieu of the annual meeting of common stockholders was executed on May 5, 1994, pursuant to a Texas statute that permits such a procedure. The consent was signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Edwin Lupberger, Jerry L. Maulden, and Frank F. Gallaher.

LP&L

A consent in lieu of the annual meeting of common stockholders was executed on May 5, 1994, pursuant to a Louisiana statute that permits such a procedure. The consent was signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Edwin Lupberger, Jerry L. Maulden, and John J. Cordaro.

MP&L

A consent in lieu of the annual meeting of common stockholders was executed on May 5, 1994, pursuant to a Mississippi statute that permits such a procedure. The consent was signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Michael B. Bemis, Donald C. Hintz, Jerry D. Jackson, Edwin Lupberger, Jerry L. Maulden, and Donald E. Meiners.

NOPSI

A consent in lieu of the annual meeting of common stockholders was executed on May 5, 1994, pursuant to a Louisiana statute that permits such a procedure. The consents were signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Jerry D. Jackson, Edwin Lupberger, Jerry L. Maulden, and John J. Cordaro.

System Energy

A consent in lieu of the annual meeting of common stockholders was executed on April 29, 1994, pursuant to an Arkansas statute that permits such a procedure. The consent was signed on behalf of Entergy Corporation, which owns all of the outstanding common stock.

The Board of Directors elected by the common stockholder in and by such consent is as follows:

Donald C. Hintz, Jerry D. Jackson, Edwin Lupberger, and Jerry L. Maulden.

Item 5. Other Information

ANO Matters

Entergy Corporation and AP&L

As discussed on pages 30, 77, and 123 of the Form 10-K leaks in certain steam generator tubes at ANO 2 were discovered and repaired during an outage in March 1992. During a refueling outage in September 1992, a comprehensive inspection of all steam generator tubing was conducted and necessary repairs were made. During a mid-cycle outage in May 1993, a scheduled special inspection of certain steam generator tubing was conducted by Entergy Operations and additional repairs were made. Entergy Operations operated ANO 2 with no further steam generator inspections until the refueling outage that was completed on April 23, 1994. Inspections during the outage revealed numerous cracks, however most were smaller than those seen in earlier inspections except for one relatively large crack. Based upon results of these inspections and an inconclusive pressure test, Entergy Operations plans to inspect the steam generator tubes during a mid-cycle outage tentatively scheduled for January 1995. The operations and power output of the unit have not been materially adversely affected.

Nonregulated Investments

Entergy Corporation

As discussed on page 3 of the Form 10-K, Entergy continues to consider opportunities to expand its business, including opportunities in overseas power development. On April 28, 1994, Entergy Power Asia Ltd., an Entergy Corporation subsidiary, filed an application with the FERC requesting exempt wholesale generation status under the Public Utility Holding Company Act of 1935 for one existing 1200-megawatt generating plant and four planned generating plants in China.

Wholesale Contract

AP&L

On March 31, 1994, North Little Rock, Arkansas awarded AP&L a wholesale electric contract which will provide estimated revenues of $347 million to AP&L over its 11-year life. AP&L which has been serving North Little Rock for over 40 years, was awarded the contract after intense bidding with three competitors. The price per KWH was reduced 18%, retroactive to March 1, 1994, with increases in price through the year 2004.

On April 29, 1994, Power Systems Ltd. (PSL), one of AP&L's competitors, filed a motion with FERC to intervene in the approval process for AP&L's contract with North Little Rock. PSL alleges that the rates in the contract fail to meet FERC's criteria for below-market prices and unlawfully prohibit other power suppliers from participating in the North Little Rock power market. FERC has until June 1, 1994, to decide whether it will hold hearings on the matter or approve the power supply contract.

Common Stock Price Range and Dividends

Entergy Corporation

The shares of Entergy Corporation's common stock are listed on the New York, Chicago, and Pacific Stock Exchanges. The high and low sales prices of Entergy Corporation's common stock for the first quarter of 1994, as reported by The Wall Street Journal as composite transactions, were $37 3/8 and $31 1/8, respectively, per share.

For the twelve months ended March 31, 1994, Entergy Corporation paid common stock dividends in an aggregate amount of $1.70 per share. As of March 31, 1994, the consolidated book value of a share of Entergy Corporation's common stock was $28.24 and the last reported sale price of Entergy Corporation's common stock on March 31, 1994, was $31 3/4 per share.

Earnings Ratios

AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy

The System operating companies and System Energy have calculated ratios of earnings to fixed charges and ratios of earnings to fixed charges and preferred dividends pursuant to Item 503 of Regulation S-K of the SEC as follows:

	Twelve Months Ended December 31,					March 31,
	1989	1990	1991	1992	1993	1994
Ratios of Earnings to Fixed Charges (a)						
AP&L	2.31	2.16	2.25	2.28	3.11(h)	2.68
GSU	1.16	.80(i)	1.56	1.72	1.54	1.54
LP&L	1.79	2.32	2.40	2.79	3.06	3.16
MP&L	1.04(e)	2.42	2.36	2.37	3.79(h)	2.84
NOPSI	1.89	2.73	5.66(g)	2.66	4.68(h)	3.84
System Energy	-(f)	2.10	1.74	2.04	1.87	1.84

	Twelve Months Ended December 31,					March 31,
	1989	1990	1991	1992	1993	1994
Ratios of Earnings to Fixed Charges and Preferred Dividends (a)(b)(c)						
AP&L	1.88	1.81	1.87	1.86	2.54(h)	2.22
GSU (d)	.66(i)	.59(i)	1.19	1.37	1.21	1.21
LP&L	1.39	1.87	1.95	2.18	2.39	2.51
MP&L	1.00(e)	1.93	1.94	1.97	3.08(h)	2.28
NOPSI	1.62	2.36	4.97(g)	2.36	4.12(h)	3.38

(a) "Earnings," as defined by SEC Regulation S-K, represent the aggregate of (1) net income, (2) taxes based on income, (3) investment tax credit adjustments - net, and (4) fixed charges. "Fixed Charges" include interest (whether expensed or capitalized), related amortization, and interest applicable to rentals charged to operating expenses.

(b) "Preferred Dividends," as defined by SEC Regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the effective income tax rate.

(c) System Energy's Amended and Restated Articles of Incorporation do not currently provide for the issuance of preferred stock.

(d) "Preferred Dividends" in the case of GSU also include dividends on preference stock.

(e) Earnings for the twelve months ended December 31, 1989 include the impact of the write-off of $60 million of deferred Grand Gulf 1-related costs pursuant to an agreement between MP&L and the MPSC.

(f) Earnings for the year ended December 31, 1989 were inadequate to cover fixed charges due to System Energy's cancellation and write-off of its investment in Grand Gulf 2 in September 1989. The amount of the coverage deficiency for fixed charges was $745.2 million.

(g) Earnings for the year ended December 31, 1991 include the $90 million effect of the 1991 NOPSI Settlement.

(h) Earnings for the year ended December 31, 1993 include the $81 million, $52 million, and $18 million for AP&L, MP&L, and NOPSI, respectively, related to the change in accounting principle to provide for the accrual of estimated unbilled revenues.

(i) Earnings for the year ended December 31, 1990 for GSU were not adequate to cover fixed charges by $60.6 million. Earnings for the years ended December 31, 1990 and 1989, were not adequate to cover fixed charges and preferred dividends by $165.1 million and $190.8 million, respectively. Earnings in 1990 include a $205 million charge for the settlement of a purchase power dispute.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits*

**4(a) - Nineteenth Supplemental Indenture to System Energy's Mortgage and Deed of Trust (filed as Exhibit A-2(g) to Rule 24 Certificate dated May 6, 1994 in File No. 70-7946 and incorporated herein by reference).

**10(a) - Twenty-ninth Assignment of Availability Agreement, Consent and Agreement, dated as of April 1, 1994, among AP&L, LP&L, MP&L, NOPSI, System Energy, and United States Trust Company of New York and Gerard F. Ganey, as Trustees (filed as Exhibit B-2(f) to Rule 24 Certificate dated May 6, 1994 in File No. 70-7946 and incorporated herein by reference).

**10(b) - Twenty-ninth Supplementary Capital Funds Agreement, dated as of April 1, 1994, among Entergy Corporation, System Energy and United States Trust Company of New York and Gerard F. Ganey, as Trustees (filed as Exhibit B-3 (f) to Rule 24 Certificate dated May 6, 1994 in File No. 70-7946 and incorporated herein by reference).

23(a) - Consent of Friday, Eldredge & Clark.

23(b) - Consent of Monroe & Lemann (A Professional Corporation).

23(c) - Consent of Wise Carter Child & Caraway, Professional Association.

23(d) - Consent of Clark, Thomas & Winters.

23(e) - Consent of Sandlin Associates.

99(a) - AP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.

99(b) - GSU's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.

99(c) - LP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.

99(d) - MP&L's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Preferred Dividends, as defined.

99(e) - NOPSI's Computation of Ratios of Earnings to Fixed Charges and of Earnings to Fixed Charges and Pre ferred Dividends, as defined.

99(f) - System Energy's Computation of Ratios of Earnings to

Fixed Charges, as defined.

**99(g) - Annual Reports on Form 10-K of Entergy Corporation, AP&L, GSU, LP&L, MP&L, NOPSI, and System Energy for the fiscal year ended December 31, 1993, portions of which are incorporated herein by reference as described elsewhere in this document (filed with the SEC in File Nos. 1-11299, 1-10764, 1-2703, 1-8474, 0-320, 0-5807, and 1-9067, respectively).

99(h) - Earnings statement of AP&L for the twelve month period ended March 31, 1994, made generally available to security holders pursuant to Section 11(a) of the Securities Act of 1933, as amended.

99(i) - Earnings statement of LP&L for the twelve month period ended March 31, 1994, made generally available to security holders pursuant to Section 11(a) of the Securities Act of 1933, as amended.

99(j) - Earnings statement of MP&L for the twelve month period ended March 31, 1994, made generally available to security holders pursuant to Section 11(a) of the Securities Act of 1933, as amended.

99(k) - Earnings statement of NOPSI for the twelve month period ended March 31, 1994, made generally available to security holders pursuant to Section 11(a) of the Securities Act of 1933, as amended.

99(l) - Earnings statement of System Energy for the twelve month period ended March 31, 1994, made generally available to security holders pursuant to Section 11(a) of the Securities Act of 1933, as amended.

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* Reference is made to a duplicate list of exhibits being filed as a part of Form 10-Q for the quarter ended March 31, 1994, which list, prepared in accordance with Item 102 of Regulation S-T of the Securities and Exchange Commission, immediately precedes the exhibits being filed with Form 10-Q for the quarter ended March 31, 1994.

** Incorporated herein by reference as indicated.

(b) Reports on Form 8-K

GSU

A current report on Form 8-K, dated March 31, 1994, was filed with the SEC on April 6, 1994, reporting information under Item 5. "Other Materially Important Events".

Entergy Corporation, AP&L, LP&L, MP&L, NOPSI and System Energy

A current report on Form 8-K, dated March 16, 1994, was filed with the SEC on March 21, 1994, reporting information under Item 4. "Changes in Registrant's Certifying Accountant".

EXPERTS

All statements in Part II of this Quarterly Report on Form 10-Q as to matters of law and legal conclusions, based on the belief or opinion of AP&L, LP&L, MP&L, NOPSI, and System Energy or otherwise, pertaining to the titles to properties, franchises and other operating rights of certain of the registrants filing this Quarterly Report on Form 10-Q, and their subsidiaries, the regulations to which they are subject and any legal proceedings to which they are parties are made on the authority of Friday, Eldredge & Clark, 2000 First Commercial Building, 400 West Capitol, Little Rock, Arkansas, as to AP&L; Monroe & Lemann (A Professional Corporation), 201 St. Charles Avenue, Suite 3300, New Orleans, Louisiana, as to LP&L and NOPSI; and Wise Carter Child & Caraway, Professional Association, Heritage Building, Jackson, Mississippi, as to MP&L and System Energy.

The statements attributed to Clark, Thomas & Winters, a professional corporation, as to legal conclusions with respect to GSU's rate regulation in Texas in Note 2 to Entergy Corporation and Subsidiaries Consolidated Financial Statements, "Rate and Regulatory Matters," have been reviewed by such firm and are included herein upon the authority of such firm as experts.

The statements attributed to Sandlin Associates regarding the analysis of River Bend construction costs of GSU in Note 2 to Entergy Corporation and Subsidiaries Consolidated Financial Statements, "Rate and Regulatory Matters," have been reviewed by such firm and are included herein upon the authority of such firm as experts.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

ENTERGY CORPORATION
ARKANSAS POWER & LIGHT COMPANY
GULF STATES UTILITIES COMPANY
LOUISIANA POWER & LIGHT COMPANY
MISSISSIPPI POWER & LIGHT COMPANY
NEW ORLEANS PUBLIC SERVICE INC.
SYSTEM ENERGY RESOURCES, INC.

/s/Lee W. Randall
Lee W. Randall
Vice President and
Chief Accounting Officer
(For each Registrant and for each as
Principal Accounting Officer)

Date: May 16, 1994

Exhibit 23(a)

[Letterhead of Friday, Eldredge & Clark]

May 10, 1994

Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

Gentlemen:

We consent to the reference to our firm under the heading "Experts" in the Quarterly Report on Form 10-Q being filed on or about the date hereof by Entergy Corporation, Arkansas Power & Light Company ("AP&L"), Gulf States Utilities Company, Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc. and System Energy Resources, Inc. We further consent to the incorporation by reference of such reference to our firm into AP&L's Registration Statements (Form S-3, File Nos. 33-36149, 33-48356 and 33-50289), and related Prospectuses pertaining to AP&L's First Mortgage Bonds and/or Preferred Stock and First Mortgage Bonds, respectively.

Very truly yours,

/s/FRIDAY, ELDREDGE & CLARK

FRIDAY, ELDREDGE & CLARK

Exhibit 23(b)

[Letterhead of Monroe & Lemann]

May 10, 1994

Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

Gentlemen:

We consent to the reference to our firm under the heading "Experts" in the Quarterly Report on Form 10-Q being filed on or about the date hereof by Entergy Corporation, Arkansas Power & Light Company, Gulf States Utilities Company, Louisiana Power & Light Company ("LP&L"), Mississippi Power & Light Company, New Orleans Public Service Inc. ("NOPSI") and System Energy Resources, Inc. We further consent to the incorporation by reference of such reference to our firm into LP&L's Registration Statements on Form S-3, and the related prospectuses (File Nos. 33-50937, 33-46085 and 33-39221) pertaining to LP&L's First Mortgage Bonds and Preferred Stock, and into NOPSI's Registration Statement on Form S-3, and the related prospectus (File No. 33-57926) pertaining to NOPSI's General and Refunding Mortgage Bonds.

Very truly yours,

/s/MONROE & LEMANN

MONROE & LEMANN

Exhibit 23(c)

[Letterhead of Wise Carter Child & Caraway]

May 10, 1994

Entergy Corporation
225 Baronne Street
New Orleans, Louisiana 70112

Gentlemen:

We consent to the reference to our firm under the heading "Experts" in the Quarterly Report on Form 10-Q being filed on or about the date hereof by Entergy Corporation, Arkansas Power & Light Company, Gulf States Utilities Company, Louisiana Power & Light Company, Mississippi Power & Light Company ("MP&L"), New Orleans Public Service Inc., and System Energy Resources, Inc. ("System Energy"). We further consent to the incorporation by reference of such reference to our firm into System Energy's Registration Statement on Form S-3, and the related prospectus (File No. 33-47662) pertaining to System Energy's First Mortgage Bonds, and into MP&L's Registration Statements on Form S-3, and the related prospectuses (File Nos. 33-53004, 33-55826 and 33-50507) pertaining to MP&L's Preferred Stock.

Very truly yours,

/s/WISE CARTER CHILD & CARAWAY,

WISE CARTER CHILD & CARAWAY,
Professional Association

Exhibit 23(d)

[Letterhead of Clark, Thomas & Winters]

CONSENT

We consent to the reference to our firm under the heading "Experts" in the Quarterly Report on Form 10-Q being filed on or about the date hereof of by Entergy Corporation, Arkansas Power and Light Company, Gulf States Utilities Company, Louisiana Power & Light Company, New Orleans Public Service Inc., and System Energy Resources, Inc. We further consent to the incorporation by reference in the registration statements of GSU on Form S-3 and Form S-8 (File Numbers 2-76551, 2-98011, 33-49739, and 33-51181) of such reference and Statements of Legal Conclusions.

/s/CLARK, THOMAS & WINTERS

CLARK, THOMAS & WINTERS
A Professional Corporation

Austin, Texas
May 10, 1994

Exhibit 23(e)

CONSENT

We consent to the reference to our firm under the heading "Experts" in the Quarterly Report on Form 10-Q being filed on or about the date hereof by Entergy Corporation, Arkansas Power & Light Company, Gulf States Utilities Company ("GSU"), Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc. and System Energy Resources, Inc. We further consent to the incorporation by reference of such reference to our firm into GSU's Registration Statements on Form S-3 and Form S-8 (File Numbers 2-76551, 2-98011, 33-49739 and 33-51181) of such reference and Statements.

/s/SANDLIN ASSOCIATES

SANDLIN ASSOCIATES
Management Consultants

Pasco, Washington
May 10, 1994

Exhibit 99(a)

Arkansas Power and Light Company
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Dividends

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on long-term debt	$89,027	$101,412	$100,533	$89,317	$77,980	$76,388
Interest on long-term debt - other	31,138	31,195	33,321	31,000	29,791	29,346
Interest on notes payable	828	1,027	--	117	349	580
Amortization of expense and premium on debt-net(cr)	1,557	1,792	1,112	1,359	2,702	3,286
Other interest	(6,295)	1,567	1,303	2,308	8,769	1,484
Interest applicable to rentals	22,349	24,233	21,969	17,657	16,860	15,493
Total fixed charges, as defined	138,604	161,226	158,238	141,758	136,451	126,577
Preferred dividends, as defined (a)	31,298	30,851	31,458	32,195	30,334	26,370
Fixed charges and preferred dividends, as defined	$169,902	$192,077	$189,696	$173,953	$166,785	$152,947
Earnings as defined:						
Net Income	$131,979	$129,765	$143,451	$130,529	$205,297	$165,604
Add:						
Provision for income taxes:						
Federal & State	8,440	50,921	44,418	57,089	58,162	49,779
Deferred - net	37,268	17,943	11,048	3,490	34,748	8,224
Investment tax credit adjustment - net	3,543	(12,022)	(1,600)	(9,989)	(10,573)	(10,566)
Fixed charges as above	138,604	161,226	158,238	141,758	136,451	126,577
Total earnings, as defined	$319,834	$347,833	$355,555	$322,877	$424,085	$339,619
Ratio of earnings to fixed charges, as defined	2.31	2.16	2.25	2.28	3.11	2.68
Ratio of earnings to fixed charges and preferred dividends, as defined	1.88	1.81	1.87	1.86	2.54	2.22

- ------------------------
(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Exhibit 99(b)

Gulf States Utilities Company
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Dividends

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on long-term debt	$231,170	$218,462	$201,335	$197,218	$172,494	$171,804
Interest on notes payable	33,185	24,295	8,446	-	-	-
Interest on long-term debt - other	19,495	12,668	19,507	21,155	19,440	19,440
Other interest	13,331	18,380	29,169	26,564	10,561	6,109
Amortization of expense and premium on debt-net(cr)	2,280	2,192	1,999	3,479	8,104	8,368
Interest applicable to rentals	23,244	23,761	24,049	23,759	23,455	21,918
Total fixed charges, as defined	322,705	299,758	284,505	272,175	234,054	227,639
Preferred dividends, as defined (a)	241,829	104,484	90,146	69,617	65,299	62,674
Fixed charges and preferred dividends, as defined	$564,534	$404,242	$374,651	$341,792	$299,353	$290,313
Earnings as defined:						
Income (loss) from continuing operations before extrodinary items and the cumulative effect of accounting changes	$13,251	($36,399)	$112,391	$139,413	$69,462	$65,498
Add:						
Income taxes	37,744	(24,216)	48,250	55,860	58,016	58,532
Fixed charges as above	322,705	299,758	284,505	272,175	234,054	227,639
Total earnings, as defined	$373,700	$239,143	$445,146	$467,448	$361,532	$351,669
Ratio of earnings to fixed charges, as defined	1.16	0.80	1.56	1.72	1.54	1.54
Ratio of earnings to fixed charges and preferred dividends, as defined	0.66	0.59	1.19	1.37	1.21	1.21

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the year ended December 31, 1990, for GSU were not adequate to cover fixed charges by $60.6 million. Earnings for the years ended December 31, 1990 and 1989, were not adequate adequate to cover fixed charges and preferred and preference dividends by $165.1 million and $190.8 million, respectively. Earnings in 1990 include a $205 million charge for the settlement of a purchased power dispute.

Exhibit 99(c)

Louisiana Power and Light Company
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Dividends

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on mortgage bonds	$155,640	$101,996	$97,324	$68,247	$60,939	$60,130
Interest on long-term debt - other	25,400	52,361	61,492	60,425	63,694	64,587
Interest on notes payable	--	87	--	150	898	984
Interest on lease (nuclear)	9,475	8,756	7,086	5,092	4,574	4,588
Other interest charges	11,300	6,378	5,924	5,591	5,706	4,345
Amortization of expense and premium on debt - net(cr)	2,260	3,397	3,282	7,100	5,720	5,069
Interest applicable to rentals	4,415	4,150	4,295	4,271	3,945	4,410
Total fixed charges, as defined	208,490	177,125	179,403	150,876	145,476	144,113
Preferred dividends, as defined (a)	59,009	42,365	41,212	42,026	40,779	37,508
Fixed charges and preferred dividends, as defined	$267,499	$219,490	$220,615	$192,902	$186,255	$181,621
Earnings as defined:						
Net Income	$106,613	$155,049	$166,572	$182,989	$188,808	$200,171
Add:						
Provision for income taxes:						
Federal and State	29,069	62,236	8,684	36,465	70,552	69,001
Deferred Federal and State - net	7,840	(9,655)	67,792	51,889	43,017	44,615
Investment tax credit adjustment - net	20,822	26,646	8,244	(1,317)	(2,756)	(2,740)
Fixed charges as above	208,490	177,125	179,403	150,876	145,476	144,113
Total earnings, as defined	$372,834	$411,401	$430,695	$420,902	$445,097	$455,160
Ratio of earnings to fixed charges, as defined	1.79	2.32	2.40	2.79	3.06	3.16
Ratio of earnings to fixed charges and preferred dividends, as defined	1.39	1.87	1.95	2.18	2.39	2.51

- ------------------------
(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

Exhibit 99(d)

Mississippi Power and Light Company
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Dividends

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on long-term debt	$60,995	$59,675	$59,440	$56,646	$48,029	$46,144
Interest on long-term debt - other	4,325	4,300	4,188	4,063	4,070	4,071
Interest on notes payable	1,031	1,512	953	36	7	270
Other interest charges	1,591	1,494	1,444	1,636	1,795	2,087
Amortization of expense and premium on debt-net(cr)	1,548	1,737	1,617	1,685	1,458	1,593
Interest applicable to rentals	533	596	574	521	1,264	1,213
Total fixed charges, as defined	70,023	69,314	68,216	64,587	56,623	55,378
Preferred dividends, as defined (a)	2,584	17,584	14,962	12,823	12,990	13,648
Fixed charges and preferred dividends, as defined	$72,607	$86,898	$83,178	$77,410	$69,613	$69,026
Earnings as defined:						
Net Income	$12,419	$60,830	$63,088	$65,036	$101,743	$65,210
Add:						
Provision for income taxes:						
Federal and State	370	4,027	(1,001)	4,463	54,418	51,297
Deferred Federal and State - net	(8,636)	35,721	32,491	20,430	539	(15,721)
Investment tax credit adjustment - net	(1,523)	(1,835)	(1,634)	(1,746)	1,036	1,043
Fixed charges as above	70,023	69,314	68,216	64,587	56,623	55,378
Total earnings, as defined	$72,653	$168,057	$161,160	$152,770	$214,359	$157,207
Ratio of earnings to fixed charges, as defined	1.04	2.42	2.36	2.37	3.79	2.84
Ratio of earnings to fixed charges and preferred dividends, as defined	1.00	1.93	1.94	1.97	3.08	2.28

- ------------------------

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the twelve months ended December 31, 1989 include the impact of the write-off of $60 million of deferred Grand Gulf 1 - related costs pursuant to an agreement between MP&L and the MPSC.

Exhibit 99(e)

New Orleans Public Service Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges and Preferred Dividends

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on mortgage bonds	$24,472	$24,472	$23,865	$22,934	$19,478	$18,803
Interest on notes payable	--	--	--	--	--	25
Other interest charges	2,422	831	793	1,714	1,016	1,020
Amortization of expense and premium on debt-net(cr)	579	579	565	576	598	654
Interest applicable to rentals	603	160	517	444	544	652
Total fixed charges, as defined	28,076	26,042	25,740	25,668	21,636	21,154
Preferred dividends, as defined (a)	4,633	4,020	3,582	3,214	2,952	2,935
Fixed charges and preferred dividends, as defined	$32,709	$30,062	$29,322	$28,882	$24,588	$24,089
Earnings as defined:						
Net Income	$14,464	$27,542	$74,699	$26,424	$47,709	$34,592
Add:						
Provision for income taxes:						
Federal and State	848	134	8,885	16,575	27,479	30,585
Deferred Federal and State - net	9,296	17,370	36,947	(340)	5,203	(4,274)
Investment tax credit adjustment - net	444	(75)	(591)	(170)	(744)	(729)
Fixed charges as above	28,076	26,042	25,740	25,668	21,636	21,154
Total earnings, as defined	$53,128	$71,013	$145,680	$68,157	$101,283	$81,328
Ratio of earnings to fixed charges, as defined	1.89	2.73	5.66	2.66	4.68	3.84
Ratio of earnings to fixed charges and preferred dividends, as defined	1.62	2.36	4.97	2.36	4.12	3.38

- ------------------------

(a) "Preferred dividends," as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the income tax rate.

(b) Earnings for the twelve months ended December 31, 1991 include the $90 million effect of the 1991 NOPSI Settlement.

Exhibit 99 (f)

System Energy Resources, Inc.
Computation of Ratios of Earnings to Fixed Charges and
Ratios of Earnings to Fixed Charges

	Twelve Months Ended					
	December 31,					March 31,
	1989	1990	1991	1992	1993	1994
	(In Thousands, Except for Ratios)					
Fixed charges, as defined:						
Interest on mortgage bonds	$148,402	$138,689	$126,351	$104,429	$91,472	$89,777
Interest on other long-term debt	91,295	91,955	92,187	92,189	93,346	89,856
Interest on lease nuclear	18,298	13,830	10,007	6,265	6,790	6,875
Interest on notes payable	--	--	--	--	--	13
Amortization of expense and premium on debt-net	7,326	10,532	7,495	6,417	4,520	3,920
Other interest charges	2,790	1,460	3,617	1,506	1,600	2,061
Total fixed charges, as defined	$268,111	$256,466	$239,657	$210,806	$197,728	$192,502
Earnings as defined:						
Net Income	($655,524)	$168,677	$104,622	$130,141	$93,927	$83,694
Add:						
Provision for income taxes:						
Federal and State	(168,440)	4,620	(26,848)	35,082	48,314	62,960
Deferred Federal and State - net	93,048	52,962	37,168	23,648	60,690	45,972
Investment tax credit adjustment - net	(14,321)	56,320	63,256	30,123	(30,452)	(30,381)
Fixed charges as above	268,111	256,466	239,657	210,806	197,728	192,502
Total earnings, as defined	($477,126)	$539,045	$417,855	$429,800	$370,207	$354,747
Ratio of earnings to fixed charges, as defined	(a)	2.10	1.74	2.04	1.87	1.84

- ------------------------

(a) Earnings for the twelve months ended December 31, 1989 were inadequate to cover fixed charges due to System Energy's cancellation and write-off of its investment in Grand Gulf 2 in September 1989. The amount of the coverage deficiency for fixed charges was $745.2 million.

Exhibit 99(h)

ARKANSAS POWER & LIGHT COMPANY
STATEMENT OF INCOME
Twelve Months Ended March 31, 1994
(In Thousands)
(Unaudited)

Operating Revenues:	$1,615,919
Operating Expenses:	
Operation and maintenance:	
Fuel and fuel-related expenses	262,505
Purchased power	359,230
Nuclear refueling outage expenses	35,428
Other operation and maintenance	360,319
Depreciation and decommissioning	137,817
Taxes other than income taxes	30,361
Income taxes	19,456
Amortization of rate deferrals	166,868
Total	1,371,984
Operating Income	243,935
Other Income (Deductions):	
Allowance for equity funds used during construction	3,502
Miscellaneous - net	64,371
Income taxes	(27,983)
Total	39,890
Interest Charges:	
Interest on long-term debt	105,735
Other interest - net	14,817
Allowance for borrowed funds used during construction	(2,331)
Total	118,221
Net Income	165,604
Preferred Stock Dividend Requirements and Other	20,498
Earnings Applicable to Common Stock	$145,106

LOUISIANA POWER & LIGHT COMPANY
STATEMENT OF INCOME
Twelve Months Ended March 31, 1994
(In Thousands)
(Unaudited)

Operating Revenues:	$1,755,636
Operating Expenses:	
Operation and maintenance:	
Fuel and fuel-related expenses	334,182
Purchased power	399,087
Nuclear refueling outage expenses	18,404
Other operation and maintenance	338,069
Depreciation and decommissioning	144,055
Taxes other than income taxes	53,276
Income taxes	106,736
Amortization of rate deferrals	28,422
Total	1,422,231
Operating Income	333,405
Other Income (Deductions):	
Allowance for equity funds used during construction	3,089
Miscellaneous - net	2,219
Income taxes	(4,540)
Total	768
Interest Charges:	
Interest on long-term debt	124,717
Other interest - net	11,432
Allowance for borrowed funds used during construction	(2,147)
Total	134,002
Net Income	200,171
Preferred Stock Dividend Requirements and Other	24,417
Earnings Applicable to Common Stock	$175,754

Exhibit 99(j)

MISSISSIPPI POWER & LIGHT COMPANY
STATEMENT OF INCOME
Twelve Months Ended March 31, 1994
(In Thousands)
(Unaudited)

Operating Revenues:	$903,756
Operating Expenses:	
Operation and maintenance:	
Fuel and fuel-related expenses	153,253
Purchased power	277,949
Other operation and maintenance	159,574
Depreciation and amortization	32,840
Taxes other than income taxes	42,143
Income taxes	33,309
Amortization of rate deferrals	84,787
Total	783,855
Operating Income	119,901
Other Income (Deductions):	
Allowance for equity funds used during construction	1,335
Miscellaneous - net	540
Income taxes	(3,311)
Total	(1,436)
Interest Charges:	
Interest on long-term debt	50,215
Other interest - net	3,949
Allowance for borrowed funds used during construction	(909)
Total	53,255
Net Income	65,210
Preferred Stock Dividend Requirements and Other	8,840
Earnings Applicable to Common Stock	$56,370

Exhibit 99(k)

NEW ORLEANS PUBLIC SERVICE INC.
STATEMENT OF INCOME
Twelve Months Ended March 31, 1994
(In Thousands)
(Unaudited)

Operating Revenues:	
Electric	$423,266
Natural gas	100,078
Total	523,344
Operating Expenses:	
Operation and maintenance:	
Fuel, fuel-related expenses, and gas purchased for resale	120,233
Purchased power	166,682
Other operation and maintenance	85,497
Depreciation and amortization	17,702
Taxes other than income taxes	27,427
Income taxes	23,750
Rate deferrals:	
Rate deferrals	(338)
Amortization of rate deferrals	25,008
Total	465,961
Operating Income	57,383
Other Income (Deductions):	
Allowance for equity funds used during construction	254
Miscellaneous - net	(923)
Income taxes	(1,832)
Total	(2,501)
Interest Charges:	
Interest on long-term debt	18,803
Other interest - net	1,699
Allowance for borrowed funds used during construction	(212)
Total	20,290
Net Income	34,592
Preferred Stock Dividend Requirements and Other	1,755
Earnings Applicable to Common Stock	$32,837

Exhibit 99(l)

SYSTEM ENERGY RESOURCES, INC.
STATEMENT OF INCOME
Twelve Months Ended March 31, 1994
(In Thousands)
(Unaudited)

Operating Revenues:	$633,985
Operating Expenses:	
Operation and maintenance:	
Fuel and fuel-related expenses	39,170
Nuclear refueling outage expenses	20,602
Other operation and maintenance	115,190
Depreciation and decommissioning	91,213
Taxes other than income taxes	27,243
Income taxes	80,354
Total	373,772
Operating Income	260,213
Other Income:	
Allowance for equity funds used during construction	993
Miscellaneous - net	6,689
Income taxes	1,802
Total	9,484
Interest Charges:	
Interest on long-term debt	179,633
Other interest - net	7,172
Allowance for borrowed funds used during construction	(802)
Total	186,003
Net Income	$83,694