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ENTERGY CORP /DE/
Form 35-CERT
August 29, 2001

UNITED STATES OF AMERICA

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

* * * * *
In the Matter of *
*
ENTERGY CORPORATION, *
CERTIFICATE
ENTERGY ENTERPRISES, INC., et al.*
PURSUANT TO RULE 24
*
File No. 70-9123 *
*
(Public Utility Holding Company *
Act of 1935) *
* * * * *

Pursuant to Rule 24 promulgated by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935, as amended (Act), as modified by the application-declaration, as amended, in the above referenced file and the related orders dated June 22, 1999 (June 1999 Order) and August 21, 2000 (the August 2000 Order), this is to certify that the following transactions were carried out during the three (3) months ended June 30, 2001 (the quarter) by Entergy Corporation's Non-utility Companies¹ (Non-Reg Companies), pursuant to the authorization of the SEC. Capitalized terms used in this Certificate, unless otherwise defined, have the meanings set forth in the June 1999 Order and/or the August 2000 Order.

Authorized Transactions

Pursuant to the June 1999 Order or the August 2000 Order, as applicable, (a) the Non-Reg Companies are authorized to conduct development activities with respect to various investment

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opportunities for Entergy Corporation (Entergy), (b) the Non-Reg Companies are authorized to provide various consulting services to other Non-Reg Companies and to non-associates, including to market to non-associates the Entergy System's expertise and capabilities in energy-related areas, and to market to non-associates intellectual property developed or acquired by System companies, (c) the Non-Reg Companies are authorized to provide various management, administrative and support services to associate companies, excluding certain associate companies (Excepted Companies²), (d) Entergy is authorized to create O&M Subs to provide various operations and maintenance services to non-associate or associate companies, (e) Entergy is authorized to create one or more New Subsidiaries, (f) Entergy and the Non-Reg Companies are authorized to make Non-utility Loans to certain Non-Reg Companies, (g) the Non-Reg Companies are authorized to issue Other Securities of any type to Entergy, to other Non-Reg Companies or to third parties, (h) the Non-Reg Companies are authorized to pay dividends to their immediate parent companies from capital accounts or other unearned surplus, and (i) Entergy and the Non-Reg Companies are authorized to provide guarantees or other forms of credit support (Guarantees) to or for the benefit of Non-Reg Companies through December 31, 2005, in an aggregate principal amount not to exceed \$2 billion at any one time outstanding (excluding any Guarantees previously issued and outstanding under the June 1999 Order.)

During the quarter, Entergy and the Non-Reg Companies participated in the following authorized transactions:

I. Administrative, Consulting, Management, and Other Services to Associate Companies

During the quarter, Entergy Enterprises Inc. (Enterprises)

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provided certain management and support services, at cost, to its associate companies, Entergy Power, Inc. (EPI), Entergy Technology Holding Company (ETHC), Entergy Technology Company (ETC), Entergy Holdings, Inc., Entergy Business Solutions, LLC, Entergy Thermal LLC, Entergy Global Investments, Inc., Entergy UK Enterprises Ltd., Entergy Operations Services, Inc., Entergy Procurement Exchange Corporation, Entergy Retail Louisiana Management Services LLC-A, Entergy Power Development Corporation (EPDC), Entergy International Ltd. LLC, Entergy Pakistan, Ltd., Entergy Power Asia Ltd., EP Edegel, Inc., EWO Holdings Inc., Entergy Power Operations Corp., Entergy Power International Holdings Corp., Entergy Nuclear, Inc. (ENI), Entergy Nuclear Operations, Inc., Entergy Nuclear Indian Point 3 LLC, Entergy Nuclear Fitzpatrick, LLC, TLG Services, Inc., Entergy MHK Retail, LLC, Entergy Solutions Ltd., Entergy Solutions Supply, Ltd., Entergy Power RS Corp., EWO Marketing, LP, Entergy Power E&C Holdings, LLC, Warren Power, LLC, and Entergy Power Gas Operations Corp. Enterprises' billings to all such associate companies included direct costs incurred plus, to the extent applicable, an indirect loading based upon current month administrative charges.

Enterprises billed, at cost, EPI (\$42,246) for services related to the marketing of EPI capacity and energy to third parties at wholesale, preparation of contracts and regulatory filings, oversight of plant operations and maintenance by plant operators, and procurement of transmission services. In regard to ETHC (\$213,078), ETC (\$266,994), Entergy Holdings, Inc. (\$20,997), Entergy Thermal LLC (\$132,475), Entergy Business Solutions, LLC (\$10,558 credit), EPDC (\$1,854,784), Entergy International Ltd. LLC (\$1,418,410), Entergy Global Investments, Inc. (\$17,263), Entergy MHK Retail, LLC (\$106,805), Entergy UK

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Enterprises Ltd. (\$7,829), Entergy Operations Services, Inc. (\$68,867), Entergy Procurement Exchange Corporation, (\$11,027), Entergy Retail Louisiana Management Services, LLC-A (\$219,532), Entergy Pakistan Ltd. (\$156,521), Entergy Power Asia Ltd., (\$444,311), EP Edegel, Inc. (\$117,745), EWO Holdings Inc. (\$12,740), Entergy Power Operations Corporation (\$294,074), Entergy Power International Holdings Corp. (\$3,393.239), Entergy Solutions Ltd (\$976,317), Entergy Solutions Supply, Ltd. (\$1,597), Entergy Power RS Corp. (\$211,616), EWO Marketing, LP (\$323,840), Entergy Power E&C Holdings, LLC (\$395,315), Warren Power, LLC (\$353,620), Entergy Power Gas Operations Corp. (\$102,640), Entergy Nuclear Indian Point 3 LLC (\$1,063,761), Entergy Nuclear Fitzpatrick LLC (\$992,283), TLG Services, Inc. (\$28,427), ENI (\$1,234,467), and Entergy Nuclear Operations, Inc. (\$17,884), these services were primarily related to management oversight and/or project development. In regard to ENGC (\$1,241,413), Enterprises provided services related to the marketing of energy to third parties at wholesale and management oversight.

During the quarter, Entergy Operations Services, Inc. (EOSI) provided management support to services EntergyShaw, LLC, at cost, in the amount of \$74,840.

During the quarter, Entergy Holdings, Inc. provided management/administrative and consulting services to Entergy Business Solutions LLC and to Entergy Thermal LLC. The amounts billed, at cost, to Entergy Business Solutions LLC and Entergy Thermal LLC during this quarter were \$12,831 credit and \$5,499 credit, respectively.

During the quarter, Entergy Retail Louisiana Management Services, LLC-A provided management/administrative and consulting services to Entergy Solutions Ltd. and to Entergy Solutions

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Select, Ltd. The amounts billed, at cost, during this quarter were \$937,837 and \$67,602, respectively.

During the quarter, Entergy Solutions Supply, Ltd. provided management/administrative and consulting services to Entergy Solutions Ltd and to Entergy Solutions Select, Ltd. The amounts billed, at cost, during this quarter were \$126,890 and \$551,014, respectively.

II. Consulting Services Provided to Non-Associate Companies

Enterprises, under contract with a hydroelectric partnership, continues to provide an array of technical services/support and maintenance for a hydroelectric transmission line. Certain Entergy Services, Inc. personnel are providing the services. Enterprises is paid a fixed annual fee plus market based rates for performing maintenance on the transmission line owned by the partnership. The partnership was charged \$14,376 for services rendered during the second quarter.

During the quarter, no other consulting services were provided by Non-Reg Companies to non-associate companies.

III. Non-utility Loans Made by Entergy to Non-Reg Companies, or Between Non-Reg Companies

During the quarter, no Non-utility Loans subject to reporting in this Certificate were made by Entergy to Non-Reg Companies or between Non-Reg Companies.

IV. Other Securities Issuances by Non-Reg Companies

During the quarter, no Other Securities issuances subject to reporting in this Certificate were made by Non-Reg Companies.

V. Formation and Capitalization of New Subsidiaries and O&M

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Subs

During the quarter, Entergy formed the following companies as New Subsidiaries in accordance with the June 1999 Order: Entergy Marketing Corporation was formed in connection with the Entergy-Koch L.P. joint venture; Entergy Solutions Essentials, LLC was formed in connection with Entergy's unregulated retail energy business in Texas; and Entergy Nuclear Indian Point 2 LLC was formed to develop and/or hold Entergy's investments in nuclear generating facilities.

During the quarter, certain of the foregoing companies were capitalized as follows: Entergy Solutions Essentials, LLC was capitalized with \$750,000. Entergy Nuclear Indian Point 2 LLC was minimally capitalized. In addition, Entergy's investment in EWO Marketing Holding, Inc. was transferred to Entergy Marketing Corporation in connection with the formation of such company, resulting in it having a consolidated capitalization of \$418,405,045; however, no additional capital was invested by Entergy in Entergy Marketing Corporation in connection with this transaction.

During the quarter, no other amounts were expended to form and initially capitalize any New Subsidiaries or O&M Subs.

VI. Nature and Extent of O&M Services Provided

During the quarter, ENI provided decommissioning management services to two non-associate large nuclear operating utilities in the Northeast. ENI is paid a fixed monthly fee and certain incentive fees and is reimbursed for its actual expenses for labor and related charges for all services provided. ENI also provided to non-associate companies consulting services related to the operation, maintenance and decommissioning of nuclear generation facilities. Also, ENI provided license renewal

management services to non-associate nuclear utility customers. ENI is paid market-based fees and is reimbursed for its actual expenses. The total amount billed by ENI for all such services during the quarter was \$9,222,828. In connection with its O&M services business, ENI billed \$6,000 consisting of market-based fees to non-associate customers for annual software license fees for the use of various nuclear software applications which were developed by System Companies.

In addition, during the quarter, EOSI provided power project related operation and management services to several non-associate customers, including professional advice, technical expertise and maintenance services. Specifically, EOSI's services to non-associate customers included performing preventive maintenance on substations; providing O&M consulting services; providing project management for the installation of a steam turbine; testing transformer and relay controls; and providing engineering, procurement and construction services on transmission and substation facilities. The total amounts billed for all such services during the quarter were \$4,644,485 consisting, in each case, of market-based fees and reimbursable expenses, at cost.

During the quarter, EOSI also provided management, technical and environmental support to EPGC, an associate company, in respect of its North American peaker projects, at cost in the amount of \$3,713. EOSI also provided construction and engineering support to Warren Power LLC, a peaker project and a wholly-owned indirect subsidiary of Entergy, at cost, for \$926,214.

During the quarter, Entergy Nuclear Operations, Inc. (ENOI) billed, at cost, ENI (\$2,613,787), TLG (\$737,732), ENGC (\$854,207), IP3 (\$33,649,578) and JAF (\$20,221,898) for O&M Services, including professional advice, technical support

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primarily related to the operation or decommissioning of nuclear facilities.

Entergy represents that no Excepted Company has subsidized the operations of any Non-Reg Company and that the rendering of O&M Services by O&M Subs is in compliance with the applicable rules, regulations and orders of the SEC and has not adversely affected the services provided by any Excepted Company to its customers.

VII. Payment of Dividends By Certain Non-Reg Companies

During the quarter, no dividends subject to reporting in this Certificate were paid by Non-Reg Companies.

VIII. Reorganizations

The Entergy Non-Reg Companies' organizational structure as of June 30, 2001 is included in Exhibit 1.

No reorganizations of Entergy's ownership interests in Non-Reg Companies subject to reporting in this Certificate were effected during the quarter.

IX. Outstanding Guarantees Issued by Entergy or by Non-utility Companies

As of the end of the quarter, the total outstanding amount of Guarantees issued pursuant to the August 2000 Order by Entergy or by Non-utility Companies (to the extent reportable herein) to or for the benefit of Non-utility Companies was \$615,444,698, excluding Guarantees previously issued and outstanding under the June 1999 Order in the amount of \$61,692,500.

X. Financial Statements

Entergy Corporation's unaudited Balance Sheet and Income

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Statement for the quarter ended June 30, 2001 are included in Exhibit 2.

IN WITNESS WHEREOF, the undersigned company has caused this certificate to be executed on this 29th day of August 2001.

ENTERGY CORPORATION

/s/ Nathan E. Langston
Nathan E. Langston
Vice President and Chief Accounting Officer

1 Non-utility Companies are defined in the August 2000 Order as "exempt wholesale generators" ("EWGs"), "foreign utility companies" ("FUCOs"), "exempt telecommunications companies" ("ETCs"), "O&M Subs", "Authorized Subsidiary Companies", "New Subsidiaries" and "Energy-related Companies".

2 The Excepted Companies are Entergy's retail operating companies (Entergy Arkansas Inc., Entergy Louisiana Inc., Entergy Mississippi Inc., Entergy New Orleans Inc. and Entergy Gulf States Inc.), System Energy Resources, Inc., System Fuels, Inc., Entergy Operations, Inc., Entergy Services, Inc., and any other subsidiaries that Entergy may create whose activities and operations are primarily related to the domestic sale of electric energy at retail or at wholesale to affiliates or the provision of goods or services thereto.