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

FORM 10-Q

(Mark One)



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

For the quarterly period ended September 30, 2024

OR



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

For the transition period from _____ to _____

Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, Louisiana 70113 Telephone (504) 576-4000 72-1229752	1-35747	ENTERGY NEW ORLEANS, LLC (a Texas limited liability company) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3702 82-2212934
1-10764	ENTERGY ARKANSAS, LLC (a Texas limited liability company) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 83-1918668	1-34360	ENTERGY TEXAS, INC. (a Texas corporation) 2107 Research Forest Drive The Woodlands, Texas 77380 Telephone (409) 981-2000 61-1435798
1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 576-4000 47-4469646	1-09067	SYSTEM ENERGY RESOURCES, INC. (an Arkansas corporation) 1340 Echelon Parkway Jackson, Mississippi 39213 Telephone (601) 368-5000 72-0752777
1-31508	ENTERGY MISSISSIPPI, LLC (a Texas limited liability company) 308 East Pearl Street Jackson, Mississippi 39201 Telephone (601) 368-5000 83-1950019		

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

Registrant	Title of Class	Trading Symbol	Name of Each Exchange on Which Registered
Entergy Corporation	Common Stock, \$0.01 Par Value	ETR	New York Stock Exchange
	Common Stock, \$0.01 Par Value	ETR	NYSE Chicago, Inc.
Entergy Arkansas, LLC	Mortgage Bonds, 4.875% Series due September 2066	EAI	New York Stock Exchange
Entergy Louisiana, LLC	Mortgage Bonds, 4.875% Series due September 2066	ELC	New York Stock Exchange
Entergy Mississippi, LLC	Mortgage Bonds, 4.90% Series due October 2066	EMP	New York Stock Exchange
Entergy New Orleans, LLC	Mortgage Bonds, 5.0% Series due December 2052	ENJ	New York Stock Exchange
	Mortgage Bonds, 5.50% Series due April 2066	ENO	New York Stock Exchange
Entergy Texas, Inc.	5.375% Series A Preferred Stock, Cumulative, No Par Value (Liquidation Value \$25 Per Share)	ETI/PR	New York Stock Exchange

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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 No

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes No

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

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

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Common Stock Outstanding	Outstanding at September 30, 2024	
Entergy Corporation	(\$0.01 par value)	214,408,014

Entergy Corporation, Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, Entergy New Orleans, LLC, Entergy Texas, Inc., and System Energy Resources, Inc. separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representations whatsoever as to any other company. This combined Quarterly Report on Form 10-Q supplements and updates the Annual Report on Form 10-K for the calendar year ended December 31, 2023 and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024, filed by the individual registrants with the SEC, and should be read in conjunction therewith.

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FORWARD-LOOKING INFORMATION

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

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (a) those factors discussed or incorporated by reference in Item 1A. Risk Factors in the Form 10-K and in this report, (b) those factors discussed or incorporated by reference in Management's Financial Discussion and Analysis in the Form 10-K and in this report, and (c) the following factors (in addition to others described elsewhere in this combined report and in subsequent securities filings):

- resolution of pending and future rate cases and related litigation, formula rate proceedings and related negotiations, including various performance-based rate discussions, Entergy's utility supply plan, and recovery of fuel and purchased power costs, as well as delays in cost recovery resulting from these proceedings;
- regulatory and operating challenges and uncertainties and economic risks associated with the Utility operating companies' participation in MISO, including the benefits of continued MISO participation, the effect of current or projected MISO market rules, market design and market and system conditions in the MISO markets, the absence of a minimum capacity obligation for load serving entities in MISO and the consequent ability of some load serving entities to "free ride" on the energy market without paying appropriate compensation for the capacity needed to produce that energy, the allocation of MISO system transmission upgrade costs, delays in developing or interconnecting new generation or other resources or other adverse effects arising from the volume of requests in the MISO transmission interconnection queue, the MISO-wide base rate of return on equity allowed or any MISO-related charges and credits required by the FERC, and the effect of planning decisions that MISO makes with respect to future transmission investments by the Utility operating companies;
- changes in utility regulation, including, with respect to retail and wholesale competition, the ability to recover net utility assets and other potential stranded costs, including those capital investments associated with unrealized customer growth expectations, and the application of more stringent return on equity criteria, transmission reliability requirements, or market power criteria by the FERC or the U.S. Department of Justice;
- changes in the regulation or regulatory oversight of Entergy's owned or operated nuclear generating facilities, nuclear materials and fuel, and the effects of new or existing safety or environmental concerns regarding nuclear power plants and fuel;
- resolution of pending or future applications, and related regulatory proceedings and litigation, for license modifications or other authorizations required of nuclear generating facilities and the effect of public and political opposition on these applications, regulatory proceedings, and litigation;
- the performance of and deliverability of power from Entergy's generation resources, including the capacity factors at Entergy's nuclear generating facilities;

FORWARD-LOOKING INFORMATION (Continued)

- increases in costs and capital expenditures that could result from changing regulatory requirements, changing economic conditions, and emerging operating and industry issues, such as growth in demand from large data centers, and the risks related to recovery of these costs and capital expenditures from Entergy's customers, especially in an increasing cost environment;
- the commitment of substantial human and capital resources required for the safe and reliable operation and maintenance of Entergy's utility system, including its nuclear generating facilities;
- Entergy's ability to develop and execute on a point of view regarding future prices of electricity, natural gas, and other energy-related commodities;
- the prices and availability of fuel and power Entergy must purchase for its Utility customers, particularly given the recent and ongoing significant growth in liquified natural gas exports and the associated significantly increased demand for natural gas and resulting fluctuation in natural gas prices, and Entergy's ability to meet credit support requirements for fuel and power supply contracts;
- volatility and changes in markets for electricity, natural gas, uranium, emissions allowances, and other energy-related commodities, and the effect of those changes on Entergy and its customers;
- changes in law resulting from federal or state energy legislation or legislation subjecting energy derivatives used in hedging and risk management transactions to governmental regulation;
- changes in environmental laws and regulations, agency positions, or associated litigation, including requirements for reduced emissions of sulfur dioxide, nitrogen oxide, greenhouse gases, mercury, particulate matter and other regulated air emissions, heat and other regulated discharges to water, waste management and disposal, remediation of contaminated sites, wetlands protection and permitting, and reporting, and changes in costs of compliance with environmental laws and regulations;
- changes in laws and regulations, agency positions, or associated litigation related to protected species and associated critical habitat designations;
- the effects of changes in federal, state, or local laws and regulations, and other governmental actions or policies, including changes in monetary, fiscal, tax, environmental, trade/tariff, domestic purchase requirements, or energy policies and related laws, regulations, and other governmental actions, including as a result of prolonged litigation over proposed legislation or regulatory actions;
- the effects of full or partial shutdowns of the federal government or delays in obtaining government or regulatory actions or decisions;
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel and nuclear waste storage and disposal and the level of spent fuel and nuclear waste disposal fees charged by the U.S. government or other providers related to such sites;
- variations in weather and the occurrence of hurricanes and other storms and disasters, including uncertainties associated with efforts to remediate the effects of hurricanes, ice storms, wildfires, or other weather events and the recovery of costs associated with restoration, including the ability to access funded storm reserves, federal and local cost recovery mechanisms, securitization, and insurance, as well as any related unplanned outages;
- effects of climate change, including the potential for increases in extreme weather events, such as hurricanes, heat waves, drought or wildfires, and sea levels or coastal land and wetland loss;
- the risk that an incident at any nuclear generation facility in the U.S. could lead to the assessment of significant retrospective assessments and/or retrospective insurance premiums as a result of Entergy's participation in a secondary financial protection system and a utility industry mutual insurance company;
- changes in the quality and availability of water supplies and the related regulation of water use and diversion;
- Entergy's ability to manage its capital projects, including any capital projects to serve the growing demand for electricity driven in part by the development of large data centers, and to complete such capital projects timely and within budget, to obtain the anticipated performance or other benefits of such capital projects, and to manage its capital and operation and maintenance costs;
- the effects of supply chain disruptions, including those driven by geopolitical developments or trade-related governmental actions, on Entergy's ability to complete its capital projects in a timely and cost-effective manner;

FORWARD-LOOKING INFORMATION (Continued)

- Entergy's ability to purchase and sell assets at attractive prices and on other attractive terms;
- the economic climate, and particularly economic conditions in the Utility service area and events and circumstances that could influence economic conditions in those areas, including power prices and inflation, and the risk that anticipated load growth may not materialize;
- changes to federal income tax laws, regulations, and interpretive guidance, including the Inflation Reduction Act of 2022 and the continued impact of the Tax Cuts and Jobs Act of 2017, and any related intended or unintended consequences on financial results and future cash flows;
- the effects of Entergy's strategies to reduce tax payments;
- the effect of changes to prevailing interest rates and other changes in the financial markets and regulatory requirements for the issuance of securities, particularly as they affect access to and cost of capital and Entergy's ability to refinance existing securities and fund investments and acquisitions;
- actions of rating agencies, including changes in the ratings of debt and preferred stock, changes in general corporate ratings, and changes in the rating agencies' ratings criteria;
- changes in inflation and interest rates and the impacts of inflation or a recession on our customers;
- the effects of litigation, including the outcome and resolution of the proceedings involving System Energy currently before the FERC and any appeals of FERC decisions in those proceedings;
- the effects of government investigations, proceedings, or audits;
- changes in technology, including (i) Entergy's ability to effectively assess, implement, and manage new or emerging technologies, including its ability to maintain and protect personally identifiable information while doing so, (ii) the emergence of artificial intelligence (including machine learning), which may present increased electricity demand or ethical, security, legal, operational, or regulatory challenges, (iii) the impact of changes relating to new, developing, or alternative sources of generation such as distributed energy and energy storage, renewable energy, energy efficiency, demand side management, and other measures that reduce load and government policies incentivizing development or utilization of the foregoing, and (iv) competition from other companies offering products and services to Entergy's customers based on new or emerging technologies or alternative sources of generation;
- Entergy's ability to effectively formulate and implement plans to increase its carbon-free energy capacity and to reduce its carbon emission rate and aggregate carbon emissions, including its commitment to achieve net-zero carbon emissions by 2050 and the related increasing investment in renewable power generation sources, and the potential impact on its business and financial condition of attempting to achieve such objectives;
- the effects, including increased security costs, of threatened or actual terrorism, cyber attacks or data security breaches, physical attacks on or other interference with facilities or infrastructure, natural or man-made electromagnetic pulses that affect transmission or generation infrastructure, accidents, and war or a catastrophic event such as a nuclear accident or a natural gas pipeline explosion;
- impacts of perceived or actual cybersecurity or data security threats or events on Entergy and its subsidiaries, its vendors, suppliers or other third parties interconnected through the grid, which could, among other things, result in disruptions to its operations, including but not limited to, the loss of operational control, temporary or extended outages, or loss of data, including but not limited to, sensitive customer, employee, financial or operations data;

FORWARD-LOOKING INFORMATION (Concluded)

- the effects of a catastrophe, pandemic (or other health-related event), or a global or geopolitical event such as the military activities between Russia and Ukraine, or Israel and Hamas, including resultant economic and societal disruptions; fuel procurement disruptions; volatility in the capital markets (and any related increased cost of capital or any inability to access the capital markets or draw on available bank credit facilities); reduced demand for electricity, particularly from commercial and industrial customers; increased or unrecoverable costs; supply chain, vendor, and contractor disruptions, including as a result of trade-related sanctions; delays in completion of capital or other construction projects, maintenance, and other operations activities, including prolonged or delayed outages; impacts to Entergy's workforce availability, health, or safety; increased cybersecurity risks as a result of many employees telecommuting; increased late or uncollectible customer payments; regulatory delays; executive orders affecting, or increased regulation of, Entergy's business; changes in credit ratings or outlooks as a result of any of the foregoing; or other adverse impacts on Entergy's ability to execute on its business strategies and initiatives or, more generally, on Entergy's results of operations, financial condition, and liquidity;
- Entergy's ability to attract and retain talented management, directors, and employees with specialized skills;
- Entergy's ability to attract, retain, and manage an appropriately qualified workforce;
- changes in accounting standards and corporate governance best practices;
- declines in the market prices of marketable securities and resulting funding requirements and the effects on benefits costs for Entergy's defined benefit pension and other postretirement benefits plans;
- future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;
- changes in decommissioning trust fund values or earnings or in the timing of, requirements for, or cost to decommission Entergy's nuclear plant sites and the implementation of decommissioning of such sites following shutdown;
- the effectiveness of Entergy's risk management policies and procedures and the ability and willingness of its counterparties, including lending, hedging, credit support, and major customer counterparties, to satisfy their financial and performance commitments; and
- Entergy and its subsidiaries' ability to successfully execute on their business strategies, including their ability to complete strategic transactions that they may undertake, and their ability to meet the rapidly growing demand for electricity, including from hyperscale data center and other large customers, and to manage the impacts of growth in demand for electricity on customers and Entergy's business.

DEFINITIONS

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

Abbreviation or Acronym	Term
ALJ	Administrative Law Judge
ANO 1 and 2	Units 1 and 2 of Arkansas Nuclear One (nuclear), owned by Entergy Arkansas
APSC	Arkansas Public Service Commission
Board	Board of Directors of Entergy Corporation
Cajun	Cajun Electric Power Cooperative, Inc.
capacity factor	Actual plant output divided by maximum potential plant output for the period
City Council	Council of the City of New Orleans, Louisiana
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
Entergy	Entergy Corporation and its direct and indirect subsidiaries
Entergy Corporation	Entergy Corporation, a Delaware corporation
Entergy Gulf States, Inc.	Predecessor company for financial reporting purposes to Entergy Gulf States Louisiana that included the assets and business operations of both Entergy Gulf States Louisiana and Entergy Texas
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. and the successor company to Entergy Gulf States, Inc. for financial reporting purposes. The term is also used to refer to the Louisiana jurisdictional business of Entergy Gulf States, Inc., as the context requires. Effective October 1, 2015, the business of Entergy Gulf States Louisiana was combined with Entergy Louisiana.
Entergy Louisiana	Entergy Louisiana, LLC, a Texas limited liability company formally created as part of the combination of Entergy Gulf States Louisiana and the company formerly known as Entergy Louisiana, LLC (Old Entergy Louisiana) into a single public utility company and the successor to Old Entergy Louisiana for financial reporting purposes
Entergy Texas	Entergy Texas, Inc., a Texas corporation formally created as part of the jurisdictional separation of Entergy Gulf States, Inc. The term is also used to refer to the Texas jurisdictional business of Entergy Gulf States, Inc., as the context requires.
Entergy Wholesale Commodities	Prior to January 1, 2023, one of Entergy's reportable business segments consisting of non-utility business activities primarily comprised of the ownership, operation, and decommissioning of nuclear power plants, the ownership of interests in non-nuclear power plants, and the sale of the electric power produced by its operating power plants to wholesale customers
EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
Form 10-K	Annual Report on Form 10-K for the calendar year ended December 31, 2023, filed with the SEC by Entergy Corporation and its Registrant Subsidiaries
GAAP	Generally Accepted Accounting Principles
Grand Gulf	Unit No. 1 of Grand Gulf Nuclear Station (nuclear), 90% owned or leased by System Energy
GWh	Gigawatt-hour(s), which equals one million kilowatt-hours
Independence	Independence Steam Electric Station (coal), owned 16% by Entergy Arkansas, 25% by Entergy Mississippi, and 7% by Entergy Power, LLC
Indian Point 2	Unit 2 of Indian Point Energy Center (nuclear), previously owned as part of Entergy's non-utility business, which ceased power production in April 2020 and was sold in May 2021

DEFINITIONS (Continued)

Abbreviation or Acronym	Term
Indian Point 3	Unit 3 of Indian Point Energy Center (nuclear), previously owned as part of Entergy's non-utility business, which ceased power production in April 2021 and was sold in May 2021
IRS	Internal Revenue Service
ISO	Independent System Operator
kW	Kilowatt, which equals one thousand watts
kWh	Kilowatt-hour(s)
LPSC	Louisiana Public Service Commission
LURC	Louisiana Utilities Restoration Corporation
MISO	Midcontinent Independent System Operator, Inc., a regional transmission organization
MMBtu	One million British Thermal Units
MPSC	Mississippi Public Service Commission
MW	Megawatt(s), which equals one thousand kilowatts
MWh	Megawatt-hour(s)
Nelson Unit 6	Unit No. 6 (coal) of the Nelson Steam Electric Generating Station, 70% of which is co-owned by Entergy Louisiana (57.5%) and Entergy Texas (42.5%) and 10.9% of which is owned by EAM Nelson Holding, LLC
Net debt to net capital ratio	Gross debt less cash and cash equivalents divided by total capitalization less cash and cash equivalents, which is a non-GAAP measure
NRC	Nuclear Regulatory Commission
Palisades	Palisades Nuclear Plant (nuclear), previously owned as part of Entergy's non-utility business, which ceased power production in May 2022 and was sold in June 2022
Parent & Other	The portions of Entergy not included in the Utility segment, primarily consisting of the activities of the parent company, Entergy Corporation, and other business activity, including Entergy's non-utility operations business which owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers and also provides decommissioning services to nuclear power plants owned by non-affiliated entities in the United States
PPA	Purchased power agreement or power purchase agreement
PUCT	Public Utility Commission of Texas
Registrant Subsidiaries	Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, Entergy New Orleans, LLC, Entergy Texas, Inc., and System Energy Resources, Inc.
River Bend	River Bend Station (nuclear), owned by Entergy Louisiana
SEC	Securities and Exchange Commission
System Agreement	Agreement, effective January 1, 1983, as modified, among the Utility operating companies relating to the sharing of generating capacity and other power resources. The agreement terminated effective August 2016.
System Energy	System Energy Resources, Inc.
Unit Power Sales Agreement	Agreement, dated as of June 10, 1982, as amended and approved by the FERC, among Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and System Energy, relating to the sale of capacity and energy from System Energy's share of Grand Gulf
Utility	Entergy's reportable segment that generates, transmits, distributes, and sells electric power, with a small amount of natural gas distribution in portions of Louisiana
Utility operating companies	Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas

DEFINITIONS (Concluded)

Abbreviation or Acronym	Term
Vermont Yankee	Vermont Yankee Nuclear Power Station (nuclear), previously owned as part of Entergy's non-utility business, which ceased power production in December 2014 and was disposed of in January 2019
Waterford 3	Unit No. 3 (nuclear) of the Waterford Steam Electric Station, owned by Entergy Louisiana
weather-adjusted usage	Electric usage excluding the effects of deviations from normal weather
White Bluff	White Bluff Steam Electric Generating Station, 57% owned by Entergy Arkansas

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ENTERGY CORPORATION AND SUBSIDIARIES**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS**

Entergy operates primarily through a single reportable segment, Utility. The Utility segment includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operation of a small natural gas distribution business in portions of Louisiana. See "Planned Sale of Gas Distribution Businesses" herein and in the Form 10-K for discussion of the planned sale of the Entergy New Orleans and Entergy Louisiana gas distribution businesses. See Note 7 to the financial statements herein for discussion of and financial information regarding Entergy's reportable segment.

Results of Operations**Third Quarter 2024 Compared to Third Quarter 2023**

Following are income statement variances for Utility, Parent & Other, and Entergy comparing the third quarter 2024 to the third quarter 2023 showing how much the line item increased or (decreased) in comparison to the prior period.

	Utility	Parent & Other (a)	Entergy
	(In Thousands)		
2023 Net Income (Loss) Attributable to Entergy Corporation	\$751,576	(\$84,821)	\$666,755
Operating revenues	(189,102)	(17,320)	(206,422)
Fuel, fuel-related expenses, and gas purchased for resale	(56,184)	(3,325)	(59,509)
Purchased power	(87,139)	(9,165)	(96,304)
Other regulatory charges (credits) - net	(19,422)	—	(19,422)
Other operation and maintenance	(29,127)	251	(28,876)
Asset write-offs, impairments, and related charges (credits)	(78,434)	40,356	(38,078)
Taxes other than income taxes	(5,418)	(109)	(5,527)
Depreciation and amortization	58,591	17	58,608
Other income (deductions)	39,470	(17,729)	21,741
Interest expense	23,263	16,439	39,702
Other expenses	176	31	207
Income taxes	11,236	(22,758)	(11,522)
Preferred dividend requirements of subsidiaries and noncontrolling interests	(2,145)	—	(2,145)
2024 Net Income (Loss) Attributable to Entergy Corporation	\$786,547	(\$141,607)	\$644,940

(a) Parent & Other includes eliminations, which are primarily intersegment activity.

Third quarter 2023 results of operations include write-offs of \$78 million (\$59 million net-of-tax), recorded at Utility, as a result of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

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Entergy Corporation and Subsidiaries

Management's Financial Discussion and Analysis

Operating Revenues

Utility

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$3,559
Fuel, rider, and other revenues that do not significantly affect net income	(51)
Volume/weather	(118)
Retail one-time bill credit	(92)
Retail electric price	72
2024 operating revenues	\$3,370

The Utility operating companies' results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales, partially offset by an increase in industrial usage. The increase in industrial usage is primarily due to an increase in demand from large industrial customers, primarily in the petroleum refining and chlor-alkali industries.

The retail one-time bill credit represents the disbursement of settlement proceeds in the form of a one-time bill credit provided to Entergy Arkansas's retail customers during the August 2024 billing cycle through the Grand Gulf credit rider as a result of the System Energy settlement with the APSC. There is no effect on net income because Entergy Arkansas previously recorded a regulatory liability for the effects of the System Energy settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of Entergy Arkansas's Grand Gulf credit rider.

The retail electric price variance is primarily due to:

- an increase in Entergy Arkansas's formula rate plan rates effective January 2024;
- increases in Entergy Louisiana's formula rate plan revenues, including increases in the distribution and transmission recovery mechanisms, effective September 2023 and September 2024; and
- increases in Entergy Mississippi's formula rate plan rates effective April 2024 and July 2024.

See Note 2 to the financial statements herein and in the Form 10-K for discussion of the regulatory proceedings discussed above.

Total electric energy sales for Utility for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	11,519	12,661	(9)
Commercial	8,394	8,648	(3)
Industrial	15,150	13,781	10
Governmental	684	700	(2)
Total retail	35,747	35,790	—
Sales for resale	3,727	3,916	(5)
Total	39,474	39,706	(1)

See Note 12 to the financial statements herein for additional discussion of operating revenues.

Other Income Statement Items

Utility

Other operation and maintenance expenses decreased from \$743 million for the third quarter 2023 to \$714 million for the third quarter 2024 primarily due to a decrease of \$20 million in power delivery expenses primarily due to the timing of vegetation maintenance costs and a decrease of \$10 million in compensation and benefits costs primarily due to lower incentive-based compensation accruals in 2024 as compared to 2023.

Asset write-offs, impairments, and related charges (credits) includes the effects of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. In third quarter 2023, Entergy Arkansas recorded write-offs of its regulatory asset for deferred fuel of \$68.9 million and the undepreciated balance of \$9.5 million in capital costs related to the ANO stator incident. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

Depreciation and amortization expenses increased primarily due to a reduction in depreciation expense of \$41 million in 2023 at System Energy as a result of the approval by the FERC in August 2023 of the settlement establishing updated depreciation rates used in calculating Grand Gulf plant depreciation and amortization expenses under the Unit Power Sales Agreement and additions to plant in service. See Note 2 to the financial statements in the Form 10-K for discussion of the Unit Power Sales Agreement depreciation amendment proceeding.

Other regulatory charges (credits) - net includes:

- the reversal in third quarter 2024 of a \$92 million regulatory liability recognized for Entergy Arkansas's obligation to return to customers the refund from the System Energy settlement with the APSC. This reversal of the regulatory liability offsets a reduction in gross revenues from the retail one-time bill credits provided to customers in the August 2024 billing cycle through the Grand Gulf credit rider. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of Entergy Arkansas's Grand Gulf credit rider; and
- the reversal in third quarter 2023 of \$22 million of regulatory liabilities to reflect the recognition of certain receipts by Entergy Texas under affiliated PPAs that have been resolved. See Note 2 to the financial statements in the Form 10-K for discussion of Entergy Texas's 2022 base rate case.

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In addition, Entergy records a regulatory charge or credit for the difference between asset retirement obligation-related expenses and nuclear decommissioning trust earnings plus asset retirement obligation-related costs collected in revenue.

Other income increased primarily due to:

- a decrease of \$19 million in non-service pension costs primarily as a result of pension settlement charges recorded in third quarter 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs;
- changes in decommissioning trust fund activity, including portfolio rebalancing of decommissioning trust funds in third quarter 2024; and
- an increase in the allowance for equity funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project at Entergy Texas.

Interest expense increased primarily due to:

- the issuance by Entergy Arkansas of \$300 million of 5.30% Series mortgage bonds in August 2023;
- the issuances by Entergy Arkansas of \$400 million of 5.75% Series mortgage bonds and \$400 million of 5.45% Series mortgage bonds, each in May 2024;
- the issuances by Entergy Louisiana of \$500 million of 5.35% Series mortgage bonds and \$700 million of 5.70% Series mortgage bonds, each in March 2024;
- the issuance by Entergy Louisiana of \$700 million of 5.15% Series mortgage bonds in August 2024;
- the issuance by Entergy Mississippi of \$300 million of 5.85% Series mortgage bonds in May 2024;
- the issuance by Entergy Texas of \$350 million of 5.80% Series mortgage bonds in August 2023; and
- the issuance by Entergy Texas of \$350 million of 5.55% Series mortgage bonds in August 2024.

The increase was partially offset by:

- the repayment by Entergy Arkansas of \$375 million of 3.70% Series mortgage bonds in June 2024;
- the repayment by Entergy Louisiana of \$325 million of 4.05% Series mortgage bonds in August 2023;
- the repayment by Entergy Louisiana of \$300 million of 5.59% Series mortgage bonds in December 2023; and
- the repayment by Entergy Louisiana of \$400 million of 5.40% Series mortgage bonds in April 2024.

Parent and Other

Asset write-offs, impairments, and related charges (credits) includes the effects of recording a favorable final judgment of \$40 million in third quarter 2023 to resolve claims in the Indian Point 2 fourth round and Indian Point 3 third round combined damages case against the DOE. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation.

Other income (deductions) decreased primarily due to higher legal provisions and lower non-service pension income. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs.

Interest expense increased primarily due to the issuance of \$1.2 billion of junior subordinated debentures in May 2024.

Income Taxes

The effective income tax rate was 25% for the third quarter 2024. The difference in the effective income tax rate for the third quarter 2024 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes, partially offset by the resolution of an Arkansas state income tax audit. See Note 10 to the financial statements herein for discussion of the Arkansas state income tax audit resolution.

The effective income tax rate was 25.3% for the third quarter 2023. The difference in the effective income tax rate for the third quarter 2023 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following are income statement variances for Utility, Parent & Other, and Entergy comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023 showing how much the line item increased or (decreased) in comparison to the prior period.

	Utility	Parent & Other (a)	Entergy
(In Thousands)			
2023 Net Income (Loss) Attributable to Entergy Corporation	\$1,663,106	(\$294,172)	\$1,368,934
Operating revenues	(242,262)	(42,997)	(285,259)
Fuel, fuel-related expenses, and gas purchased for resale	(400,507)	(1,937)	(402,444)
Purchased power	(85,111)	(27,169)	(112,280)
Other regulatory charges (credits) - net	290,360	—	290,360
Other operation and maintenance	73,636	(5,128)	68,508
Asset write-offs, impairments, and related charges (credits)	53,341	40,356	93,697
Taxes other than income taxes	5,878	(470)	5,408
Depreciation and amortization	140,738	39	140,777
Other income (deductions)	225,273	(358,176)	(132,903)
Interest expense	54,152	45,721	99,873
Other expenses	10,626	32	10,658
Income taxes	80,438	(93,153)	(12,715)
Preferred dividend requirements of subsidiaries and noncontrolling interests	(213)	—	(213)
2024 Net Income (Loss) Attributable to Entergy Corporation	<u>\$1,422,779</u>	<u>(\$653,636)</u>	<u>\$769,143</u>

(a) Parent & Other includes eliminations, which are primarily intersegment activity.

Results of operations for the nine months ended September 30, 2024 include: (1) a \$317 million (\$250 million net-of-tax) settlement charge, reflected in Parent & Other above, recognized as a result of a group annuity contract purchased in May 2024 to settle certain pension liabilities; (2) expenses of \$151 million (\$112 million net-of-tax), recorded at Utility in second quarter 2024, primarily consisting of regulatory charges to reflect the effects of an agreement in principle between Entergy Louisiana and the LPSC staff and the intervenors in July 2024 to renew Entergy Louisiana's formula rate plan and resolve a number of other retail dockets and matters, including all formula rate plan test years prior to 2023; (3) a \$132 million (\$97 million net-of-tax) charge, recorded at Utility, to reflect the write-off of a previously recorded regulatory asset as a result of an adverse decision in the Entergy

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Arkansas opportunity sales proceeding in March 2024; and (4) a \$78 million (\$57 million net-of-tax) regulatory charge, recorded at Utility in first quarter 2024, primarily to reflect a settlement in principle between Entergy New Orleans and the City Council in April 2024 for additional sharing with customers of income tax benefits from the resolution of the 2016-2018 IRS audit. See Note 6 to the financial statements herein for discussion of the group annuity contract and settlement charge. See Note 2 to the financial statements herein for discussion of the Entergy Louisiana agreement in principle and the subsequently filed global stipulated settlement agreement. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the Entergy Arkansas opportunity sales proceeding. See Note 10 to the financial statements herein for discussion of the April 2024 settlement in principle and Note 3 to the financial statements in the Form 10-K for discussion of the resolution of the 2016-2018 IRS audit.

Results of operations for the nine months ended September 30, 2023 include: (1) a \$129 million reduction in income tax expense as a result of the Hurricane Ida securitization in March 2023, which also resulted in a \$103 million (\$76 million net-of-tax) regulatory charge, recorded at Utility, to reflect Entergy Louisiana's obligation to provide credits to its customers as described in an LPSC ancillary order issued as part of the securitization regulatory proceeding; and (2) write-offs of \$78 million (\$59 million net-of-tax), recorded at Utility, as a result of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. See Notes 2 and 3 to the financial statements in the Form 10-K for discussion of the Entergy Louisiana March 2023 storm cost securitization. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

Operating Revenues

Utility

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$9,326
Fuel, rider, and other revenues that do not significantly affect net income	(257)
Retail one-time bill credit	(92)
Storm restoration carrying costs	(31)
Volume/weather	(20)
Retail electric price	158
2024 operating revenues	\$9,084

The Utility operating companies' results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The retail one-time bill credit represents the disbursement of settlement proceeds in the form of a one-time bill credit provided to Entergy Arkansas's retail customers during the August 2024 billing cycle through the Grand Gulf credit rider as a result of the System Energy settlement with the APSC. There is no effect on net income because Entergy Arkansas previously recorded a regulatory liability for the effects of the System Energy settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of Entergy Arkansas's Grand Gulf credit rider.

Storm restoration carrying costs represent the equity component of storm restoration carrying costs recognized by Entergy Louisiana as part of its March 2023 storm cost securitization. See Note 2 to the financial statements in the Form 10-K for discussion of the Entergy Louisiana March 2023 storm cost securitization.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales, partially offset by an increase in industrial usage. The increase in industrial usage is primarily due to an increase in demand from large industrial customers, primarily in the petroleum refining industry and from new customers in the technology industry.

The retail electric price variance is primarily due to:

- an increase in Entergy Arkansas's formula rate plan rates effective January 2024;
- increases in Entergy Louisiana's formula rate plan revenues, including increases in the distribution and transmission recovery mechanisms, effective September 2023 and September 2024;
- increases in Entergy Mississippi's formula rate plan rates effective April 2024 and July 2024; and
- an increase in Entergy Texas's base rates effective June 2023, partially offset by the implementation of the generation cost recovery relate-back rider for the Hardin County Peaking Facility effective over three months beginning in May 2023.

See Note 2 to the financial statements herein and in the Form 10-K for discussion of the regulatory proceedings discussed above.

Total electric energy sales for Utility for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	28,499	28,963	(2)
Commercial	21,797	21,865	—
Industrial	42,174	39,823	6
Governmental	1,883	1,887	—
Total retail	94,353	92,538	2
Sales for resale	10,737	11,589	(7)
Total	105,090	104,127	1

See Note 12 to the financial statements herein for additional discussion of operating revenues.

Other Income Statement Items

Utility

Other operation and maintenance expenses increased from \$2,007 million for the nine months ended September 30, 2023 to \$2,081 million for the nine months ended September 30, 2024 primarily due to:

- an increase of \$24 million in contract costs related to operational performance, customer service, and organizational health initiatives;
- an increase of \$14 million in energy efficiency expenses primarily due to the timing of recovery from customers;

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- the effects of recording a final judgment in first quarter 2023 to resolve claims in the ANO damages case against the DOE related to spent nuclear fuel storage costs. The damages awarded included the reimbursement of approximately \$10 million of spent nuclear fuel storage costs previously recorded as other operation and maintenance expenses. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation;
- an increase of \$9 million in bad debt expense;
- an increase of \$9 million in transmission costs allocated by MISO. See Note 2 to the financial statements in the Form 10-K for discussion of the recovery of these costs;
- an increase of \$7 million in non-nuclear generation expenses primarily due to a higher scope of work, including during plant outages, performed in 2024 as compared to 2023; and
- a gain of \$7 million on the partial sale of a service center at Entergy Texas in April 2023 as part of an eminent domain proceeding.

The increase was partially offset by a decrease of \$16 million in power delivery expenses primarily due to the timing of vegetation maintenance costs.

Asset write-offs, impairments, and related charges (credits) includes:

- a \$132 million (\$97 million net-of-tax) charge to reflect the write-off, at Entergy Arkansas, of a previously recorded regulatory asset as a result of an adverse decision in the Entergy Arkansas opportunity sales proceeding in March 2024. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the Entergy Arkansas opportunity sales proceeding; and
- the effects of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. In third quarter 2023, Entergy Arkansas recorded write-offs of its regulatory asset for deferred fuel of \$68.9 million and the undepreciated balance of \$9.5 million in capital costs related to the ANO stator incident. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

Depreciation and amortization expenses increased primarily due to:

- additions to plant in service;
- the recognition of \$28 million in depreciation expense in 2024 at Entergy Texas for the 2022 base rate case relate back period, effective over six months beginning January 2024. The recognition of depreciation expense for the relate back period is effective over the same period as collections from the relate back surcharge rider and results in no effect on net income;
- a reduction in depreciation expense of \$41 million in 2023 at System Energy as a result of the approval by the FERC in August 2023 of the settlement establishing updated depreciation rates used in calculating Grand Gulf plant depreciation and amortization expenses under the Unit Power Sales Agreement; and
- an increase in depreciation rates at Entergy Texas, effective June 2023.

The increase was partially offset by a decrease in depreciation rates at System Energy effective June 2023. See Note 2 to the financial statements in the Form 10-K for discussion of the Unit Power Sales Agreement depreciation amendment proceeding. See Note 2 to the financial statements in the Form 10-K for discussion of the 2022 base rate case at Entergy Texas.

Other regulatory charges (credits) - net includes:

- the reversal in third quarter 2024 of a \$92 million regulatory liability recognized for Entergy Arkansas's obligation to return to customers the refund from the System Energy settlement with the APSC. This reversal of the regulatory liability offsets a reduction in gross revenues from the retail one-time bill credits provided to customers in the August 2024 billing cycle through the Grand Gulf credit rider. See Note 2 to

the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of Entergy Arkansas's Grand Gulf credit rider;

- regulatory charges of \$150 million, recorded by Entergy Louisiana in second quarter 2024, to reflect the effects of an agreement in principle between Entergy Louisiana and the LPSC staff and the intervenors in July 2024 to renew Entergy Louisiana's formula rate plan and resolve a number of other retail dockets and matters, including all formula rate plan test years prior to 2023. See Note 2 to the financial statements herein for discussion of the Entergy Louisiana agreement in principle and the subsequently filed global stipulated settlement agreement;
- a regulatory charge of \$103 million, recorded by Entergy Louisiana in first quarter 2023, to reflect its obligation to provide credits to its customers as described in an LPSC ancillary order issued in the Hurricane Ida securitization regulatory proceeding. See Note 2 to the financial statements in the Form 10-K for discussion of the Entergy Louisiana March 2023 storm cost securitization;
- a regulatory charge of \$78 million, recorded by Entergy New Orleans in first quarter 2024, primarily to reflect a settlement in principle between Entergy New Orleans and the City Council in April 2024 for additional sharing with customers of income tax benefits from the resolution of the 2016-2018 IRS audit. See Note 10 to the financial statements herein for discussion of the April 2024 settlement in principle and Note 3 to the financial statements in the Form 10-K for discussion of the resolution of the 2016-2018 IRS audit; and
- the reversal in third quarter 2023 of \$22 million of regulatory liabilities to reflect the recognition of certain receipts by Entergy Texas under affiliated PPAs that have been resolved. See Note 2 to the financial statements in the Form 10-K for discussion of Entergy Texas's 2022 base rate case.

In addition, Entergy records a regulatory charge or credit for the difference between asset retirement obligation-related expenses and nuclear decommissioning trust earnings plus asset retirement obligation-related costs collected in revenue.

Other income increased primarily due to:

- changes in decommissioning trust fund activity, including portfolio rebalancing of decommissioning trust funds in 2024;
- a decrease of \$45 million in non-service pension costs primarily as a result of pension settlement charges recorded in 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs;
- an increase of \$18 million in intercompany dividend income from affiliated preferred membership interests related to storm cost securitizations. The intercompany dividend income on the affiliate preferred membership interests is eliminated for consolidation purposes and has no effect on net income since the investment is in another Entergy subsidiary;
- an increase in the allowance for equity funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project at Entergy Texas; and
- a \$15 million charge, recorded by Entergy Louisiana in first quarter 2023, for the LURC's 1% beneficial interest in the storm trust II established as part of the March 2023 storm cost securitization. See Note 2 to the financial statements in the Form 10-K for discussion of the Entergy Louisiana March 2023 storm cost securitization.

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Interest expense increased primarily due to:

- the issuance by Entergy Arkansas of \$300 million of 5.30% Series mortgage bonds in August 2023;
- the issuances by Entergy Arkansas of \$400 million of 5.75% Series mortgage bonds and \$400 million of 5.45% Series mortgage bonds, each in May 2024;
- the issuances by Entergy Louisiana of \$500 million of 5.35% Series mortgage bonds and \$700 million of 5.70% Series mortgage bonds, each in March 2024;
- the issuance by Entergy Louisiana of \$700 million of 5.15% Series mortgage bonds in August 2024;
- the issuance by Entergy Mississippi of \$300 million of 5.85% Series mortgage bonds in May 2024; and
- the issuance by Entergy Texas of \$350 million of 5.80% Series mortgage bonds in August 2023.

The increase was partially offset by:

- the repayment by Entergy Arkansas of \$250 million of 3.05% Series mortgage bonds in June 2023;
- the repayment by Entergy Arkansas of \$375 million of 3.70% Series mortgage bonds in June 2024;
- the repayment by Entergy Louisiana of \$325 million of 4.05% Series mortgage bonds in August 2023;
- the repayment by Entergy Louisiana of \$300 million of 5.59% Series mortgage bonds in December 2023; and
- the repayment by Entergy Louisiana of \$400 million of 5.40% Series mortgage bonds in April 2024.

Parent and Other

Asset write-offs, impairments, and related charges (credits) includes the effects of recording a favorable final judgment of \$40 million in third quarter 2023 to resolve claims in the Indian Point 2 fourth round and Indian Point 3 third round combined damages case against the DOE. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation.

Other income (deductions) decreased primarily due to:

- a \$317 million (\$250 million net-of-tax) non-cash settlement charge recognized as a result of a group annuity contract purchased in May 2024 to settle certain pension liabilities. See Note 6 to the financial statements herein for discussion of the group annuity contract and settlement charge;
- the elimination for consolidation purposes of intercompany dividend income of \$18 million from affiliated preferred membership interests, as discussed above;
- lower non-service pension income. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs; and
- higher legal provisions.

Interest expense increased primarily due to higher commercial paper balances and the issuance of \$1.2 billion of junior subordinated debentures in May 2024. See Note 4 to the financial statements herein for discussion of Entergy's commercial paper program.

Income Taxes

The effective income tax rate was 25.9% for the nine months ended September 30, 2024. The difference in the effective income tax rate for the nine months ended September 30, 2024 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes, amortization of accumulated deferred income taxes as a result of tax rate changes, and a provision for uncertain tax positions, partially offset by the resolution of an Arkansas state income tax audit, certain book and tax differences related to utility plant items, and book and tax

differences related to the allowance for equity funds used during construction. See Note 10 to the financial statements herein for discussion of the Arkansas state income tax audit resolution.

The effective income tax rate was 17.1% for the nine months ended September 30, 2023. The difference in the effective income tax rate for the nine months ended September 30, 2023 versus the federal statutory rate of 21% was primarily due to the reduction in income tax expense as a result of the securitization of Hurricane Ida storm costs pursuant to Louisiana Act 55, as supplemented by Act 293 of the Louisiana Legislature's Regular Session of 2021, and certain book and tax differences related to utility plant items, partially offset by the accrual for state income taxes. See Notes 2 and 3 to the financial statements in the Form 10-K for a discussion of the Entergy Louisiana March 2023 storm cost securitization under Act 293.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" in the Form 10-K for discussion of income tax legislation and regulation. The following are updates to that discussion.

Entergy Arkansas, Entergy Louisiana, and System Energy have the potential to generate zero-emission nuclear power production tax credits for electricity generated by their respective nuclear power facilities. Based on guidance provided by the United States Treasury Department and the IRS, the nuclear production tax credits will be calculated by multiplying the kWh of qualifying electricity by \$0.003, with the value of the credits decreasing ratably, or phasing out, once the annual gross receipts from the sale of nuclear power exceed a certain threshold. If certain prevailing wage requirements are satisfied, the calculation of the credit, as described in the preceding sentence, is multiplied by a factor of five. Additional guidance is needed from the United States Treasury Department and/or the IRS to determine how the value of these credits will be calculated for power generated from nuclear facilities of rate-regulated utilities. Due to the uncertainty of value, if any, of credits Entergy Arkansas, Entergy Louisiana, or System Energy may receive, such credits have not been recognized for the nuclear power produced through the third quarter of 2024. If credits are recognized in future periods, the value of such credits is expected to be provided to customers. As such, recognition of nuclear production tax credits is not expected to have a material effect on the results of operations of Entergy, Entergy Arkansas, Entergy Louisiana, or System Energy.

Entergy Arkansas has accrued solar production tax credits associated with the beginning of commercial operations of the Walnut Bend Solar facility in September 2024. As the value of such credits is expected to be provided to customers, a regulatory liability has been recorded for all credits recognized in the third quarter of 2024. As such, recognition of solar production tax credits is not expected to have a material effect on the results of operations of Entergy or Entergy Arkansas.

Entergy Wholesale Commodities Exit from the Merchant Power Business

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Entergy Wholesale Commodities Exit from the Merchant Power Business**" in the Form 10-K for discussion of the exit from the merchant power business.

Planned Sale of Gas Distribution Businesses

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Planned Sale of Gas Distribution Businesses**" in the Form 10-K for discussion of the planned sale of Entergy New Orleans's and Entergy Louisiana's gas distribution businesses. The following are updates to that discussion.

In July 2024 the LPSC staff issued a report recommending LPSC approval of the application of Delta States Utilities LA, LLC (a Bernhard Capital Partners Management LP affiliate) and Entergy Louisiana and the transaction

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described therein as being in the public interest and proposing certain conditions. In August 2024 the LPSC issued an order accepting the LPSC staff's report and recommendation.

As discussed in the Form 10-K, in December 2023, Entergy New Orleans and the buyer of Entergy New Orleans's gas distribution business filed their joint application with the City Council seeking approval for the proposed transaction. In September 2024 the hearing officer certified the record of the proceeding for City Council consideration. A decision is targeted for first quarter 2025.

Liquidity and Capital Resources

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - **Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy's capital structure, capital spending plans and other uses of capital, and sources of capital. The following are updates to that discussion.

Capital Structure and Resources

Entergy's debt to capital ratio is shown in the following table. The increase in the debt to capital ratio is primarily due to the net issuance of long-term debt in 2024.

	September 30, 2024	December 31, 2023
Debt to capital	65.4 %	63.8 %
Effect of excluding securitization bonds	(0.1 %)	(0.3 %)
Debt to capital, excluding securitization bonds (non-GAAP) (a)	65.3 %	63.5 %
Effect of subtracting cash	(1.2 %)	(0.1 %)
Net debt to net capital, excluding securitization bonds (non-GAAP) (a)	64.1 %	63.4 %

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

As of September 30, 2024, 21.7% of the debt outstanding is at the parent company, Entergy Corporation, and 77.8% is at the Utility. The remaining 0.5% of the debt outstanding relates to the Vermont Yankee credit facility, as discussed in Note 4 to the financial statements herein. Net debt consists of debt less cash and cash equivalents. Debt consists of notes payable and commercial paper, finance lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt, equity, and subsidiaries' preferred stock without sinking fund. Net capital consists of capital less cash and cash equivalents. The debt to capital ratio excluding securitization bonds and net debt to net capital ratio excluding securitization bonds are non-GAAP measures. Entergy uses the debt to capital ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy's financial condition because the securitization bonds are non-recourse to Entergy, as more fully described in Note 5 to the financial statements in the Form 10-K. Entergy also uses the net debt to net capital ratio excluding securitization bonds in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy's financial condition because net debt indicates Entergy's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3 billion and expires in June 2029. The facility includes fronting commitments for the issuance of letters of credit against \$20 million of the total borrowing capacity of the credit facility. The commitment fee is currently 0.225% of the undrawn commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The estimated interest rate as of September 30, 2024

that would have been applied to outstanding borrowings under the facility was 6.45%. The following is a summary of the amounts outstanding and capacity available under the credit facility as of September 30, 2024:

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
\$3,000	\$—	\$4	\$2,996

Entergy Corporation's credit facility includes a covenant requiring Entergy to maintain a consolidated debt ratio, as defined, of 65% or less of its total capitalization. The calculation of this debt ratio under Entergy Corporation's credit facility is different than the calculation of the debt to capital ratio above. Entergy is currently in compliance with the covenant and expects to remain in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy Corporation or one of the Registrant Subsidiaries (except Entergy New Orleans and System Energy) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the Entergy Corporation credit facility's maturity date may occur. See Note 4 to the financial statements herein for additional discussion of the Entergy Corporation credit facility and discussion of the Registrant Subsidiaries' credit facilities.

Entergy Corporation has a commercial paper program with a Board-approved program limit of \$2 billion. As of September 30, 2024, Entergy Corporation had \$1,122.4 million of commercial paper outstanding. The weighted-average interest rate for the nine months ended September 30, 2024 was 5.64%.

Equity Issuances and Equity Distribution Program

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Sources of Capital - Equity Issuances and Equity Distribution Program**" in the Form 10-K and Note 3 to the financial statements herein for discussion of the equity distribution program. The following is an update to that discussion.

Entergy Corporation currently expects to issue approximately \$4.4 billion of equity through 2028, which it may issue under its at the market equity distribution program or otherwise, with approximately \$1.4 billion already contracted under forward sale agreements as of September 30, 2024.

Entergy Corporation Two-For-One Forward Stock Split

In October 2024, Entergy announced a two-for-one forward stock split of Entergy Corporation's issued common stock. The split will be effected through an amendment to Entergy Corporation's Restated Certificate of Incorporation, which will result in a proportionate increase in the number of shares of authorized common stock. Each record holder of common stock as of the close of market on Thursday, December 5, 2024, will receive one additional share of common stock for each then-held share, to be distributed after market close on December 12, 2024. Trading is expected to commence on a split-adjusted basis at market open on Friday, December 13, 2024.

Capital Expenditure Plans and Other Uses of Capital

See the table and discussion in the Form 10-K under "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources - Capital Expenditure Plans and Other Uses of Capital**," that sets forth the amounts of Entergy's planned construction and other capital investments for 2025 through 2027. The following are updates to that discussion.

Entergy is developing its capital investment plan for 2025 through 2027 and currently anticipates that the Utility will make approximately \$25 billion in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary Utility estimate includes investments in generation projects to modernize, decarbonize, and diversify Entergy's portfolio, as well as to support customer growth, including Bayou

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Power Station, Delta Blues Advanced Power Station, Orange County Advanced Power Station, Lone Star Power Station, Segno Solar, Votaw Solar, and potential construction of additional generation; investments in the Utility's nuclear fleet; transmission spending to improve reliability and resilience while also supporting renewables expansion and customer growth; distribution and Utility support spending to improve reliability, resilience, and customer experience through projects focused on asset renewals and enhancements and grid stability; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of business restructuring, regulatory constraints and requirements, government actions, environmental regulations, business opportunities, market volatility, economic trends, changes in project plans, and the ability to access capital.

Renewables

Walnut Bend Solar

As discussed in the Form 10-K, in October 2020, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 100 MW Walnut Bend Solar facility pursuant to a build-own-transfer agreement is in the public interest. Entergy Arkansas primarily requested cost recovery through the formula rate plan rider. Acquisition of the Walnut Bend Solar facility was initially approved by the APSC in July 2021. The agreement was amended by the parties in February 2023, and the revised agreement was approved by the APSC in July 2023. In February 2024, Entergy Arkansas made an initial payment of approximately \$169.7 million to acquire the facility. Substantial completion was achieved and commercial operation commenced in September 2024, at which time Entergy Arkansas made a substantial completion payment of approximately \$15.8 million for acquisition of the facility. See Note 14 to the financial statements herein and in the Form 10-K for discussion of the purchase of the Walnut Bend Solar facility.

West Memphis Solar

As discussed in the Form 10-K, in January 2021, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 180 MW West Memphis Solar facility pursuant to a build-own-transfer agreement is in the public interest. In September 2020, Entergy Arkansas signed an agreement for the purchase of the West Memphis Solar facility, to be sited on approximately 1,500 acres in Crittenden County, Arkansas. Acquisition of the West Memphis Solar facility was initially approved by the APSC in October 2021. In March 2022 the counterparty to the build-own-transfer agreement notified Entergy Arkansas that it was seeking changes to certain terms of the agreement, including both cost and schedule. Entergy Arkansas filed a supplemental application with the APSC in January 2023 for a change in the transmission route and updates to the cost and schedule, which was approved by the APSC in March 2023. In August 2024, Entergy Arkansas made an initial payment of approximately \$48.4 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas expects the project to commence commercial operation in November 2024, at which time a substantial completion payment of approximately \$200 million is expected. See Note 14 to the financial statements herein for discussion of the purchase of the West Memphis Solar facility.

Driver Solar

As discussed in the Form 10-K, in April 2022, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 250 MW Driver Solar facility pursuant to a build-own-transfer agreement is in the public interest and requested cost recovery through the formula rate plan rider. In August 2022 the APSC granted Entergy Arkansas's petition and approved the acquisition of Driver Solar and cost recovery through the formula rate plan rider. In August 2024, Entergy Arkansas made an initial payment of approximately \$307.7 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas currently expects the project to commence commercial

operation by the end of 2024, at which time a substantial completion payment of approximately \$100 million is expected. See Note 14 to the financial statements herein for discussion of the purchase of the Driver Solar facility.

Alternative RFP and Certification

As discussed in the Form 10-K, in March 2023, Entergy Louisiana made the first phase of a bifurcated filing to seek approval from the LPSC for an alternative to the requests for proposals (RFP) process that would enable the acquisition of up to 3 GW of solar resources on a faster timeline than the current RFP and certification process allows. The initial phase of the filing established the need for the acquisition of additional resources and the need for an alternative to the RFP process. The second phase of the filing, which contains the details of the proposal for the alternative competitive procurement process and the information necessary to support certification, was filed in May 2023. In addition to the acquisition of up to 3 GW of solar resources, the filing also seeks approval of a new renewable energy credits-based tariff, Rider Geaux ZERO. In May 2024 the LPSC voted to approve the application, and in June 2024 the LPSC issued an order reflecting that approval. In August 2024, Entergy Louisiana issued the first RFP pursuant to this order in solicitation of solar resources that meet the requirements of the LPSC's order.

Segno Solar and Votaw Solar

In July 2024, Entergy Texas filed an application seeking PUCT approval to amend Entergy Texas's certificate of convenience and necessity to construct, own, and operate the Segno Solar facility, a 170 MW solar facility to be located in Polk County, Texas, and the Votaw Solar facility, a 141 MW solar facility to be located in Hardin County, Texas. The Segno Solar facility will cost an estimated \$351.6 million, and the Votaw Solar facility will cost an estimated \$303.8 million, in each case inclusive of estimated transmission interconnection and upgrade costs. In September 2024 the PUCT referred the proceeding to the State Office of Administrative Hearings and the ALJ with the State Office of Administrative Hearings adopted an agreed procedural schedule, with a hearing on the merits to be held in March 2025. A PUCT decision is expected in third quarter 2025. Subject to receipt of required regulatory approval and other conditions, the Segno Solar facility is expected to be in service by early 2027, and the Votaw Solar facility is expected to be in service by mid-2028.

Other Generation

Bayou Power Station

In March 2024, Entergy Louisiana filed an application with the LPSC seeking certification that the public convenience and necessity would be served by the construction of the Bayou Power Station, a 112 MW aggregated capacity floating natural gas power station with black-start capability in Leeville, Louisiana and an associated microgrid that would serve nearby areas, including Port Fourchon, Golden Meadow, Leeville, and Grand Isle. In its application, Entergy Louisiana noted that the estimated cost of the Bayou Power Station was \$411 million, including estimated costs of transmission interconnection and other related costs. In October 2024, Entergy Louisiana filed a motion to suspend the procedural schedule in this proceeding in order to evaluate certain recent developments related to the project including potential changes to the estimated cost of the project. Entergy Louisiana will determine next steps for the project after fully evaluating these developments. Subject to timely approval by the LPSC and receipt of other permits and approvals, commercial operation is expected to occur by the end of 2028.

Entergy Louisiana Additional Generation and Transmission Resources

In October 2024, Entergy Louisiana filed an application with the LPSC seeking approval of a variety of generation and transmission resources proposed in connection with establishing service to a new customer facility in north Louisiana, for which an electric service agreement has been executed. The filing requests LPSC certification of three new combined cycle combustion turbine generation resources totaling 2,262 MW, each of which will be

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enabled for future carbon capture and storage, a new 500 kV transmission line, and 500 kV substation upgrades. The application also requests approval to implement a corporate sustainability rider applicable to the new customer. The corporate sustainability rider contemplates the new customer contributing to the costs of the future addition of 1,500 MW of new solar and energy storage resources, agreements involving carbon capture and storage at Entergy Louisiana's existing Lake Charles Power Station, and potential future wind and nuclear resources. The combined cost of the first two new generation resources is estimated to be approximately \$2,387 million, and these units are expected to achieve commercial operation in 2028. The third new generation resource is currently expected to have an estimated cost similar to the first two new generation resources and is expected to achieve commercial operation in 2029. The cost of the new 500 kV transmission line is estimated to be \$546 million. Entergy Louisiana anticipates funding the incremental cost to serve the customer through direct financial contributions from the customer and the revenues it expects to earn under the electric service agreement. The application requests an LPSC decision by September 2025 in order to support the customer's schedule for taking electric service for the new facility.

Delta Blues Advanced Power Station

In September 2024, Entergy Mississippi announced plans to construct, own, and operate the Delta Blues Advanced Power Station, a 754 MW combined-cycle combustion turbine facility, to be located in Washington County, Mississippi. The facility will primarily be powered by natural gas, and it will also be enabled with carbon capture and hydrogen co-firing optionality. The Delta Blues Advanced Power Station will cost an estimated \$1.2 billion. State legislation passed in January 2024 provides for the pre-certification of construction for certain types of facilities that directly or indirectly provide electric service to customers with defined projects under the legislation. Construction of the Delta Blues Advanced Power Station qualifies under this legislation for pre-certification. As enabled by this legislation, Entergy Mississippi began recovery of certain costs of construction of the Delta Blues Advanced Power Station through the interim facilities rate adjustments provision of its formula rate plan rider, which rates became effective in July 2024. Non-fuel revenue collected from the facility's customer will be included in the formula rate plan to offset the facility's revenue requirement. Construction is in progress and the facility is expected to be in service by 2028.

Legend Power Station and Lone Star Power Station

In June 2024, Entergy Texas filed an application seeking PUCT approval to amend Entergy Texas's certificate of convenience and necessity to construct, own, and operate the Legend Power Station, a 754 MW combined-cycle combustion turbine facility, which will be enabled with both carbon capture and storage and hydrogen co-firing optionality, to be located in Jefferson County, Texas, and the Lone Star Power Station, a 453 MW simple-cycle combustion turbine facility, which will be enabled with hydrogen co-firing optionality, to be located in Liberty County, Texas. In its application, Entergy Texas noted that the Legend Power Station was expected to cost an estimated \$1.46 billion and the Lone Star Power Station was expected to cost an estimated \$735.3 million, in each case inclusive of the estimated costs of the generation facilities, interconnection costs, transmission network upgrades, and an allowance for funds used during construction. As described in the application, Entergy Texas is considering alternative financing approaches for the Legend Power Station and plans to pursue the financing option that is in the best interest of its customers. In July 2024 the PUCT referred the proceeding to the State Office of Administrative Hearings and, also in July 2024, the ALJ with the State Office of Administrative Hearings adopted a procedural schedule, with a hearing on the merits scheduled to begin in October 2024. In September 2024, Entergy Texas filed, and the ALJ with the State Office of Administrative Hearings granted, a motion to extend the procedural schedule in this proceeding in order to address certain developments relating to the cost and scope of the Legend Power Station and the Lone Star Power Station. As soon as the required information is developed, Entergy Texas plans to update the economic analyses in the application for both projects and to file a proposed updated procedural schedule. Subject to receipt of required regulatory approval and other conditions, both facilities are expected to be in service by mid-2028.

Resilience and Grid Hardening

Entergy Louisiana

As discussed in the Form 10-K, in December 2022, Entergy Louisiana filed an application with the LPSC seeking a public interest finding regarding Phase I of Entergy Louisiana's Future Ready resilience plan and approval of a rider mechanism to recover the program's costs. Phase I in the December 2022 application reflected the first five years of a ten-year resilience plan and included investment of approximately \$5 billion, including hardening investment, transmission dead-end structures, enhanced vegetation management, and telecommunications improvement. In April 2024 the LPSC approved a framework which includes an initial five-year resilience plan providing for an investment of approximately \$1.9 billion with cost recovery via a forward-looking rider with semi-annual true-ups. The plan is subject to specified reporting requirements and includes a performance review of the hardened assets. The LPSC order approving the framework does not include any restrictions on Entergy Louisiana's ability to file applications for approval of additional investments in resilience.

Entergy New Orleans

As discussed in the Form 10-K, in October 2021 the City Council passed a resolution and order establishing a docket and procedural schedule with respect to system resiliency and storm hardening. In July 2022, Entergy New Orleans filed with the City Council a response identifying a preliminary plan for storm hardening and resiliency projects, including microgrids, to be implemented over ten years at an approximate cost of \$1.5 billion. In February 2023 the City Council approved a revised procedural schedule requiring Entergy New Orleans to make a filing in April 2023 containing a narrowed list of proposed hardening projects. In April 2023, Entergy New Orleans filed the required application and supporting testimony seeking City Council approval of the first phase (five years and \$559 million) of a ten-year infrastructure hardening plan totaling approximately \$1 billion. Entergy New Orleans also sought, among other relief, City Council approval of a rider to recover from customers the costs of the infrastructure hardening plan. In February 2024 the City Council approved a resolution authorizing Entergy New Orleans to implement a resilience project to be partially funded by \$55 million of matching funding through the DOE's Grid Resilience and Innovation Partnerships program. The resolution also required Entergy New Orleans to submit, no later than July 2024, a revised resilience plan consisting of projects over a three-year period. In March 2024, Entergy New Orleans filed with the City Council for approval the requested three-year resilience plan, which includes \$168 million in hardening projects. The three-year resilience plan is in addition to the previously authorized resilience project to be partially funded by the DOE's Grid Resilience and Innovation Partnerships program. In July 2024 the City Council held a technical conference regarding Entergy New Orleans's three-year resilience plan. In October 2024 the City Council approved a resolution authorizing a two-year resilience plan totaling \$100 million. The resolution directs Entergy New Orleans to notify the City Council of the subset of hardening projects from the revised three-year resilience plan to be included in the two-year resilience plan.

Entergy Texas

In June 2024, Entergy Texas filed an application with the PUCT requesting approval of Phase I of its Texas Future Ready Resiliency Plan, a cost-effective set of measures to begin accelerating the resiliency of Entergy Texas's transmission and distribution system. Phase I is comprised of projects totaling approximately \$335.1 million, including approximately \$198 million of projects contingent upon Entergy Texas's receipt of grant funds in that amount from the Texas Energy Fund. The projects in Phase I include distribution and transmission hardening and modernization projects and targeted vegetation management projects to mitigate the risk of wildfire. These projects are expected to be implemented within approximately three years of PUCT approval. The PUCT referred the proceeding to the State Office of Administrative Hearings in June 2024. In July 2024, Entergy Texas filed a motion, on behalf of the parties to the proceeding, requesting the ALJ with the State Office of Administrative Hearings adopt an agreed proposed procedural schedule, with a hearing on the merits scheduled for September 2024. The ALJ with the State Office of Administrative Hearings adopted the agreed procedural schedule in August 2024. In September 2024, Entergy Texas filed, on behalf of the parties to the proceeding, and the ALJ with the

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State Office of Administrative Hearings granted, an unopposed motion to abate the procedural schedule, including the hearing on the merits, noting the parties had reached a settlement in principle and to allow the parties time to finalize a settlement agreement. In October 2024, Entergy Texas filed an unopposed settlement that would resolve all issues in the proceeding, supporting testimony, and a motion to admit evidence and remand the proceeding to the PUCT. Also in October 2024, the PUCT staff filed testimony in support of the unopposed settlement. A PUCT decision is expected in fourth quarter 2024.

Hurricane Francine

In September 2024, Hurricane Francine caused damage to the areas served by Entergy Louisiana and Entergy New Orleans. The storm resulted in widespread power outages, primarily due to damage to distribution infrastructure as a result of strong winds and heavy rain, and the loss of sales during the power outages. Total restoration costs for the repair and/or replacement of Entergy's electric facilities damaged by Hurricane Francine are currently estimated to be in the range of \$220 million to \$240 million. Entergy is considering all available avenues to recover storm-related costs from Hurricane Francine, including accessing funded storm reserve escrows. Storm cost recovery or financing will be subject to review by applicable regulatory authorities.

Based on the historic treatment of such costs for similar storm events in the areas served by Entergy, management believes that recovery of restoration costs is probable. There are well established mechanisms and precedent for addressing these events and providing for recovery of prudently incurred storm costs in accordance with applicable regulatory and legal principles. Because Entergy has not gone through the regulatory processes regarding these storm costs; however, there is an element of risk, and Entergy is unable to predict with certainty the degree of success it may have in its recovery initiatives, the amount of restoration costs that it may ultimately recover, or the timing of such recovery.

Dividends

Declarations of dividends on Entergy's common stock are made at the discretion of the Board. Among other things, the Board evaluates the level of Entergy's common stock dividends based upon earnings per share from the Utility segment and the Parent and Other portion of the business, financial strength, and future investment opportunities. At its October 2024 meeting, the Board declared a dividend of \$1.20 per share.

Cash Flow Activity

As shown in Entergy's Consolidated Statements of Cash Flows, cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Millions)	(In Millions)
Cash and cash equivalents at beginning of period	\$133	\$224
Net cash provided by (used in):		
Operating activities	3,109	3,231
Investing activities	(4,002)	(3,579)
Financing activities	2,172	1,644
Net increase in cash and cash equivalents	<u>1,279</u>	<u>1,296</u>
Cash and cash equivalents at end of period	<u><u>\$1,412</u></u>	<u><u>\$1,520</u></u>

Operating Activities

Net cash flow provided by operating activities decreased \$122 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- lower collections from Utility customers, including the effect of higher deferred fuel collections in 2023;
- the timing of payments to vendors;
- an increase of \$110 million in interest paid;
- one-time bill credits of \$92 million in third quarter 2024 to Entergy Arkansas's retail customers through the Grand Gulf credit rider as a result of the System Energy settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement agreement with the APSC and see Note 2 to the financial statements herein for discussion of Entergy Arkansas's Grand Gulf credit rider; and
- \$57 million in proceeds received in 2023 from the DOE resulting from litigation regarding spent nuclear fuel storage costs that were previously expensed. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation.

The decrease was offset by a decrease of \$103 million in pension contributions resulting from the timing of contributions in 2024 compared to 2023 and lower fuel and purchased power costs. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

Investing Activities

Net cash flow used in investing activities increased \$423 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the initial payment of approximately \$308 million in August 2024 for the purchase of the Driver Solar facility by Entergy Arkansas;
- the initial and substantial completion payments totaling approximately \$186 million in 2024 for the purchase of the Walnut Bend Solar facility by Entergy Arkansas;
- an increase of \$115 million in transmission construction expenditures primarily due to higher capital expenditures as a result of increased development in the Utility service area and increased spending on various transmission projects in 2024, partially offset by lower capital expenditures for storm restoration in 2024; and
- the initial payment of approximately \$48 million in August 2024 for the purchase of the West Memphis Solar facility by Entergy Arkansas.

The increase was partially offset by:

- a decrease of \$121 million in nuclear construction expenditures primarily due to decreased spending on various nuclear projects in 2024;
- a decrease of \$63 million in distribution construction expenditures primarily due to lower capital expenditures for storm restoration in 2024, partially offset by increased investment in the resilience of the Utility distribution system; and
- the substantial completion payment of approximately \$30 million in April 2023 for the purchase of the Sunflower Solar facility by the Entergy Mississippi tax equity partnership.

See Note 14 to the financial statements herein for discussion of the Driver Solar facility, the Walnut Bend Solar facility, and the West Memphis Solar facility purchases. See Note 14 to the financial statements in the Form 10-K for discussion of the Sunflower Solar facility purchase.

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Financing Activities

Net cash flow provided by financing activities increased \$528 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to long-term debt activity providing approximately \$2,742 million of cash in 2024 compared to providing approximately \$221 million of cash in 2023 and an increase of \$91 million in proceeds received from treasury stock issuances in 2024 due to a larger amount of previously repurchased Entergy Corporation common stock issued in 2024 to satisfy stock option exercises. The increase was partially offset by:

- proceeds from securitization of \$1.5 billion received by the storm trust II at Entergy Louisiana in 2023;
- net repayments of \$16 million of commercial paper in 2024 as compared to net issuances of \$523 million of commercial paper in 2023; and
- an increase of \$45 million in common stock dividends paid in 2024 as a result of an increase in the dividend paid per share in 2024 as compared to 2023.

See Note 2 to the financial statements in the Form 10-K for a discussion of the Entergy Louisiana March 2023 storm cost securitization. See Note 4 to the financial statements herein and Notes 4 and 5 to the financial statements in the Form 10-K for details of Entergy's commercial paper program and long-term debt.

Rate, Cost-recovery, and Other Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Rate, Cost-recovery, and Other Regulation**" in the Form 10-K for discussions of rate regulation, federal regulation, and related regulatory proceedings.

State and Local Rate Regulation and Fuel-Cost Recovery

See Note 2 to the financial statements herein for updates to the discussion in the Form 10-K regarding these proceedings.

Federal Regulation

See Note 2 to the financial statements herein for updates to the discussion in the Form 10-K regarding federal regulatory proceedings.

Market and Credit Risk Sensitive Instruments

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Market and Credit Risk Sensitive Instruments**" in the Form 10-K for a discussion of market and credit risk sensitive instruments. The following is an update to that discussion.

Some of the agreements to sell the power produced by Entergy's non-utility operations business contain provisions that require an Entergy subsidiary to provide credit support to secure its obligations under such agreement. The primary form of credit support used to satisfy these requirements is an Entergy Corporation guarantee. Cash and letters of credit are also acceptable forms of credit support. At September 30, 2024, based on power prices at that time, Entergy had liquidity exposure of \$6 million under the guarantees in place supporting its non-utility operations business transactions and \$3 million of posted cash collateral.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters. The following is an update to that discussion.

NRC Reactor Oversight Process

The NRC's Reactor Oversight Process is a program to collect information about plant performance, assess the information for its safety significance, and provide for appropriate licensee and NRC response. The NRC evaluates plant performance by analyzing two distinct inputs: inspection findings resulting from the NRC's inspection program and performance indicators reported by the licensee. The evaluations result in the placement of each plant in one of the NRC's Reactor Oversight Process Action Matrix columns: "licensee response column," or Column 1, "regulatory response column," or Column 2, "degraded cornerstone column," or Column 3, "multiple/repetitive degraded cornerstone column," or Column 4, and "unacceptable performance," or Column 5. Plants in Column 1 are subject to normal NRC inspection activities. Plants in Column 2, Column 3, or Column 4 are subject to progressively increasing levels of inspection by the NRC with, in general, progressively increasing levels of associated costs. Continued plant operation is not permitted for plants in Column 5. All of the nuclear generating plants owned and operated by Entergy's Utility business are currently in Column 1, except Waterford 3, which is in Column 2.

In August 2024 the NRC placed Waterford 3 in Column 2, effective second quarter 2024, based on exceeding the threshold for reactor scrams in June 2024. Waterford 3 will remain in Column 2 until a supplemental inspection is satisfactorily completed.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy's accounting for nuclear decommissioning costs, utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See Note 1 to the financial statements in the Form 10-K for discussion of new accounting pronouncements. The following is an update to that discussion.

In March 2024 the SEC issued final rules that require registrants to provide certain climate-related disclosures in annual reports and registration statements in order to enhance and standardize climate-related disclosures for investors. The final rules require a registrant to disclose, among other things: material climate-related risks; activities to mitigate or adapt to such risks; information about the registrant's board of directors' oversight of climate-related risks and management's role in managing material climate-related risks; and information on any climate-related targets or goals that are material to the registrant's business, results of operations, or financial condition. In addition, the final rules require disclosure of Scope 1 and/or Scope 2 greenhouse gas emissions on a phased-in basis by certain larger registrants when those emissions are material; the filing of an attestation report covering the required disclosure of such registrants' Scope 1 and/or Scope 2 emissions, also on a phased-in basis; and disclosure of the financial statement effects of severe weather events and other natural conditions. The phase-in compliance period is effective for Entergy beginning with its annual report for the fiscal year ending December 31, 2025. In April 2024 the SEC stayed the final rules, pending judicial review of consolidated challenges to the rules by the Court of Appeals for the Eighth Circuit. Entergy is evaluating the impact the final rules will have on its disclosures and will continue to monitor developments related to the SEC's stay of the rules and the litigation challenging such rules.

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ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands, Except Share Data)			
OPERATING REVENUES				
Electric	\$3,337,820	\$3,526,935	\$8,950,373	\$9,195,588
Natural gas	32,318	32,305	133,342	130,389
Other	18,962	36,282	53,633	96,630
TOTAL	3,389,100	3,595,522	9,137,348	9,422,607
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	647,982	707,491	1,787,148	2,189,592
Purchased power	213,072	309,376	641,919	754,199
Nuclear refueling outage expenses	36,280	39,057	112,820	111,075
Other operation and maintenance	722,887	751,763	2,111,692	2,043,184
Asset write-offs, impairments, and related charges (credits)	—	38,078	131,775	38,078
Decommissioning	55,320	52,336	162,894	153,981
Taxes other than income taxes	192,127	197,654	572,077	566,669
Depreciation and amortization	498,481	439,873	1,503,505	1,362,728
Other regulatory charges (credits) - net	(102,911)	(83,489)	132,043	(158,317)
TOTAL	2,263,238	2,452,139	7,155,873	7,061,189
OPERATING INCOME	1,125,862	1,143,383	1,981,475	2,361,418
OTHER INCOME (DEDUCTIONS)				
Allowance for equity funds used during construction	33,126	24,225	89,196	72,238
Interest and investment income	64,316	2,562	285,600	96,250
Miscellaneous - net	(66,932)	(18,018)	(460,226)	(121,014)
TOTAL	30,510	8,769	(85,430)	47,474
INTEREST EXPENSE				
Interest expense	308,502	264,934	887,508	781,613
Allowance for borrowed funds used during construction	(13,359)	(9,493)	(35,588)	(29,565)
TOTAL	295,143	255,441	851,920	752,048
INCOME BEFORE INCOME TAXES	861,229	896,711	1,044,125	1,656,844
Income taxes	215,475	226,997	270,103	282,818
CONSOLIDATED NET INCOME	645,754	669,714	774,022	1,374,026
Preferred dividend requirements of subsidiaries and noncontrolling interests	814	2,959	4,879	5,092
NET INCOME ATTRIBUTABLE TO ENTERGY CORPORATION	\$644,940	\$666,755	\$769,143	\$1,368,934
Earnings per average common share:				
Basic	\$3.01	\$3.15	\$3.60	\$6.47
Diluted	\$2.99	\$3.14	\$3.58	\$6.45
Basic average number of common shares outstanding	214,012,467	211,459,244	213,592,637	211,420,117
Diluted average number of common shares outstanding	215,694,209	212,238,117	214,736,950	212,195,735

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)			
Net Income	\$645,754	\$669,714	\$774,022	\$1,374,026
Other comprehensive income (loss)				
Pension and other postretirement adjustment (net of tax expense (benefit) of (\$1,427), (\$743), \$62,743, and (\$1,078))	(4,176)	(2,434)	238,645	(3,699)
Other comprehensive income (loss)	<u>(4,176)</u>	<u>(2,434)</u>	<u>238,645</u>	<u>(3,699)</u>
Comprehensive Income	641,578	667,280	1,012,667	1,370,327
Preferred dividend requirements of subsidiaries and noncontrolling interests	814	2,959	4,879	5,092
Comprehensive Income Attributable to Entergy Corporation	<u>\$640,764</u>	<u>\$664,321</u>	<u>\$1,007,788</u>	<u>\$1,365,235</u>

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Consolidated net income	\$774,022	\$1,374,026
Adjustments to reconcile consolidated net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	1,821,258	1,668,540
Deferred income taxes, investment tax credits, and non-current taxes accrued	234,693	257,210
Asset write-offs, impairments, and related charges (credits)	131,775	38,078
Pension settlement charge	316,738	—
Changes in working capital:		
Receivables	(273,120)	(217,483)
Fuel inventory	36,653	(34,601)
Accounts payable	(137,268)	(304,264)
Taxes accrued	136,812	107,899
Interest accrued	58,838	66,571
Deferred fuel costs	208,363	620,440
Other working capital accounts	(125,473)	(137,061)
Changes in provisions for estimated losses	19,326	(7,171)
Changes in regulatory assets	182,044	415,101
Changes in other regulatory liabilities	566,451	204,817
Effect of securitization on regulatory asset	—	(491,150)
Changes in pension and other postretirement funded status	(191,946)	(347,886)
Other	(650,338)	17,927
Net cash flow provided by operating activities	3,108,828	3,230,993
INVESTING ACTIVITIES		
Construction/capital expenditures	(3,264,856)	(3,373,617)
Allowance for equity funds used during construction	89,196	72,238
Nuclear fuel purchases	(206,726)	(201,213)
Payment for purchase of plant and assets	(544,538)	(30,433)
Proceeds from sale of assets	—	11,000
Insurance proceeds received for property damages	7,907	19,493
Changes in securitization account	(3,629)	(4,839)
Payments to storm reserve escrow accounts	(13,937)	(14,320)
Receipts from storm reserve escrow accounts	736	—
Decrease (increase) in other investments	3,812	(4,998)
Litigation proceeds for reimbursement of spent nuclear fuel storage costs	—	23,655
Proceeds from nuclear decommissioning trust fund sales	1,719,342	806,658
Investment in nuclear decommissioning trust funds	(1,788,922)	(882,686)
Net cash flow used in investing activities	(4,001,615)	(3,579,062)

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023		
	(In Thousands)			
FINANCING ACTIVITIES				
Proceeds from the issuance of:				
Long-term debt	6,941,862	3,605,237		
Treasury stock	96,448	5,184		
Retirement of long-term debt	(4,199,949)	(3,384,007)		
Changes in commercial paper - net	(15,762)	523,484		
Capital contribution from noncontrolling interest	—	25,708		
Proceeds received by storm trust related to securitization	—	1,457,676		
Other	87,166	102,835		
Dividends paid:				
Common stock	(723,975)	(678,699)		
Preferred stock	(13,739)	(13,739)		
Net cash flow provided by financing activities	2,172,051	1,643,679		
Net increase in cash and cash equivalents	1,279,264	1,295,610		
Cash and cash equivalents at beginning of period	132,548	224,164		
Cash and cash equivalents at end of period	\$1,411,812	\$1,519,774		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest - net of amount capitalized	\$795,273	\$685,231		
Income taxes	\$8,789	\$35,291		
Noncash investing activities:				
Accrued construction expenditures	\$420,213	\$447,095		

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$91,247	\$71,609
Temporary cash investments	1,320,565	60,939
Total cash and cash equivalents	<u>1,411,812</u>	<u>132,548</u>
Accounts receivable:		
Customer	939,477	699,411
Allowance for doubtful accounts	(22,090)	(25,905)
Other	203,242	225,334
Accrued unbilled revenues	545,946	494,615
Total accounts receivable	<u>1,666,575</u>	<u>1,393,455</u>
Deferred fuel costs	6,774	169,967
Fuel inventory - at average cost	156,146	192,799
Materials and supplies - at average cost	1,623,051	1,418,969
Deferred nuclear refueling outage costs	107,369	140,115
Prepayments and other	246,079	213,016
TOTAL	5,217,806	3,660,869
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	5,541,880	4,863,710
Non-utility property - at cost (less accumulated depreciation)	420,975	418,546
Storm reserve escrow accounts	336,407	323,206
Other	72,127	69,494
TOTAL	6,371,389	5,674,956
PROPERTY, PLANT, AND EQUIPMENT		
Electric	69,062,171	66,850,474
Natural gas	740,293	717,503
Construction work in progress	3,476,086	2,109,703
Nuclear fuel	704,843	707,852
TOTAL PROPERTY, PLANT, AND EQUIPMENT	73,983,393	70,385,532
Less - accumulated depreciation and amortization	27,540,653	26,551,203
PROPERTY, PLANT, AND EQUIPMENT - NET	46,442,740	43,834,329
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets (includes securitization property of \$ 238,093 as of September 30, 2024 and \$250,830 as of December 31, 2023)	5,487,360	5,669,404
Deferred fuel costs	172,201	172,201
Goodwill	374,099	374,099
Accumulated deferred income taxes	15,837	16,367
Other	380,617	301,171
TOTAL	6,430,114	6,533,242
TOTAL ASSETS	\$64,462,049	\$59,703,396

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$1,317,090	\$2,099,057
Notes payable and commercial paper	1,122,409	1,138,171
Accounts payable	1,523,279	1,566,745
Customer deposits	466,770	446,146
Taxes accrued	571,025	434,213
Interest accrued	273,035	214,197
Deferred fuel costs	264,097	218,927
Pension and other postretirement liabilities	55,151	59,508
Other	266,390	219,528
TOTAL	5,859,246	6,396,492
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	4,549,519	4,245,982
Accumulated deferred investment tax credits	197,580	205,973
Regulatory liability for income taxes - net	1,032,288	1,033,242
Other regulatory liabilities	3,684,331	3,116,926
Decommissioning and asset retirement cost liabilities	4,816,619	4,505,782
Accumulated provisions	481,896	462,570
Pension and other postretirement liabilities	460,824	648,413
Long-term debt (includes securitization bonds of \$248,761 as of September 30, 2024 and \$ 263,007 as of December 31, 2023)	26,563,350	23,008,839
Other	1,455,275	1,116,661
TOTAL	43,241,682	38,344,388
Commitments and Contingencies		
Subsidiaries' preferred stock without sinking fund	219,410	219,410
EQUITY		
Preferred stock, no par value, authorized 1,000,000 shares in 2024 and 2023; issued shares in 2024 and 2023 - none	—	—
Common stock, \$0.01 par value, authorized 499,000,000 shares in 2024 and 2023; issued 280,975,348 shares in 2024 and 2023	2,810	2,810
Paid-in capital	7,808,406	7,795,411
Retained earnings	11,985,552	11,940,384
Accumulated other comprehensive income (loss)	76,185	(162,460)
Less - treasury stock, at cost (66,567,334 shares in 2024 and 68,126,778 shares in 2023)	4,840,111	4,953,498
Total shareholders' equity	15,032,842	14,622,647
Subsidiaries' preferred stock without sinking fund and noncontrolling interests	108,869	120,459
TOTAL	15,141,711	14,743,106
TOTAL LIABILITIES AND EQUITY	\$64,462,049	\$59,703,396
See Notes to Financial Statements.		

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024
(Unaudited)

	Subsidiaries' Preferred Stock and Noncontrolling Interests	Shareholders' Equity						Total
		Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		
(In Thousands)								
Balance at December 31, 2023	\$120,459	\$2,810	(\$4,953,498)	\$7,795,411	\$11,940,384	(\$162,460)	\$14,743,106	
Consolidated net income (a)	1,255	—	—	—	75,281	—	76,536	
Other comprehensive loss	—	—	—	—	—	(3,668)	(3,668)	
Common stock issuances related to stock plans	—	—	30,881	(25,842)	—	—	5,039	
Common stock dividends declared	—	—	—	—	(240,959)	—	(240,959)	
Distributions to noncontrolling interests	(1,108)	—	—	—	—	—	—	(1,108)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at March 31, 2024	\$116,026	\$2,810	(\$4,922,617)	\$7,769,569	\$11,774,706	(\$166,128)	\$14,574,366	
Consolidated net income (a)	2,810	—	—	—	48,922	—	51,732	
Other comprehensive income	—	—	—	—	—	246,489	246,489	
Common stock issuances related to stock plans	—	—	38,922	16,352	—	—	55,274	
Common stock dividends declared	—	—	—	—	(241,296)	—	(241,296)	
Distributions to noncontrolling interests	(330)	—	—	—	—	—	—	(330)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at June 30, 2024	\$113,926	\$2,810	(\$4,883,695)	\$7,785,921	\$11,582,332	\$80,361	\$14,681,655	
Consolidated net income (a)	814	—	—	—	644,940	—	645,754	
Other comprehensive loss	—	—	—	—	—	(4,176)	(4,176)	
Common stock issuances related to stock plans	—	—	43,584	22,485	—	—	66,069	
Common stock dividends declared	—	—	—	—	(241,720)	—	(241,720)	
Distributions to noncontrolling interests	(1,291)	—	—	—	—	—	—	(1,291)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at September 30, 2024	\$108,869	\$2,810	(\$4,840,111)	\$7,808,406	\$11,985,552	\$76,185	\$15,141,711	

See Notes to Financial Statements.

(a) Consolidated net income and preferred dividend requirements of subsidiaries for first quarter 2024, second quarter 2024, and third quarter 2024 each includes \$4 million of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented as equity.

ENTERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2023
(Unaudited)

	Shareholders' Equity						Accumulated Other Comprehensive Income (Loss)	Total
	Subsidiaries' Preferred Stock and Noncontrolling Interests	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings			
(In Thousands)								
Balance at December 31, 2022	\$97,907	\$2,797	(\$4,978,994)	\$7,632,895	\$10,502,041	(\$191,754)	\$13,064,892	
Consolidated net income (a)	1,364	—	—	—	310,935	—	312,299	
Other comprehensive income	—	—	—	—	—	2,027	2,027	
Common stock issuances related to stock plans	—	—	19,599	(15,118)	—	—	4,481	
Common stock dividends declared	—	—	—	—	(226,194)	—	(226,194)	
Beneficial interest in storm trust	14,577	—	—	—	—	—	—	14,577
Distributions to noncontrolling interests	(574)	—	—	—	—	—	—	(574)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at March 31, 2023	\$108,694	\$2,797	(\$4,959,395)	\$7,617,777	\$10,586,782	(\$189,727)	\$13,166,928	
Consolidated net income (a)	770	—	—	—	391,244	—	392,014	
Other comprehensive loss	—	—	—	—	—	(3,292)	(3,292)	
Common stock issuances related to stock plans	—	—	600	16,528	—	—	17,128	
Common stock dividends declared	—	—	—	—	(226,248)	—	(226,248)	
Capital contribution from noncontrolling interest	25,708	—	—	—	—	—	—	25,708
Distributions to noncontrolling interests	(113)	—	—	—	—	—	—	(113)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at June 30, 2023	\$130,479	\$2,797	(\$4,958,795)	\$7,634,305	\$10,751,778	(\$193,019)	\$13,367,545	
Consolidated net income (a)	2,959	—	—	—	666,755	—	669,714	
Other comprehensive loss	—	—	—	—	—	(2,434)	(2,434)	
Common stock issuances related to stock plans	—	—	1,273	15,065	—	—	16,338	
Common stock dividends declared	—	—	—	—	(226,257)	—	(226,257)	
Distributions to noncontrolling interests	(1,318)	—	—	—	—	—	—	(1,318)
Preferred dividend requirements of subsidiaries (a)	(4,580)	—	—	—	—	—	—	(4,580)
Balance at September 30, 2023	\$127,540	\$2,797	(\$4,957,522)	\$7,649,370	\$11,192,276	(\$195,453)	\$13,819,008	

(a) Consolidated net income and preferred dividend requirements of subsidiaries for first quarter 2023, second quarter 2023, and third quarter 2023 each includes \$4 million of preferred dividends on subsidiaries' preferred stock without sinking fund that is not presented as equity.

ENTERGY CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1. COMMITMENTS AND CONTINGENCIES (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy and the Registrant Subsidiaries are involved in a number of legal, regulatory, and tax proceedings before various courts, regulatory authorities, and governmental agencies in the ordinary course of business. While management is unable to predict with certainty the outcome of such proceedings, management does not believe that the ultimate resolution of these matters will have a material adverse effect on Entergy's results of operations, cash flows, or financial condition, except as otherwise discussed in the Form 10-K or in this report. Entergy discusses regulatory proceedings in Note 2 to the financial statements in the Form 10-K and herein and discusses tax proceedings in Note 3 to the financial statements in the Form 10-K and Note 10 to the financial statements herein.

Vidalia Purchased Power Agreement

See Note 8 to the financial statements in the Form 10-K for information on Entergy Louisiana's Vidalia purchased power agreement.

Spent Nuclear Fuel Litigation

See Note 8 to the financial statements in the Form 10-K for information on Entergy's spent nuclear fuel litigation. The following is an update to that discussion.

In August 2024 the U.S. Court of Federal Claims issued a final judgment in the amount of \$177 million in favor of Northstar Vermont Yankee, LLC (previously Entergy Nuclear Vermont Yankee) and against the DOE in the final round Vermont Yankee damages case. Entergy, on behalf of Northstar as the current owner, requested payment from the U.S. Treasury in October 2024. Payment to Northstar from the U.S. Treasury is expected in fourth quarter 2024, at which time Northstar will transfer \$127 million of the litigation proceeds to Entergy per the terms of the agreement for the disposition of Vermont Yankee.

Nuclear Insurance

See Note 8 to the financial statements in the Form 10-K for information on nuclear liability and property insurance associated with Entergy's nuclear power plants.

Non-Nuclear Property Insurance

See Note 8 to the financial statements in the Form 10-K for information on Entergy's non-nuclear property insurance program.

Employment and Labor-related Proceedings

See Note 8 to the financial statements in the Form 10-K for information on Entergy's employment and labor-related proceedings.

Asbestos Litigation (Entergy Arkansas, Entergy Louisiana, Entergy New Orleans, and Entergy Texas)

See Note 8 to the financial statements in the Form 10-K for information regarding asbestos litigation.

Grand Gulf - Related Agreements

See Note 8 to the financial statements in the Form 10-K for information regarding Grand Gulf-related agreements, including the Unit Power Sales Agreement, the Availability Agreement, and the Reallocation Agreement. The following is an update to that discussion.

As discussed in the Form 10-K, System Energy sells all of its share of capacity and energy from Grand Gulf to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans in accordance with specified percentages (Entergy Arkansas - 36%, Entergy Louisiana - 14%, Entergy Mississippi - 33%, and Entergy New Orleans - 17%) as ordered by the FERC under the Unit Power Sales Agreement. In August 2024 the LPSC approved a settlement with Entergy Louisiana to globally resolve all of the LPSC's actual and potential claims in multiple docketed proceedings pending before the FERC and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement was filed for approval with the FERC in September 2024. The terms of the settlement include an agreement that, subject to the receipt of necessary regulatory approvals, Entergy Louisiana will divest to Entergy Mississippi its 14% share of capacity and energy from Grand Gulf under the Unit Power Sales Agreement and its 2.43% share of capacity and energy from Entergy Arkansas under the MSS-4 replacement tariff. This divestiture will be effectuated initially through Entergy Mississippi's purchases from Entergy Louisiana pursuant to a PPA governed by the MSS-4 replacement tariff. In October 2024 the proposed MSS-4 replacement PPA to effectuate this divestiture was filed for approval with the FERC. As discussed in Note 2 to the financial statements herein, in September 2024, Entergy Mississippi filed a notice of intent with the MPSC that relates to and seeks approval of the divestiture. Subject to the receipt of all required regulatory approvals, divestiture will be effective, and the MSS-4 replacement PPA will commence, on January 1, 2025. If the divestiture is approved by the FERC and the MPSC, then Entergy Mississippi will also assume any and all of Entergy Louisiana's rights and obligations under the Availability Agreement and Reallocation Agreement and hold Entergy Louisiana harmless with respect thereto. See Note 2 to the financial statements herein for discussion of the System Energy settlement with the LPSC.

Nelson Industrial Steam Company (Entergy Louisiana)

See Note 8 to the financial statements in the Form 10-K for information on Entergy Louisiana's Nelson Industrial Steam Company (NISCO) partnership. The following is an update to that discussion.

In August 2024, Entergy Louisiana and its partners in the NISCO partnership entered into an agreement related to the wind up of the partnership, which resulted in the transfer of ownership of the non-operating facilities to Entergy Louisiana. The transaction was not material to Entergy Louisiana's results of operations, cash flows, or financial condition.

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

NOTE 2. RATE AND REGULATORY MATTERS (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Regulatory Assets and Regulatory Liabilities

See Note 2 to the financial statements in the Form 10-K for information regarding regulatory assets and regulatory liabilities in the Utility business presented on the balance sheets of Entergy and the Registrant Subsidiaries. The following are updates to that discussion.

Fuel and purchased power cost recovery

Entergy Arkansas

Energy Cost Recovery Rider

In March 2024, Entergy Arkansas filed its annual redetermination of its energy cost rate pursuant to the energy cost recovery rider, which reflected a decrease in the rate from \$0.01883 per kWh to \$0.00882 per kWh. Due to a change in law in the State of Arkansas, the annual redetermination included \$9 million, recorded as a credit to fuel expense in first quarter 2024, for recovery attributed to net metering costs in 2023. The primary reason for the rate decrease is a large over-recovered balance as a result of lower natural gas prices in 2023. To mitigate the effect of projected increases in natural gas prices in 2024, Entergy Arkansas adjusted the over-recovered balance included in the March 2024 annual redetermination filing by \$43.7 million. This adjustment is expected to reduce the rate change that will be reflected in the 2025 energy cost rate redetermination. The redetermined rate of \$0.00882 per kWh became effective with the first billing cycle in April 2024 through the normal operation of the tariff.

Entergy Mississippi

In June 2024 the MPSC approved a joint stipulation agreement between Entergy Mississippi and the Mississippi Public Utilities Staff for Entergy Mississippi's 2024 formula rate plan filing. The 2024 formula rate plan filing included the conclusion of the modified interim adjustments to Entergy Mississippi's energy cost recovery rider and power management rider, which were approved in October 2022 and allowed Entergy Mississippi to recover certain under-collected fuel balances. The stipulation provided for Entergy Mississippi to reduce its net energy cost factor. See "[**Retail Rate Proceedings - Filings with the MPSC \(Entergy Mississippi\) - Retail Rates**](#) - 2024 Formula Rate Plan Filing" below for further discussion of the 2024 formula rate plan filing and the joint stipulation agreement.

Entergy Texas

In September 2024, Entergy Texas filed an application with the PUCT to reconcile its fuel and purchased power costs for the period from April 2022 through March 2024. During the reconciliation period, Entergy Texas incurred approximately \$1.6 billion in eligible fuel and purchased power expenses to generate and purchase electricity to serve its customers, net of certain revenues credited to such expenses and other adjustments. Entergy Texas's cumulative under-recovery balance for the reconciliation period was approximately \$30 million, including interest, which Entergy Texas requested authority to carry over as part of the cumulative fuel balance for the subsequent reconciliation period beginning April 2024.

Retail Rate Proceedings

See Note 2 to the financial statements in the Form 10-K for information regarding retail rate proceedings involving the Utility operating companies. The following are updates to that discussion.

Filings with the APSC (Entergy Arkansas)

Retail Rates

2024 Formula Rate Plan Filing

In July 2024, Entergy Arkansas filed with the APSC its 2024 formula rate plan filing to set its formula rate for the 2025 calendar year. The filing contained an evaluation of Entergy Arkansas's earnings for the 2025 projected year and a netting adjustment for the 2023 historical year. The filing showed that Entergy Arkansas's earned rate of return on common equity for the 2025 projected year was 8.43% resulting in a revenue deficiency of \$69.5 million. The earned rate of return on common equity for the 2023 historical year was 7.48% resulting in a \$33.1 million netting adjustment. The total proposed revenue change for the 2025 projected year and 2023 historical year netting adjustment is \$102.6 million. By operation of the formula rate plan, Entergy Arkansas's recovery of the revenue requirement is subject to a four percent annual revenue constraint. Because Entergy Arkansas's revenue requirement in this filing exceeded the constraint, the resulting increase was limited to \$82.6 million. The APSC general staff and intervenors filed their errors and objections in October 2024, proposing certain adjustments, including the APSC general staff's update to annual filing year revenues that increases the constraint to \$86.8 million. Entergy Arkansas filed its rebuttal in October 2024, and later in October 2024 the parties submitted a joint issues list and stipulations setting forth the disputed issues and the noncontested issues. A hearing is scheduled for November 2024.

Grand Gulf Credit Rider

In June 2024, Entergy Arkansas filed with the APSC a tariff to provide retail customers a credit resulting from the terms of the settlement agreement between Entergy Arkansas, System Energy, additional named Entergy parties, and the APSC pertaining to System Energy's billings for wholesale sales of energy and capacity from the Grand Gulf nuclear plant. See "**Complaints Against System Energy - System Energy Settlement with the APSC**" below and in the Form 10-K for discussion of the settlement. In July 2024 the APSC approved the tariff, under which Entergy Arkansas will refund to retail customers a total of \$100.6 million. To date, Entergy Arkansas has refunded \$92.3 million of the total through one-time bill credits during the August 2024 billing cycle.

Filings with the LPSC (Entergy Louisiana)

Retail Rates - Electric

2023 Entergy Louisiana Rate Case and Formula Rate Plan Extension Request

As discussed in the Form 10-K, in August 2023, Entergy Louisiana filed an application for approval of a regulatory blueprint necessary for it to strengthen the electric grid for the State of Louisiana, which contains a dual-path request to update rates through either: (1) extension of Entergy Louisiana's current formula rate plan (with certain modifications) for three years (the Rate Mitigation Proposal), which is Entergy Louisiana's recommended path; or (2) implementation of rates resulting from a cost-of-service study (the Rate Case path). The application complies with Entergy Louisiana's previous formula rate plan extension order requiring that for Entergy Louisiana to obtain another extension of its formula rate plan that included a rate reset, Entergy Louisiana would need to submit a full cost-of-service rate case. Entergy Louisiana's filing supports the need to extend Entergy Louisiana's formula rate plan with credit supportive mechanisms needed to facilitate investment in the distribution, transmission, and generation functions.

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

A status conference was held in October 2023 at which a procedural schedule was adopted that included three technical conferences and a hearing in August 2024. In March 2024 the parties agreed to an eight-week extension of all deadlines to allow for continuation of settlement negotiations, and the ALJ issued an order with an amended procedural schedule. In July 2024 the parties agreed to extend further the procedural schedule to facilitate the continuation of settlement negotiations, with the hearing commencing in December 2024.

In July 2024, Entergy Louisiana reached an agreement in principle with the LPSC staff and the intervenors in the proceeding and filed with the LPSC a joint motion to suspend the procedural schedule to allow for all parties to finalize a stipulated settlement agreement.

In August 2024, Entergy Louisiana and the LPSC staff jointly filed a global stipulated settlement agreement for consideration by the LPSC with key terms as follows:

- continuation of the formula rate plan for 2024-2026 (test years 2023-2025);
- a base formula rate plan revenue increase of \$120 million for test year 2023, effective for rates beginning September 2024;
- a \$140 million cumulative cap on base formula rate plan revenue increases, if needed, for test years 2024 and 2025, excluding outside the bandwidth items;
- \$184 million of customer rate credits to be given over two years, including increasing customer sharing of income tax benefits resulting from the 2016-2018 IRS audit, to resolve any remaining disputed issues stemming from formula rate plan test years prior to test year 2023, including but not limited to the investigation into Entergy Services costs billed to Entergy Louisiana. As discussed in Note 3 to the financial statements in the Form 10-K, a \$38 million regulatory liability was recorded in 2023 in connection with the 2016-2018 IRS audit;
- \$75.5 million of customer rate credits, as provided for in the System Energy global settlement, to be credited over three years subject to and conditioned upon FERC approval of the System Energy global settlement. See "[Complaints Against System Energy – System Energy Settlement with the LPSC](#)" below for further details of the System Energy global settlement;
- \$5.8 million of customer rate credits provided for in the Entergy Louisiana formula rate plan global settlement agreement approved by the LPSC in November 2023 credited over one year. See Note 2 to the financial statements in the Form 10-K for the discussion of the November 2023 Entergy Louisiana formula rate plan global settlement agreement;
- an increase in the allowed midpoint return on common equity from 9.5% to 9.7%, with a bandwidth of 40 basis points above and below the midpoint, for the extended term of the formula rate plan, except that for test year 2023 in which the authorized return on common equity shall have no bearing on the change in base formula rate plan revenue described above and, for test year 2024, any earnings above the authorized return on common equity shall be returned to customers through a credit;
- an increase in nuclear depreciation rates by \$15 million in each of the 2023, 2024, and 2025 test years outside of the formula rate plan bandwidth calculation; and
- for the transmission recovery mechanism and the distribution recovery mechanism, no change to the existing floors, but the caps for both would be \$350 million for test year 2023, \$375 million for test year 2024, and \$400 million for test year 2025. Transmission projects filed with the LPSC will be exempt from the transmission recovery mechanism cap.

The global stipulated settlement agreement was unanimously approved by the LPSC in August 2024 and an order was issued by the LPSC in September 2024 reflecting the approval of the settlement.

Based on the July 2024 agreement in principle, in second quarter 2024 Entergy Louisiana recorded expenses of \$151 million (\$111 million net-of-tax) primarily consisting of regulatory charges to reflect the effects of the agreement in principle.

2023 Formula Rate Plan Filing

In August 2024, pursuant to the global stipulated settlement agreement, Entergy Louisiana filed its formula rate plan evaluation report for its 2023 calendar year operations. Consistent with the global stipulated settlement agreement, the filing reflected a 9.7% allowed return on common equity with a bandwidth of 40 basis points above and below the midpoint. For the 2023 test year, however, the bandwidth provisions of the formula rate plan are temporarily suspended and, pursuant to the terms of the global stipulated settlement agreement, Entergy Louisiana implemented the September 2024 formula rate plan rate adjustments effective with the first billing cycle of September 2024. Those adjustments include a \$120 million increase in base rider formula rate plan revenue and a \$101.8 million one-time incremental net decrease consistent with the terms of the global stipulated settlement. The formula rate plan rate adjustments reflected in the evaluation report also include a redetermination of the transmission recovery mechanism, the distribution recovery mechanism, the additional capacity mechanism, the tax adjustment mechanism, the MISO cost recovery mechanism, and other one-time adjustments. Pursuant to the terms of the global stipulated settlement agreement, the review of the 2023 evaluation report shall be limited to these mechanisms and conducted under an expedited procedural schedule that provides a process for the parties to file and pursue resolution of any disputed issues by January 2025, after which any remaining disputed issues will be submitted to the ALJ for a contested proceeding and, ultimately, resolution by the LPSC.

Filings with the MPSC (Entergy Mississippi)

Retail Rates

2024 Formula Rate Plan Filing

In March 2024, Entergy Mississippi submitted its formula rate plan 2024 test year filing and 2023 look-back filing showing Entergy Mississippi's earned return on rate base for the historical 2023 calendar year to be within the formula rate plan bandwidth and projected earned return for the 2024 calendar year to be below the formula rate plan bandwidth. The 2024 test year filing showed a \$63.4 million rate increase was necessary to reset Entergy Mississippi's earned return on rate base to the specified point of adjustment of 7.10%, within the formula rate plan bandwidth. The 2023 look-back filing compared actual 2023 results to the approved benchmark return on rate base and reflected no change in formula rate plan revenues. In accordance with the provisions of the formula rate plan, Entergy Mississippi implemented a \$32.6 million interim rate increase, reflecting a cap equal to 2% of 2023 retail revenues, effective April 2024.

In December 2014 the MPSC ordered Entergy Mississippi to file an updated depreciation study at least once every four years. Pursuant to this order and Entergy Mississippi's filing cycle, Entergy Mississippi would have filed an updated depreciation report with its formula rate plan filing in 2023. However, in July 2022 the MPSC directed Entergy Mississippi to file its next depreciation study in connection with its 2024 formula rate plan filing notwithstanding the MPSC's prior order. Accordingly, Entergy Mississippi filed a depreciation study in February 2024. The study showed a need for an increase in annual depreciation expense of \$55.2 million. The calculated increase in annual depreciation expense was excluded from Entergy Mississippi's 2024 formula rate plan revenue increase request because the MPSC had not yet approved the proposed depreciation rates.

In June 2024, Entergy Mississippi and the Mississippi Public Utilities Staff entered into a joint stipulation that confirmed the 2024 test year filing, with the exception of immaterial adjustments to certain operation and maintenance expenses. After performance adjustments, the formula rate plan reflected an earned return on rate base of 6.08% for calendar year 2024, which resulted in a total revenue increase of \$64.6 million for 2024. The joint stipulation also recommended approval of a revised customer charge of \$31.82 per month for residential customers and \$53.10 per month for general service customers. Pursuant to the stipulation, Entergy Mississippi's 2023 look-back filing reflected an earned return on rate base of 6.81%, resulting in an increase of \$0.3 million in the formula rate plan revenues for 2023. Finally, the stipulation recommended approval of Entergy Mississippi's proposed depreciation rates with those rates to be implemented upon request and approval at a later date. In June 2024 the

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MPSC approved the joint stipulation with rates effective in July 2024. The approval also included a reduction to the energy cost factor, resulting in a net bill decrease for a typical residential customer using 1,000 kWh per month. Also in June 2024, Entergy Mississippi recorded regulatory credits of \$7.3 million to reflect the difference between interim rates placed in effect in April 2024 and the rates reflected in the joint stipulation.

In May 2024, Entergy Mississippi received approval from the MPSC for formula rate plan revisions that were necessary for Entergy Mississippi to comply with state legislation passed in January 2024. The legislation allows Entergy Mississippi to make interim rate adjustments to recover the non-fuel related annual ownership cost of certain facilities that directly or indirectly provide service to customers who own certain data processing center projects as specified in the legislation. Entergy Mississippi filed the first of its annual interim facilities rate adjustment reports in May 2024 to recover approximately \$8.7 million of these costs over a six-month period with rates effective beginning in July 2024.

Grand Gulf Capacity Filing

In September 2024, Entergy Mississippi filed a notice of intent with the MPSC to implement revisions to its unit power cost recovery rider that would allow Entergy Mississippi to recover the first year of costs associated with the transfer of Entergy Louisiana's interest in and purchases of Grand Gulf capacity and energy under the revised rider schedule, effective by January 1, 2025. This notice filing relates to the divestiture of Entergy Louisiana's 14% share of Grand Gulf capacity and energy under the Unit Power Sales Agreement and 2.43% share of capacity and energy from Entergy Arkansas under the MSS-4 replacement tariff. This divestiture will be effectuated initially through Entergy Mississippi's purchases from Entergy Louisiana pursuant to a PPA governed by the MSS-4 replacement tariff, a tariff governing the sales of energy and capacity among the Utility operating companies as described in the System Energy global settlement with the LPSC and Entergy Louisiana. See "[Complaints Against System Energy - System Energy Settlement with the LPSC](#)" below for further details of the System Energy global settlement with the LPSC. In October 2024, Entergy Louisiana and Entergy Mississippi filed the proposed MSS-4 replacement PPA with the FERC. The parties requested that the MPSC and the FERC issue orders accepting the PPA no later than December 2024.

Filings with the City Council (Entergy New Orleans)

Retail Rates

2024 Formula Rate Plan Filing

In April 2024, Entergy New Orleans submitted to the City Council its formula rate plan 2023 test year filing. Without the requested rate change in 2024, the 2023 test year evaluation report produced an electric earned return on equity of 8.66% and a gas earned return on equity of 5.87% compared to the authorized return on equity for each of 9.35%. Entergy New Orleans sought approval of a \$12.6 million rate increase based on the formula set by the City Council in the 2018 rate case and approved again by the City Council in 2023. The formula would result in an increase in authorized electric revenues of \$7.0 million and an increase in authorized gas revenues of \$5.6 million. Following City Council review, the City Council's advisors issued a report in July 2024 seeking a reduction in Entergy New Orleans's requested formula rate plan revenues in an aggregate amount of approximately \$1.6 million for electric and gas together due to alleged errors. Effective with the first billing cycle of September 2024, Entergy New Orleans implemented rates reflecting an amount agreed upon by Entergy New Orleans and the City Council, per the approved process for formula rate plan implementation. The total formula rate plan increase implemented was \$11.2 million, which includes an increase of \$5.8 million in electric revenues and an increase of \$5.4 million in gas revenues.

Filings with the PUCT and Texas Cities (Entergy Texas)

Retail Rates

2022 Base Rate Case

As discussed in the Form 10-K, in August 2023 the PUCT issued an order severing issues related to electric vehicle charging infrastructure in the 2022 base rate case proceeding to a separate proceeding. In December 2023 the PUCT referred the separate proceeding to resolve the issues related to electric vehicle charging infrastructure to the State Office of Administrative Hearings. A hearing on the merits was held in April 2024. In June 2024 the ALJ with the State Office of Administrative Hearings issued a proposal for decision concluding that it is appropriate for a vertically integrated electric utility, and Entergy Texas specifically, to own vehicle-charging facilities or other transportation electrification and charging infrastructure and recommending that both of Entergy Texas's proposed transportation electrification riders be approved. In October 2024 the PUCT issued an order concluding that it is appropriate for Entergy Texas to own transportation electrification and charging infrastructure, including charging stations, and approving both of Entergy Texas's proposed transportation electrification riders with a limitation that Entergy Texas's infrastructure rider be applied only to publicly-available charging infrastructure and Entergy Texas not recover any outstanding fees from customers not taking service under the rider.

Distribution Cost Recovery Factor (DCRF) Rider

In June 2024, Entergy Texas filed with the PUCT a request to set a new DCRF rider. The new rider was designed to collect from Entergy Texas's retail customers approximately \$40.3 million annually based on its capital invested in distribution between January 1, 2022 and March 31, 2024. In September 2024, the PUCT approved the DCRF rider, consistent with Entergy Texas's as-filed request, and rates became effective with the first billing cycle in October 2024.

In September 2024, Entergy Texas filed with the PUCT a request to amend its DCRF rider. The proposed rider is designed to collect from Entergy Texas's retail customers approximately \$48.9 million annually, or \$8.6 million in incremental annual revenues beyond Entergy Texas's currently effective DCRF rider based on its capital invested in distribution between April 1, 2024 and June 30, 2024. In October 2024 the PUCT staff filed a recommendation that the PUCT approve Entergy Texas's as-filed application. A PUCT decision is expected in fourth quarter 2024.

Transmission Cost Recovery Factor (TCRF) Rider

In October 2024, Entergy Texas filed with the PUCT a request to set a new TCRF rider. The proposed rider is designed to collect from Entergy Texas's retail customers approximately \$9.7 million annually based on its capital invested in transmission between January 1, 2022 and June 30, 2024 and changes in other transmission charges. Entergy Texas requested that the PUCT issue a decision in fourth quarter 2024, unless a hearing on the merits is requested.

Entergy Arkansas Opportunity Sales Proceeding

See Note 2 to the financial statements in the Form 10-K for discussion of the Entergy Arkansas opportunity sales proceeding. As discussed in the Form 10-K, in September 2020, Entergy Arkansas filed a complaint in the U.S. District Court for the Eastern District of Arkansas challenging the APSC's denial of recovery of \$135 million of payments to other Utility operating companies in December 2018 relating to off-system sales of electricity from 2002-2009, as ordered by the FERC. The complaint also involved a challenge to the \$13.7 million, plus interest, of related refunds ordered by the APSC and paid by Entergy Arkansas in August 2020. The trial was held in February 2023. Following the trial, Entergy Arkansas filed a motion with the United States Court of Appeals for the Eighth Circuit to expedite the appeal filed by Arkansas Electric Energy Consumers, Inc. The United States Court of

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Appeals for the Eighth Circuit granted Entergy Arkansas's request, and oral arguments were held in June 2023. In August 2023 the United States Court of Appeals for the Eighth Circuit affirmed the order of the court denying Arkansas Electric Energy Consumers, Inc.'s motion to intervene.

In March 2024 the U.S. District Court for the Eastern District of Arkansas issued a judgment in favor of the APSC and against Entergy Arkansas. In March 2024 Entergy Arkansas filed a notice of appeal and a motion to expedite oral arguments with the United States Court of Appeals for the Eighth Circuit and the court granted the motion to expedite. Briefing to the United States Court of Appeals for the Eighth Circuit concluded in July 2024 and oral arguments concluded in September 2024. The appeal is pending with the United States Court of Appeals for the Eighth Circuit. As a result of the adverse decision by the U.S. District Court for the Eastern District of Arkansas, Entergy Arkansas concluded that it could no longer support the recognition of its \$131.8 million regulatory asset reflecting the previously-expected recovery of a portion of the costs at issue in the opportunity sales proceeding and recorded a \$131.8 million (\$99.1 million net-of-tax) charge to earnings in first quarter 2024.

MSS-4 Replacement Tariff – Net Operating Loss Carryforward Proceeding

In January 2021, pursuant to section 205 of the Federal Power Act, Entergy Services filed an amendment to the MSS-4 replacement tariff, a tariff governing the sales of energy and capacity among the Utility operating companies, in order to provide for the inclusion of specified accumulated deferred income taxes, including net operating loss carryforward accumulated deferred income taxes (NOLC ADIT), in the rate for sales of energy among the Utility operating companies on a prospective basis. In March 2021, the FERC accepted the filing, subject to refund and hearing procedures.

In October 2021 the LPSC filed a complaint with the FERC alleging that Entergy Services improperly excluded NOLC ADIT from MSS-4 replacement tariff rates in the period before March 20, 2021. The LPSC argued that sales from Entergy Louisiana to Entergy Texas and Entergy New Orleans were charged at rates lower than they otherwise should have been, and it accordingly seeks surcharges for the period prior to March 20, 2021. The FERC set the complaint for hearing procedures and subsequently the hearing for this complaint proceeding was consolidated with the hearing procedures for Entergy Services' January 2021 NOLC ADIT filing.

Testimony was filed by parties in 2023, and the hearing before a FERC ALJ was concluded in February 2024. In June 2024, the FERC ALJ issued an initial decision addressing three major issues: (1) whether Entergy Services' proposed prospective inclusion and allocation of NOLC ADIT in MSS-4 replacement tariff rates using a modified with-and-without methodology is just and reasonable; (2) whether Entergy Services correctly calculated excess and deficient accumulated deferred income taxes in accordance with the terms of a prior settlement; and (3) whether NOLC ADIT should have been included in MSS-4 replacement tariff rates prior to the effective date of the January 2021 MSS-4 replacement tariff filing.

With respect to issues (1) and (2), the presiding ALJ concluded that Entergy Services' proposed methodology for allocating and including NOLC ADIT in MSS-4 replacement tariff rates was just and reasonable and that Entergy Services correctly performed the excess and deficient accumulated deferred income taxes calculations. With respect to issue (3), however, the presiding ALJ agreed with the LPSC that NOLC ADIT should have been included in MSS-4 replacement tariff rates since September 1, 2016, and as a result, the presiding ALJ ordered that Entergy Louisiana and Entergy Arkansas recalculate bills for the period of September 1, 2016 through November 11, 2023 with surcharges expected to be due to those operating companies from the purchasing operating companies, Entergy New Orleans, Entergy Texas, and Entergy Louisiana (for some Entergy Arkansas sales). The presiding ALJ also ordered Entergy Services to pay the interest owed to Entergy Louisiana on these surcharges.

The surcharge methodology that the presiding ALJ recommended in connection with issue (3) was not supported by any participant in the hearing. As part of their exceptions to the initial decision, all parties to the proceeding opposed the use of the ALJ's methodology, except for the FERC trial staff, which took no position. During the hearing, the LPSC and the FERC trial staff advocated that the alleged tariff violation should be remedied

by the application of Entergy Services' January 2021 proposed methodology. All other parties, including the PUCT, the City Council, and Entergy Services, opposed any surcharges for the period prior to the March 20, 2021 effective date of the January 2021 filing.

Entergy Services disputes the presiding ALJ's rulings on issue (3) and filed exceptions to these rulings in July 2024. The ALJ's initial decision is not binding on the FERC and is an interim step in the hearing process. No refunds will be owed in connection with this proceeding unless and until the FERC requires them in a final order.

Complaints Against System Energy

See Note 2 to the financial statements in the Form 10-K for information regarding pending complaints against System Energy. System Energy and the Unit Power Sales Agreement are currently the subject of several litigation proceedings at the FERC (or on appeal from the FERC to the United States Court of Appeals for the Fifth Circuit), including challenges with respect to System Energy's authorized return on equity and capital structure, renewal of its sale-leaseback arrangement, treatment of uncertain tax positions, a broader investigation of rates under the Unit Power Sales Agreement, and two prudence complaints, one challenging the extended power uprate completed at Grand Gulf in 2012 and the operation and management of Grand Gulf, particularly in the 2016-2020 time period, and the second challenging the operation and management of Grand Gulf in the 2021-2022 time period. Settlements that resolve all significant aspects of these complaints have been reached with the MPSC, the APSC, and the City Council and approved by the FERC. A settlement has been reached with the LPSC and is pending FERC approval, as described in "**System Energy Settlement with the LPSC**" below. If the settlement with the LPSC is approved by the FERC, it would resolve all significant aspects of these pending complaints. The following are updates to the discussion in the Form 10-K.

Return on Equity and Capital Structure Complaints

As discussed in the Form 10-K, in March 2021 the FERC ALJ issued an initial decision in the proceeding initiated by the LPSC, the MPSC, the APSC, and the City Council against System Energy regarding the return on equity component of the Unit Power Sales Agreement. With regard to System Energy's authorized return on equity, the ALJ determined that the existing return on equity of 10.94% is no longer just and reasonable, and that the replacement authorized return on equity, based on application of the FERC's Opinion No. 569-A methodology, should be 9.32%. The ALJ further determined that System Energy should pay refunds for a fifteen-month refund period (January 2017-April 2018) based on the difference between the current return on equity and the replacement authorized return on equity. The ALJ determined that the April 2018 complaint concerning the authorized return on equity should be dismissed, and that no refunds for a second fifteen-month refund period should be due. With regard to System Energy's capital structure, the ALJ determined that System Energy's actual equity ratio is excessive and that the just and reasonable equity ratio is 48.15% equity, based on the average equity ratio of the proxy group used to evaluate the return on equity for the second complaint. The ALJ further determined that System Energy should pay refunds for a fifteen-month refund period (September 2018-December 2019) based on the difference between the actual equity ratio and the 48.15% equity ratio. If the ALJ's initial decision is upheld, the estimated refund for this proceeding is approximately \$11.6 million, which includes interest through September 30, 2024, and the estimated resulting annual rate reduction would be approximately \$6.8 million. As a result of the settlement agreements with the MPSC, the APSC, and the City Council, the estimated refund and rate reduction only includes the portion related to Entergy Louisiana, whose settlement with the LPSC is pending FERC approval. See "**System Energy Settlement with the MPSC**" in the Form 10-K, see "**System Energy Settlement with the APSC**" below and in the Form 10-K, and see "**System Energy Settlement with the City Council**" below for discussion of the settlements. The estimated refund will continue to accrue interest until a final FERC decision is issued.

The ALJ initial decision is an interim step in the FERC litigation process, and an ALJ's determinations made in an initial decision are not controlling on the FERC. In April 2021, System Energy filed its brief on exceptions, in which it challenged the initial decision's findings on both the return on equity and capital structure.

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issues. Also in April 2021 the LPSC, the APSC, the MPSC, the City Council, and the FERC trial staff filed briefs on exceptions. Reply briefs opposing exceptions were filed in May 2021 by System Energy, the FERC trial staff, the LPSC, the APSC, the MPSC, and the City Council. Refunds, if any, that might be required will only become due after the FERC issues its order reviewing the initial decision.

In August 2022 the D.C. Circuit issued an order addressing appeals of FERC's Opinion No. 569 and 569-A, which established the methodology applied in the ALJ's initial decision in the proceeding against System Energy discussed above and in the Form 10-K. The appellate order addressed the methodology for determining the return on equity applicable to transmission owners in MISO. The D.C. Circuit found the FERC's use of the risk premium model as part of the methodology to be arbitrary and capricious and remanded the case back to the FERC. In October 2024 the FERC issued a remand order in the MISO transmission owners' case, concluding that the record supported the methodology that it originally directed in Opinion No. 569 utilizing an equal weighting of the two-step discounted cash flow model and capital asset pricing model. As a result, it determined that the just and reasonable return on equity for the MISO transmission owners is 9.98%. In light of the System Energy settlements described below, the FERC's changes to its return on equity methodology in the decision on the MISO transmission owners' return on equity will not have any immediate effect on System Energy's return on equity because System Energy's return on equity is locked-in through the end of June 2026.

Grand Gulf Sale-leaseback Renewal Complaint and Uncertain Tax Position Rate Base Issue

As discussed in the Form 10-K, in May 2018 the LPSC filed a complaint against System Energy and Entergy Services related to System Energy's renewal of a sale-leaseback transaction originally entered into in December 1988 for an 11.5% undivided interest in Grand Gulf Unit 1. The APSC, the MPSC, and the City Council subsequently intervened in the proceeding. A hearing was held before a FERC ALJ in November 2019. In April 2020 the ALJ issued the initial decision, and in December 2022 the FERC issued an order on the ALJ's initial decision, which affirmed it in part and modified it in part. The FERC's order directed System Energy to calculate refunds on three issues, and to provide a compliance report detailing the calculations. The FERC's order also disallows the future recovery of sale-leaseback renewal costs, which is estimated at approximately \$11.5 million annually for purchases from Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans through July 2036. The three refund issues are rental expenses related to the renewal of the sale-leaseback arrangements; refunds, if any, for the revenue requirement impact of including accumulated deferred income taxes resulting from the decommissioning uncertain tax positions from 2004 through the present; and refunds for the net effect of correcting the depreciation inputs for capital additions attributable to the portion of plant subject to the sale-leaseback.

In January 2023, System Energy filed its compliance report with the FERC. With respect to the sale-leaseback renewal costs, System Energy calculated a refund of \$89.8 million, which represented all of the sale-leaseback renewal rental costs that System Energy recovered in rates, with interest. With respect to the decommissioning uncertain tax position issue, System Energy calculated that no additional refunds are owed because it had already provided a one-time historical credit (for the period January 2016 through September 2020) of \$25.2 million based on the accumulated deferred income taxes that resulted from the IRS's partial acceptance of the decommissioning tax position, and because it has been providing an ongoing rate base credit for the accumulated deferred income taxes that resulted from the IRS's partial acceptance of the decommissioning tax position since October 2020. With respect to the depreciation refund, System Energy calculated a refund of \$13.7 million, which is the net total of a refund to customers for excess depreciation expense previously collected, plus interest, offset by the additional return on rate base that System Energy previously did not collect, without interest.

In January 2023, System Energy filed a request for rehearing of the FERC's determinations in the December 2022 order on sale-leaseback refund issues and future lease cost disallowances, the FERC's prospective policy on uncertain tax positions, and the proper accounting of System Energy's accumulated deferred income taxes adjustment for the Tax Cuts and Jobs Act of 2017; and a motion for confirmation of its interpretation of the December 2022 order's remedy concerning the decommissioning tax position. In January 2023 the retail regulators

filed a motion for confirmation of their interpretation of the refund requirement in the December 2022 FERC order and a provisional request for rehearing. In February 2023 the FERC issued a notice that the rehearing requests have been deemed denied by operation of law. The deemed denial of the rehearing request initiated a sixty-day period in which aggrieved parties could petition for federal appellate court review of the underlying FERC orders; however, the FERC may issue a substantive order on rehearing as long as it continues to have jurisdiction over the case. In March 2023, System Energy filed in the United States Court of Appeals for the Fifth Circuit a petition for review of the December 2022 order. In March 2023, System Energy also filed an unopposed motion to stay the proceeding in the Fifth Circuit pending the FERC's disposition of the pending motions, and the court granted the motion to stay.

In August 2023 the FERC issued an order addressing arguments raised on rehearing and partially setting aside the prior order (rehearing order). The rehearing order addresses rehearing requests that were filed in January 2023 separately by System Energy and the LPSC, the APSC, and the City Council.

In the rehearing order, the FERC directs System Energy to recalculate refunds for two issues: (1) refunds of rental expenses related to the renewal of the sale-leaseback arrangements and (2) refunds for the net effect of correcting the depreciation inputs for capital additions associated with the sale-leaseback. With regard to the sale-leaseback renewal rental expenses, the rehearing order allows System Energy to recover an implied return of and on the depreciated cost of the portion of the plant subject to the sale-leaseback as of the expiration of the initial lease term. With regard to the depreciation input issue, the rehearing order allows System Energy to offset refunds so that System Energy may collect interest on the rate base recalculations that were part of the overall depreciation rate recalculations. The rehearing order further directs System Energy to submit within 60 days of the date of the rehearing order an additional compliance filing to revise the total refunds for these two issues. As discussed above, System Energy's January 2023 compliance filing calculated \$103.5 million in total refunds, and the refunds were paid in January 2023. In October 2023, System Energy filed its compliance report with the FERC as directed in the August 2023 rehearing order. The October 2023 compliance report reflected recalculated refunds totaling \$35.7 million for the two issues resulting in \$67.8 million in refunds that could be recouped by System Energy. As discussed below in "**System Energy Settlement with the APSC**," System Energy reached a settlement in principle with the APSC to resolve several pending cases under the FERC's jurisdiction, including this one, pursuant to which it has agreed not to recoup the \$27.3 million calculated for Entergy Arkansas in the compliance filing. Consistent with the compliance filing, in October 2023, Entergy Louisiana and Entergy New Orleans paid recoupment amounts of \$18.2 million and \$22.3 million, respectively, to System Energy.

On the third refund issue identified in the rehearing requests, concerning the decommissioning uncertain tax positions, the rehearing order denied all rehearing requests, re-affirmed the remedy contained in the December 2022 order, and did not direct System Energy to recalculate refunds or to submit an additional compliance filing. On this issue, as reflected in its January 2023 compliance filing, System Energy believes it has already paid the refunds due under the remedy that the FERC outlined for the uncertain tax positions issue in its December 2022 order. In August 2023 the LPSC issued a media release in which it stated that it disagrees with System Energy's determination that the rehearing order requires no further refunds to be made on this issue.

In September 2023, System Energy filed a protective appeal of the rehearing order with the United States Court of Appeals for the Fifth Circuit. The appeal was consolidated with System Energy's prior appeal of the December 2022 order.

In September 2023 the LPSC filed with the FERC a request for rehearing and clarification of the rehearing order. The LPSC requests that the FERC reverse its determination in the rehearing order that System Energy may collect an implied return of and on the depreciated cost of the portion of the plant subject to the sale-leaseback, as of the expiration of the initial lease term, as well as its determination in the rehearing order that System Energy may offset the refunds for the depreciation rate input issue and collect interest on the rate base recalculations that were part of the overall depreciation rate recalculations. In addition, the LPSC requests that the FERC either confirm the LPSC's interpretation of the refund associated with the decommissioning uncertain tax positions or explain why it is not doing so. In October 2023 the FERC issued a notice that the rehearing request has been deemed denied by

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operation of law. In November 2023 the FERC issued a further notice stating that it would not issue any further order addressing the rehearing request. Also in November 2023 the LPSC filed with the United States Court of Appeals for the Fifth Circuit a petition for review of the FERC's August 2023 rehearing order and denials of the September 2023 rehearing request.

In December 2023 the United States Court of Appeals for the Fifth Circuit lifted the abeyance on the consolidated System Energy appeals, and it also consolidated the LPSC's appeal with the System Energy appeals. In March 2024, separate petition briefs were filed by System Energy and by the LPSC. Also in March 2024, the City Council filed an intervenor brief supporting the LPSC. In June 2024 counsel for the FERC filed the respondent's brief, arguing that the FERC's August 2023 rehearing order concerning the sale-leaseback and depreciation rate remedy issues should be affirmed and arguing that the dispute over the uncertain tax position issue is not yet ripe. In July 2024, System Energy and the LPSC each filed separate reply briefs. In September 2024 the parties filed a joint motion to continue and stay oral argument, previously scheduled for October 2024, pending the FERC's decision whether to approve the settlement between System Energy and the LPSC, and the United States Court of Appeals for the Fifth Circuit granted the motion.

LPSC Additional Complaints

As discussed in the Form 10-K, in May 2020 the LPSC authorized its staff to file additional complaints at the FERC related to the rates charged by System Energy for Grand Gulf energy and capacity supplied to Entergy Louisiana under the Unit Power Sales Agreement. The following are updates to that discussion.

Unit Power Sales Agreement Complaint

As discussed in the Form 10-K, the first of the additional complaints was filed by the LPSC, the APSC, the MPSC, and the City Council in September 2020. The first complaint raises two sets of rate allegations: violations of the filed rate and a corresponding request for refunds for prior periods; and elements of the Unit Power Sales Agreement are unjust and unreasonable and a corresponding request for refunds for the 15-month refund period and changes to the Unit Power Sales Agreement prospectively. In May 2021 the FERC issued an order addressing the complaint, establishing a refund effective date of September 21, 2020, establishing hearing procedures, and holding those procedures in abeyance pending the FERC's review of the initial decision in the Grand Gulf sale-leaseback renewal complaint discussed above.

In November 2021 the LPSC, the APSC, and the City Council filed direct testimony and requested the FERC to order refunds for prior periods and prospective amendments to the Unit Power Sales Agreement. System Energy filed answering testimony in January 2022. In March 2022 the FERC trial staff filed direct and answering testimony recommending refunds and prospective modifications to the Unit Power Sales Agreement.

In April 2022, System Energy filed cross-answering testimony in response to the FERC trial staff's recommendations. In June 2022 the FERC trial staff submitted revised answering testimony, in which it recommended additional refunds associated with the accumulated deferred income tax balances in account 190. Also in June 2022, System Energy filed revised and supplemental cross answering testimony to respond to the FERC trial staff's testimony and oppose its revised recommendation.

In May 2022 the LPSC, the APSC, and the City Council filed rebuttal testimony and asserted new claims. In June 2022 a new procedural schedule was adopted, providing for additional rounds of testimony and for the hearing to begin in September 2022. The hearing concluded in December 2022. Also in December 2022, a motion to extend the briefing schedule and the May 2023 deadline for the initial decision was granted.

In November 2022, System Energy filed a partial settlement agreement with the APSC, the City Council, and the LPSC that resolved the following issues raised in the Unit Power Sales Agreement complaint: advance collection of lease payments, aircraft costs, executive incentive compensation, money pool borrowings, advertising

expenses, deferred nuclear refueling outage costs, industry association dues, and termination of the capital funds agreement. The settlement provided that System Energy would provide a black box refund of \$18 million (inclusive of interest), plus additional refund amounts with interest to be calculated for certain issues to be distributed to Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans as the Utility operating companies other than Entergy Mississippi purchasing under the Unit Power Sales Agreement. The settlement further provided that if the APSC, the City Council, or the LPSC agrees to the global settlement System Energy entered into with the MPSC (see "**System Energy Settlement with the MPSC**" in the Form 10-K for discussion of the settlement), and such global settlement includes a black box refund amount, then the black box refund for this settlement agreement shall not be incremental or in addition to the global black box refund amount. The settlement agreement addressed other matters as well, including adjustments to rate base beginning in October 2022, exclusion of certain other costs, and inclusion of money pool borrowings, if any, in short-term debt within the cost of capital calculation used in the Unit Power Sales Agreement. In April 2023 the FERC approved the settlement agreement. The refund provided for in the settlement agreement was included in the May 2023 service month bills under the Unit Power Sales Agreement.

In May 2023 the presiding ALJ issued an initial decision finding that System Energy should have excluded multiple identified categories of accumulated deferred income taxes from rate base when calculating Unit Power Sales Agreement bills. Based on this finding, the initial decision recommended refunds; System Energy estimates that those refunds for Entergy Louisiana would total approximately \$31.5 million plus \$45.6 million of interest through September 30, 2024. The initial decision also finds that the Unit Power Sales Agreement should be modified such that a cash working capital allowance of negative \$36.4 million is applied prospectively. If the FERC ultimately orders these modifications to cash working capital be implemented, the estimated annual revenue requirement impact is expected to be immaterial. On the other non-settled issues for which the complainants sought refunds or changes to the Unit Power Sales Agreement, the initial decision ruled against the complainants.

The initial decision is an interim step in the FERC litigation process, and an ALJ's determination made in an initial decision is not controlling on the FERC. System Energy disagrees with the ALJ's findings concerning the accumulated deferred income taxes issues and cash working capital. In July 2023, System Energy filed a brief on exceptions to the initial decision's accumulated deferred income taxes findings. Also in July 2023, the APSC, the LPSC, the City Council, and the FERC trial staff filed separate briefs on exceptions. The APSC's brief on exceptions challenges the ALJ's determinations on the money pool interest and retained earnings issues. The LPSC's brief on exceptions challenges the ALJ's determinations regarding the sale-leaseback transaction costs, legal fees, and retained earnings issues. The City Council's brief on exceptions challenges the ALJ's determinations on the money pool and cash management issues. The FERC trial staff's brief on exceptions challenges the ALJ's determinations on the cash working capital issue as well as certain of the accumulated deferred income taxes issues. In August 2023 all parties filed separate briefs opposing exceptions. System Energy filed a brief opposing the exceptions of the APSC, the LPSC, and the City Council. The APSC, the LPSC, and the City Council filed separate briefs opposing the exceptions raised by System Energy and the FERC trial staff. The FERC trial staff filed its own brief opposing certain exceptions raised by System Energy, the APSC, the LPSC, and the City Council. The case is now pending a decision by the FERC. Refunds, if any, that might be required will become due only after the FERC issues its order reviewing the initial decision.

LPSC Petition for a Writ of Mandamus

In March 2024 the LPSC filed a petition for a writ of mandamus, requesting that the United States Court of Appeals for the Fifth Circuit direct the FERC to take action on (1) System Energy's pending compliance filings (and the LPSC's protests) in response to the FERC's orders on the uncertain tax position rate base issue, as discussed above; and (2) the ALJ's pending initial decision in the return on equity and capital structure proceeding, also as discussed above. System Energy filed a notice of intervention in the proceeding.

In March 2024 the United States Court of Appeals for the Fifth Circuit directed the FERC to respond to the LPSC's petition. Also in March 2024, System Energy filed its response to the LPSC's petition, in which it opposed the LPSC's mandamus request on the compliance filing and took no position on the request for action on the return

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on equity and capital structure case. Later in March 2024, the FERC responded opposing both parts of the LPSC's petition, and the LPSC filed an opposed motion for leave to answer and its answer to the FERC's and System Energy's responses. In July 2024 the Fifth Circuit held oral argument on the petition. During oral argument, the FERC's counsel represented that the FERC intends to issue an order in the return on equity and capital structure proceeding by the end of the year. Later in July 2024 the Fifth Circuit issued an order denying the LPSC's petition.

System Energy Settlement with the APSC

As discussed in the Form 10-K, in October 2023, System Energy, Entergy Arkansas, and additional named Entergy parties involved in multiple docketed proceedings pending before the FERC reached a settlement in principle with the APSC to globally resolve all of their actual and potential claims in those dockets and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "[Grand Gulf Prudence Complaint](#)" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. System Energy, Entergy Arkansas, additional Entergy parties, and the APSC filed the settlement agreement and supporting materials with the FERC in November 2023. The Unit Power Sales Agreement is a FERC-jurisdictional formula rate tariff for sales of energy and capacity from System Energy's owned and leased share of Grand Gulf to Entergy Mississippi, Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans. System Energy previously settled with the MPSC with respect to these complaints before the FERC.

The terms of the settlement with the APSC align with the \$588 million global black box settlement reached between System Energy and the MPSC in June 2022 and provide for Entergy Arkansas to receive a black box refund of \$142 million from System Energy, inclusive of \$49.5 million already received by Entergy Arkansas from System Energy.

In addition to the black box refund of \$142 million described above, beginning with the November 2023 service month, the settlement provides for Entergy Arkansas's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

In December 2023 the FERC trial staff and the LPSC filed comments. The FERC trial staff commented that it "believes that the settlement is fair, and in the public interest," and neither it nor the LPSC oppose the settlement. In December 2023 the remaining black box refund to Entergy Arkansas was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet. In March 2024 the FERC approved the settlement "because it appears to be fair and reasonable and in the public interest." System Energy paid the remaining black box refund of \$92 million to Entergy Arkansas in May 2024.

System Energy Settlement with the City Council

In April 2024, System Energy, Entergy New Orleans, and additional named Entergy parties involved in multiple docketed proceedings pending before the FERC reached a settlement in principle with the City Council to globally resolve all of their actual and potential claims in those dockets and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "[Grand Gulf Prudence Complaint](#)" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. In May 2024, System Energy, Entergy New Orleans, additional named Entergy parties, and the City Council filed the settlement agreement and supporting materials with the FERC. The Unit Power Sales Agreement is a FERC-jurisdictional formula rate tariff for sales of energy and capacity from System Energy's owned and leased share of Grand Gulf to Entergy Mississippi, Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans.

The terms of the settlement with the City Council align with the \$588 million global black box settlement amount reflected in the prior settlements reached between System Energy and the MPSC in June 2022 and between System Energy and the APSC in November 2023. The settlement provides for Entergy New Orleans to receive a

black box refund of \$116 million from System Energy, inclusive of approximately \$18 million already received by Entergy New Orleans from System Energy. In March 2024 the \$98 million black box refund to Entergy New Orleans was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet.

In addition to the black box refund of \$116 million described above, beginning with the June 2024 service month, the settlement provides for Entergy New Orleans's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

In August 2024 the FERC approved the settlement "because it appears to be fair and reasonable and in the public interest." System Energy paid the remaining black box refund of \$98 million to Entergy New Orleans in October 2024. As discussed above and in Note 2 to the financial statements in the Form 10-K, System Energy previously settled with the MPSC and the APSC with respect to these complaints before the FERC. The settlements with the APSC, the MPSC, and the City Council represent almost 85% of System Energy's share of the output of Grand Gulf.

System Energy Settlement with the LPSC

In July 2024, System Energy and the LPSC staff reached a settlement in principle to globally resolve all of the LPSC's actual and potential claims in multiple docketed proceedings pending before the FERC (including all docketed proceedings resolved by the MPSC, the APSC, and the City Council settlements) and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "Grand Gulf Prudence Complaint" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. In August 2024 the LPSC approved the settlement. In September 2024 the settling parties filed the settlement for approval by the FERC.

The terms of the settlement with the LPSC align with the \$588 million global black box settlement amount reflected in the prior settlements reached between System Energy and the MPSC in June 2022, between System Energy and the APSC in November 2023, and between System Energy and the City Council in April 2024. The settlement provides for Entergy Louisiana to receive a black box refund of \$95 million from System Energy, inclusive of approximately \$15 million already received by Entergy Louisiana from System Energy. In June 2024 the remaining \$80 million black box refund to Entergy Louisiana was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet.

In addition to the black box refund of \$95 million described above, beginning with the September 2024 service month, the settlement provides for Entergy Louisiana's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

The settlement also includes an agreement that, subject to the receipt of necessary regulatory approvals, Entergy Louisiana will divest to Entergy Mississippi all of its interest in Grand Gulf capacity and energy under the Unit Power Sales Agreement and its purchases from Entergy Arkansas under the MSS-4 replacement tariff. Subject to the receipt of all required regulatory approvals, divestiture will be effective on January 1, 2025. In October 2024 Entergy Louisiana and Entergy Mississippi filed with the FERC a power purchase agreement under which Entergy Mississippi would purchase Entergy Louisiana's purchases of Grand Gulf capacity and energy. The power purchase agreement is governed by the MSS-4 replacement tariff, a tariff governing the sales of energy and capacity among the Utility operating companies. The parties requested that the FERC issue an order accepting the power purchase agreement no later than December 2024.

System Energy Regulatory Liability for Pending Complaints

As discussed in the Form 10-K, System Energy had recorded a regulatory liability related to complaints against System Energy, which was consistent with the settlement agreements reached with the MPSC and the

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APSC, taking into account amounts already or expected to be refunded. System Energy's remaining regulatory liability related to complaints against System Energy as of December 31, 2023 was \$178 million. As discussed above in "**System Energy Settlement with the City Council**," in first quarter 2024 the \$98 million black box refund to Entergy New Orleans was reclassified from the regulatory liability to accounts payable - associated companies on System Energy's balance sheet. As discussed above in "**System Energy Settlement with the LPSC**," in second quarter 2024 the \$80 million black box refund to Entergy Louisiana was reclassified from the regulatory liability to accounts payable - associated companies on System Energy's balance sheet.

Unit Power Sales Agreement

System Energy Formula Rate Annual Protocols Formal Challenge Concerning 2022 Calendar Year Bills

In February 2024, pursuant to the protocols procedures discussed in Note 2 to the financial statements in the Form 10-K, the LPSC and the City Council filed with the FERC a formal challenge to System Energy's implementation of the formula rate during calendar year 2022. The formal challenge alleges: (1) that the equity ratio charged in rates was excessive; and (2) that all issues in the pending Unit Power Sales Agreement complaint proceeding should also be reflected in calendar year 2022 bills. These allegations are identical to issues that were raised in the formal challenge to the calendar year 2020 and 2021 bills.

In March 2024, System Energy filed an answer to the formal challenge in which it requested that the FERC deny the formal challenge as a matter of law, or else hold the proceeding in abeyance pending the resolution of related dockets.

Pension Costs Amendment Proceeding

As discussed in the Form 10-K, in October 2021, System Energy submitted to the FERC proposed amendments to the Unit Power Sales Agreement to include in the rate base the prepaid and accrued pension costs associated with System Energy's qualified pension plans. Based on data ending in 2020, the increased annual revenue requirement associated with the filing is approximately \$8.9 million. In March 2022 the FERC accepted System Energy's proposed amendments with an effective date of December 1, 2021, subject to refund pending the outcome of the settlement and/or hearing procedures. In August 2023 the FERC chief ALJ terminated settlement procedures and designated a presiding ALJ to oversee hearing procedures. In October 2023, System Energy filed direct testimony in support of its proposed amendments. Under the procedural schedule, testimony was filed through April 2024, and the hearing occurred in late May and early June 2024.

In September 2024 the presiding ALJ issued an initial decision recommending that the FERC approve inclusion of a line item for prepaid and accrued pension costs; however, the presiding ALJ did not agree with System Energy's proposed methodology to calculate the value of the prepaid and accrued pension cost input. Instead, the presiding ALJ recommended limiting System Energy's recovery to the prepaid and accrued pension costs that were incurred beginning in 2015 and later.

System Energy disputes the presiding ALJ's determination concerning the methodology used to calculate the prepaid and accrued pension input, and System Energy filed exceptions to these rulings in October 2024. If the ALJ's determination is affirmed by the FERC, System Energy estimates refunds, including interest through September 30, 2024, of approximately \$15 million to \$19 million would be owed related to the ALJ's findings. The ALJ's initial decision is not binding on the FERC and is an interim step in the hearing process. No refunds will be owed in connection with this proceeding and no changes to System Energy's pension cost recovery methodology will be implemented unless and until the FERC requires them in a final order. This proceeding is not covered by the global settlements described above.

Storm Cost Recovery Filings with Retail Regulators

See Note 2 to the financial statements in the Form 10-K for discussion regarding storm cost recovery filings. The following is an update to that discussion.

Entergy Mississippi

As discussed in the Form 10-K, Entergy Mississippi had approval from the MPSC to collect a storm damage provision of \$1.75 million per month. If Entergy Mississippi's accumulated storm damage provision balance exceeded \$15 million, the collection of the storm damage provision ceased until such time that the accumulated storm damage provision became less than \$10 million.

In December 2023, Entergy Mississippi filed a Notice of Storm Escrow Disbursement and Request for Interim Relief notifying the MPSC that Entergy Mississippi had requested disbursement of approximately \$34.5 million of storm escrow funds from its restricted storm escrow account. The filing also requested authorization from the MPSC, on a temporary basis, that the \$34.5 million of storm escrow funds be credited to Entergy Mississippi's storm damage provision, pending the MPSC's review of Entergy Mississippi's storm-related costs, and that Entergy Mississippi continue to bill its monthly storm damage provision without suspension in the event the storm damage provision balance exceeds \$15 million, in anticipation of a subsequent filing by Entergy Mississippi in this proceeding. The storm damage reserve exceeded \$15 million upon receipt of the storm escrow funds. Because the MPSC had not entered an order on Entergy Mississippi's filing on the requested relief to continue billing this provision, Entergy Mississippi suspended billing the monthly storm damage provision effective with February 2024 bills.

In March 2024, Entergy Mississippi made a combined dual filing which included a Notice of Intent to Make Routine Change in Rates and Schedules and a Motion for Determination relating to the above-described Notice of Storm Escrow Disbursement. The Notice of Intent proposed a new storm damage mitigation and restoration rider to supersede both the current storm damage rate schedule and the vegetation management rider schedule, in which the collection of both expenses would be combined. The proposal requests that the MPSC authorize Entergy Mississippi to collect a storm damage provision of \$5.2 million per month. Furthermore, if Entergy Mississippi's accumulated storm damage provision balance exceeds \$70 million, collection of the storm damage provision would cease until such time that the accumulated storm damage provision becomes less than \$60 million.

The Mississippi Public Utilities Staff reviewed the storm-related costs submitted by Entergy Mississippi and found them prudent. In June 2024 the MPSC considered and unanimously granted the relief sought by Entergy Mississippi, including authorization to credit any remaining funds in the storm escrow account to Entergy Mississippi's storm damage reserve and to close the storm escrow account. Entergy Mississippi's storm escrow account was liquidated in July 2024, and the new combined storm damage mitigation and restoration rider became effective with the July 2024 billing cycle. Additionally, Entergy Mississippi made a compliance filing to cease billing under the existing vegetation management rider schedule as of the same billing cycle.

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NOTE 3. EQUITY (Entergy Corporation and Entergy Louisiana)**Common Stock****Earnings per Share**

The following tables present Entergy's basic and diluted earnings per share calculations for the three and nine months ended September 30, 2024 and 2023, included on the consolidated income statements:

For the Three Months Ended September 30,			
	2024	2023	
(Dollars In Thousands, Except Per Share Data; Shares in Millions)			
	\$/share	\$/share	
Consolidated net income	\$645,754	\$669,714	
Less: Preferred dividend requirements of subsidiaries and noncontrolling interests	814	2,959	
Net income attributable to Entergy Corporation	<u><u>\$644,940</u></u>	<u><u>\$666,755</u></u>	
Basic shares and earnings per average common share	214.0	\$3.01	211.5
Average dilutive effect of:			\$3.15
Stock options	0.3	—	0.2
Other equity plans	0.7	(0.01)	0.5
Equity forwards	0.7	(0.01)	—
Diluted shares and earnings per average common shares	<u><u>215.7</u></u>	<u><u>\$2.99</u></u>	<u><u>212.2</u></u>
			<u><u>\$3.14</u></u>
 For the Nine Months Ended September 30,			
	2024	2023	
(Dollars In Thousands, Except Per Share Data; Shares in Millions)			
	\$/share	\$/share	
Consolidated net income	\$774,022	\$1,374,026	
Less: Preferred dividend requirements of subsidiaries and noncontrolling interests	4,879	5,092	
Net income attributable to Entergy Corporation	<u><u>\$769,143</u></u>	<u><u>\$1,368,934</u></u>	
Basic shares and earnings per average common share	213.6	\$3.60	211.4
Average dilutive effect of:			\$6.47
Stock options	0.3	—	0.3
Other equity plans	0.5	(0.01)	0.5
Equity forwards	0.3	(0.01)	—
Diluted shares and earnings per average common shares	<u><u>214.7</u></u>	<u><u>\$3.58</u></u>	<u><u>212.2</u></u>
			<u><u>\$6.45</u></u>

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 774,193 options for the three months ended September 30, 2024 and 1,305,354 options for the three months ended September 30, 2023. The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 1,238,878 options for the nine months ended September 30, 2024 and 1,138,384 options for the nine months ended September 30, 2023.

Entergy's stock options and other equity compensation plans are discussed in Note 5 to the financial statements herein and in Note 12 to the financial statements in the Form 10-K.

Dividends declared per common share were \$1.13 for the three months ended September 30, 2024 and \$1.07 for the three months ended September 30, 2023. Dividends declared per common share were \$3.39 for the nine months ended September 30, 2024 and \$3.21 for the nine months ended September 30, 2023.

Equity Distribution Program

See Note 7 to the financial statements in the Form 10-K for discussion of Entergy Corporation's at the market equity distribution program. The following are updates to that discussion.

In May 2024, Entergy Corporation entered into an amendment to the equity distribution sales agreement for its at the market equity distribution program wherein it increased by an additional \$1 billion the aggregate gross sales price authorized under the at the market equity distribution program from \$2 billion to \$3 billion and added additional agents, forward purchasers, and forward sellers. The aggregate number of shares of common stock sold under this sales agreement and under any forward sale agreement may not exceed an aggregate gross sales price of \$3 billion. As of September 30, 2024, an aggregate gross sales price of approximately \$2.6 billion has been sold under the at the market equity distribution program.

During the nine months ended September 30, 2024 and 2023, there were no shares of common stock issued under the at the market equity distribution program.

In March 2024, Entergy Corporation entered into two separate forward sale agreements for 284,922 shares and 1,160,415 shares of common stock, respectively. No amounts have been or will be recorded on Entergy's balance sheet with respect to the equity offerings until settlements of the equity forward sale agreements occur. The forward sale agreements require Entergy Corporation to, at its election prior to May 30, 2025, either (i) physically settle the transactions by issuing the total of 284,922 shares and 1,160,415 shares, respectively, of its common stock to the forward counterparty in exchange for net proceeds at the then-applicable forward sale price specified by the applicable agreement (initially approximately \$101.92 and \$101.74 per share, respectively) or (ii) net settle the applicable transaction in whole or in part through the delivery or receipt of cash or shares. Each forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the applicable agreement. In connection with the forward sale agreements, the forward seller, or its affiliates, borrowed from third parties and sold 284,922 shares and 1,160,415 shares, respectively, of Entergy Corporation's common stock. The gross sales price of these shares totaled approximately \$29.3 million and \$119.2 million, respectively. In connection with the sales of these shares, Entergy Corporation paid the forward seller fees of approximately \$0.3 million and \$1.2 million, respectively, which have not been deducted from the gross sales price. Entergy Corporation did not receive any proceeds from such sales of borrowed shares.

In May 2024, Entergy Corporation entered into two separate forward sale agreements for 1,278,416 shares and 1,233,235 shares of common stock, respectively. No amounts have been or will be recorded on Entergy's balance sheet with respect to the equity offerings until settlements of the equity forward sale agreements occur. The forward sale agreements require Entergy Corporation to, at its election prior to July 31, 2025, either (i) physically settle the transactions by issuing the total of 1,278,416 shares and 1,233,235 shares, respectively, of its common stock to the forward counterparty in exchange for net proceeds at the then-applicable forward sale price specified by the applicable agreement (initially approximately \$110.32 and \$107.93 per share, respectively) or (ii) net settle the applicable transaction in whole or in part through the delivery or receipt of cash or shares. Each forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the applicable agreement. In connection with the forward sale agreements, the forward seller, or its affiliates, borrowed from third parties and sold 1,278,416 shares and 1,233,235 shares, respectively, of Entergy Corporation's common stock. The gross sales price of these shares totaled approximately \$142.4 million and \$134.4 million, respectively. In connection with the sales of these shares, Entergy Corporation paid the forward

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seller fees of approximately \$1.4 million and \$1.3 million, respectively, which have not been deducted from the gross sales price. Entergy Corporation did not receive any proceeds from such sales of borrowed shares.

In June 2024, Entergy Corporation entered into a forward sale agreement for 1,070,003 shares of common stock. No amounts have been or will be recorded on Entergy's balance sheet with respect to the equity offering until settlement of the equity forward sale agreement occurs. The forward sale agreement requires Entergy Corporation to, at its election prior to July 31, 2025, either (i) physically settle the transaction by issuing the total of 1,070,003 shares of its common stock to the forward counterparty in exchange for net proceeds at the then-applicable forward sale price specified by the agreement (initially approximately \$106.12 per share) or (ii) net settle the transaction in whole or in part through the delivery or receipt of cash or shares. The forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the agreement. In connection with the forward sale agreement, the forward seller, or its affiliates, borrowed from third parties and sold 1,070,003 shares of Entergy Corporation's common stock. The gross sales price of these shares totaled approximately \$114.5 million. In connection with the sale of these shares, Entergy Corporation paid the forward seller fees of approximately \$1.1 million which have not been deducted from the gross sales price. Entergy Corporation did not receive any proceeds from such sales of borrowed shares.

In August 2024, Entergy Corporation entered into two separate forward sale agreements for 1,112,916 shares and 1,733,386 shares of common stock, respectively. No amounts have been or will be recorded on Entergy's balance sheet with respect to the equity offerings until settlements of the equity forward sale agreements occur. The forward sale agreements require Entergy Corporation to, at its election prior to October 31, 2025, either (i) physically settle the transactions by issuing the total of 1,112,916 shares and 1,733,386 shares, respectively, of its common stock to the forward counterparty in exchange for net proceeds at the then-applicable forward sale price specified by the applicable agreement (initially approximately \$114.93 and \$117.45 per share, respectively) or (ii) net settle the applicable transaction in whole or in part through the delivery or receipt of cash or shares. Each forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the applicable agreement. In connection with the forward sale agreements, the forward seller, or its affiliates, borrowed from third parties and sold 1,112,916 shares and 1,733,386 shares, respectively, of Entergy Corporation's common stock. The gross sales price of these shares totaled approximately \$130.4 million and \$205.5 million, respectively. In connection with the sales of these shares, Entergy Corporation paid the forward seller fees of approximately \$1.3 million and \$2.1 million, respectively, which have not been deducted from the gross sales price. Entergy Corporation did not receive any proceeds from such sales of borrowed shares.

In September 2024, Entergy Corporation entered into two separate forward sale agreements for 1,534,535 shares and 444,378 shares of common stock, respectively. No amounts have been or will be recorded on Entergy's balance sheet with respect to the equity offerings until settlements of the equity forward sale agreements occur. The forward sale agreements require Entergy Corporation to, at its election prior to October 31, 2025, either (i) physically settle the transactions by issuing the total of 1,534,535 shares and 444,378 shares, respectively, of its common stock to the forward counterparty in exchange for net proceeds at the then-applicable forward sale price specified by the applicable agreement (initially approximately \$120.25 and \$128.56 per share, respectively) or (ii) net settle the applicable transaction in whole or in part through the delivery or receipt of cash or shares. Each forward sale price is subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the applicable agreement. In connection with the forward sale agreements, the forward seller, or its affiliates, borrowed from third parties and sold 1,534,535 shares and 444,378 shares, respectively, of Entergy Corporation's common stock. The gross sales price of these shares totaled approximately \$186.3 million and \$57.7 million, respectively. In connection with the sales of these shares, Entergy Corporation paid the forward seller fees of approximately \$1.9 million and \$0.6 million, respectively, which have not been deducted from the gross sales price. Entergy Corporation did not receive any proceeds from such sales of borrowed shares.

Until settlement of the forward sale agreements occurs, earnings per share dilution resulting from the agreements, if any, is determined under the treasury stock method. Share dilution occurs when the average market price of Entergy Corporation's common stock is higher than the average forward sales price. For the three months ended September 30, 2024 and 2023, 1,742,868 shares and 468,302 shares, respectively, under current and then-outstanding forward sale agreements were not included in the calculation of diluted earnings per share because their effect would have been antidilutive. For the nine months ended September 30, 2024 and 2023, 1,582,454 and 468,302 shares, respectively, under current and then-outstanding forward sale agreements were not included in the calculation of diluted earnings per share because their effect would have been antidilutive.

Treasury Stock

During the nine months ended September 30, 2024, Entergy Corporation reissued 267,266 shares of its previously repurchased common stock to satisfy stock option exercises, vesting of shares of restricted stock, and other stock-based awards. Entergy Corporation did not repurchase any of its common stock during the nine months ended September 30, 2024.

Retained Earnings

On October 25, 2024, Entergy Corporation's Board of Directors declared a common stock dividend of \$1.20 per share, payable on December 2, 2024 to holders of record as of November 13, 2024.

Comprehensive Income

Accumulated other comprehensive income (loss) is included in the equity section of the balance sheets of Entergy and Entergy Louisiana. The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the three months ended September 30, 2024 and 2023:

Pension and Other Postretirement Benefit Plans		
	2024	2023
(In Thousands)		
Beginning balance, July 1,	\$80,361	(\$193,019)
Amounts reclassified from accumulated other comprehensive income (loss)	(4,176)	(2,434)
Net other comprehensive loss for the period	(4,176)	(2,434)
Ending balance, September 30,	<u><u>\$76,185</u></u>	<u><u>(\$195,453)</u></u>

The following table presents changes in accumulated other comprehensive income (loss) for Entergy for the nine months ended September 30, 2024 and 2023:

Pension and Other Postretirement Benefit Plans		
	2024	2023
(In Thousands)		
Beginning balance, January 1,	(\$162,460)	(\$191,754)
Amounts reclassified from accumulated other comprehensive income (loss)	238,645	(3,699)
Net other comprehensive income (loss) for the period	238,645	(3,699)
Ending balance, September 30,	<u><u>\$76,185</u></u>	<u><u>(\$195,453)</u></u>

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The following table presents changes in accumulated other comprehensive income for Entergy Louisiana for the three months ended September 30, 2024 and 2023:

Pension and Other Postretirement Benefit Plans		
	2024	2023
(In Thousands)		
Beginning balance, July 1,	\$50,751	\$52,811
Amounts reclassified from accumulated other comprehensive income	(2,024)	(1,829)
Net other comprehensive loss for the period	(2,024)	(1,829)
Ending balance, September 30,	<u><u>\$48,727</u></u>	<u><u>\$50,982</u></u>

The following table presents changes in accumulated other comprehensive income for Entergy Louisiana for the nine months ended September 30, 2024 and 2023:

Pension and Other Postretirement Benefit Plans		
	2024	2023
(In Thousands)		
Beginning balance, January 1,	\$54,798	\$55,370
Amounts reclassified from accumulated other comprehensive income	(6,071)	(4,388)
Net other comprehensive loss for the period	(6,071)	(4,388)
Ending balance, September 30,	<u><u>\$48,727</u></u>	<u><u>\$50,982</u></u>

Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy for the three months ended September 30, 2024 and 2023 are as follows:

	Amounts reclassified from		Income Statement Location
	AOCI	2024	
(In Thousands)			
Pension and other postretirement benefit plans			
Amortization of prior service credit	\$3,473	\$3,396	(a)
Amortization of net gain	2,130	1,700	(a)
Settlement loss	—	(1,919)	(a)
Total amortization and settlement loss	5,603	3,177	
Income taxes	(1,427)	(743)	Income taxes
Total amortization and settlement loss (net of tax)	<u><u>\$4,176</u></u>	<u><u>\$2,434</u></u>	
Total reclassifications for the period (net of tax)	<u><u>\$4,176</u></u>	<u><u>\$2,434</u></u>	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

Total reclassifications out of accumulated other comprehensive income (loss) (AOCI) for Entergy for the nine months ended September 30, 2024 and 2023 are as follows:

	Amounts reclassified from AOCI		Income Statement Location
	2024	2023	
(In Thousands)			
Pension and other postretirement benefit plans			
Amortization of prior service credit	\$10,419	\$10,191	(a)
Amortization of net gain	5,167	4,994	(a)
Settlement loss	(316,974)	(10,408)	(a)
Total amortization and settlement loss	(301,388)	4,777	
Income taxes	62,743	(1,078)	Income taxes
Total amortization and settlement loss (net of tax)	(\$238,645)	\$3,699	
Total reclassifications for the period (net of tax)	<u>(\$238,645)</u>	<u>\$3,699</u>	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

Total reclassifications out of accumulated other comprehensive income (AOCI) for Entergy Louisiana for the three months ended September 30, 2024 and 2023 are as follows:

	Amounts reclassified from AOCI		Income Statement Location
	2024	2023	
(In Thousands)			
Pension and other postretirement benefit plans			
Amortization of prior service credit	\$1,136	\$951	(a)
Amortization of net gain	1,634	1,574	(a)
Settlement loss	—	(22)	(a)
Total amortization and settlement loss	2,770	2,503	
Income taxes	(746)	(674)	Income taxes
Total amortization and settlement loss (net of tax)	2,024	1,829	
Total reclassifications for the period (net of tax)	<u>\$2,024</u>	<u>\$1,829</u>	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

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Total reclassifications out of accumulated other comprehensive income (AOCI) for Entergy Louisiana for the nine months ended September 30, 2024 and 2023 are as follows:

	Amounts reclassified from AOCI		Income Statement Location
	2024	2023	
(In Thousands)			
Pension and other postretirement benefit plans			
Amortization of prior service credit	\$3,408	\$2,853	(a)
Amortization of net gain	4,900	4,703	(a)
Settlement loss	—	(1,551)	(a)
Total amortization and settlement loss	8,308	6,005	
Income taxes	(2,237)	(1,617)	Income taxes
Total amortization and settlement loss (net of tax)	6,071	4,388	
Total reclassifications for the period (net of tax)	\$6,071	\$4,388	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension and other postretirement cost. See Note 6 to the financial statements herein for additional details.

NOTE 4. REVOLVING CREDIT FACILITIES, LINES OF CREDIT, SHORT-TERM BORROWINGS, AND LONG-TERM DEBT (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy Corporation has in place a credit facility that has a borrowing capacity of \$3 billion and expires in June 2029. The facility includes fronting commitments for the issuance of letters of credit against \$20 million of the total borrowing capacity of the credit facility. The commitment fee is currently 0.225% of the undrawn commitment amount. Commitment fees and interest rates on loans under the credit facility can fluctuate depending on the senior unsecured debt ratings of Entergy Corporation. The estimated interest rate as of September 30, 2024 that would have been applied to outstanding borrowings under the facility was 6.45%. The following is a summary of the amounts outstanding and capacity available under the credit facility as of September 30, 2024:

Capacity	Borrowings	Letters of Credit	Capacity Available
(In Millions)			
\$3,000	\$—	\$4	\$2,996

Entergy Corporation's credit facility includes a covenant requiring Entergy to maintain a consolidated debt ratio, as defined, of 65% or less of its total capitalization. Entergy is in compliance with this covenant. If Entergy fails to meet this ratio, or if Entergy Corporation or one of the Registrant Subsidiaries (except Entergy New Orleans and System Energy) defaults on other indebtedness or is in bankruptcy or insolvency proceedings, an acceleration of the Entergy Corporation credit facility's maturity date may occur.

Entergy Corporation has a commercial paper program with a Board-approved program limit of \$2 billion. As of September 30, 2024, Entergy Corporation had \$1,122.4 million of commercial paper outstanding. The weighted-average interest rate for the nine months ended September 30, 2024 was 5.64%.

Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each had credit facilities available as of September 30, 2024 as follows:

Company	Expiration Date	Amount of Facility	Interest Rate (a)	Amount Drawn as of September 30, 2024	Letters of Credit Outstanding as of September 30, 2024
Entergy Arkansas	April 2026	\$25 million (b)	6.80%	\$—	\$—
Entergy Arkansas	June 2029	\$300 million (c)	6.07%	\$—	\$—
Entergy Louisiana	June 2029	\$400 million (c)	6.20%	\$—	\$—
Entergy Mississippi	June 2029	\$300 million (c)	6.07%	\$—	\$—
Entergy New Orleans	June 2027	\$25 million (c)	6.57%	\$—	\$—
Entergy Texas	June 2029	\$300 million (c)	6.20%	\$—	\$1.1 million

- (a) The interest rate is the estimated interest rate as of September 30, 2024 that would have been applied to outstanding borrowings under the facility.
- (b) Borrowings under this Entergy Arkansas credit facility may be secured by a security interest in its accounts receivable at Entergy Arkansas's option.
- (c) The credit facility includes fronting commitments for the issuance of letters of credit against a portion of the borrowing capacity of the facility as follows: \$5 million for Entergy Arkansas; \$15 million for Entergy Louisiana; \$5 million for Entergy Mississippi; \$10 million for Entergy New Orleans; and \$30 million for Entergy Texas.

The commitment fees on the credit facilities range from 0.075% to 0.375% of the undrawn commitment amount for Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy Texas, and of the entire facility amount for Entergy New Orleans. Each of the credit facilities requires the Registrant Subsidiary borrower to maintain a debt ratio, as defined, of 65% or less of its total capitalization. Each Registrant Subsidiary is in compliance with this covenant.

In addition, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas each has an uncommitted standby letter of credit facility as a means to post collateral to support its obligations to MISO and for other purposes. The following is a summary of the uncommitted standby letter of credit facilities as of September 30, 2024:

Company	Amount of Uncommitted Facility	Letter of Credit Fee	Letters of Credit Issued as of September 30, 2024 (a) (b)
Entergy Arkansas	\$25 million	0.78%	\$11.9 million
Entergy Louisiana	\$125 million	0.78%	\$19.7 million
Entergy Mississippi	\$65 million	0.78%	\$33.1 million
Entergy New Orleans	\$15 million	1.625%	\$0.5 million
Entergy Texas	\$150 million	1.250%	\$86.4 million

- (a) As of September 30, 2024, letters of credit posted with MISO covered financial transmission rights exposure of \$0.2 million for Entergy Louisiana, \$0.9 million for Entergy Mississippi, and \$0.8 million for Entergy Texas. See Note 8 to the financial statements herein for discussion of financial transmission rights.
- (b) As of September 30, 2024, the letters of credit issued for Entergy Mississippi include \$1.8 million in MISO letters of credit and \$1.3 million in non-MISO letters of credit outstanding under this facility.

The short-term borrowings of the Registrant Subsidiaries are limited to amounts authorized by the FERC. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, and Entergy Texas have FERC-

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authorized short-term borrowing limits effective through April 2025. The FERC-authorized short-term borrowing limit for System Energy is effective through March 2025. In addition to borrowings from commercial banks, these companies may also borrow from the Entergy system money pool and from other internal short-term borrowing arrangements. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and the other internal borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings. Borrowings from internal and external short-term borrowings combined may not exceed the FERC-authorized limits. The following are the FERC-authorized limits for short-term borrowings and the outstanding short-term borrowings as of September 30, 2024 (aggregating both internal and external short-term borrowings) for the Registrant Subsidiaries:

	Authorized	Borrowings
	(In Millions)	
Entergy Arkansas	\$250	\$—
Entergy Louisiana	\$450	\$—
Entergy Mississippi	\$200	\$—
Entergy New Orleans	\$150	\$—
Entergy Texas	\$200	\$—
System Energy	\$200	\$—

Vermont Yankee Credit Facility (Entergy Corporation)

In January 2019, Entergy Nuclear Vermont Yankee was transferred to NorthStar and its credit facility was assumed by Entergy Assets Management Operations, LLC (formerly Vermont Yankee Asset Retirement, LLC), Entergy Nuclear Vermont Yankee's parent company that remains an Entergy subsidiary after the transfer. The credit facility has a borrowing capacity of \$139 million and expires in December 2024. The commitment fee is currently 0.20% of the undrawn commitment amount. As of September 30, 2024, \$139 million in cash borrowings were outstanding under the credit facility. The weighted-average interest rate for the nine months ended September 30, 2024 was 6.93% on the drawn portion of the facility.

Variable Interest Entities (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, and System Energy)

See Note 17 to the financial statements in the Form 10-K for a discussion of the consolidation of the nuclear fuel company variable interest entities (VIEs). To finance the acquisition and ownership of nuclear fuel, the nuclear fuel company VIEs have credit facilities and three of the four VIEs also issue commercial paper, details of which follow as of September 30, 2024:

Company	Expiration Date	Amount of Facility	Weighted-Average Interest	Amount Outstanding as of September 30, 2024
			Rate on Borrowings (a)	
(Dollars in Millions)				
Entergy Arkansas VIE	June 2027	\$80	6.43%	\$38.5
Entergy Louisiana River Bend VIE	June 2027	\$105	6.43%	\$21.7
Entergy Louisiana Waterford VIE	June 2027	\$105	6.42%	\$26.8
System Energy VIE	June 2027	\$120	6.42%	\$90.0

(a) Includes letter of credit fees and bank fronting fees on commercial paper issuances by the nuclear fuel company VIEs for Entergy Arkansas, Entergy Louisiana, and System Energy. The nuclear fuel company VIE for Entergy Louisiana River Bend does not issue commercial paper, but borrows directly on its bank credit facility.

The commitment fees on the credit facilities are 0.100% of the undrawn commitment amount for the Entergy Arkansas, Entergy Louisiana, and System Energy VIEs. Each credit facility requires the respective lessee of nuclear fuel (Entergy Arkansas, Entergy Louisiana, or Entergy Corporation as guarantor for System Energy) to maintain a consolidated debt ratio, as defined, of 70% or less of its total capitalization. Each lessee and guarantor is in compliance with this covenant.

The nuclear fuel company VIEs had notes payable that were included in debt on the respective balance sheets as of September 30, 2024 as follows:

Company	Description	Amount
Entergy Arkansas VIE	1.84% Series N due July 2026	\$90 million
Entergy Arkansas VIE	5.54% Series O due May 2029	\$70 million
Entergy Louisiana River Bend VIE	2.51% Series V due June 2027	\$70 million
Entergy Louisiana Waterford VIE	5.94% Series J due September 2026	\$70 million
System Energy VIE	2.05% Series K due September 2027	\$90 million

In accordance with regulatory treatment, interest on the nuclear fuel company VIEs' credit facilities, commercial paper, and long-term notes payable is reported in fuel expense.

As of September 30, 2024, Entergy Arkansas and Entergy Louisiana each has obtained financing authorization from the FERC that extends through April 2025 for issuances by its nuclear fuel company VIEs. System Energy has obtained financing authorization from the FERC that extends through March 2025 for issuances by its nuclear fuel company VIE.

Debt Issuances and Retirements

(Entergy Corporation)

In May 2024, Entergy Corporation issued \$1.2 billion of junior subordinated debentures due December 2054. Entergy Corporation will pay interest at an annual rate of 7.125% through November 2029. Commencing on December 1, 2029, the annual rate will equal the five-year treasury rate as of the most recent reset interest determination date plus 2.67%. Entergy Corporation used the proceeds to repay a portion of outstanding commercial paper and for general corporate purposes.

(Entergy Arkansas)

In May 2024, Entergy Arkansas issued \$400 million of 5.45% Series mortgage bonds due June 2034 and \$400 million of 5.75% Series mortgage bonds due June 2054. Entergy Arkansas used a portion of the proceeds, together with other funds, to repay, at maturity, its \$375 million of 3.70% Series mortgage bonds due June 2024, to repay borrowings from the Entergy system money pool, to pay a portion of the purchase price of each of Driver Solar, Walnut Bend Solar, and West Memphis Solar, and for general corporate purposes.

(Entergy Louisiana)

In March 2024, Entergy Louisiana issued \$500 million of 5.35% Series mortgage bonds due March 2034 and \$700 million of 5.70% Series mortgage bonds due March 2054. Entergy Louisiana used a portion of the proceeds, together with other funds, to repay in March 2024 debt outstanding under its long-term revolving credit facility and to repay in April 2024, prior to maturity, its \$400 million of 5.40% Series mortgage bonds due November 2024. Entergy Louisiana used the remaining proceeds, together with other funds, to repay, prior to maturity, its \$1 billion of 0.95% Series mortgage bonds due October 2024, for capital expenditures, and for general corporate purposes.

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In August 2024, Entergy Louisiana issued \$700 million of 5.15% Series mortgage bonds due September 2034. Entergy Louisiana used the proceeds, together with other funds, to repay in August 2024, prior to maturity, its \$1 billion of 0.95% Series mortgage bonds due October 2024 and for general corporate purposes.

(Entergy Mississippi)

In May 2024, Entergy Mississippi issued \$300 million of 5.85% Series mortgage bonds due June 2054. Entergy Mississippi used the proceeds, together with other funds, to repay in June 2024, prior to maturity, its \$100 million of 3.75% Series mortgage bonds due July 2024, to repay debt incurred under its long-term revolving credit facility, to repay borrowings from the Entergy system money pool, and for general corporate purposes.

(Entergy New Orleans)

In April 2024, Entergy New Orleans entered into a bond purchase agreement related to the sale of \$150 million of mortgage bonds to be issued in May 2024. In May 2024, Entergy New Orleans issued (1) \$35 million of 6.25% Series mortgage bonds due June 2029, (2) \$65 million of 6.41% Series mortgage bonds due June 2031, and (3) \$50 million of 6.54% Series mortgage bonds due June 2034. Entergy New Orleans used the proceeds, together with other funds, to repay, at maturity, its \$85 million unsecured term loan due June 2024 and for general corporate purposes.

(Entergy Texas)

In August 2024, Entergy Texas issued \$350 million of 5.55% Series mortgage bonds due September 2054. Entergy Texas expects to use the proceeds, together with other funds, to finance the construction of the Orange County Advanced Power Station and for general corporate purposes.

Fair Value

The book value and the fair value of long-term debt for Entergy and the Registrant Subsidiaries as of September 30, 2024 were as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a)
(In Thousands)		
Entergy	\$27,880,440	\$26,113,062
Entergy Arkansas	\$5,135,751	\$4,785,447
Entergy Louisiana	\$9,876,127	\$9,185,690
Entergy Mississippi	\$2,426,893	\$2,215,355
Entergy New Orleans	\$736,611	\$712,343
Entergy Texas	\$3,561,402	\$3,356,778
System Energy	\$809,585	\$794,618

(a) Fair values were classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements herein.

The book value and the fair value of long-term debt for Entergy and the Registrant Subsidiaries as of December 31, 2023 were as follows:

	Book Value of Long-Term Debt	Fair Value of Long-Term Debt (a)
	(In Thousands)	
Entergy	\$25,107,896	\$22,489,174
Entergy Arkansas	\$4,673,080	\$4,166,941
Entergy Louisiana	\$9,420,689	\$8,414,512
Entergy Mississippi	\$2,229,510	\$1,969,334
Entergy New Orleans	\$677,450	\$602,716
Entergy Texas	\$3,225,092	\$2,936,130
System Energy	\$738,459	\$696,168

(a) Fair values were classified as Level 2 in the fair value hierarchy discussed in Note 8 to the financial statements herein.

NOTE 5. STOCK-BASED COMPENSATION (Entergy Corporation)

Entergy grants stock and stock-based awards, which are described more fully in Note 12 to the financial statements in the Form 10-K. Awards under Entergy's plans generally vest over three years.

Stock Options

In January 2024 the Board approved and Entergy granted long-term incentive awards in the form of options on 352,199 shares of its common stock under the 2019 Omnibus Incentive Plan with a fair value of \$18.61 per option. As of September 30, 2024, there were options on 1,996,989 shares of common stock outstanding with a weighted-average exercise price of \$106.73. The intrinsic value, which has no effect on net income, of the outstanding stock options is calculated by the positive difference between the weighted-average exercise price of the stock options granted and Entergy Corporation's common stock price as of September 30, 2024. The aggregate intrinsic value of the stock options outstanding as of September 30, 2024 was \$49.7 million.

The following table includes financial information for stock options for the three months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	
Compensation expense included in Entergy's consolidated net income	\$0.8	\$1.1
Tax benefit recognized in Entergy's consolidated net income	\$0.2	\$0.3
Compensation cost capitalized as part of fixed assets and materials and supplies	\$0.4	\$0.5

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The following table includes financial information for stock options for the nine months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	
Compensation expense included in Entergy's consolidated net income	\$3.0	\$3.2
Tax benefit recognized in Entergy's consolidated net income	\$0.8	\$0.9
Compensation cost capitalized as part of fixed assets and materials and supplies	\$1.4	\$1.6

Other Equity Awards

In January 2024 the Board approved and Entergy granted long-term incentive awards in the form of 409,947 restricted stock awards and 158,176 performance units under the 2019 Omnibus Incentive Plan. The restricted stock awards were made effective on January 25, 2024 and were valued at \$99.08 per share, which was the closing price of Entergy Corporation's common stock on that date. Shares of restricted stock have the same dividend and voting rights as other common stock, are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the three-year vesting period. One-third of the restricted stock awards and accrued dividends will vest upon each anniversary of the grant date.

The performance units represent the value of, and are settled with, one share of Entergy Corporation common stock at the end of the three-year performance period, plus dividends accrued during the performance period on the number of performance units earned. To emphasize the importance of environmental stewardship, specifically of carbon-free generation and resilience, an environmental achievement measure was selected as one of the performance measures for the 2024-2026 performance period. Performance will be based eighty percent on relative total shareholder return and twenty percent on the environmental achievement measure. The performance units were granted on January 25, 2024 and eighty percent were valued at \$124.65 per share based on various factors, primarily market conditions; and twenty percent were valued at \$99.08 per share, the closing price of Entergy Corporation's common stock on that date. Performance units have the same dividend and voting rights as other common stock and are considered issued and outstanding shares of Entergy upon vesting, and are expensed ratably over the three-year vesting period, and compensation cost for the portion of the award based on the selected environmental achievement measure will be adjusted based on the number of units that ultimately vest. See Note 12 to the financial statements in the Form 10-K for a description of the Long-Term Performance Unit Program.

The following table includes financial information for other outstanding equity awards for the three months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	
Compensation expense included in Entergy's consolidated net income	\$9.6	\$9.3
Tax benefit recognized in Entergy's consolidated net income	\$2.4	\$2.4
Compensation cost capitalized as part of fixed assets and materials and supplies	\$4.6	\$4.2

The following table includes financial information for other outstanding equity awards for the nine months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	
Compensation expense included in Entergy's consolidated net income	\$29.3	\$27.1
Tax benefit recognized in Entergy's consolidated net income	\$7.4	\$7.0
Compensation cost capitalized as part of fixed assets and materials and supplies	\$13.7	\$11.8

NOTE 6. RETIREMENT AND OTHER POSTRETIREMENT BENEFITS (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Components of Qualified Net Pension Cost

Entergy's qualified pension costs, including amounts capitalized, for the third quarters of 2024 and 2023, included the following components:

	2024	2023
	(In Thousands)	
Service cost - benefits earned during the period	\$23,358	\$25,302
Interest cost on projected benefit obligation	56,631	73,850
Expected return on assets	(76,557)	(96,775)
Recognized net loss	14,322	20,204
Settlement charges	—	6,914
Net pension cost	<u>\$17,754</u>	<u>\$29,495</u>

Entergy's qualified pension costs, including amounts capitalized, for the nine months ended September 30, 2024 and 2023, included the following components:

	2024	2023
	(In Thousands)	
Service cost - benefits earned during the period	\$70,104	\$76,346
Interest cost on projected benefit obligation	193,218	223,584
Expected return on assets	(262,043)	(290,660)
Recognized net loss	44,296	63,858
Settlement charges	325,253	152,588
Net pension cost	<u>\$370,828</u>	<u>\$225,716</u>

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The Registrant Subsidiaries' qualified pension costs, including amounts capitalized, for their current and former employees for the third quarters of 2024 and 2023, included the following components:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$4,101	\$5,550	\$1,284	\$441	\$963	\$1,380
Interest cost on projected benefit obligation	13,218	13,962	3,522	1,569	2,832	3,375
Expected return on assets	(18,156)	(19,446)	(5,112)	(2,202)	(4,077)	(4,602)
Recognized net loss	5,745	2,601	1,140	471	393	1,155
Net pension cost	<u>\$4,908</u>	<u>\$2,667</u>	<u>\$834</u>	<u>\$279</u>	<u>\$111</u>	<u>\$1,308</u>

2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$4,566	\$6,175	\$1,431	\$492	\$1,074	\$1,430
Interest cost on projected benefit obligation	13,813	14,896	3,797	1,667	3,138	3,419
Expected return on assets	(17,639)	(18,892)	(4,830)	(2,206)	(4,147)	(4,392)
Recognized net loss	5,438	4,748	1,545	456	1,008	1,204
Settlement charges	558	561	345	248	632	228
Net pension cost	<u>\$6,736</u>	<u>\$7,488</u>	<u>\$2,288</u>	<u>\$657</u>	<u>\$1,705</u>	<u>\$1,889</u>

The Registrant Subsidiaries' qualified pension costs, including amounts capitalized, for their current and former employees for the nine months ended September 30, 2024 and 2023, included the following components:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$12,300	\$16,652	\$3,852	\$1,321	\$2,886	\$4,147
Interest cost on projected benefit obligation	39,652	41,884	10,564	4,707	8,494	10,152
Expected return on assets	(54,466)	(58,340)	(15,338)	(6,609)	(12,231)	(13,883)
Recognized net loss	17,237	7,805	3,420	1,411	1,179	3,482
Settlement charges	—	—	—	—	—	611
Net pension cost	<u>\$14,723</u>	<u>\$8,001</u>	<u>\$2,498</u>	<u>\$830</u>	<u>\$328</u>	<u>\$4,509</u>

2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$13,976	\$18,654	\$4,369	\$1,470	\$3,271	\$4,342
Interest cost on projected benefit obligation	42,010	45,219	11,551	5,051	9,542	10,382
Expected return on assets	(53,593)	(56,891)	(14,349)	(6,783)	(12,322)	(13,431)
Recognized net loss	18,170	14,704	4,937	1,453	3,057	3,939
Settlement charges	24,516	38,791	12,088	1,948	10,902	5,518
Net pension cost	<u>\$45,079</u>	<u>\$60,477</u>	<u>\$18,596</u>	<u>\$3,139</u>	<u>\$14,450</u>	<u>\$10,750</u>

Non-Qualified Net Pension Cost

Entergy recognized \$2.7 million and \$21.8 million in pension cost for its non-qualified pension plans for the third quarters of 2024 and 2023, respectively. For the third quarter of 2024, there were no settlement charges related to the payment of lump sum benefits out of the plan. Included in the pension cost for non-qualified pension plans for the third quarter of 2023 were settlement charges of \$18 million related to the payment of lump sum benefits out of the plans. Entergy recognized \$8.2 million and \$39.8 million in pension cost for its non-qualified pension plans for the nine months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024, there were no settlement charges related to the payment of lump sum benefits out of the plan. Included in the pension cost for non-qualified pension plans for the nine months ended September 30, 2023 were settlement charges of \$27.3 million related to the payment of lump sum benefits out of the plans.

The Registrant Subsidiaries recognized the following pension cost for their current and former employees for their non-qualified pension plans for the third quarters of 2024 and 2023:

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Thousands)					
2024	\$68	\$51	\$83	\$31	\$62
2023	\$63	\$24	\$85	\$33	\$63

The Registrant Subsidiaries recognized the following pension cost for their current and former employees for their non-qualified pension plans for the nine months ended September 30, 2024 and 2023:

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Thousands)					
2024	\$204	\$153	\$249	\$93	\$186
2023	\$575	\$76	\$724	\$99	\$190

For the third quarters of 2024 and 2023, there were no settlement charges for the Registrant Subsidiaries related to the payment of lump sum benefits out of the plan. For the nine months ended September 30, 2024, there were no settlement charges for the Registrant Subsidiaries related to the payment of lump sum benefits out of the plan. For the nine months ended September 30, 2023, there were settlement charges of \$379 thousand and \$453 thousand for Entergy Arkansas and Entergy Mississippi, respectively, included in the non-qualified pension costs above related to the payment of lump sum benefits out of the plan.

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Entergy Corporation and Subsidiaries

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Components of Net Other Postretirement Benefits Cost (Income)

Entergy's other postretirement benefits income, including amounts capitalized, for the third quarters of 2024 and 2023, included the following components:

	2024	2023
	(In Thousands)	
Service cost - benefits earned during the period	\$3,126	\$3,664
Interest cost on accumulated postretirement benefit obligation (APBO)	9,852	10,568
Expected return on assets	(10,569)	(9,183)
Amortization of prior service credit	(5,720)	(5,640)
Recognized net gain	(2,761)	(2,862)
Net other postretirement benefits income	<u>(\$6,072)</u>	<u>(\$3,453)</u>

Entergy's other postretirement benefits income, including amounts capitalized, for the nine months ended September 30, 2024 and 2023, included the following components:

	2024	2023
	(In Thousands)	
Service cost - benefits earned during the period	\$9,378	\$10,992
Interest cost on APBO	29,556	31,704
Expected return on assets	(31,707)	(27,549)
Amortization of prior service credit	(17,160)	(16,920)
Recognized net gain	(8,283)	(8,586)
Net other postretirement benefits income	<u>(\$18,216)</u>	<u>(\$10,359)</u>

The Registrant Subsidiaries' other postretirement benefits (income) cost, including amounts capitalized, for their current and former employees for the third quarters of 2024 and 2023, included the following components:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
	(In Thousands)					
Service cost - benefits earned during the period	\$642	\$700	\$184	\$51	\$168	\$175
Interest cost on APBO	1,833	1,999	486	253	603	398
Expected return on assets	(4,384)	—	(1,372)	(1,479)	(2,539)	(728)
Amortization of prior service cost (credit)	524	(1,136)	(239)	(229)	(1,093)	(73)
Recognized net (gain) loss	—	(1,738)	15	19	148	—
Net other postretirement benefits income	<u>(\$1,385)</u>	<u>(\$175)</u>	<u>(\$926)</u>	<u>(\$1,385)</u>	<u>(\$2,713)</u>	<u>(\$228)</u>

2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$741	\$845	\$220	\$59	\$202	\$189
Interest cost on APBO	2,001	2,233	543	290	649	432
Expected return on assets	(3,778)	—	(1,179)	(1,316)	(2,194)	(634)
Amortization of prior service cost (credit)	524	(951)	(239)	(229)	(1,093)	(73)
Recognized net (gain) loss	43	(1,764)	21	117	229	—
Net other postretirement benefits (income) cost	<u>(\$469)</u>	<u>\$363</u>	<u>(\$634)</u>	<u>(\$1,079)</u>	<u>(\$2,207)</u>	<u>(\$86)</u>

The Registrant Subsidiaries' other postretirement benefits (income) cost, including amounts capitalized, for their current and former employees for the nine months ended September 30, 2024 and 2023, included the following components:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$1,926	\$2,100	\$552	\$153	\$504	\$525
Interest cost on APBO	5,499	5,997	1,458	759	1,809	1,194
Expected return on assets	(13,152)	—	(4,116)	(4,437)	(7,617)	(2,184)
Amortization of prior service cost (credit)	1,572	(3,408)	(717)	(687)	(3,279)	(219)
Recognized net (gain) loss	—	(5,214)	45	57	444	—
Net other postretirement benefits income	<u>(\$4,155)</u>	<u>(\$525)</u>	<u>(\$2,778)</u>	<u>(\$4,155)</u>	<u>(\$8,139)</u>	<u>(\$684)</u>

2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Service cost - benefits earned during the period	\$2,223	\$2,535	\$660	\$177	\$606	\$567
Interest cost on APBO	6,003	6,699	1,629	870	1,947	1,296
Expected return on assets	(11,334)	—	(3,537)	(3,948)	(6,582)	(1,902)
Amortization of prior service cost (credit)	1,572	(2,853)	(717)	(687)	(3,279)	(219)
Recognized net (gain) loss	129	(5,292)	63	351	687	—
Net other postretirement benefits (income) cost	<u>(\$1,407)</u>	<u>\$1,089</u>	<u>(\$1,902)</u>	<u>(\$3,237)</u>	<u>(\$6,621)</u>	<u>(\$258)</u>

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Entergy Corporation and Subsidiaries

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Reclassification out of Accumulated Other Comprehensive Income (Loss)

Entergy and Entergy Louisiana reclassified the following costs out of accumulated other comprehensive income (loss) (before taxes and including amounts capitalized) for the third quarters of 2024 and 2023:

2024	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
(In Thousands)				
Entergy				
Amortization of prior service credit (cost)	\$—	\$3,513	(\$40)	\$3,473
Amortization of net gain (loss)	(405)	2,615	(80)	2,130
	<u><u>(\$405)</u></u>	<u><u>\$6,128</u></u>	<u><u>(\$120)</u></u>	<u><u>\$5,603</u></u>
Entergy Louisiana				
Amortization of prior service credit	\$—	\$1,136	\$—	\$1,136
Amortization of net gain (loss)	(104)	1,738	—	1,634
	<u><u>(\$104)</u></u>	<u><u>\$2,874</u></u>	<u><u>\$—</u></u>	<u><u>\$2,770</u></u>
2023	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
(In Thousands)				
Entergy				
Amortization of prior service credit (cost)	\$—	\$3,509	(\$113)	\$3,396
Amortization of net gain (loss)	(1,064)	2,898	(134)	1,700
Settlement loss	(490)	—	(1,429)	(1,919)
	<u><u>(\$1,554)</u></u>	<u><u>\$6,407</u></u>	<u><u>(\$1,676)</u></u>	<u><u>\$3,177</u></u>
Entergy Louisiana				
Amortization of prior service credit	\$—	\$951	\$—	\$951
Amortization of net gain (loss)	(190)	1,764	—	1,574
Settlement loss	(22)	—	—	(22)
	<u><u>(\$212)</u></u>	<u><u>\$2,715</u></u>	<u><u>\$—</u></u>	<u><u>\$2,503</u></u>

Entergy and Entergy Louisiana reclassified the following costs out of accumulated other comprehensive income (loss) (before taxes and including amounts capitalized) for the nine months ended September 30, 2024 and 2023:

2024	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
(In Thousands)				
Entergy				
Amortization of prior service credit (cost)	\$—	\$10,539	(\$120)	\$10,419
Amortization of net gain (loss)	(2,438)	7,845	(240)	5,167
Settlement loss	(316,974)	—	—	(316,974)
	<u>(\$319,412)</u>	<u>\$18,384</u>	<u>(\$360)</u>	<u>(\$301,388)</u>
Entergy Louisiana				
Amortization of prior service credit	\$—	\$3,408	\$—	\$3,408
Amortization of net gain (loss)	(312)	5,214	(2)	4,900
	<u>(\$312)</u>	<u>\$8,622</u>	<u>(2)</u>	<u>\$8,308</u>
2023	Qualified Pension Costs	Other Postretirement Costs	Non-Qualified Pension Costs	Total
(In Thousands)				
Entergy				
Amortization of prior service credit (cost)	\$—	\$10,529	(\$338)	\$10,191
Amortization of net gain (loss)	(3,208)	8,693	(491)	4,994
Settlement loss	(7,446)	—	(2,962)	(10,408)
	<u>(\$10,654)</u>	<u>\$19,222</u>	<u>(\$3,791)</u>	<u>\$4,777</u>
Entergy Louisiana				
Amortization of prior service credit	\$—	\$2,853	\$—	\$2,853
Amortization of net gain (loss)	(588)	5,292	(1)	4,703
Settlement loss	(1,551)	—	—	(1,551)
	<u>(\$2,139)</u>	<u>\$8,145</u>	<u>(\$1)</u>	<u>\$6,005</u>

Accounting for Pension and Other Postretirement Benefits

In accordance with accounting standards, the other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations and are presented by Entergy in miscellaneous - net in other income.

Qualified Pension Settlement Costs

In May 2024, Entergy Corporation entered into a commitment agreement by and between Entergy Corporation, Newport Trust Company, LLC, as independent fiduciary of Entergy Corporation Retirement Plan II for Non-Bargaining Employees, Entergy Corporation Retirement Plan II for Bargaining Employees, Entergy Corporation Retirement Plan III, and Entergy Corporation Retirement Plan IV for Bargaining Employees (the Pension Plans), and the Metropolitan Life Insurance Company (MetLife), under which the Pension Plans purchased a nonparticipating single premium group annuity contract from MetLife to settle approximately \$1.157 billion of benefit liabilities of the Pension Plans.

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The group annuity contract primarily covers a population that includes approximately 3,400 non-utility business retirees, joint annuitants, beneficiaries, and alternate payees who commenced benefit payments from the Pension Plans on or before March 1, 2024 (Transferred Participants). MetLife irrevocably guarantees and assumes the sole obligation to make future monthly pension benefit payments to the Transferred Participants as provided under its group annuity contract, with direct payments that began September 1, 2024. The aggregate amount of each Transferred Participant's payment under the group annuity contract will be equal to the amount of each individual's payment under the Pension Plans.

The purchase of the group annuity contract was funded directly by assets of the Pension Plans. The transferred pension liability required no additional funding prior to transfer, as the liability was fully funded. As a result of the transaction, Entergy recognized a one-time non-cash pension settlement charge in the second quarter of 2024 of \$325 million, of which \$8 million was recorded at Utility, as described below, and \$317 million was recorded at Parent & Other. The \$317 million settlement charge at Parent & Other is reflected in Miscellaneous - net in Other income (deductions) on the consolidated income statements.

For the nine months ended September 30, 2023, lump sum benefit payments from the Entergy Corporation Retirement Plan for Bargaining Employees and the Entergy Corporation Retirement Plan for Non-Bargaining Employees exceeded the sum of the Plans' 2023 service and interest cost, resulting in settlement costs. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy each participate in one or both of the Entergy Corporation Retirement Plan for Bargaining Employees and the Entergy Corporation Retirement Plan for Non-Bargaining Employees and incurred settlement costs.

In accordance with accounting standards, settlement accounting requires immediate recognition of the portion of previously unrecognized losses associated with the settled portion of the plan's pension liability. Similar to other pension costs, the settlement costs were included with employee labor costs and charged to expense and capital in the same manner that labor costs were charged. Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans each received regulatory approval to defer the expense portion of the settlement costs, with future amortization of the deferred settlement expense over the period in which the expense otherwise would be recorded had the immediate recognition not occurred.

In September 2020, Entergy Texas elected to establish a reserve, in accordance with PUCT regulations, to track the surplus or deficit in the annual amount of actuarially determined pension and other postretirement benefits chargeable to Entergy Texas's expense. The reserve amounts recorded are evaluated in each rate case filed by Entergy Texas and an amortization period is determined at that time.

See Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs.

Employer Contributions

Based on current assumptions, Entergy expects to contribute \$270 million to its qualified pension plans in 2024. As of September 30, 2024, Entergy had contributed \$164.3 million to its pension plans. Based on current assumptions, the Registrant Subsidiaries expect to contribute the following to qualified pension plans for their current and former employees in 2024:

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas	System Energy
(In Thousands)						
Expected 2024 pension contributions	\$55,112	\$48,401	\$14,980	\$4,931	\$8,272	\$16,650
Pension contributions made through September 2024	\$33,560	\$29,375	\$9,820	\$2,643	\$4,782	\$9,994
Remaining estimated pension contributions to be made in 2024	\$21,552	\$19,026	\$5,160	\$2,288	\$3,490	\$6,656

NOTE 7. BUSINESS SEGMENT INFORMATION (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Entergy has a single reportable segment, Utility, which includes the generation, transmission, distribution, and sale of electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operation of a small natural gas distribution business in portions of Louisiana. The Utility segment reflects management's primary basis of organization with a predominant focus on its utility operations in the Gulf South. Parent & Other includes the parent company, Entergy Corporation, and other business activity, including Entergy's non-utility operations business which owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers and also provides decommissioning services to nuclear power plants owned by non-affiliated entities in the United States.

Entergy's segment financial information for the third quarters of 2024 and 2023 was as follows:

	Utility	Parent & Other	Eliminations	Consolidated
(In Thousands)				
2024				
Operating revenues	\$3,370,138	\$18,985	(\$23)	\$3,389,100
Income taxes	\$237,225	(\$21,750)	\$—	\$215,475
Consolidated net income (loss)	\$786,862	(\$63,526)	(\$77,582)	\$645,754
2023				
Operating revenues	\$3,559,240	\$36,302	(\$20)	\$3,595,522
Income taxes	\$225,989	\$1,008	\$—	\$226,997
Consolidated net income (loss)	\$754,036	(\$3,304)	(\$81,018)	\$669,714

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

Entergy's segment financial information for the nine months ended September 30, 2024 and 2023 was as follows:

	Utility	Parent & Other	Eliminations	Consolidated
(In Thousands)				
2024				
Operating revenues	\$9,083,715	\$53,687	(\$54)	\$9,137,348
Income taxes	\$384,790	(\$114,687)	\$—	\$270,103
Consolidated net income (loss)	\$1,426,161	(\$416,111)	(\$236,028)	\$774,022
Total assets as of September 30, 2024	\$68,708,628	\$833,783	(\$5,080,362)	\$64,462,049
2023				
Operating revenues	\$9,325,977	\$96,661	(\$31)	\$9,422,607
Income taxes	\$304,352	(\$21,534)	\$—	\$282,818
Consolidated net income (loss)	\$1,666,701	(\$74,257)	(\$218,418)	\$1,374,026
Total assets as of December 31, 2023	\$63,887,038	\$836,598	(\$5,020,240)	\$59,703,396

Eliminations are primarily intersegment activity. All of Entergy's goodwill is related to the Utility segment.

Registrant Subsidiaries

Each of the Registrant Subsidiaries has one reportable segment, which is an integrated utility business, except for System Energy, which is an electricity generation business. Each of the Registrant Subsidiaries' operations are managed on an integrated basis by that company because of the substantial effect of cost-based rates and regulatory oversight on the business process, cost structures, and operating results. Management allocates resources and assesses financial performance on a consolidated basis.

NOTE 8. RISK MANAGEMENT AND FAIR VALUES (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Market Risk

In the normal course of business, Entergy is exposed to a number of market risks. Market risk is the potential loss that Entergy may incur as a result of changes in the market or fair value of a particular commodity or instrument. All financial and commodity-related instruments, including derivatives, are subject to market risk including commodity price risk, equity price, and interest rate risk. Entergy uses derivatives primarily to mitigate commodity price risk, particularly power price and fuel price risk.

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

Entergy's exposure to market risk is determined by a number of factors, including the size, term, composition, and diversification of positions held, as well as market volatility and liquidity. For instruments such as options, the time period during which the option may be exercised and the relationship between the current market price of the underlying instrument and the option's contractual strike or exercise price also affects the level of market risk. A significant factor influencing the overall level of market risk to which Entergy is exposed is its use of hedging techniques to mitigate such risk. Hedging instruments and volumes are chosen based on ability to mitigate risk associated with future energy and capacity prices; however, other considerations are factored into

hedge product and volume decisions including corporate liquidity, corporate credit ratings, counterparty credit risk, hedging costs, firm settlement risk, and product availability in the marketplace. Entergy manages market risk by actively monitoring compliance with stated risk management policies as well as monitoring the effectiveness of its hedging policies and strategies. Entergy's risk management policies limit the amount of total net exposure and rolling net exposure during the stated periods. These policies, including related risk limits, are regularly assessed to ensure their appropriateness given Entergy's objectives.

Derivatives

Entergy designates a significant portion of its derivative instruments as normal purchase/normal sale transactions due to their physical settlement provisions, including power purchase and sales agreements, fuel purchase agreements, and capacity contracts. Certain derivative instruments do not qualify for designation as normal purchase/normal sale transactions due to their financial settlement provisions. See further discussion below regarding the accounting for these derivative instruments.

Entergy manages fuel price volatility for its Louisiana jurisdictions (Entergy Louisiana and Entergy New Orleans) and Entergy Mississippi through the purchase of natural gas swaps and options that financially settle against either the average Henry Hub Gas Daily prices or the NYMEX Henry Hub. These swaps and options are marked-to-market through fuel expense with offsetting regulatory assets or liabilities. All benefits or costs of the program are recorded in fuel costs. The notional volumes of these swaps are based on a portion of projected annual exposure to gas price volatility for electric generation at Entergy Louisiana and Entergy Mississippi and projected winter purchases for gas distribution at Entergy New Orleans. The maximum length of time over which Entergy has executed natural gas swaps and options as of September 30, 2024 is 6 months for Entergy Mississippi. The total volume of natural gas swaps and options outstanding as of September 30, 2024 is 8,607,900 MMBtu for Entergy and Entergy Mississippi. As of September 30, 2024, Entergy Louisiana and Entergy New Orleans had no outstanding natural gas swaps or options. Credit support for these natural gas swaps and options is covered by master agreements that do not require Entergy to provide collateral based on mark-to-market value, but do carry adequate assurance language that may lead to requests for collateral.

During the second quarter 2024, Entergy participated in the annual financial transmission rights auction process for the MISO planning year of June 1, 2024 through May 31, 2025. Financial transmission rights are derivative instruments that represent economic hedges of future congestion charges that will be incurred in serving Entergy's customer load. They are not designated as hedging instruments. Entergy initially records financial transmission rights at their estimated fair value and subsequently adjusts the carrying value to their estimated fair value at the end of each accounting period prior to settlement. Unrealized gains or losses on financial transmission rights held by the non-utility operations are included in operating revenues. The Utility operating companies recognize regulatory liabilities or assets for unrealized gains or losses on financial transmission rights. The total volume of financial transmission rights outstanding as of September 30, 2024 is 94,828 GWh for Entergy, including 22,829 GWh for Entergy Arkansas, 39,940 GWh for Entergy Louisiana, 14,199 GWh for Entergy Mississippi, 3,937 GWh for Entergy New Orleans, and 13,720 GWh for Entergy Texas. Credit support for financial transmission rights held by the Utility operating companies is covered by cash and/or letters of credit issued by each Utility operating company as required by MISO. Credit support for financial transmission rights held by Entergy's non-utility operations business is covered by cash. No cash or letters of credit were required to be posted for financial transmission rights exposure for the non-utility operations business as of September 30, 2024 and December 31, 2023. Letters of credit posted with MISO covered the financial transmission rights exposure for Entergy Louisiana, Entergy Mississippi, and Entergy Texas as of September 30, 2024 and for Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy Texas as of December 31, 2023.

The fair values of Entergy's derivative instruments not designated as hedging instruments on the consolidated balance sheets as of September 30, 2024 and December 31, 2023 are shown in the table below. Certain investments, including those not designated as hedging instruments, are subject to master netting

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Entergy Corporation and Subsidiaries

Notes to Financial Statements

agreements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Gross Fair Value (a)	Offsetting Position (b)	Net Fair Value (c) (d)
(In Millions)				
2024				
Assets:				
Financial transmission rights	Prepayments and other	\$31	(\$1)	\$30
Liabilities:				
Natural gas swaps and options	Other current liabilities	\$1	\$—	\$1
Financial transmission rights	Other current liabilities	(\$1)	\$1	\$—
2023				
Assets:				
Financial transmission rights	Prepayments and other	\$21	\$—	\$21
Liabilities:				
Natural gas swaps and options	Other current liabilities	\$11	\$—	\$11

- (a) Represents the gross amounts of recognized assets/liabilities
- (b) Represents the netting of fair value balances with the same counterparty
- (c) Represents the net amounts of assets/liabilities presented on the Entergy Corporation and Subsidiaries' Consolidated Balance Sheets
- (d) Excludes letters of credit each in the amount of \$2 million posted as of September 30, 2024 and December 31, 2023

The effects of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the three months ended September 30, 2024 and 2023 are as follows:

Instrument	Income Statement location	Amount of gain (loss) recorded in the income statement
(In Millions)		
2024		
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(a) (\$1)
Financial transmission rights	Purchased power expense	(b) \$33
2023		
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(a) (\$6)
Financial transmission rights	Purchased power expense	(b) \$48

The effects of Entergy's derivative instruments not designated as hedging instruments on the consolidated income statements for the nine months ended September 30, 2024 and 2023 are as follows:

Instrument	Income Statement location	Amount of gain (loss) recorded in the income statement
		(In Millions)
2024		
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(a) (\$7)
Financial transmission rights	Purchased power expense	(b) \$133
2023		
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(a) (\$44)
Financial transmission rights	Purchased power expense	(b) \$96

- (a) Due to regulatory treatment, the natural gas swaps and options are marked-to-market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as fuel expenses when the swaps and options are settled are recovered or refunded through fuel cost recovery mechanisms.
- (b) Due to regulatory treatment, the changes in the estimated fair value of financial transmission rights for the Utility operating companies are recorded through purchased power expense and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as purchased power expense when the financial transmission rights for the Utility operating companies are settled are recovered or refunded through fuel cost recovery mechanisms.

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Notes to Financial Statements

The fair values of derivative instruments not designated as hedging instruments on the Registrant Subsidiaries' balance sheets as of September 30, 2024 and December 31, 2023 are shown in the tables below. Certain investments, including those not designated as hedging instruments, are subject to master netting agreements and are presented in the balance sheet on a net basis in accordance with accounting guidance for derivatives and hedging.

Instrument	Balance Sheet Location	Gross Fair Value (a)	Offsetting Position (b)	Net Fair Value (c) (d)	Registrant
(In Millions)					
2024					
Assets:					
Financial transmission rights	Prepayments and other	\$13.0	\$—	\$13.0	Entergy Arkansas
Financial transmission rights	Prepayments and other	\$12.5	(\$0.9)	\$11.6	Entergy Louisiana
Financial transmission rights	Prepayments and other	\$2.0	\$—	\$2.0	Entergy New Orleans
Financial transmission rights	Prepayments and other	\$4.0	\$—	\$4.0	Entergy Texas
Liabilities:					
Natural gas swaps	Other current liabilities	\$0.5	\$—	\$0.5	Entergy Mississippi
Financial transmission rights	Other current liabilities	(\$0.6)	\$0.9	\$0.3	Entergy Mississippi
2023					
Assets:					
Financial transmission rights	Prepayments and other	\$6.0	\$—	\$6.0	Entergy Arkansas
Financial transmission rights	Prepayments and other	\$9.8	\$—	\$9.8	Entergy Louisiana
Financial transmission rights	Prepayments and other	\$1.4	\$—	\$1.4	Entergy Mississippi
Financial transmission rights	Prepayments and other	\$1.1	\$—	\$1.1	Entergy New Orleans
Financial transmission rights	Prepayments and other	\$2.7	(\$0.3)	\$2.4	Entergy Texas
Liabilities:					
Natural gas swaps and options	Other current liabilities	\$0.4	\$—	\$0.4	Entergy Louisiana
Natural gas swaps	Other current liabilities	\$10.1	\$—	\$10.1	Entergy Mississippi
Natural gas swaps	Other current liabilities	\$0.6	\$—	\$0.6	Entergy New Orleans

- (a) Represents the gross amounts of recognized assets/liabilities
- (b) Represents the netting of fair value balances with the same counterparty
- (c) Represents the net amounts of assets/liabilities presented on the Registrant Subsidiaries' balance sheets
- (d) As of September 30, 2024, letters of credit posted with MISO covered financial transmission rights exposure of \$0.2 million for Entergy Louisiana, \$0.9 million for Entergy Mississippi, and \$0.8 million for Entergy Texas. As of December 31, 2023, letters of credit posted with MISO covered financial

transmission rights exposure of \$1.2 million for Entergy Arkansas, \$0.5 million for Entergy Louisiana, \$0.3 million for Entergy Mississippi, and \$0.1 million for Entergy Texas.

The effects of derivative instruments not designated as hedging instruments on the Registrant Subsidiaries' income statements for the three months ended September 30, 2024 and 2023 are as follows:

Instrument	Income Statement Location	Amount of gain (loss) recorded in the income statement (In Millions)	Registrant
2024			
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$0.9	(a) Entergy Mississippi
Financial transmission rights	Purchased power expense	\$12.5	(b) Entergy Arkansas
Financial transmission rights	Purchased power expense	\$14.1	(b) Entergy Louisiana
Financial transmission rights	Purchased power expense	\$2.0	(b) Entergy Mississippi
Financial transmission rights	Purchased power expense	\$1.2	(b) Entergy New Orleans
Financial transmission rights	Purchased power expense	\$3.4	(b) Entergy Texas
2023			
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(\$1.7)	(a) Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$4.4)	(a) Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$0.4)	(a) Entergy New Orleans
Financial transmission rights	Purchased power expense	\$10.2	(b) Entergy Arkansas
Financial transmission rights	Purchased power expense	\$18.3	(b) Entergy Louisiana
Financial transmission rights	Purchased power expense	\$6.6	(b) Entergy Mississippi
Financial transmission rights	Purchased power expense	\$2.4	(b) Entergy New Orleans
Financial transmission rights	Purchased power expense	\$10.4	(b) Entergy Texas

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The effects of derivative instruments not designated as hedging instruments on the Registrant Subsidiaries' income statements for the nine months ended September 30, 2024 and 2023 are as follows:

Instrument	Income Statement Location	Amount of gain (loss) recorded in the income statement	Registrant	
			(In Millions)	
2024				
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$6.2	(a)	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	\$0.5	(a)	Entergy New Orleans
Financial transmission rights	Purchased power expense	\$51.4	(b)	Entergy Arkansas
Financial transmission rights	Purchased power expense	\$55.3	(b)	Entergy Louisiana
Financial transmission rights	Purchased power expense	\$5.1	(b)	Entergy Mississippi
Financial transmission rights	Purchased power expense	\$5.6	(b)	Entergy New Orleans
Financial transmission rights	Purchased power expense	\$15.5	(b)	Entergy Texas
2023				
Natural gas swaps and options	Fuel, fuel-related expenses, and gas purchased for resale	(\$7.5)	(a)	Entergy Louisiana
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$34.1)	(a)	Entergy Mississippi
Natural gas swaps	Fuel, fuel-related expenses, and gas purchased for resale	(\$2.5)	(a)	Entergy New Orleans
Financial transmission rights	Purchased power expense	\$18.2	(b)	Entergy Arkansas
Financial transmission rights	Purchased power expense	\$46.7	(b)	Entergy Louisiana
Financial transmission rights	Purchased power expense	\$11.1	(b)	Entergy Mississippi
Financial transmission rights	Purchased power expense	\$4.8	(b)	Entergy New Orleans
Financial transmission rights	Purchased power expense	\$14.5	(b)	Entergy Texas

- (a) Due to regulatory treatment, the natural gas swaps and options are marked-to-market through fuel, fuel-related expenses, and gas purchased for resale and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as fuel expenses when the swaps and options are settled are recovered or refunded through fuel cost recovery mechanisms.
- (b) Due to regulatory treatment, the changes in the estimated fair value of financial transmission rights for the Utility operating companies are recorded through purchased power expense and then such amounts are simultaneously reversed and recorded as an offsetting regulatory asset or liability. The gains or losses recorded as purchased power expense when the financial transmission rights for the Utility operating companies are settled are recovered or refunded through fuel cost recovery mechanisms.

Fair Values

The estimated fair values of Entergy's financial instruments and derivatives are determined using historical prices, bid prices, market quotes, and financial modeling. Considerable judgment is required in developing the estimates of fair value. Therefore, estimates are not necessarily indicative of the amounts that Entergy could realize in a current market exchange. Gains or losses realized on financial instruments are reflected in future rates and therefore do not affect net income. Entergy considers the carrying amounts of most financial instruments classified

as current assets and liabilities to be a reasonable estimate of their fair value because of the short maturity of these instruments.

Accounting standards define fair value as an exit price, or the price that would be received to sell an asset or the amount that would be paid to transfer a liability in an orderly transaction between knowledgeable market participants at the date of measurement. Entergy and the Registrant Subsidiaries use assumptions or market input data that market participants would use in pricing assets or liabilities at fair value. The inputs can be readily observable, corroborated by market data, or generally unobservable. Entergy and the Registrant Subsidiaries endeavor to use the best available information to determine fair value.

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy establishes the highest priority for unadjusted market quotes in an active market for the identical asset or liability and the lowest priority for unobservable inputs.

The three levels of the fair value hierarchy are:

- Level 1 - Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of individually owned common stocks, cash equivalents (temporary cash investments, securitization recovery trust account, and escrow accounts), debt instruments, and gas swaps traded on exchanges with active markets. Cash equivalents includes all unrestricted highly liquid debt instruments with an original or remaining maturity of three months or less at the date of purchase.
- Level 2 - Level 2 inputs are inputs other than quoted prices included in Level 1 that are, either directly or indirectly, observable for the asset or liability at the measurement date. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by Entergy if it is believed such would be more reflective of fair value. Level 2 inputs include the following:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; or
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 consists primarily of individually-owned debt instruments and gas swaps and options valued using observable inputs.

- Level 3 - Level 3 inputs are pricing inputs that are generally less observable or unobservable from objective sources. These inputs are used with internally developed methodologies to produce management's best estimate of fair value for the asset or liability. Level 3 consists primarily of financial transmission rights.

The values of financial transmission rights are based on unobservable inputs, including estimates of congestion costs in MISO between applicable generation and load pricing nodes based on the 50th percentile of historical prices. They are classified as Level 3 assets and liabilities. The valuations of these assets and liabilities are performed by the Office of Corporate Risk Oversight. The values are calculated internally and verified against the data published by MISO. Entergy's Accounting group reviews these valuations for reasonableness, with the assistance of others within the organization with knowledge of the various inputs and assumptions used in the

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valuation. The Office of Corporate Risk Oversight reports to the Vice President and Treasurer. The Accounting group reports to the Chief Accounting Officer.

The following tables set forth, by level within the fair value hierarchy, Entergy's assets and liabilities that are accounted for at fair value on a recurring basis as of September 30, 2024 and December 31, 2023. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$1,321	\$—	\$—	\$1,321
Decommissioning trust funds (a):				
Equity securities	43	—	—	43
Debt securities	796	1,255	—	2,051
Common trusts (b)				3,448
Securitization recovery trust account	11	—	—	11
Storm reserve escrow accounts	336	—	—	336
Financial transmission rights	—	—	30	30
	<u>\$2,507</u>	<u>\$1,255</u>	<u>\$30</u>	<u>\$7,240</u>
Liabilities:				
Gas hedge contracts	\$1	\$—	\$—	\$1
2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$61	\$—	\$—	\$61
Decommissioning trust funds (a):				
Equity securities	24	—	—	24
Debt securities	611	1,159	—	1,770
Common trusts (b)				3,070
Securitization recovery trust account	8	—	—	8
Storm reserve escrow accounts	323	—	—	323
Financial transmission rights	—	—	21	21
	<u>\$1,027</u>	<u>\$1,159</u>	<u>\$21</u>	<u>\$5,277</u>
Liabilities:				
Gas hedge contracts	\$11	\$—	\$—	\$11

- (a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental and corporate securities. See Note 9 to the financial statements herein for additional information on the investment portfolios.
- (b) Common trust funds are not publicly quoted and are valued by the fund administrators using net asset value as a practical expedient. Accordingly, these funds are not assigned a level in the fair value table. The fund administrator of these investments allows daily trading at the net asset value and trades settle at a later date.

The following table sets forth a reconciliation of changes in the net assets for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the three months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	(In Millions)
Balance as of July 1,	\$48	\$40
Gains (losses) included as a regulatory liability/asset	15	40
Settlements	(33)	(48)
Balance as of September 30,	<u><u>\$30</u></u>	<u><u>\$32</u></u>

The following table sets forth a reconciliation of changes in the net assets for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the nine months ended September 30, 2024 and 2023:

	2024	2023
	(In Millions)	(In Millions)
Balance as of January 1,	\$20	\$19
Issuances of financial transmission rights	53	42
Gains (losses) included as a regulatory liability/asset	90	67
Settlements	(133)	(96)
Balance as of September 30,	<u><u>\$30</u></u>	<u><u>\$32</u></u>

The fair values of the Level 3 financial transmission rights are based on unobservable inputs calculated internally and verified against historical pricing data published by MISO.

The following tables set forth, by level within the fair value hierarchy, the Registrant Subsidiaries' assets and liabilities that are accounted for at fair value on a recurring basis as of September 30, 2024 and December 31, 2023. The assessment of the significance of a particular input to a fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

Entergy Arkansas

2024	Level 1	Level 2	Level 3	Total
	(In Millions)			
Assets:				
Temporary cash investments	\$632.9	\$—	\$—	\$632.9
Decommissioning trust funds (a):				
Equity securities	15.4	—	—	15.4
Debt securities	191.8	405.7	—	597.5
Common trusts (b)				988.9
Financial transmission rights	—	—	13.0	13.0
	<u><u>\$840.1</u></u>	<u><u>\$405.7</u></u>	<u><u>\$13.0</u></u>	<u><u>\$2,247.7</u></u>

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2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$3.1	\$—	\$—	\$3.1
Decommissioning trust funds (a):				
Equity securities	6.4	—	—	6.4
Debt securities	129.9	367.0	—	496.9
Common trusts (b)				910.7
Financial transmission rights	—	—	6.0	6.0
	<u>\$139.4</u>	<u>\$367.0</u>	<u>\$6.0</u>	<u>\$1,423.1</u>

Entergy Louisiana

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$100.8	\$—	\$—	\$100.8
Decommissioning trust funds (a):				
Equity securities	21.7	—	—	21.7
Debt securities	303.8	573.8	—	877.6
Common trusts (b)				1,515.5
Storm reserve escrow account	253.7	—	—	253.7
Financial transmission rights	—	—	11.6	11.6
	<u>\$680.0</u>	<u>\$573.8</u>	<u>\$11.6</u>	<u>\$2,780.9</u>

2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$0.5	\$—	\$—	\$0.5
Decommissioning trust funds (a):				
Equity securities	14.6	—	—	14.6
Debt securities	271.7	516.4	—	788.1
Common trusts (b)				1,304.7
Storm reserve escrow account	243.8	—	—	243.8
Financial transmission rights	—	—	9.8	9.8
	<u>\$530.6</u>	<u>\$516.4</u>	<u>\$9.8</u>	<u>\$2,361.5</u>
Liabilities:				
Gas hedge contracts	\$0.4	\$—	\$—	\$0.4

Entergy Mississippi

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$36.4	\$—	\$—	\$36.4
Liabilities:				
Gas hedge contracts	\$0.5	\$—	\$—	\$0.5
Financial transmission rights	—	—	0.3	0.3
	\$0.5	\$—	\$0.3	\$0.8
2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$6.6	\$—	\$—	\$6.6
Storm reserve escrow account	0.7	—	—	0.7
Financial transmission rights	—	—	1.4	1.4
	\$7.3	\$—	\$1.4	\$8.7
Liabilities:				
Gas hedge contracts	\$10.1	\$—	\$—	\$10.1

Entergy New Orleans

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$34.4	\$—	\$—	\$34.4
Securitization recovery trust account	1.6	—	—	1.6
Storm reserve escrow account	82.7	—	—	82.7
Financial transmission rights	—	—	2.0	2.0
	\$118.7	\$—	\$2.0	\$120.7
2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Securitization recovery trust account	\$2.4	\$—	\$—	\$2.4
Storm reserve escrow account	78.7	—	—	78.7
Financial transmission rights	—	—	1.1	1.1
	\$81.1	\$—	\$1.1	\$82.2
Liabilities:				
Gas hedge contracts	\$0.6	\$—	\$—	\$0.6

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Entergy Texas

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$353.4	\$—	\$—	\$353.4
Securitization recovery trust account	9.7	—	—	9.7
Financial transmission rights	—	—	4.0	4.0
	<u>\$363.1</u>	<u>\$—</u>	<u>\$4.0</u>	<u>\$367.1</u>

2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$20.5	\$—	\$—	\$20.5
Securitization recovery trust account	5.2	—	—	5.2
Financial transmission rights	—	—	2.4	2.4
	<u>\$25.7</u>	<u>\$—</u>	<u>\$2.4</u>	<u>\$28.1</u>

System Energy

2024	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Temporary cash investments	\$77.6	\$—	\$—	\$77.6
Decommissioning trust funds (a):				
Equity securities	5.5	—	—	5.5
Debt securities	300.4	275.5	—	575.9
Common trusts (b)	—	—	—	943.9
	<u>\$383.5</u>	<u>\$275.5</u>	<u>\$—</u>	<u>\$1,602.9</u>

2023	Level 1	Level 2	Level 3	Total
(In Millions)				
Assets:				
Decommissioning trust funds (a):				
Equity securities	\$2.7	\$—	\$—	\$2.7
Debt securities	209.5	275.7	—	485.2
Common trusts (b)	—	—	—	854.4
	<u>\$212.2</u>	<u>\$275.7</u>	<u>\$—</u>	<u>\$1,342.3</u>

(a) The decommissioning trust funds hold equity and fixed income securities. Equity securities are invested to approximate the returns of major market indices. Fixed income securities are held in various governmental and corporate securities. See Note 9 to the financial statements herein for additional information on the investment portfolios.

(b) Common trust funds are not publicly quoted and are valued by the fund administrators using net asset value as a practical expedient. Accordingly, these funds are not assigned a level in the fair value table. The fund administrator of these investments allows daily trading at the net asset value and trades settle at a later date.

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the three months ended September 30, 2024.

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)					
Balance as of July 1,	\$16.1	\$19.8	\$3.6	\$2.6	\$6.6
Gains (losses) included as a regulatory liability/asset	9.4	5.9	(1.9)	0.6	0.8
Settlements	(12.5)	(14.1)	(2.0)	(1.2)	(3.4)
Balance as of September 30,	<u><u>\$13.0</u></u>	<u><u>\$11.6</u></u>	<u><u>(\$0.3)</u></u>	<u><u>\$2.0</u></u>	<u><u>\$4.0</u></u>

The following table sets forth a reconciliation of changes in the net assets for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the three months ended September 30, 2023.

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)					
Balance as of July 1,	\$19.6	\$16.7	\$1.2	\$1.5	\$1.2
Gains (losses) included as a regulatory liability/asset	2.2	16.3	6.5	2.2	12.5
Settlements	(10.2)	(18.3)	(6.6)	(2.4)	(10.4)
Balance as of September 30,	<u><u>\$11.6</u></u>	<u><u>\$14.7</u></u>	<u><u>\$1.1</u></u>	<u><u>\$1.3</u></u>	<u><u>\$3.3</u></u>

The following table sets forth a reconciliation of changes in the net assets (liabilities) for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the nine months ended September 30, 2024.

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)					
Balance as of January 1,	\$6.0	\$9.8	\$1.3	\$1.1	\$2.4
Issuances of financial transmission rights	17.6	21.6	3.9	2.8	7.2
Gains (losses) included as a regulatory liability/asset	40.8	35.5	(0.4)	3.7	9.9
Settlements	(51.4)	(55.3)	(5.1)	(5.6)	(15.5)
Balance as of September 30,	<u><u>\$13.0</u></u>	<u><u>\$11.6</u></u>	<u><u>(\$0.3)</u></u>	<u><u>\$2.0</u></u>	<u><u>\$4.0</u></u>

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The following table sets forth a reconciliation of changes in the net assets for the fair value of financial transmission rights classified as Level 3 in the fair value hierarchy for the nine months ended September 30, 2023.

	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)					
Balance as of January 1,	\$10.3	\$7.3	\$0.6	\$0.8	\$0.1
Issuances of financial transmission rights	20.6	18.1	1.4	1.4	0.2
Gains (losses) included as a regulatory liability/asset	(1.1)	36.0	10.2	3.9	17.5
Settlements	(18.2)	(46.7)	(11.1)	(4.8)	(14.5)
Balance as of September 30,	<u>\$11.6</u>	<u>\$14.7</u>	<u>\$1.1</u>	<u>\$1.3</u>	<u>\$3.3</u>

NOTE 9. DECOMMISSIONING TRUST FUNDS (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, and System Energy)

The NRC requires certain of the Utility operating companies and System Energy to maintain nuclear decommissioning trusts to fund the costs of decommissioning ANO 1, ANO 2, River Bend, Waterford 3, and Grand Gulf. Entergy's nuclear decommissioning trust funds invest in equity securities, fixed-rate debt securities, and cash and cash equivalents.

Entergy records decommissioning trust funds on the balance sheet at their fair value. Because of the ability of the Registrant Subsidiaries to recover decommissioning costs in rates and in accordance with the regulatory treatment for decommissioning trust funds, for unrealized gains/(losses) on investment securities, the Registrant Subsidiaries record an offsetting amount in other regulatory liabilities/assets. For the 30% interest in River Bend formerly owned by Cajun, Entergy Louisiana records an offsetting amount in other deferred credits for the unrealized trust earnings not currently expected to be needed to decommission the plant. Generally, Entergy records gains and losses on its debt and equity securities using the specific identification method to determine the cost basis of its securities.

The unrealized gains/(losses) recognized during the three and nine months ended September 30, 2024 on equity securities still held as of September 30, 2024 were \$185 million and \$549 million, respectively. The equity securities are generally held in funds that are designed to approximate or somewhat exceed the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index or the Russell 3000 Index. The debt securities are generally held in individual government and credit issuances.

The available-for-sale securities held as of September 30, 2024 and December 31, 2023 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
(In Millions)			
2024			
Debt Securities	\$2,051	\$36	\$94
2023			
Debt Securities	\$1,770	\$19	\$134

As of September 30, 2024 and December 31, 2023, there were no deferred taxes on unrealized gains/(losses). The amortized cost of available-for-sale debt securities was \$2,108 million as of September 30, 2024 and \$1,885 million as of December 31, 2023. As of September 30, 2024, available-for-sale debt securities had an average coupon rate of approximately 3.68%, an average duration of approximately 6.46 years, and an average maturity of approximately 10.84 years.

The fair value and gross unrealized losses of available-for-sale debt securities, summarized by length of time that the securities had been in a continuous loss position, were as follows as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$105	\$1	\$134	\$6
More than 12 months	871	93	999	128
Total	\$976	\$94	\$1,133	\$134

The fair value of available-for-sale debt securities, summarized by contractual maturities, as of September 30, 2024 and December 31, 2023 were as follows:

	2024	2023
	(In Millions)	
Less than 1 year	\$52	\$82
1 year - 5 years	627	517
5 years - 10 years	604	504
10 years - 15 years	138	121
15 years - 20 years	209	179
20 years+	421	367
Total	\$2,051	\$1,770

During the three months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$173 million and \$226 million, respectively. During the three months ended September 30, 2024, there were gross gains of \$3 million and gross losses of \$5 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings. During the three months ended September 30, 2023, there were no gross gains and gross losses of \$11 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$504 million and \$486 million, respectively. During the nine months ended September 30, 2024 and 2023, there were gross gains of \$3 million and \$1 million, respectively, and gross losses of \$26 million and \$28 million, respectively, related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

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Entergy Arkansas

Entergy Arkansas holds equity securities and available-for-sale debt securities in nuclear decommissioning trust accounts. The available-for-sale securities held as of September 30, 2024 and December 31, 2023 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
(In Millions)			
2024			
Debt Securities	\$597.5	\$7.5	\$42.3
2023			
Debt Securities	\$496.9	\$2.4	\$53.6

The amortized cost of available-for-sale debt securities was \$632.3 million as of September 30, 2024 and \$548.1 million as of December 31, 2023. As of September 30, 2024, the available-for-sale debt securities had an average coupon rate of approximately 3.09%, an average duration of approximately 6.45 years, and an average maturity of approximately 8.47 years.

The unrealized gains/(losses) recognized during the three and nine months ended September 30, 2024 on equity securities still held as of September 30, 2024 were \$50.7 million and \$156.3 million, respectively. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale debt securities, summarized by length of time that the securities had been in a continuous loss position, were as follows as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$17.5	\$0.2	\$22.5	\$0.4
More than 12 months	376.5	42.1	403.4	53.2
Total	\$394.0	\$42.3	\$425.9	\$53.6

The fair value of available-for-sale debt securities, summarized by contractual maturities, as of September 30, 2024 and December 31, 2023 were as follows:

	2024	2023
	(In Millions)	
Less than 1 year	\$42.5	\$45.3
1 year - 5 years	156.2	132.2
5 years - 10 years	248.5	205.7
10 years - 15 years	38.4	39.9
15 years - 20 years	63.8	49.6
20 years+	48.1	24.2
Total	\$597.5	\$496.9

During the three months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$4.2 million and \$1.8 million, respectively. During the three months ended September 30, 2024 and 2023, there were no gross gains in either period and gross losses of \$0.3 million and \$0.1 million, respectively, related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$22.1 million and \$18.4 million, respectively. During the nine months ended September 30, 2024, there were gross gains of \$0.1 million and gross losses of \$1.2 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings. During the nine months ended September 30, 2023, there were no gross gains and gross losses of \$1.8 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

Entergy Louisiana

Entergy Louisiana holds equity securities and available-for-sale debt securities in nuclear decommissioning trust accounts. The available-for-sale securities held as of September 30, 2024 and December 31, 2023 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
	(In Millions)		
2024			
Debt Securities	\$877.6	\$16.6	\$25.0
2023			
Debt Securities	\$788.1	\$11.7	\$37.4

The amortized cost of available-for-sale debt securities was \$886 million as of September 30, 2024 and \$813.9 million as of December 31, 2023. As of September 30, 2024, the available-for-sale debt securities had an average coupon rate of approximately 4.16%, an average duration of approximately 6.51 years, and an average maturity of approximately 13.10 years.

The unrealized gains/(losses) recognized during the three and nine months ended September 30, 2024 on equity securities still held as of September 30, 2024 were \$86.1 million and \$251.5 million, respectively. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's

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500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale debt securities, summarized by length of time that the securities had been in a continuous loss position, were as follows as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(In Millions)				
Less than 12 months	\$48.1	\$0.1	\$69.8	\$0.9
More than 12 months	299.6	24.9	356.1	36.5
Total	\$347.7	\$25.0	\$425.9	\$37.4

The fair value of available-for-sale debt securities, summarized by contractual maturities, as of September 30, 2024 and December 31, 2023 were as follows:

	2024	2023
(In Millions)		
Less than 1 year	\$7.1	\$31.4
1 year - 5 years	215.0	181.6
5 years - 10 years	199.3	170.0
10 years - 15 years	86.1	70.2
15 years - 20 years	95.3	90.2
20 years+	274.8	244.7
Total	\$877.6	\$788.1

During the three months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale securities amounted to \$51.9 million and \$148.1 million, respectively. During the three months ended September 30, 2024, there were gross gains of \$0.5 million and gross losses of \$1.5 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings. During the three months ended September 30, 2023, there were no gross gains and gross losses of \$8.6 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale securities amounted to \$162.8 million and \$280.7 million, respectively. During the nine months ended September 30, 2024 and 2023, there were gross gains of \$0.7 million and \$0.5 million, respectively, and gross losses of \$9.2 million and \$17.6 million, respectively, related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

System Energy

System Energy holds equity securities and available-for-sale debt securities in nuclear decommissioning trust accounts. The available-for-sale securities held as of September 30, 2024 and December 31, 2023 are summarized as follows:

	Fair Value	Total Unrealized Gains	Total Unrealized Losses
(In Millions)			
2024			
Debt Securities	\$575.9	\$12.3	\$26.6
2023			
Debt Securities	\$485.2	\$4.5	\$42.5

The amortized cost of available-for-sale debt securities was \$590.1 million as of September 30, 2024 and \$523.2 million as of December 31, 2023. As of September 30, 2024, the available-for-sale debt securities had an average coupon rate of approximately 3.56%, an average duration of approximately 6.41 years, and an average maturity of approximately 9.83 years.

The unrealized gains/(losses) recognized during the three and nine months ended September 30, 2024 on equity securities still held as of September 30, 2024 were \$48.3 million and \$141.6 million, respectively. The equity securities are generally held in funds that are designed to approximate the return of the Standard & Poor's 500 Index. A relatively small percentage of the equity securities are held in funds intended to replicate the return of the Wilshire 4500 Index.

The fair value and gross unrealized losses of available-for-sale debt securities, summarized by length of time that the securities had been in a continuous loss position, were as follows as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Millions)			
Less than 12 months	\$39.9	\$0.2	\$42.1	\$4.5
More than 12 months	194.8	26.4	239.1	38.0
Total	\$234.7	\$26.6	\$281.2	\$42.5

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The fair value of available-for-sale debt securities, summarized by contractual maturities, as of September 30, 2024 and December 31, 2023 were as follows:

	2024	2023
	(In Millions)	
Less than 1 year	\$2.7	\$5.3
1 year - 5 years	255.6	203.4
5 years - 10 years	156.4	128.6
10 years - 15 years	13.1	10.7
15 years - 20 years	49.9	38.8
20 years+	98.2	98.4
Total	\$575.9	\$485.2

During the three months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$117.3 million and \$76.2 million, respectively. During the three months ended September 30, 2024, there were gross gains of \$2.2 million and gross losses of \$3.3 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings. During the three months ended September 30, 2023, there were no gross gains and gross losses of \$2.7 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

During the nine months ended September 30, 2024 and 2023, proceeds from the dispositions of available-for-sale debt securities amounted to \$318.8 million and \$187.3 million, respectively. During the nine months ended September 30, 2024, there were gross gains of \$2.4 million and gross losses of \$15.2 million related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings. During the nine months ended September 30, 2023, there were no gross gains and gross losses of \$9.1 million, respectively, related to available-for-sale debt securities reclassified out of other regulatory liabilities/assets into earnings.

NOTE 10. INCOME TAXES (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See "**Income Tax Audits**" and "**Other Tax Matters**" in Note 3 to the financial statements in the Form 10-K for a discussion of income tax audits, the Tax Cuts and Jobs Act, and other income tax matters involving Entergy. The following are updates to that discussion.

Income Tax Audits

2016-2018 IRS Audit

As discussed in Note 3 to the financial statements in the Form 10-K, in November 2023 the IRS completed its examination of the 2016 through 2018 tax years and issued a Revenue Agent Report for each federal filer under audit. Based on prior regulatory agreements and general rate-making principles, in fourth quarter 2023 Entergy New Orleans recorded a regulatory liability and associated regulatory charge of \$60 million (\$44 million net-of-tax). In April 2024, Entergy New Orleans and the City Council entered into a settlement in principle whereby Entergy New Orleans agreed to share with customers \$138 million of income tax benefits from the resolution of the 2016–2018 IRS audit. Based on this settlement in principle, in first quarter 2024 Entergy New Orleans increased the associated regulatory liability from \$60 million to \$138 million and recorded a corresponding \$78 million regulatory charge (\$57 million net-of-tax). The settlement in principle requires that the regulatory liability be amortized over 25 years with the unamortized balance included in rate base and the amortization treated as a reduction to Entergy New Orleans's retail revenue requirement. In May 2024 the City Council approved the settlement.

State Income Tax Audits

In the third quarter 2024, Entergy and the Arkansas Department of Finance and Administration resolved the terms of the Arkansas Department of Finance and Administration's outstanding tax assessments related to the examination of the 2014 through 2018 tax years. The agreement resulted in a payment of tax of approximately \$8 million by Entergy. As a result of the income tax audit adjustments and the reversal of a provision for uncertain tax positions, Entergy Arkansas recorded a net reduction in income tax expense of approximately \$18 million, which was offset by approximately \$9 million of income tax expense recorded by other Entergy subsidiaries, resulting in a net reduction in income tax expense for Entergy of \$9 million.

Arkansas Corporate Income Tax Rate Change

In June 2024, Arkansas Act 1 of the Second Extraordinary Session reduced the Arkansas corporate income tax rate from 4.8% to 4.3%, which is retroactively effective as of January 1, 2024. As a result of the rate reduction, Entergy Arkansas accrued a regulatory liability for income taxes of approximately \$31 million in the second quarter of 2024. The regulatory liability includes a tax gross-up related to the treatment of income taxes in the retail and wholesale ratemaking formulas and is expected to be included in future rate mechanisms.

NOTE 11. VARIABLE INTEREST ENTITIES (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See Note 17 to the financial statements in the Form 10-K for a discussion of variable interest entities (VIEs). See Note 4 to the financial statements herein for details of the nuclear fuel companies' credit facilities, commercial paper borrowings, and long-term debt. See Note 6 to the financial statements in the Form 10-K for discussion of noncontrolling interests.

Restoration Law Trust I (the storm trust I), a trust consolidated by Entergy Louisiana, is a VIE and Entergy Louisiana is the primary beneficiary. As of September 30, 2024 and December 31, 2023, the primary asset held by the storm trust I was \$2.9 billion and \$3 billion, respectively, of outstanding Entergy Finance Company preferred membership interests, which is reflected as an investment in affiliate preferred membership interests on the consolidated balance sheets of Entergy Louisiana. The LURC's 1% beneficial interest in the storm trust I is recorded as noncontrolling interest on the consolidated balance sheets of Entergy and Entergy Louisiana, with balances of \$30.4 million as of September 30, 2024 and \$30.5 million as of December 31, 2023.

Restoration Law Trust II (the storm trust II), a trust consolidated by Entergy Louisiana, is a VIE and Entergy Louisiana is the primary beneficiary. As of September 30, 2024 and December 31, 2023, the primary asset held by the storm trust II was \$1.4 billion and \$1.5 billion, respectively, of outstanding Entergy Finance Company preferred membership interests, which is reflected as an investment in affiliate preferred membership interests on the consolidated balance sheets of Entergy Louisiana. The LURC's 1% beneficial interest in the storm trust II is recorded as noncontrolling interest on the consolidated balance sheets of Entergy and Entergy Louisiana, with balances of \$15.1 million as of September 30, 2024 and \$14.6 million as of December 31, 2023.

System Energy is considered to hold a variable interest in the lessor from which it leases an undivided interest in the Grand Gulf nuclear plant. System Energy is the lessee under this arrangement, which is described in more detail in Note 5 to the financial statements in the Form 10-K. System Energy made payments under this arrangement, including interest, of \$17.2 million in each of the nine months ended September 30, 2024 and the nine months ended September 30, 2023.

AR Searcy Partnership, LLC is a tax equity partnership that qualifies as a VIE, which Entergy Arkansas is required to consolidate as it is the primary beneficiary. As of September 30, 2024, AR Searcy Partnership, LLC

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recorded assets equal to \$131.6 million, primarily consisting of property, plant, and equipment, and the carrying value of Entergy Arkansas's ownership interest in the partnership was approximately \$112.8 million. As of December 31, 2023, AR Searcy Partnership, LLC recorded assets equal to \$134 million, primarily consisting of property, plant, and equipment, and the carrying value of Entergy Arkansas's ownership interest in the partnership was approximately \$111.2 million. The tax equity investor's ownership interest is recorded as noncontrolling interest on the consolidated balance sheets of Entergy and Entergy Arkansas.

MS Sunflower Partnership, LLC is a tax equity partnership that qualifies as a VIE, which Entergy Mississippi is required to consolidate as it is the primary beneficiary. As of September 30, 2024, MS Sunflower Partnership, LLC recorded assets equal to \$165.8 million, primarily consisting of property, plant, and equipment, and the carrying value of Entergy Mississippi's ownership interest in the partnership was approximately \$131.9 million. As of December 31, 2023, MS Sunflower Partnership, LLC recorded assets equal to \$163.2 million, primarily consisting of property, plant, and equipment, and the carrying value of Entergy Mississippi's ownership interest in the partnership was approximately \$128.4 million. The tax equity investor's ownership interest is recorded as noncontrolling interest on the consolidated balance sheets of Entergy and Entergy Mississippi.

NOTE 12. REVENUE (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

Operating Revenues

See Note 19 to the financial statements in the Form 10-K for a discussion of revenue recognition. Entergy's total revenues for the three months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Utility:		
Residential	\$1,468,705	\$1,602,496
Commercial	855,823	884,585
Industrial	870,576	797,982
Governmental	71,482	73,846
Total billed retail	3,266,586	3,358,909
Sales for resale (a)	69,288	86,505
Other electric revenues (b)	(11,217)	66,211
Revenues from contracts with customers	3,324,657	3,511,625
Other Utility revenues (c)	13,163	15,310
Electric revenues	3,337,820	3,526,935
Natural gas revenues	32,318	32,305
Other revenues (d)	18,962	36,282
Total operating revenues	\$3,389,100	\$3,595,522

Entergy's total revenues for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Utility:		
Residential	\$3,548,881	\$3,595,378
Commercial	2,260,956	2,291,673
Industrial	2,412,254	2,411,882
Governmental	202,655	204,999
Total billed retail	8,424,746	8,503,932
Sales for resale (a)	202,871	262,714
Other electric revenues (b)	282,631	358,000
Revenues from contracts with customers	8,910,248	9,124,646
Other Utility revenues (c)	40,125	70,942
Electric revenues	8,950,373	9,195,588
Natural gas revenues	133,342	130,389
Other revenues (d)	53,633	96,630
Total operating revenues	\$9,137,348	\$9,422,607

The Utility operating companies' total revenues for the three months ended September 30, 2024 and 2023 were as follows:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
	(In Thousands)				
Residential	\$325,128	\$514,131	\$227,867	\$106,079	\$295,500
Commercial	169,242	319,065	170,093	64,957	132,466
Industrial	183,636	475,890	52,802	8,148	150,100
Governmental	5,117	21,868	15,495	21,763	7,239
Total billed retail	683,123	1,330,954	466,257	200,947	585,305
Sales for resale (a)	48,078	86,563	25,995	8,627	6,189
Other electric revenues (b)	(71,403)	40,413	13,362	2,273	5,480
Revenues from contracts with customers	659,798	1,457,930	505,614	211,847	596,974
Other revenues (c)	2,350	6,697	2,557	1,816	24
Electric revenues	662,148	1,464,627	508,171	213,663	596,998
Natural gas revenues	—	13,466	—	18,852	—
Total operating revenues	\$662,148	\$1,478,093	\$508,171	\$232,515	\$596,998

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2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Thousands)					
Residential	\$346,454	\$547,485	\$257,241	\$120,311	\$331,005
Commercial	183,352	313,112	184,164	69,927	134,030
Industrial	194,284	393,172	58,253	9,163	143,110
Governmental	5,895	20,936	17,226	22,358	7,431
Total billed retail	729,985	1,274,705	516,884	221,759	615,576
Sales for resale (a)	73,081	95,257	17,403	13,007	3,426
Other electric revenues (b)	25,922	43,094	2,086	(1,474)	(2,074)
Revenues from contracts with customers	828,988	1,413,056	536,373	233,292	616,928
Other revenues (c)	2,671	8,542	2,442	1,988	(333)
Electric revenues	831,659	1,421,598	538,815	235,280	616,595
Natural gas revenues	—	13,269	—	19,036	—
Total operating revenues	\$831,659	\$1,434,867	\$538,815	\$254,316	\$616,595

The Utility operating companies' total revenues for the nine months ended September 30, 2024 and 2023 were as follows:

2024	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Thousands)					
Residential	\$805,702	\$1,213,133	\$569,533	\$245,598	\$714,915
Commercial	443,499	841,630	444,584	175,542	355,701
Industrial	471,829	1,355,907	148,409	22,727	413,382
Governmental	14,250	64,912	42,886	59,284	21,323
Total billed retail	1,735,280	3,475,582	1,205,412	503,151	1,505,321
Sales for resale (a)	130,885	250,114	95,188	29,702	11,111
Other electric revenues (b)	19,672	153,028	57,878	11,865	44,215
Revenues from contracts with customers	1,885,837	3,878,724	1,358,478	544,718	1,560,647
Other revenues (c)	7,154	20,140	7,443	4,550	(81)
Electric revenues	1,892,991	3,898,864	1,365,921	549,268	1,560,566
Natural gas revenues	—	57,793	—	75,549	—
Total operating revenues	\$1,892,991	\$3,956,657	\$1,365,921	\$624,817	\$1,560,566

2023	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Thousands)					
Residential	\$790,760	\$1,242,378	\$589,630	\$252,412	\$720,198
Commercial	445,279	844,655	460,836	180,091	360,812
Industrial	479,337	1,310,121	164,406	24,138	433,880
Governmental	15,500	63,417	46,080	58,052	21,950
Total billed retail	1,730,876	3,460,571	1,260,952	514,693	1,536,840
Sales for resale (a)	187,365	258,741	82,219	48,992	7,857
Other electric revenues (b)	105,446	161,033	45,926	4,611	45,011
Revenues from contracts with customers	2,023,687	3,880,345	1,389,097	568,296	1,589,708
Other revenues (c)	7,068	52,914	7,276	4,895	(1,177)
Electric revenues	2,030,755	3,933,259	1,396,373	573,191	1,588,531
Natural gas revenues	—	52,428	—	77,961	—
Total operating revenues	2,030,755	3,985,687	1,396,373	651,152	1,588,531

- (a) Sales for resale includes day-ahead sales of energy in a market administered by an ISO. These sales represent financially binding commitments for the sale of physical energy the next day. These sales are adjusted to actual power generated and delivered in the real time market. Given the short duration of these transactions, Entergy does not consider them to be derivatives subject to fair value adjustments and includes them as part of customer revenues.
- (b) Other electric revenues consist primarily of transmission and ancillary services provided to participants of an ISO-administered market, unbilled revenue, and certain customer credits as directed by regulators.
- (c) Other Utility revenues include the equity component of carrying costs related to securitization, occasional sales of inventory, alternative revenue programs, provisions for revenue subject to refund, and late fees.
- (d) Other revenues include the sale of electric power and capacity to wholesale customers, day-ahead sales of energy in a market administered by an ISO, and operation and management services fees.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects Entergy's best estimate of expected losses on its accounts receivable balances. Due to the essential nature of utility services, Entergy has historically experienced a low rate of default on its accounts receivables. The following tables set forth a reconciliation of changes in the allowance for doubtful accounts for the nine months ended September 30, 2024 and 2023.

	Entergy	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)						
Balance as of December 31, 2023	\$25.9	\$7.2	\$6.1	\$3.3	\$7.8	\$1.5
Provisions	28.0	5.5	10.4	4.0	3.4	4.7
Write-offs	(58.4)	(14.4)	(19.2)	(9.5)	(8.6)	(6.7)
Recoveries	26.6	6.8	8.4	4.9	4.3	2.2
Balance as of September 30, 2024	<u>\$22.1</u>	<u>\$5.1</u>	<u>\$5.7</u>	<u>\$2.7</u>	<u>\$6.9</u>	<u>\$1.7</u>

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	Entergy	Entergy Arkansas	Entergy Louisiana	Entergy Mississippi	Entergy New Orleans	Entergy Texas
(In Millions)						
Balance as of December 31, 2022	\$30.9	\$6.5	\$7.6	\$2.5	\$11.9	\$2.4
Provisions	29.3	5.4	12.2	3.8	3.6	4.3
Write-offs	(64.9)	(16.5)	(25.9)	(5.7)	(8.6)	(8.2)
Recoveries	32.5	10.2	13.7	2.4	2.3	3.9
Balance as of September 30, 2023	<u>\$27.8</u>	<u>\$5.6</u>	<u>\$7.6</u>	<u>\$3.0</u>	<u>\$9.2</u>	<u>\$2.4</u>

The allowance is calculated as the historical rate of customer write-offs multiplied by the current accounts receivable balance, taking into account the length of time the receivable balances have been outstanding. The rate of customer write-offs has historically experienced minimal variation, although general economic conditions can affect the rate of customer write-offs. Management monitors the current condition of individual customer accounts to manage collections and ensure bad debt expense is recorded in a timely manner.

NOTE 13. ASSET RETIREMENT OBLIGATIONS (Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy)

See Note 9 to the financial statements in the Form 10-K for a discussion of asset retirement obligations. The following are updates to that discussion.

In first quarter 2024, Entergy Arkansas recorded a revision to its estimated decommissioning cost liabilities for ANO 1 and 2 as a result of a revised decommissioning cost study. The revised estimates resulted in a \$14.4 million decrease in its decommissioning cost liabilities, along with corresponding decreases in the related asset retirement cost assets that will be depreciated over the remaining useful lives of the units.

In first quarter 2024, Entergy Mississippi recorded an asset retirement obligation to reflect decommissioning costs related to an obligation under the Sunflower Solar facility's land lease agreements to remove the electrical system and return the land to its normal condition. This estimate resulted in the establishment of a \$10 million decommissioning cost liability, along with the establishment of a related asset retirement cost asset that will be depreciated over the remaining initial lease term. See Note 14 to the financial statements in the Form 10-K for discussion of Entergy Mississippi's purchase of the Sunflower Solar facility.

In second quarter 2024, revisions were recorded to the estimated decommissioning cost liabilities for White Bluff and Independence as a result of the EPA rule that was finalized in May 2024 establishing management standards for legacy coal combustion residuals (CCR) surface impoundments (i.e., inactive surface impoundments at inactive power plants) and establishing a new class of units referred to as CCR management units (CCRMUs) (i.e., non-containerized CCR located at a regulated CCR facility). Entergy does not have any legacy impoundments; however, the definition of CCR management units includes on-site areas where CCR was beneficially used. This is contrary to the previous CCR rule which exempted beneficial uses that met certain criteria. Under this expanded rule, all facilities must identify and delineate any CCRMU greater than one ton and submit a facility evaluation report by February 2026. Any potential requirements for corrective action or operational changes under the various CCR rules continue to be assessed. Given the complexity and recency of the EPA guidance, Entergy is still evaluating the level of work that will ultimately be required to comply with the rule. Based on initial estimates of multiple possible remediation scenarios, Entergy Arkansas and Entergy Mississippi recorded increases of \$31 million and \$9 million, respectively, in their decommissioning cost liabilities, along with corresponding increases in the related asset retirement cost assets that will be depreciated over the remaining useful lives of the

units. Entergy will continue to update the asset retirement obligation as the requirements of the revised CCR rule are clarified.

In third quarter 2024, Entergy Arkansas recorded asset retirement obligations to reflect decommissioning costs related to obligations to remove the electrical systems and return the land to its normal condition under the respective land lease agreements for the Walnut Bend Solar facility and the Driver Solar facility. This estimate resulted in the establishment of a decommissioning cost liability of \$14.1 million for the Walnut Bend Solar facility and of \$40.1 million for the Driver Solar facility, along with the establishment of related asset retirement cost assets that will be depreciated over the remaining initial lease terms, respectively. See Note 14 to the financial statements herein for discussion of Entergy Arkansas's purchase of the Walnut Bend Solar facility and the Driver Solar facility.

In third quarter 2024, Entergy Louisiana and its partners in the Nelson Industrial Steam Company (NISCO) partnership entered into an agreement related to the wind up of the partnership, which resulted in the transfer of ownership of the non-operating facilities to Entergy Louisiana. As a result of the agreement, Entergy Louisiana recognized an asset retirement obligation of \$19.4 million associated with the ash landfill area. See Note 1 to the financial statements herein and Note 8 to the financial statements in the Form 10-K for additional discussion of the NISCO partnership.

NOTE 14. ACQUISITIONS (Entergy Corporation and Entergy Arkansas)

Acquisitions

Walnut Bend Solar

In June 2020, Entergy Arkansas signed a build-own-transfer agreement for the purchase of an approximately 100 MW to-be-constructed solar photovoltaic energy facility, Walnut Bend Solar facility, to be sited on approximately 1,000 acres in Lee County, Arkansas. Acquisition of the Walnut Bend Solar facility was initially approved by the APSC in July 2021. The agreement was amended by the parties in February 2023, and the revised agreement was approved by the APSC in July 2023. In February 2024, Entergy Arkansas made an initial payment of approximately \$170 million to acquire the facility. Substantial completion was achieved and commercial operation commenced in September 2024, at which time Entergy Arkansas made a substantial completion payment of approximately \$16 million for acquisition of the facility.

West Memphis Solar

In September 2020, Entergy Arkansas signed a build-own-transfer agreement for the purchase of an approximately 180 MW to-be-constructed solar photovoltaic energy facility, West Memphis Solar facility, to be sited on approximately 1,500 acres in Crittenden County, Arkansas. Acquisition of the West Memphis Solar facility was initially approved by the APSC in October 2021. In March 2022 the counterparty to the build-own-transfer agreement notified Entergy Arkansas that it was seeking changes to certain terms of the agreement, including both cost and schedule. Entergy Arkansas filed a supplemental application with the APSC in January 2023 for a change in the transmission route and updates to the cost and schedule, which was approved by the APSC in March 2023. In August 2024, Entergy Arkansas made an initial payment of approximately \$48 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas expects the project to commence commercial operation in November 2024, at which time a substantial completion payment of approximately \$200 million is expected.

Driver Solar

In August 2022, Entergy Arkansas signed a build-own-transfer agreement for the purchase of an approximately 250 MW to-be-constructed solar photovoltaic energy facility, Driver Solar facility, to be sited near

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Osceola, Arkansas. Acquisition of the Driver Solar facility was approved by the APSC in August 2022. In August 2024, Entergy Arkansas made an initial payment of approximately \$308 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas currently expects the project to commence commercial operation by the end of 2024, at which time a substantial completion payment of approximately \$100 million is expected.

In the opinion of the management of Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy, the accompanying unaudited financial statements contain all adjustments (consisting primarily of normal recurring accruals and reclassification of previously reported amounts to conform to current classifications) necessary for a fair statement of the results for the interim periods presented. Entergy's business is subject to seasonal fluctuations, however, with peak periods occurring typically during the first and third quarters. The results for the interim periods presented should not be used as a basis for estimating results of operations for a full year.

Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk

See the "**Market and Credit Risk Sensitive Instruments**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis.

Part I, Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2024, evaluations were performed under the supervision and with the participation of Entergy Corporation, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, and System Energy (each individually a "Registrant" and collectively the "Registrants") management, including their respective Principal Executive Officers (PEO) and Principal Financial Officers (PFO). The evaluations assessed the effectiveness of the Registrants' disclosure controls and procedures. Based on the evaluations, each PEO and PFO has concluded that, as to the Registrant or Registrants for which they serve as PEO or PFO, the Registrant's or Registrants' disclosure controls and procedures are effective to ensure that information required to be disclosed by each Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms; and that the Registrant's or Registrants' disclosure controls and procedures are also effective in reasonably assuring that such information is accumulated and communicated to the Registrant's or Registrants' management, including their respective PEOs and PFOs, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of each Registrant's management, including its respective PEO and PFO, each Registrant evaluated changes in internal control over financial reporting that occurred during the quarter ended September 30, 2024 and found no change that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ENTERGY ARKANSAS, LLC AND SUBSIDIARIES**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS****Results of Operations****Net Income****Third Quarter 2024 Compared to Third Quarter 2023**

Net income increased \$86.6 million primarily due to write-offs in third quarter 2023 of \$78.4 million (\$58.8 million net-of-tax) recorded as a result of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. Also contributing to the increase were higher retail electric price, an \$18.3 million reduction in income tax expense as a result of the resolution of an Arkansas state income tax audit, and higher other income, partially offset by lower volume/weather. See Note 8 to the financial statements in the Form 10-K for discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery. See Note 10 to the financial statements herein for discussion of the resolution of the Arkansas state income tax audit.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income increased \$23.3 million primarily due to write-offs in third quarter 2023 of \$78.4 million (\$58.8 million net-of-tax) recorded as a result of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. Also contributing to the increase were higher retail electric price, higher other income, and higher volume/weather. The increase was partially offset by a \$131.8 million (\$99.1 million net-of-tax) charge to reflect the write-off of a previously recorded regulatory asset as a result of an adverse decision in the opportunity sales proceeding in March 2024 and higher interest expense. See Note 8 to the financial statements in the Form 10-K for discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the opportunity sales proceeding.

Operating Revenues**Third Quarter 2024 Compared to Third Quarter 2023**

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$831.7
Fuel, rider, and other revenues that do not significantly affect net income	(82.7)
Retail one-time bill credit	(92.3)
Volume/weather	(16.2)
Retail electric price	21.6
2024 operating revenues	\$662.1

Entergy Arkansas's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The retail one-time bill credit represents the disbursement of settlement proceeds in the form of a one-time bill credit provided to Entergy Arkansas's retail customers during the August 2024 billing cycle through the Grand Gulf credit rider as a result of the System Energy settlement with the APSC. There is no effect on net income because Entergy Arkansas previously recorded a regulatory liability for the effects of the System Energy settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of the Grand Gulf credit rider.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales, partially offset by an increase in weather-adjusted residential usage. The increase in weather-adjusted residential usage is primarily due to an increase in customers.

The retail electric price variance is primarily due to an increase in formula rate plan rates effective January 2024. See Note 2 to the financial statements in the Form 10-K for discussion of the 2023 formula rate plan filing.

Total electric energy sales for Entergy Arkansas for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	2,243	2,336	(4)
Commercial	1,650	1,680	(2)
Industrial	2,682	2,530	6
Governmental	54	60	(10)
Total retail	6,629	6,606	—
Sales for resale:			
Associated companies	577	607	(5)
Non-associated companies	1,343	1,792	(25)
Total	8,549	9,005	(5)

See Note 12 to the financial statements herein for additional discussion of Entergy Arkansas's operating revenues.

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Entergy Arkansas, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$2,030.8
Fuel, rider, and other revenues that do not significantly affect net income	(114.6)
Retail one-time bill credit	(92.3)
Volume/weather	12.5
Retail electric price	56.6
2024 operating revenues	\$1,893.0

Entergy Arkansas's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The retail one-time bill credit represents the disbursement of settlement proceeds in the form of a one-time bill credit provided to Entergy Arkansas's retail customers during the August 2024 billing cycle through the Grand Gulf credit rider as a result of the System Energy settlement with the APSC. There is no effect on net income because Entergy Arkansas previously recorded a regulatory liability for the effects of the System Energy settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of the Grand Gulf credit rider.

The volume/weather variance is primarily due to the effect of an increase in residential and industrial usage. The increase in residential usage is primarily due to an increase in customers. The increase in industrial usage is primarily due to an increase in demand from large industrial customers, primarily new customers in the technology industry, and an increase in demand from small industrial customers.

The retail electric price variance is primarily due to an increase in formula rate plan rates effective January 2024. See Note 2 to the financial statements in the Form 10-K for discussion of the 2023 formula rate plan filing.

Total electric energy sales for Entergy Arkansas for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	6,018	5,905	2
Commercial	4,330	4,293	1
Industrial	7,466	6,806	10
Governmental	141	156	(10)
Total retail	17,955	17,160	5
Sales for resale:			
Associated companies	1,562	1,683	(7)
Non-associated companies	3,292	4,171	(21)
Total	22,809	23,014	(1)

See Note 12 to the financial statements herein for additional discussion of Entergy Arkansas's operating revenues.

Other Income Statement Variances

Third Quarter 2024 Compared to Third Quarter 2023

Asset write-offs includes the effects of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. In third quarter 2023, Entergy Arkansas recorded write-offs of its regulatory asset for deferred fuel of \$68.9 million and the undepreciated balance of \$9.5 million in capital costs related to the ANO stator incident. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Other regulatory charges (credits) - net includes the reversal in third quarter 2024 of a \$92.3 million regulatory liability recognized for the obligation to return to customers the refund from the System Energy settlement with the APSC. The reversal of the regulatory liability offsets a reduction in gross revenues from the retail one-time bill credits provided to customers in the August 2024 billing cycle through the Grand Gulf credit rider. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of the Grand Gulf credit rider.

Other income increased primarily due to higher interest earned on money pool investments and a decrease of \$5.5 million in non-service pension costs primarily as a result of pension settlement charges recorded in third quarter 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs.

Interest expense increased primarily due to the issuances of \$400 million of 5.75% Series mortgage bonds and \$400 million of 5.45% Series mortgage bonds, each in May 2024, and the issuance of \$300 million of 5.30%

Series mortgage bonds in August 2023. The increase was partially offset by the repayment of \$375 million of 3.70% Series mortgage bonds in June 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Fuel, fuel-related expenses, and gas purchased for resale includes a credit of \$9 million, recorded in first quarter 2024, for costs related to net metering. The costs were incurred in 2023 and included within Entergy Arkansas's annual redetermination of its energy cost recovery rider filed in March 2024 due to a change in law in the state of Arkansas. See Note 2 to the financial statements herein for discussion of the March 2024 energy cost recovery rider filing.

Other operation and maintenance expenses increased primarily due to:

- the effects of recording a final judgment in first quarter 2023 to resolve claims in the ANO damages case against the DOE related to spent nuclear fuel storage costs. The damages awarded included the reimbursement of approximately \$10.3 million of spent nuclear fuel storage costs previously recorded as other operation and maintenance expenses. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation;
- an increase of \$8.9 million in energy efficiency expenses primarily due to the timing of recovery from customers; and
- an increase of \$6.9 million in contract costs related to operational performance, customer service, and organizational health initiatives.

The increase was partially offset by a decrease of \$4.9 million in non-nuclear generation expenses primarily due to a lower scope of work during plant outages performed in 2024 as compared to 2023 and a decrease of \$5.4 million in nuclear generation expenses primarily due to lower nuclear labor costs in 2024 as compared to 2023.

Asset write-offs includes:

- a \$131.8 million (\$99.1 million net-of-tax) charge to reflect the write-off of a previously recorded regulatory asset as a result of an adverse decision in the opportunity sales proceeding in March 2024. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the opportunity sales proceeding; and
- the effects of a commitment, made in October 2023, by Entergy Arkansas to the APSC to make a filing seeking to forgo recovery of identified costs resulting from the 2013 ANO stator incident. In third quarter 2023, Entergy Arkansas recorded write-offs of its regulatory asset for deferred fuel of \$68.9 million and the undepreciated balance of \$9.5 million in capital costs related to the ANO stator incident. See Note 8 to the financial statements in the Form 10-K for further discussion of the ANO stator incident, Entergy Arkansas's October 2023 commitment to the APSC, and the subsequently approved motion to forgo recovery.

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Other regulatory charges (credits) - net includes the reversal in third quarter 2024 of a \$92.3 million regulatory liability recognized for the obligation to return to customers the refund from the System Energy settlement with the APSC. The reversal of the regulatory liability offsets a reduction in gross revenues from the retail one-time bill credits provided to customers in the August 2024 billing cycle through the Grand Gulf credit rider. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement with the APSC and see Note 2 to the financial statements herein for discussion of the Grand Gulf credit rider. Additionally, Entergy Arkansas records a regulatory charge or credit for the difference between asset retirement obligation-related expenses and nuclear decommissioning trust earnings plus asset retirement obligation-related costs collected in revenue.

Other income increased primarily due to:

- changes in decommissioning trust fund activity, including portfolio rebalancing of the decommissioning trust funds in first quarter 2024;
- a decrease of \$12.1 million in non-service pension costs primarily as a result of pension settlement charges recorded in 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs; and
- higher interest earned on money pool investments.

Interest expense increased primarily due to the issuance of \$300 million of 5.30% Series mortgage bonds in August 2023 and the issuances of \$400 million of 5.75% Series mortgage bonds and \$400 million of 5.45% Series mortgage bonds, each in May 2024. The increase was partially offset by the repayment of \$375 million of 3.70% Series mortgage bonds in June 2024 and the repayment of \$250 million of 3.05% Series mortgage bonds in June 2023.

Income Taxes

The effective income tax rate was 16.2% for the third quarter 2024. The difference in the effective income tax rate for the third quarter 2024 versus the federal statutory rate of 21% was primarily due to the resolution of an Arkansas state income tax audit, partially offset by the accrual for state income taxes and the amortization of accumulated deferred income taxes as a result of tax rate changes. See Note 10 to the financial statements herein for discussion of the resolution of the Arkansas state income tax audit.

The effective income tax rate was 18.7% for the nine months ended September 30, 2024. The difference in the effective income tax rate for the nine months ended September 30, 2024 versus the federal statutory rate of 21% was primarily due to the resolution of an Arkansas state income tax audit, certain book and tax differences related to utility plant items, and book and tax differences related to the allowance for equity funds used during construction, partially offset by the accrual for state income taxes and the amortization of accumulated deferred income taxes as a result of tax rate changes. See Note 10 to the financial statements herein for discussion of the resolution of the Arkansas state income tax audit.

The effective income tax rate was 23.4% for the third quarter 2023. The difference in the effective income tax rate for the third quarter 2023 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes, partially offset by certain book and tax differences related to utility plant items.

The effective income tax rate was 21.2% for the nine months ended September 30, 2023. The difference in the effective income tax rate for the nine months ended September 30, 2023 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes, partially offset by certain book and tax differences related to utility plant items and amortization of state accumulated deferred income taxes as a result of tax rate changes.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Liquidity and Capital Resources**Cash Flow**

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$3,632	\$5,278
Net cash provided by (used in):		
Operating activities	836,755	762,386
Investing activities	(1,252,242)	(822,851)
Financing activities	1,052,038	168,586
Net increase in cash and cash equivalents	<u>636,551</u>	<u>108,121</u>
Cash and cash equivalents at end of period	<u><u>\$640,183</u></u>	<u><u>\$113,399</u></u>

Operating Activities

Net cash flow provided by operating activities increased \$74.4 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- lower fuel and purchased power payments;
- the timing of payments to vendors;
- a decrease of \$23.2 million in storm spending in 2024 as compared to 2023;
- a decrease of \$20.9 million in pension contributions resulting from the timing of contributions in 2024 compared to 2023. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding;
- a decrease of \$8 million in spending on nuclear refueling outages in 2024 as compared to 2023; and
- the receipt of \$92.7 million in settlement proceeds in 2024 as a result of the System Energy settlement with the APSC, which was subsequently refunded to retail customers in third quarter 2024 with one-time bill credits through the Grand Gulf credit rider. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the System Energy settlement agreement with the APSC and see Note 2 to the financial statements herein for discussion of the Grand Gulf credit rider.

The increase was partially offset by:

- the timing of recovery of fuel and purchased power costs. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of fuel and purchased power cost recovery;
- the refund of \$41.7 million received from System Energy in January 2023 related to the sale-leaseback renewal costs and depreciation litigation as calculated in System Energy's January 2023 compliance report filed with the FERC. The refund was subsequently applied to the under-recovered deferred fuel balance. See Note 2 to the financial statements in the Form 10-K for further discussion of the refund and the related proceedings;
- an increase of \$24.7 million in interest paid; and
- \$23.2 million in proceeds received from the DOE in April 2023 resulting from litigation regarding spent nuclear fuel storage costs that were previously expensed. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation.

Investing Activities

Net cash flow used in investing activities increased \$429.4 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the initial payment of approximately \$307.7 million in August 2024 for the purchase of the Driver Solar facility;
- the initial and substantial completion payments totaling approximately \$185.5 million in 2024 for the purchase of the Walnut Bend Solar facility;
- the initial payment of approximately \$48.4 million in August 2024 for the purchase of the West Memphis Solar facility;
- money pool activity;
- an increase in cash used of \$28 million as a result of fluctuations in nuclear fuel activity due to variations from year to year in the timing and pricing of fuel reload requirements, materials and services deliveries, and the timing of cash payments during the nuclear fuel cycle; and
- \$17.9 million in proceeds received from the DOE in April 2023 resulting from litigation regarding spent nuclear fuel storage costs that were previously recorded as plant. See Note 8 to the financial statements in the Form 10-K for discussion of the spent nuclear fuel litigation.

The increase was partially offset by:

- a decrease of \$151.6 million in distribution construction expenditures primarily due to lower capital expenditures for storm restoration in 2024;
- a decrease of \$34.4 million in nuclear construction expenditures primarily due to decreased spending on various nuclear projects in 2024; and
- a decrease of \$16.7 million in transmission construction expenditures primarily due to decreased spending on various transmission projects in 2024.

Increases in Entergy Arkansas's receivable from the money pool are a use of cash flow, and Entergy Arkansas's receivable from the money pool increased \$65.8 million for the nine months ended September 30, 2024 compared to increasing by \$11.1 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

See Note 14 to the financial statements herein for discussion of the Driver Solar facility, the Walnut Bend Solar facility, and the West Memphis Solar facility purchases.

Financing Activities

Net cash flow provided by financing activities increased \$883.5 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the issuances of \$400 million of 5.45% Series mortgage bonds and \$400 million of 5.75% Series mortgage bonds, each in May 2024;
- capital contributions of approximately \$695 million received from Entergy Corporation in 2024 in anticipation of upcoming expenditures, which included the acquisitions of the Walnut Bend Solar facility, the Driver Solar facility, and the West Memphis Solar facility;
- the repayment, at maturity, of \$250 million of 3.05% Series mortgage bonds in June 2023;
- \$142 million in common equity distributions paid in 2023 in order to maintain Entergy Arkansas's capital structure;

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- the issuance of \$70 million of 5.54% Series O notes by the Entergy Arkansas nuclear fuel company variable interest entity in March 2024;
- money pool activity; and
- an increase of \$33.1 million in prepaid deposits related to contributions-in-aid-of-construction primarily for customer and generator interconnection agreements.

The increase was partially offset by:

- the issuance of \$425 million of 5.15% Series mortgage bonds in January 2023;
- the repayment, at maturity, of \$375 million of 3.70% Series mortgage bonds in June 2024;
- the issuance of \$300 million of 5.30% Series mortgage bonds in August 2023; and
- net repayments of \$31.7 million in 2024 compared to net borrowings of \$10.6 million in 2023 on the nuclear fuel company variable interest entity's credit facility.

Decreases in Entergy Arkansas's payable to the money pool are a use of cash flow, and Entergy Arkansas's payable to the money pool decreased \$145.4 million for the nine months ended September 30, 2024 compared to decreasing by \$180.8 million for the nine months ended September 30, 2023.

See Note 4 to the financial statements herein and Note 5 to the financial statements in the Form 10-K for more details on long-term debt.

Capital Structure

Entergy Arkansas's debt to capital ratio is shown in the following table. The decrease in the debt to capital ratio for Entergy Arkansas is primarily due to capital contributions of \$695 million received from Entergy Corporation in 2024, partially offset by the net issuance of long-term debt in 2024.

	September 30, 2024	December 31, 2023
Debt to capital	52.3 %	55.5 %
Effect of subtracting cash	(3.3 %)	— %
Net debt to net capital (non-GAAP)	49.0 %	55.5 %

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings, finance lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. Entergy Arkansas uses the debt to capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Arkansas's financial condition. The net debt to net capital ratio is a non-GAAP measure. Entergy Arkansas also uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Arkansas's financial condition because net debt indicates Entergy Arkansas's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See “**MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**” in the Form 10-K for a discussion of Entergy Arkansas’s uses and sources of capital. The following are updates to the information provided in the Form 10-K.

Entergy Arkansas is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$2.5 billion in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary estimate includes investments in generation projects to modernize, decarbonize, and diversify Entergy Arkansas’s portfolio; investments in ANO 1 and 2; distribution and Utility support spending to improve reliability, resilience, and customer experience; transmission spending to improve reliability and resilience while also supporting renewables expansion; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, government actions, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

Entergy Arkansas’s receivables from or (payables to) the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$65,835	(\$145,385)	\$11,104	(\$180,795)

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Arkansas has a credit facility in the amount of \$300 million scheduled to expire in June 2029. Entergy Arkansas also has a \$25 million credit facility scheduled to expire in April 2026. The \$300 million credit facility includes fronting commitments for the issuance of letters of credit against \$5 million of the borrowing capacity of the facility. As of September 30, 2024, there were no cash borrowings and no letters of credit outstanding under the credit facilities. In addition, Entergy Arkansas is a party to an uncommitted letter of credit facility as a means to post collateral to support its obligations to MISO. As of September 30, 2024, \$11.9 million in letters of credit were outstanding under Entergy Arkansas’s uncommitted letter of credit facility. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

The Entergy Arkansas nuclear fuel company variable interest entity has a credit facility in the amount of \$80 million scheduled to expire in June 2027. As of September 30, 2024, there were \$38.5 million in loans outstanding under the credit facility for the Entergy Arkansas nuclear fuel company variable interest entity. See Note 4 to the financial statements herein for discussion of the nuclear fuel company variable interest entity credit facility.

Renewables

Walnut Bend Solar

As discussed in the Form 10-K, in October 2020, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 100 MW Walnut Bend Solar facility pursuant to a build-own-transfer agreement is in the public interest. Entergy Arkansas primarily requested cost recovery through the formula rate plan rider. Acquisition of the Walnut Bend Solar facility was initially approved by the APSC in July 2021. The agreement was amended by the parties in February 2023, and the revised agreement was approved by the APSC in July 2023. In February 2024, Entergy Arkansas made an initial payment of approximately \$169.7 million to acquire the facility. Substantial completion was achieved and commercial operation commenced in September 2024, at which time Entergy Arkansas made a substantial completion payment of approximately \$15.8 million for acquisition of the

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Entergy Arkansas, LLC and Subsidiaries

Management's Financial Discussion and Analysis

facility. See Note 14 to the financial statements herein and in the Form 10-K for discussion of the purchase of the Walnut Bend Solar facility.

West Memphis Solar

As discussed in the Form 10-K, in January 2021, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 180 MW West Memphis Solar facility pursuant to a build-own-transfer agreement is in the public interest. In September 2020, Entergy Arkansas signed an agreement for the purchase of the West Memphis Solar facility, to be sited on approximately 1,500 acres in Crittenden County, Arkansas. Acquisition of the West Memphis Solar facility was initially approved by the APSC in October 2021. In March 2022 the counterparty to the build-own-transfer agreement notified Entergy Arkansas that it was seeking changes to certain terms of the agreement, including both cost and schedule. Entergy Arkansas filed a supplemental application with the APSC in January 2023 for a change in the transmission route and updates to the cost and schedule, which was approved by the APSC in March 2023. In August 2024, Entergy Arkansas made an initial payment of approximately \$48.4 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas expects the project to commence commercial operation in November 2024, at which time a substantial completion payment of approximately \$200 million is expected. See Note 14 to the financial statements herein for discussion of the purchase of the West Memphis Solar facility.

Driver Solar

As discussed in the Form 10-K, in April 2022, Entergy Arkansas filed a petition with the APSC seeking a finding that the purchase of the 250 MW Driver Solar facility pursuant to a build-own-transfer agreement is in the public interest and requested cost recovery through the formula rate plan rider. In August 2022 the APSC granted Entergy Arkansas's petition and approved the acquisition of Driver Solar and cost recovery through the formula rate plan rider. In August 2024, Entergy Arkansas made an initial payment of approximately \$307.7 million to acquire the facility. The project will commence commercial operation once testing is completed and the project has achieved substantial completion. Entergy Arkansas currently expects the project to commence commercial operation by the end of 2024, at which time a substantial completion payment of approximately \$100 million is expected. See Note 14 to the financial statements herein for discussion of the purchase of the Driver Solar facility.

State and Local Rate Regulation and Fuel-Cost Recovery

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation and Fuel-Cost Recovery**" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. The following are updates to that discussion.

Retail Rates

2024 Formula Rate Plan Filing

In July 2024, Entergy Arkansas filed with the APSC its 2024 formula rate plan filing to set its formula rate for the 2025 calendar year. The filing contained an evaluation of Entergy Arkansas's earnings for the 2025 projected year and a netting adjustment for the 2023 historical year. The filing showed that Entergy Arkansas's earned rate of return on common equity for the 2025 projected year was 8.43% resulting in a revenue deficiency of \$69.5 million. The earned rate of return on common equity for the 2023 historical year was 7.48% resulting in a \$33.1 million netting adjustment. The total proposed revenue change for the 2025 projected year and 2023 historical year netting adjustment is \$102.6 million. By operation of the formula rate plan, Entergy Arkansas's recovery of the revenue requirement is subject to a four percent annual revenue constraint. Because Entergy Arkansas's revenue requirement in this filing exceeded the constraint, the resulting increase was limited to \$82.6 million. The APSC general staff and intervenors filed their errors and objections in October 2024, proposing

certain adjustments, including the APSC general staff's update to annual filing year revenues that increases the constraint to \$86.8 million. Entergy Arkansas filed its rebuttal in October 2024, and later in October 2024 the parties submitted a joint issues list and stipulations setting forth the disputed issues and the noncontested issues. A hearing is scheduled for November 2024.

Grand Gulf Credit Rider

In June 2024, Entergy Arkansas filed with the APSC a tariff to provide retail customers a credit resulting from the terms of the settlement agreement between Entergy Arkansas, System Energy, additional named Entergy parties, and the APSC pertaining to System Energy's billings for wholesale sales of energy and capacity from the Grand Gulf nuclear plant. See "**Complaints Against System Energy - System Energy Settlement with the APSC**" in Note 2 to the financial statements herein and in the Form 10-K for discussion of the settlement. In July 2024 the APSC approved the tariff, under which Entergy Arkansas will refund to retail customers a total of \$100.6 million. To date, Entergy Arkansas has refunded \$92.3 million of the total through one-time bill credits during the August 2024 billing cycle.

Energy Cost Recovery Rider

In March 2024, Entergy Arkansas filed its annual redetermination of its energy cost rate pursuant to the energy cost recovery rider, which reflected a decrease in the rate from \$0.01883 per kWh to \$0.00882 per kWh. Due to a change in law in the State of Arkansas, the annual redetermination included \$9 million, recorded as a credit to fuel expense in first quarter 2024, for recovery attributed to net metering costs in 2023. The primary reason for the rate decrease is a large over-recovered balance as a result of lower natural gas prices in 2023. To mitigate the effect of projected increases in natural gas prices in 2024, Entergy Arkansas adjusted the over-recovered balance included in the March 2024 annual redetermination filing by \$43.7 million. This adjustment is expected to reduce the rate change that will be reflected in the 2025 energy cost rate redetermination. The redetermined rate of \$0.00882 per kWh became effective with the first billing cycle in April 2024 through the normal operation of the tariff.

Opportunity Sales Proceeding

See Note 2 to the financial statements in the Form 10-K for discussion of the Entergy Arkansas opportunity sales proceeding. As discussed in the Form 10-K, in September 2020, Entergy Arkansas filed a complaint in the U.S. District Court for the Eastern District of Arkansas challenging the APSC's denial of recovery of \$135 million of payments to other Utility operating companies in December 2018 relating to off-system sales of electricity from 2002-2009, as ordered by the FERC. The complaint also involved a challenge to the \$13.7 million, plus interest, of related refunds ordered by the APSC and paid by Entergy Arkansas in August 2020. The trial was held in February 2023. Following the trial, Entergy Arkansas filed a motion with the United States Court of Appeals for the Eighth Circuit to expedite the appeal filed by Arkansas Electric Energy Consumers, Inc. The United States Court of Appeals for the Eighth Circuit granted Entergy Arkansas's request, and oral arguments were held in June 2023. In August 2023 the United States Court of Appeals for the Eighth Circuit affirmed the order of the court denying Arkansas Electric Energy Consumers, Inc.'s motion to intervene.

In March 2024 the U.S. District Court for the Eastern District of Arkansas issued a judgment in favor of the APSC and against Entergy Arkansas. In March 2024 Entergy Arkansas filed a notice of appeal and a motion to expedite oral arguments with the United States Court of Appeals for the Eighth Circuit and the court granted the motion to expedite. Briefing to the United States Court of Appeals for the Eighth Circuit concluded in July 2024 and oral arguments concluded in September 2024. The appeal is pending with the United States Court of Appeals for the Eighth Circuit. As a result of the adverse decision by the U.S. District Court for the Eastern District of Arkansas, Entergy Arkansas concluded that it could no longer support the recognition of its \$131.8 million regulatory asset reflecting the previously-expected recovery of a portion of the costs at issue in the opportunity sales proceeding and recorded a \$131.8 million (\$99.1 million net-of-tax) charge to earnings in first quarter 2024.

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Entergy Arkansas, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Federal Regulation**" in the Form 10-K for a discussion of federal regulation.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Arkansas's accounting for nuclear decommissioning costs, utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "**New Accounting Pronouncements**" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

ENTERGY ARKANSAS, LLC AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)	(In Thousands)	(In Thousands)	(In Thousands)
OPERATING REVENUES				
Electric	\$662,148	\$831,659	\$1,892,991	\$2,030,755
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	74,310	156,778	233,505	372,637
Purchased power	64,308	74,837	172,230	197,236
Nuclear refueling outage expenses	12,482	14,772	40,671	45,617
Other operation and maintenance	193,007	196,408	545,883	531,271
Asset write-offs	—	78,434	131,775	78,434
Decommissioning	23,366	21,989	68,845	65,006
Taxes other than income taxes	40,600	40,157	111,214	107,251
Depreciation and amortization	106,004	101,957	312,961	298,105
Other regulatory charges (credits) - net	(109,305)	(26,380)	(81,620)	(66,409)
TOTAL	404,772	658,952	1,535,464	1,629,148
OPERATING INCOME	257,376	172,707	357,527	401,607
OTHER INCOME				
Allowance for equity funds used during construction	8,052	5,579	19,446	15,822
Interest and investment income	16,983	4,627	94,924	17,833
Miscellaneous - net	(7,493)	(8,030)	(13,873)	(16,370)
TOTAL	17,542	2,176	100,497	17,285
INTEREST EXPENSE				
Interest expense	57,214	47,648	161,358	139,053
Allowance for borrowed funds used during construction	(3,928)	(2,241)	(9,491)	(6,355)
TOTAL	53,286	45,407	151,867	132,698
INCOME BEFORE INCOME TAXES	221,632	129,476	306,157	286,194
Income taxes	35,862	30,307	57,308	60,681
NET INCOME	185,770	99,169	248,849	225,513
Net loss attributable to noncontrolling interest	(957)	(791)	(3,600)	(3,426)
EARNINGS APPLICABLE TO MEMBER'S EQUITY	\$186,727	\$99,960	\$252,449	\$228,939

See Notes to Financial Statements.

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ENTERGY ARKANSAS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$248,849	\$225,513
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	436,279	413,018
Deferred income taxes, investment tax credits, and non-current taxes accrued	69,609	59,931
Asset write-offs	131,775	78,434
Changes in assets and liabilities:		
Receivables	76,233	(45,742)
Fuel inventory	19,675	8,001
Accounts payable	(24,338)	(71,533)
Taxes accrued	14,976	15,033
Interest accrued	33,080	35,534
Deferred fuel costs	(16,795)	165,982
Other working capital accounts	(24,630)	(12,517)
Provisions for estimated losses	9,981	(24,356)
Regulatory assets	177,319	(455)
Other regulatory liabilities	70,199	68,475
Pension and other postretirement funded status	(40,943)	(55,944)
Other assets and liabilities	(344,514)	(96,988)
Net cash flow provided by operating activities	<u>836,755</u>	<u>762,386</u>
INVESTING ACTIVITIES		
Construction expenditures	(566,117)	(768,243)
Allowance for equity funds used during construction	19,446	15,822
Payment for purchase of plant	(541,618)	—
Nuclear fuel purchases	(122,065)	(93,775)
Proceeds from sale of nuclear fuel	33,213	32,880
Proceeds from nuclear decommissioning trust fund sales	482,594	87,878
Investment in nuclear decommissioning trust funds	(491,890)	(104,348)
Changes in money pool receivable - net	(65,835)	(11,104)
Litigation proceeds for reimbursement of spent nuclear fuel storage costs	—	17,933
Decrease in other investments	30	106
Net cash flow used in investing activities	<u>(1,252,242)</u>	<u>(822,851)</u>
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,088,957	991,606
Retirement of long-term debt	(635,916)	(515,615)
Capital contributions from parent	695,000	—
Changes in money pool payable - net	(145,385)	(180,795)
Common equity distributions paid	—	(142,000)
Other	49,382	15,390
Net cash flow provided by financing activities	<u>1,052,038</u>	<u>168,586</u>
Net increase in cash and cash equivalents	636,551	108,121
Cash and cash equivalents at beginning of period	3,632	5,278
Cash and cash equivalents at end of period	\$640,183	\$113,399
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	\$126,356	\$101,616
Income taxes	\$1,569	\$—

Noncash investing activities:

Accrued construction expenditures	\$46,231	\$61,957
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See Notes to Financial Statements.

ENTERGY ARKANSAS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$7,247	\$520
Temporary cash investments	632,936	3,112
Total cash and cash equivalents	<u>640,183</u>	<u>3,632</u>
Accounts receivable:		
Customer	179,557	157,520
Allowance for doubtful accounts	(5,069)	(7,182)
Associated companies	105,216	124,672
Other	67,388	89,532
Accrued unbilled revenues	124,171	117,119
Total accounts receivable	<u>471,263</u>	<u>481,661</u>
Fuel inventory - at average cost	37,820	57,495
Materials and supplies - at average cost	404,995	358,302
Deferred nuclear refueling outage costs	36,320	35,463
Prepayments and other	40,231	40,866
TOTAL	<u>1,630,812</u>	<u>977,419</u>
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	1,601,796	1,414,009
Other	798	801
TOTAL	<u>1,602,594</u>	<u>1,414,810</u>
UTILITY PLANT		
Electric	15,540,379	14,821,814
Construction work in progress	717,530	340,601
Nuclear fuel	238,710	213,722
TOTAL UTILITY PLANT	<u>16,496,619</u>	<u>15,376,137</u>
Less - accumulated depreciation and amortization	6,225,012	6,002,203
UTILITY PLANT - NET	<u>10,271,607</u>	<u>9,373,934</u>
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets	1,708,042	1,885,361
Other	151,548	21,334
TOTAL	<u>1,859,590</u>	<u>1,906,695</u>
TOTAL ASSETS	<u><u>\$15,364,603</u></u>	<u><u>\$13,672,858</u></u>

See Notes to Financial Statements.

ENTERGY ARKANSAS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$—	\$375,000
Accounts payable:		
Associated companies	58,479	225,344
Other	209,175	215,502
Customer deposits	126,165	113,186
Taxes accrued	120,127	105,151
Interest accrued	68,450	35,370
Deferred fuel costs	71,487	88,282
Other	67,165	55,683
TOTAL	721,048	1,213,518
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	1,475,800	1,437,053
Accumulated deferred investment tax credits	26,369	27,270
Regulatory liability for income taxes - net	417,942	392,496
Other regulatory liabilities	803,934	759,181
Decommissioning	1,703,370	1,560,057
Accumulated provisions	68,940	58,959
Pension and other postretirement liabilities	91,547	8,901
Long-term debt	5,135,751	4,298,080
Other	216,113	156,673
TOTAL	9,939,766	8,698,670
Commitments and Contingencies		
EQUITY		
Member's equity	4,686,520	3,739,071
Noncontrolling interest	17,269	21,599
TOTAL	4,703,789	3,760,670
TOTAL LIABILITIES AND EQUITY	\$15,364,603	\$13,672,858

See Notes to Financial Statements.

ENTERGY ARKANSAS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Noncontrolling Interest	Member's Equity	Total
	(In Thousands)		
Balance at December 31, 2022	\$27,825	\$3,753,990	\$3,781,815
Net income (loss)	(1,629)	61,026	59,397
Common equity distributions	—	(80,000)	(80,000)
Distributions to noncontrolling interest	(104)	—	(104)
Balance at March 31, 2023	<u>26,092</u>	<u>3,735,016</u>	<u>3,761,108</u>
Net income (loss)	(1,006)	67,954	66,948
Common equity distributions	—	(9,000)	(9,000)
Distributions to noncontrolling interest	(113)	—	(113)
Balance at June 30, 2023	<u>24,973</u>	<u>3,793,970</u>	<u>3,818,943</u>
Net income (loss)	(791)	99,960	99,169
Common equity distributions	—	(53,000)	(53,000)
Distributions to noncontrolling interest	(507)	—	(507)
Balance at September 30, 2023	<u><u>\$23,675</u></u>	<u><u>\$3,840,930</u></u>	<u><u>\$3,864,605</u></u>
Balance at December 31, 2023	<u><u>\$21,599</u></u>	<u><u>\$3,739,071</u></u>	<u><u>\$3,760,670</u></u>
Net loss	(1,818)	(30,462)	(32,280)
Capital contribution from parent	—	275,000	275,000
Distributions to noncontrolling interest	(250)	—	(250)
Balance at March 31, 2024	<u>19,531</u>	<u>3,983,609</u>	<u>4,003,140</u>
Net income (loss)	(825)	96,184	95,359
Capital contribution from parent	—	420,000	420,000
Distributions to noncontrolling interest	(31)	—	(31)
Balance at June 30, 2024	<u>18,675</u>	<u>4,499,793</u>	<u>4,518,468</u>
Net income (loss)	(957)	186,727	185,770
Distributions to noncontrolling interest	(449)	—	(449)
Balance at September 30, 2024	<u><u>\$17,269</u></u>	<u><u>\$4,686,520</u></u>	<u><u>\$4,703,789</u></u>

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS****Results of Operations****Net Income**Third Quarter 2024 Compared to Third Quarter 2023

Net income decreased \$9.5 million primarily due to lower volume/weather, partially offset by lower other operation and maintenance expenses and higher retail electric price.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income decreased \$203 million primarily due to expenses of \$151.5 million (\$110.7 million net-of-tax), recorded in second quarter 2024, primarily consisting of regulatory charges to reflect the effects of an agreement in principle between Entergy Louisiana and the LPSC staff and the intervenors in July 2024 to renew Entergy Louisiana's formula rate plan and resolve a number of other retail dockets and matters, including all formula rate plan test years prior to 2023. Also contributing to the decrease were the net effects of Entergy Louisiana's storm cost securitization in March 2023, including a \$133.4 million reduction in income tax expense, partially offset by a \$103.4 million (\$76.4 million net-of-tax) regulatory charge to reflect Entergy Louisiana's obligation to provide credits to its customers as described in an LPSC ancillary order issued as part of the securitization regulatory proceeding, higher depreciation and amortization expenses, higher other operation and maintenance expenses, and higher interest expense. The decrease was partially offset by higher other income and higher retail electric price. See Note 2 to the financial statements herein for discussion of the agreement in principle and the subsequently filed global stipulated settlement agreement. See Note 2 to the financial statements in the Form 10-K for discussion of the March 2023 storm cost securitization.

Operating RevenuesThird Quarter 2024 Compared to Third Quarter 2023

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$1,434.9
Fuel, rider, and other revenues that do not significantly affect net income	70.3
Retail electric price	19.9
Volume/weather	(47.0)
2024 operating revenues	\$1,478.1

Entergy Louisiana's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

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Entergy Louisiana, LLC and Subsidiaries

Management's Financial Discussion and Analysis

The retail electric price variance is primarily due to increases in formula rate plan revenues, including increases in the distribution and transmission recovery mechanisms, effective September 2023 and September 2024. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the formula rate plan proceedings.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales and a decrease in weather-adjusted residential usage, partially offset by an increase in industrial usage. The decrease in weather-adjusted residential usage is primarily due to the effects of Hurricane Francine in the third quarter 2024. The increase in industrial usage is primarily due to an increase in demand from large industrial customers, primarily in the petroleum refining and chlor-alkali industries.

Total electric energy sales for Entergy Louisiana for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	4,586	5,049	(9)
Commercial	3,295	3,395	(3)
Industrial	9,201	8,016	15
Governmental	214	216	(1)
Total retail	17,296	16,676	4
Sales for resale:			
Associated companies	1,582	1,584	—
Non-associated companies	531	435	22
Total	19,409	18,695	4

See Note 12 to the financial statements herein for additional discussion of Entergy Louisiana's operating revenues.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$3,985.7
Fuel, rider, and other revenues that do not significantly affect net income	(25.5)
Storm restoration carrying costs	(30.6)
Volume/weather	(13.3)
Retail electric price	40.4
2024 operating revenues	\$3,956.7

Entergy Louisiana's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

Storm restoration carrying costs represent the equity component of storm restoration carrying costs recognized as part of the securitization of Hurricane Ida restoration costs in March 2023. See Note 2 to the financial statements in the Form 10-K for discussion of the March 2023 storm cost securitization.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales and a decrease in weather-adjusted residential and commercial usage, partially offset by an increase in industrial usage. The decrease in weather-adjusted residential and commercial usage is primarily due to the effects of Hurricane Francine in the third quarter 2024. The increase in industrial usage is primarily due to an increase in demand from large industrial customers, primarily in the petroleum refining industry.

The retail electric price variance is primarily due to increases in formula rate plan revenues, including increases in the distribution and transmission recovery mechanisms, effective September 2023 and September 2024. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the formula rate plan proceedings.

Total electric energy sales for Entergy Louisiana for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	11,094	11,428	(3)
Commercial	8,550	8,643	(1)
Industrial	25,669	23,862	8
Governmental	631	617	2
Total retail	45,944	44,550	3
Sales for resale:			
Associated companies	4,322	3,250	33
Non-associated companies	1,307	1,123	16
Total	51,573	48,923	5

See Note 13 to the financial statements herein for additional discussion of Entergy Louisiana's operating revenues.

Other Income Statement Variances

Third Quarter 2024 Compared to Third Quarter 2023

Other operation and maintenance expenses decreased primarily due to:

- a decrease of \$5.5 million in power delivery expenses primarily due to the timing of vegetation maintenance costs;
- a decrease of \$4.6 million in energy efficiency expenses primarily due to the timing of recovery from customers;
- a decrease of \$4.5 million in compensation and benefits costs primarily due to lower incentive-based compensation accruals in 2024 as compared to 2023; and
- a decrease of \$4.2 million in nuclear generation expenses primarily due to a lower scope of work performed in 2024 as compared to 2023.

The decrease was partially offset by an increase of \$3 million in contract costs related to operational performance, customer service, and organizational health initiatives and an increase of \$2.5 million in loss provisions.

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Entergy Louisiana, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Entergy Louisiana records a regulatory charge or credit for the difference between asset retirement obligation-related expenses and nuclear decommissioning trust earnings plus asset retirement obligation-related costs collected in revenue.

Other income increased primarily due to:

- a decrease of \$10.5 million in non-service pension costs primarily as a result of pension settlement charges recorded in third quarter 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs; and
- changes in decommissioning trust fund activity, including portfolio rebalancing of the River Bend decommissioning trust fund in third quarter 2024.

Interest expense increased primarily due to the issuances of \$500 million of 5.35% Series mortgage bonds and \$700 million of 5.70% Series mortgage bonds, each in March 2024, and the issuance of \$700 million of 5.15% Series mortgage bonds in August 2024. The increase was partially offset by:

- the repayment of \$325 million of 4.05% Series mortgage bonds in August 2023;
- the repayment of \$300 million of 5.59% Series mortgage bonds in December 2023; and
- the repayment of \$400 million of 5.40% Series mortgage bonds in April 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Other operation and maintenance expenses increased primarily due to:

- an increase of \$10.5 million in contract costs related to operational performance, customer service, and organizational health initiatives;
- an increase of \$9 million in non-nuclear generation expenses primarily due to a higher scope of work, including during plant outages, performed in 2024 as compared to 2023;
- an increase of \$5.4 million in loss provisions;
- an increase of \$4.2 million in transmission costs allocated by MISO. See Note 2 to the financial statements in the Form 10-K for discussion of the recovery of these costs; and
- an increase of \$3.9 million in nuclear generation expenses primarily due to a higher scope of work, including during plant outages, performed in 2024 as compared to 2023.

The increase was partially offset by a decrease of \$6.9 million in power delivery expenses primarily due to the timing of vegetation maintenance costs.

Taxes other than income taxes increased primarily due to increases in ad valorem taxes resulting from higher assessments.

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Other regulatory charges (credits) - net includes:

- regulatory charges of \$150.2 million, recorded in second quarter 2024, to reflect the effects of an agreement in principle between Entergy Louisiana and the LPSC staff and the intervenors in July 2024 to renew

Entergy Louisiana's formula rate plan and resolve a number of other retail dockets and matters, including all formula rate plan test years prior to 2023. See Note 2 to the financial statements herein for discussion of the agreement in principle and the subsequently filed global stipulated settlement agreement; and

- a regulatory charge of \$103.4 million, recorded in first quarter 2023, to reflect Entergy Louisiana's obligation to provide credits to its customers as described in an LPSC ancillary order issued in the Hurricane Ida securitization regulatory proceeding. See Note 2 to the financial statements in the Form 10-K for discussion of the March 2023 storm cost securitization.

In addition, Entergy Louisiana records a regulatory charge or credit for the difference between asset retirement obligation-related expenses and nuclear decommissioning trust earnings plus asset retirement obligation-related costs collected in revenue.

Other income increased primarily due to:

- changes in decommissioning trust fund activity, including portfolio rebalancing of the River Bend decommissioning trust funds in 2024;
- a decrease of \$23.2 million in non-service pension costs primarily as a result of pension settlement charges recorded in third quarter 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs;
- an increase of \$17.6 million in affiliated dividend income from affiliated preferred membership interests, related to storm cost securitizations; and
- a \$14.6 million charge, recorded in first quarter 2023, for the LURC's 1% beneficial interest in the storm trust II established as part of the March 2023 storm cost securitization.

See Note 2 to the financial statements in the Form 10-K for discussion of the storm cost securitizations.

Interest expense increased primarily due to:

- the issuances of \$500 million of 5.35% Series mortgage bonds and \$700 million of 5.70% Series mortgage bonds, each in March 2024;
- the issuance of \$700 million of 5.15% Series mortgage bonds in August 2024; and
- a decrease in the allowance for borrowed funds used during construction due to lower construction work in progress in 2024.

The increase was partially offset by:

- the repayment of \$325 million of 4.05% Series mortgage bonds in August 2023;
- the repayment of \$300 million of 5.59% Series mortgage bonds in December 2023; and
- the repayment of \$400 million of 5.40% Series mortgage bonds in April 2024.

Income Taxes

The effective income tax rate was 22.6% for the third quarter 2024. The difference in the effective income tax rate for the third quarter 2024 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes and the amortization of state accumulated deferred income taxes as a result of tax rate changes, partially offset by the book and tax differences related to the non-taxable income distributions earned on preferred membership interests and certain book and tax differences related to utility plant items.

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The effective income tax rate was 19.6% for the nine months ended September 30, 2024. The difference in the effective income tax rate for the nine months ended September 30, 2024 versus the federal statutory rate of 21% was primarily due to the book and tax differences related to the non-taxable income distributions earned on preferred membership interests and certain book and tax differences related to utility plant items, partially offset by the accrual for state income taxes and the amortization of state accumulated deferred income taxes as a result of tax rate changes.

The effective income tax rate was 22.4% for the third quarter 2023. The difference in the effective income tax rate for the third quarter 2023 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes, partially offset by book and tax differences related to the non-taxable income distributions earned on preferred membership interests.

The effective income tax rate was 6.6% for the nine months ended September 30, 2023. The difference in the effective income tax rate for the nine months ended September 30, 2023 versus the federal statutory rate of 21% was primarily due to the reduction in income tax expense as a result of the March 2023 securitization of storm costs pursuant to Louisiana Act 55, as supplemented by Act 293 of the Louisiana Legislature's Regular Session of 2021 and book and tax differences related to the non-taxable income distributions earned on preferred membership interests, partially offset by the accrual for state income taxes and the amortization of state accumulated deferred income taxes as a result of a tax rate change. See Notes 2 and 10 to the financial statements herein for a discussion of the March 2023 storm cost securitization under Act 293.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Planned Sale of Gas Distribution Business

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Planned Sale of Gas Distribution Businesses**" in the Form 10-K for discussion of the planned sale of Entergy Louisiana's gas distribution business. The following are updates to that discussion.

In July 2024 the LPSC staff issued a report recommending LPSC approval of the application of Delta States Utilities LA, LLC (a Bernhard Capital Partners Management LP affiliate) and Entergy Louisiana and the transaction described therein as being in the public interest and proposing certain conditions. In August 2024 the LPSC issued an order accepting the LPSC staff's report and recommendation.

As discussed in the Form 10-K, in December 2023, Entergy New Orleans and the buyer of Entergy New Orleans's gas distribution business filed their joint application with the City Council seeking approval for the proposed transaction. In September 2024 the hearing officer certified the record of the proceeding for City Council consideration. A decision is targeted for first quarter 2025.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$2,772	\$56,613
Net cash provided by (used in):		
Operating activities	1,320,416	1,368,788
Investing activities	(881,330)	(2,734,954)
Financing activities	(340,519)	2,102,833
Net increase in cash and cash equivalents	98,567	736,667
Cash and cash equivalents at end of period	<u>\$101,339</u>	<u>\$793,280</u>

Operating Activities

Net cash flow provided by operating activities decreased \$48.4 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the timing of payments to vendors;
- lower collections from customers;
- the timing of recovery of fuel and purchased power costs. See Note 2 to the financial statements in the Form 10-K for a discussion of fuel and purchased power cost recovery;
- the refund of \$27.8 million received from System Energy in January 2023 related to the sale-leaseback renewal costs and depreciation litigation as calculated in System Energy's January 2023 compliance report filed with the FERC. See Note 2 to the financial statements in the Form 10-K for further discussion of the refund and the related proceedings; and
- an increase of \$17.6 million in interest paid.

The decrease was partially offset by:

- a decrease of \$21.9 million in spending on nuclear refueling outages in 2024 as compared to 2023;
- \$21 million received in third quarter 2024 related to the wind up of the NISCO partnership. See Note 1 to the financial statements herein for a discussion of the NISCO partnership; and
- a decrease of \$15.2 million in pension contributions resulting from the timing of contributions in 2024 compared to 2023. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding.

Investing Activities

Net cash flow used in investing activities decreased \$1,853.6 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the purchase in 2023 of \$1,457.7 million by the storm trust II of preferred membership interests issued by an Entergy affiliate. See Note 2 to the financial statements in the Form 10-K for a discussion of the March 2023 storm cost securitization and the storm trust II's investment in preferred membership interests;

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- a decrease in cash used of \$108.2 million as a result of fluctuations in nuclear fuel activity due to variations from year to year in the timing and pricing of fuel reload requirements, materials and services deliveries, and the timing of cash payments during the nuclear fuel cycle;
- a decrease of \$128.7 million in nuclear construction expenditures primarily due to decreased spending on various nuclear projects in 2024;
- an increase of \$70.2 million in redemptions of the preferred membership interests held by the storm trusts in 2024 as compared to 2023, as part of periodic redemptions that are expected to occur, subject to certain conditions, for the preferred membership interests that were issued in connection with the storm cost securitizations. See Note 2 to the financial statements in the Form 10-K for a discussion of the storm cost securitizations;
- money pool activity;
- a decrease of \$19.1 million in non-nuclear generation construction expenditures primarily due to a lower scope of work on projects performed in 2024 as compared to 2023; and
- a decrease of \$17.9 million in information technology capital expenditures primarily due to decreased spending on various technology projects in 2024.

The decrease was partially offset by an increase of \$28.1 million in distribution construction expenditures primarily due to increased investment in the resilience of the distribution system.

Increases in Entergy Louisiana's receivable from the money pool are a use of cash flow, and Entergy Louisiana's receivable from the money pool increased \$10.5 million for the nine months ended September 30, 2024 compared to increasing by \$79.1 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

Financing Activities

Entergy Louisiana's financing activities used \$340.5 million of cash for the nine months ended September 30, 2024 compared to providing \$2,102.8 million of cash for the nine months ended September 30, 2023 primarily due to the following activity:

- proceeds from securitization of \$1.5 billion received by the storm trust II in 2023
- a capital contribution of approximately \$1.5 billion in 2023 received indirectly from Entergy Corporation related to the March 2023 storm cost securitization;
- the repayment, prior to maturity, of \$1 billion of 0.95% Series mortgage bonds in August 2024;
- the repayment, prior to maturity, of \$400 million of 5.40% Series mortgage bonds in April 2024;
- an increase of \$346.1 million in common equity distributions paid in 2024 in order to maintain Entergy Louisiana's capital structure;
- the issuance of \$70 million of 5.94% Series J notes by the Entergy Louisiana Waterford variable interest entity in September 2023;
- an increase in net long-term repayments of \$24.7 million on the nuclear fuel company variable interest entities' credit facilities;
- a decrease of \$50 million in 2024 in net repayments on Entergy Louisiana's revolving credit facility;
- money pool activity;
- the repayment, at maturity, of \$325 million of 4.05% Series mortgage bonds in September 2023;
- the issuance of \$700 million of 5.15% Series mortgage bonds in August 2024; and
- the issuances of \$500 million of 5.35% Series mortgage bonds and \$700 million of 5.70% Series mortgage bonds in March 2024.

Decreases in Entergy Louisiana's payable to the money pool are a use of cash flow, and Entergy Louisiana's payable to the money pool decreased \$156.2 million for the nine months ended September 30, 2024 compared to decreasing by \$226.1 million for the nine months ended September 30, 2023.

See Note 4 to the financial statements herein and Note 5 to the financial statements in the Form 10-K for more details on long-term debt. See Note 2 to the financial statements in the Form 10-K for a discussion of the storm cost securitizations.

Capital Structure

Entergy Louisiana's debt to capital ratio is shown in the following table. The increase in the debt to capital ratio for Entergy Louisiana is primarily due to the net issuance of long-term debt in 2024.

	September 30, 2024	December 31, 2023
Debt to capital	46.1 %	44.9 %
Effect of subtracting cash	(0.2 %)	0.0 %
Net debt to net capital (non-GAAP)	45.9 %	44.9 %

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings, finance lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. Entergy Louisiana uses the debt to capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Louisiana's financial condition. The net debt to net capital ratio is a non-GAAP measure. Entergy Louisiana also uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Louisiana's financial condition because net debt indicates Entergy Louisiana's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Louisiana's uses and sources of capital. The following are updates to the information provided in the Form 10-K.

Entergy Louisiana is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$12.9 billion in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary estimate includes investments in generation projects to modernize, decarbonize, and diversify Entergy Louisiana's portfolio, as well as to support customer growth, including Bayou Power Station and new generation resources in north Louisiana; investments in River Bend and Waterford 3; distribution and Utility support spending to improve reliability, resilience, and customer experience; transmission spending to improve reliability and resilience while also supporting renewables expansion and customer growth; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, government actions, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

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Entergy Louisiana's receivables from or (payables to) the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$10,473	(\$156,166)	\$79,136	(\$226,114)

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Louisiana has a credit facility in the amount of \$400 million scheduled to expire in June 2029. The credit facility includes fronting commitments for the issuance of letters of credit against \$15 million of the borrowing capacity of the facility. As of September 30, 2024, there were no cash borrowings and no letters of credit outstanding under the credit facility. In addition, Entergy Louisiana is a party to an uncommitted letter of credit facility as a means to post collateral to support its obligations to MISO. As of September 30, 2024, \$19.7 million in letters of credit were outstanding under Entergy Louisiana's uncommitted letter of credit facility. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

The Entergy Louisiana nuclear fuel company variable interest entities have two separate credit facilities, each in the amount of \$105 million and scheduled to expire in June 2027. As of September 30, 2024, \$21.7 million in loans were outstanding under the credit facility for the Entergy Louisiana River Bend nuclear fuel company variable interest entity and \$26.8 million in loans were outstanding under the credit facility for the Entergy Louisiana Waterford nuclear fuel company variable interest entity. See Note 4 to the financial statements herein for additional discussion of the nuclear fuel company variable interest entity credit facilities.

Alternative RFP and Certification

As discussed in the Form 10-K, in March 2023, Entergy Louisiana made the first phase of a bifurcated filing to seek approval from the LPSC for an alternative to the requests for proposals (RFP) process that would enable the acquisition of up to 3 GW of solar resources on a faster timeline than the current RFP and certification process allows. The initial phase of the filing established the need for the acquisition of additional resources and the need for an alternative to the RFP process. The second phase of the filing, which contains the details of the proposal for the alternative competitive procurement process and the information necessary to support certification, was filed in May 2023. In addition to the acquisition of up to 3 GW of solar resources, the filing also seeks approval of a new renewable energy credits-based tariff, Rider Geaux ZERO. In May 2024 the LPSC voted to approve the application, and in June 2024 the LPSC issued an order reflecting that approval. In August 2024, Entergy Louisiana issued the first RFP pursuant to this order in solicitation of solar resources that meet the requirements of the LPSC's order.

Resilience and Grid Hardening

As discussed in the Form 10-K, in December 2022, Entergy Louisiana filed an application with the LPSC seeking a public interest finding regarding Phase I of Entergy Louisiana's Future Ready resilience plan and approval of a rider mechanism to recover the program's costs. Phase I in the December 2022 application reflected the first five years of a ten-year resilience plan and included investment of approximately \$5 billion, including hardening investment, transmission dead-end structures, enhanced vegetation management, and telecommunications improvement. In April 2024 the LPSC approved a framework which includes an initial five-year resilience plan providing for an investment of approximately \$1.9 billion with cost recovery via a forward-looking rider with semi-annual true-ups. The plan is subject to specified reporting requirements and includes a performance review of the hardened assets. The LPSC order approving the framework does not include any restrictions on Entergy Louisiana's ability to file applications for approval of additional investments in resilience.

Bayou Power Station

In March 2024, Entergy Louisiana filed an application with the LPSC seeking certification that the public convenience and necessity would be served by the construction of the Bayou Power Station, a 112 MW aggregated capacity floating natural gas power station with black-start capability in Leeville, Louisiana and an associated microgrid that would serve nearby areas, including Port Fourchon, Golden Meadow, Leeville, and Grand Isle. In its application, Entergy Louisiana noted that the estimated cost of the Bayou Power Station was \$411 million, including estimated costs of transmission interconnection and other related costs. In October 2024, Entergy Louisiana filed a motion to suspend the procedural schedule in this proceeding in order to evaluate certain recent developments related to the project including potential changes to the estimated cost of the project. Entergy Louisiana will determine next steps for the project after fully evaluating these developments. Subject to timely approval by the LPSC and receipt of other permits and approvals, commercial operation is expected to occur by the end of 2028.

Additional Generation and Transmission Resources

In October 2024, Entergy Louisiana filed an application with the LPSC seeking approval of a variety of generation and transmission resources proposed in connection with establishing service to a new customer facility in north Louisiana, for which an electric service agreement has been executed. The filing requests LPSC certification of three new combined cycle combustion turbine generation resources totaling 2,262 MW, each of which will be enabled for future carbon capture and storage, a new 500 KV transmission line, and 500 KV substation upgrades. The application also requests approval to implement a corporate sustainability rider applicable to the new customer. The corporate sustainability rider contemplates the new customer contributing to the costs of the future addition of 1,500 MW of new solar and energy storage resources, agreements involving carbon capture and storage at Entergy Louisiana's existing Lake Charles Power Station, and potential future wind and nuclear resources. The combined cost of the first two new generation resources is estimated to be approximately \$2,387 million, and these units are expected to achieve commercial operation in 2028. The third new generation resource is currently expected to have an estimated cost similar to the first two new generation resources and is expected to achieve commercial operation in 2029. The cost of the new 500 KV transmission line is estimated to be \$546 million. Entergy Louisiana anticipates funding the incremental cost to serve the customer through direct financial contributions from the customer and the revenues it expects to earn under the electric service agreement. The application requests an LPSC decision by September 2025 in order to support the customer's schedule for taking electric service for the new facility.

Hurricane Francine

In September 2024, Hurricane Francine caused damage to the areas served by Entergy Louisiana and Entergy New Orleans. The storm resulted in widespread power outages, primarily due to damage to distribution infrastructure as a result of strong winds and heavy rain, and the loss of sales during the power outages. Total restoration costs for the repair and/or replacement of Entergy Louisiana's electric facilities damaged by Hurricane Francine are currently estimated to be in the range of \$185 million to \$205 million. Entergy Louisiana is considering all available avenues to recover storm-related costs from Hurricane Francine, including accessing funded storm reserve escrows. Storm cost recovery or financing will be subject to review by applicable regulatory authorities.

Based on the historic treatment of such costs for similar storm events in the area served by Entergy Louisiana, management believes that recovery of restoration costs is probable. There are well established mechanisms and precedent for addressing these events and providing for recovery of prudently incurred storm costs in accordance with applicable regulatory and legal principles. Because Entergy Louisiana has not gone through the regulatory process regarding these storm costs; however, there is an element of risk, and Entergy Louisiana is unable to predict with certainty the degree of success it may have in its recovery initiatives, the amount of restoration costs that it may ultimately recover, or the timing of such recovery.

Nelson Industrial Steam Company

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nelson Industrial Steam Company**" in the Form 10-K for information on Entergy Louisiana's NISCO partnership. The following is an update to that discussion.

In August 2024, Entergy Louisiana and its partners in the NISCO partnership entered into an agreement related to the wind up of the partnership, which resulted in the transfer of ownership of the non-operating facilities to Entergy Louisiana. The transaction was not material to Entergy Louisiana's results of operations, cash flows, or financial condition.

State and Local Rate Regulation and Fuel-Cost Recovery

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation and Fuel Cost Recovery**" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. The following are updates to that discussion.

Retail Rates

2023 Entergy Louisiana Rate Case and Formula Rate Plan Extension Request

As discussed in the Form 10-K, in August 2023, Entergy Louisiana filed an application for approval of a regulatory blueprint necessary for it to strengthen the electric grid for the State of Louisiana, which contains a dual-path request to update rates through either: (1) extension of Entergy Louisiana's current formula rate plan (with certain modifications) for three years (the Rate Mitigation Proposal), which is Entergy Louisiana's recommended path; or (2) implementation of rates resulting from a cost-of-service study (the Rate Case path). The application complies with Entergy Louisiana's previous formula rate plan extension order requiring that for Entergy Louisiana to obtain another extension of its formula rate plan that included a rate reset, Entergy Louisiana would need to submit a full cost-of-service rate case. Entergy Louisiana's filing supports the need to extend Entergy Louisiana's formula rate plan with credit supportive mechanisms needed to facilitate investment in the distribution, transmission, and generation functions.

A status conference was held in October 2023 at which a procedural schedule was adopted that included three technical conferences and a hearing in August 2024. In March 2024 the parties agreed to an eight-week extension of all deadlines to allow for continuation of settlement negotiations, and the ALJ issued an order with an amended procedural schedule. In July 2024 the parties agreed to extend further the procedural schedule to facilitate the continuation of settlement negotiations, with the hearing commencing in December 2024.

In July 2024, Entergy Louisiana reached an agreement in principle with the LPSC staff and the intervenors in the proceeding and filed with the LPSC a joint motion to suspend the procedural schedule to allow for all parties to finalize a stipulated settlement agreement.

In August 2024, Entergy Louisiana and the LPSC staff jointly filed a global stipulated settlement agreement for consideration by the LPSC with key terms as follows:

- continuation of the formula rate plan for 2024-2026 (test years 2023-2025);
- a base formula rate plan revenue increase of \$120 million for test year 2023, effective for rates beginning September 2024;
- a \$140 million cumulative cap on base formula rate plan revenue increases, if needed, for test years 2024 and 2025, excluding outside the bandwidth items;

- \$184 million of customer rate credits to be given over two years, including increasing customer sharing of income tax benefits resulting from the 2016-2018 IRS audit, to resolve any remaining disputed issues stemming from formula rate plan test years prior to test year 2023, including but not limited to the investigation into Entergy Services costs billed to Entergy Louisiana. As discussed in Note 3 to the financial statements in the Form 10-K, a \$38 million regulatory liability was recorded in 2023 in connection with the 2016-2018 IRS audit;
- \$75.5 million of customer rate credits, as provided for in the System Energy global settlement, to be credited over three years subject to and conditioned upon FERC approval of the System Energy global settlement. See "**Complaints Against System Energy – System Energy Settlement with the LPSC**" in Note 2 to the financial statements herein for further details of the System Energy global settlement;
- \$5.8 million of customer rate credits provided for in the Entergy Louisiana formula rate plan global settlement agreement approved by the LPSC in November 2023 credited over one year. See Note 2 to the financial statements in the Form 10-K for the discussion of the November 2023 Entergy Louisiana formula rate plan global settlement agreement;
- an increase in the allowed midpoint return on common equity from 9.5% to 9.7%, with a bandwidth of 40 basis points above and below the midpoint, for the extended term of the formula rate plan, except that for test year 2023 in which the authorized return on common equity shall have no bearing on the change in base formula rate plan revenue described above and, for test year 2024, any earnings above the authorized return on common equity shall be returned to customers through a credit;
- an increase in nuclear depreciation rates by \$15 million in each of the 2023, 2024, and 2025 test years outside of the formula rate plan bandwidth calculation; and
- for the transmission recovery mechanism and the distribution recovery mechanism, no change to the existing floors, but the caps for both would be \$350 million for test year 2023, \$375 million for test year 2024, and \$400 million for test year 2025. Transmission projects filed with the LPSC will be exempt from the transmission recovery mechanism cap.

The global stipulated settlement agreement was unanimously approved by the LPSC in August 2024 and an order was issued by the LPSC in September 2024 reflecting the approval of the settlement.

Based on the July 2024 agreement in principle, in second quarter 2024 Entergy Louisiana recorded expenses of \$151 million (\$111 million net-of-tax) primarily consisting of regulatory charges to reflect the effects of the agreement in principle.

2023 Formula Rate Plan Filing

In August 2024, pursuant to the global stipulated settlement agreement, Entergy Louisiana filed its formula rate plan evaluation report for its 2023 calendar year operations. Consistent with the global stipulated settlement agreement, the filing reflected a 9.7% allowed return on common equity with a bandwidth of 40 basis points above and below the midpoint. For the 2023 test year, however, the bandwidth provisions of the formula rate plan are temporarily suspended and, pursuant to the terms of the global stipulated settlement agreement, Entergy Louisiana implemented the September 2024 formula rate plan rate adjustments effective with the first billing cycle of September 2024. Those adjustments include a \$120 million increase in base rider formula rate plan revenue and a \$101.8 million one-time incremental net decrease consistent with the terms of the global stipulated settlement. The formula rate plan rate adjustments reflected in the evaluation report also include a redetermination of the transmission recovery mechanism, the distribution recovery mechanism, the additional capacity mechanism, the tax adjustment mechanism, the MISO cost recovery mechanism, and other one-time adjustments. Pursuant to the terms of the global stipulated settlement agreement, the review of the 2023 evaluation report shall be limited to these mechanisms and conducted under an expedited procedural schedule that provides a process for the parties to file and pursue resolution of any disputed issues by January 2025, after which any remaining disputed issues will be submitted to the ALJ for a contested proceeding and, ultimately, resolution by the LPSC.

Industrial and Commercial Customers

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Industrial and Commercial Customers**" in the Form 10-K for a discussion of industrial and commercial customers.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Federal Regulation**" in the Form 10-K for a discussion of federal regulation.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters. The following is an update to that discussion.

NRC Reactor Oversight Process

The NRC's Reactor Oversight Process is a program to collect information about plant performance, assess the information for its safety significance, and provide for appropriate licensee and NRC response. The NRC evaluates plant performance by analyzing two distinct inputs: inspection findings resulting from the NRC's inspection program and performance indicators reported by the licensee. The evaluations result in the placement of each plant in one of the NRC's Reactor Oversight Process Action Matrix columns: "licensee response column," or Column 1, "regulatory response column," or Column 2, "degraded cornerstone column," or Column 3, "multiple/repetitive degraded cornerstone column," or Column 4, and "unacceptable performance," or Column 5. Plants in Column 1 are subject to normal NRC inspection activities. Plants in Column 2, Column 3, or Column 4 are subject to progressively increasing levels of inspection by the NRC with, in general, progressively increasing levels of associated costs. Continued plant operation is not permitted for plants in Column 5. River Bend is currently in Column 1, and Waterford 3 is currently in Column 2.

In August 2024 the NRC placed Waterford 3 in Column 2, effective second quarter 2024, based on exceeding the threshold for reactor scrams in June 2024. Waterford 3 will remain in Column 2 until a supplemental inspection is satisfactorily completed.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Louisiana's accounting for nuclear decommissioning costs, utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "**New Accounting Pronouncements**" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$1,464,627	\$1,421,598	\$3,898,864	\$3,933,259
Natural gas	13,466	13,269	57,793	52,428
TOTAL	1,478,093	1,434,867	3,956,657	3,985,687
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	328,444	242,886	815,102	848,521
Purchased power	147,281	162,934	514,429	491,244
Nuclear refueling outage expenses	19,617	17,569	57,171	45,430
Other operation and maintenance	266,743	285,251	802,890	781,339
Decommissioning	20,340	19,138	60,065	56,544
Taxes other than income taxes	52,006	60,360	192,474	185,978
Depreciation and amortization	193,422	184,188	573,827	541,530
Other regulatory charges (credits) - net	(18,689)	(21,470)	93,255	27,759
TOTAL	1,009,164	950,856	3,109,213	2,978,345
OPERATING INCOME	468,929	484,011	847,444	1,007,342
OTHER INCOME				
Allowance for equity funds used during construction	8,653	6,945	23,460	24,660
Interest and investment income (loss)	34,182	(11,482)	112,374	49,241
Interest and investment income - affiliated	77,877	80,971	238,356	218,274
Miscellaneous - net	(38,689)	(6,411)	(106,510)	(97,079)
TOTAL	82,023	70,023	267,680	195,096
INTEREST EXPENSE				
Interest expense	101,842	93,857	297,573	285,959
Allowance for borrowed funds used during construction	(2,988)	(3,019)	(8,058)	(11,733)
TOTAL	98,854	90,838	289,515	274,226
INCOME BEFORE INCOME TAXES	452,098	463,196	825,609	928,212
Income taxes	102,303	103,889	161,977	61,621
NET INCOME	349,795	359,307	663,632	866,591
Net income attributable to noncontrolling interests	775	810	2,358	2,183
EARNINGS APPLICABLE TO MEMBER'S EQUITY	\$349,020	\$358,497	\$661,274	\$864,408

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)			
Net Income	\$349,795	\$359,307	\$663,632	\$866,591
Other comprehensive loss				
Pension and other postretirement adjustment (net of tax benefit of \$ 746, \$674, \$2,237, and \$1,617)	(2,024)	(1,829)	(6,071)	(4,388)
Other comprehensive loss	(2,024)	(1,829)	(6,071)	(4,388)
Comprehensive Income	347,771	357,478	657,561	862,203
Net income attributable to noncontrolling interests	775	810	2,358	2,183
Comprehensive Income Applicable to Member's Equity	<u>\$346,996</u>	<u>\$356,668</u>	<u>\$655,203</u>	<u>\$860,020</u>

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$663,632	\$866,591
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	694,525	650,800
Deferred income taxes, investment tax credits, and non-current taxes accrued	173,820	127,074
Changes in working capital:		
Receivables	(212,759)	(54,518)
Fuel inventory	7,580	(19,194)
Accounts payable	(54,722)	(153,749)
Taxes accrued	140,193	57,979
Interest accrued	(15,338)	(9,687)
Deferred fuel costs	61,893	133,090
Other working capital accounts	(254,340)	(262,001)
Changes in provisions for estimated losses	11,205	7,249
Changes in other regulatory assets	(92,733)	390,864
Changes in other regulatory liabilities	384,975	200,267
Effect of securitization on regulatory asset	—	(491,150)
Changes in pension and other postretirement funded status	(33,849)	(43,909)
Other	(153,666)	(30,918)
Net cash flow provided by operating activities	1,320,416	1,368,788
INVESTING ACTIVITIES		
Construction expenditures	(1,031,418)	(1,194,315)
Allowance for equity funds used during construction	23,460	24,660
Proceeds from sale of assets	1,495	—
Nuclear fuel purchases	(74,597)	(136,357)
Proceeds from sale of nuclear fuel	63,197	16,733
Payments to storm reserve escrow account	(9,843)	(10,463)
Purchase of preferred membership interests of affiliate	—	(1,457,676)
Redemption of preferred membership interests of affiliate	194,604	124,364
Proceeds from nuclear decommissioning trust fund sales	554,371	473,394
Investment in nuclear decommissioning trust funds	(600,068)	(516,047)
Changes in money pool receivable - net	(10,473)	(79,136)
Insurance proceeds received for property damages	7,907	19,493
Decrease in other investments	35	396
Net cash flow used in investing activities	(881,330)	(2,734,954)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	2,650,002	1,196,927
Retirement of long-term debt	(2,199,926)	(1,505,325)
Proceeds received by storm trust related to securitization	—	1,457,676
Capital contribution from parent	—	1,457,676
Changes in money pool payable - net	(156,166)	(226,114)
Common equity distributions paid	(664,100)	(318,000)
Other	29,671	39,993
Net cash flow provided by (used in) financing activities	(340,519)	2,102,833
Net increase in cash and cash equivalents	98,567	736,667
Cash and cash equivalents at beginning of period	2,772	56,613
Cash and cash equivalents at end of period	\$101,339	\$793,280

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid (received) during the period for:

Interest - net of amount capitalized	\$306,589	\$288,987
Income taxes	\$58	(\$6,037)
Noncash investing activities:		
Accrued construction expenditures	\$102,761	\$111,341

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023		
	(In Thousands)			
CURRENT ASSETS				
Cash and cash equivalents:				
Cash	\$572	\$2,255		
Temporary cash investments	100,767	517		
Total cash and cash equivalents	101,339	2,772		
Accounts receivable:				
Customer	394,006	264,776		
Allowance for doubtful accounts	(5,703)	(6,156)		
Associated companies	171,439	82,292		
Other	58,441	74,685		
Accrued unbilled revenues	222,819	202,173		
Total accounts receivable	841,002	617,770		
Deferred fuel costs	—	24,800		
Fuel inventory - at average cost	50,238	57,818		
Materials and supplies - at average cost	749,198	652,180		
Deferred nuclear refueling outage costs	47,307	96,047		
Prepayments and other	310,196	71,613		
TOTAL	2,099,280	1,523,000		
OTHER PROPERTY AND INVESTMENTS				
Investment in affiliate preferred membership interests	4,301,641	4,496,245		
Decommissioning trust funds	2,414,795	2,107,384		
Non-utility property - at cost (less accumulated depreciation)	407,752	404,043		
Storm reserve escrow account	253,662	243,819		
Other	9,668	9,367		
TOTAL	7,387,518	7,260,858		
UTILITY PLANT				
Electric	28,479,977	27,800,467		
Natural gas	328,174	315,658		
Construction work in progress	753,066	592,803		
Nuclear fuel	258,395	333,472		
TOTAL UTILITY PLANT	29,819,612	29,042,400		
Less - accumulated depreciation and amortization	10,913,299	10,570,707		
UTILITY PLANT - NET	18,906,313	18,471,693		
DEFERRED DEBITS AND OTHER ASSETS				
Regulatory assets:				
Other regulatory assets	1,741,585	1,648,852		
Deferred fuel costs	168,122	168,122		
Other	55,524	36,945		
TOTAL	1,965,231	1,853,919		
TOTAL ASSETS	\$30,358,342	\$29,109,470		

See Notes to Financial Statements.

ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$300,000	\$1,400,000
Accounts payable:		
Associated companies	92,973	283,016
Other	519,527	467,414
Customer deposits	172,631	167,905
Taxes accrued	206,656	66,463
Interest accrued	76,318	91,656
Deferred fuel costs	37,093	—
Other	108,904	87,468
TOTAL	1,514,102	2,563,922
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	2,554,396	2,391,442
Accumulated deferred investment tax credits	89,820	93,242
Regulatory liability for income taxes - net	194,426	193,754
Other regulatory liabilities	1,791,992	1,407,689
Decommissioning	1,940,069	1,836,240
Accumulated provisions	275,074	263,869
Pension and other postretirement liabilities	238,586	271,928
Long-term debt	9,576,127	8,020,689
Other	617,887	493,176
TOTAL	17,278,377	14,972,029
Commitments and Contingencies		
EQUITY		
Member's equity	11,471,670	11,473,614
Accumulated other comprehensive income	48,727	54,798
Noncontrolling interests	45,466	45,107
TOTAL	11,565,863	11,573,519
TOTAL LIABILITIES AND EQUITY	\$30,358,342	\$29,109,470

See Notes to Financial Statements.

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ENTERGY LOUISIANA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Noncontrolling Interests	Member's Equity	Accumulated Other Comprehensive Income	Total
(In Thousands)				
Balance at December 31, 2022	\$31,735	\$9,406,343	\$55,370	\$9,493,448
Net income	554	243,470	—	244,024
Other comprehensive loss	—	—	(786)	(786)
Capital contribution from parent	—	1,457,676	—	1,457,676
Common equity distributions	—	(160,250)	—	(160,250)
Beneficial interest in storm trust	14,577	—	—	14,577
Distribution to LURC	(470)	—	—	(470)
Other	—	(28)	—	(28)
Balance at March 31, 2023	46,396	10,947,211	54,584	11,048,191
Net income	819	262,441	—	263,260
Other comprehensive loss	—	—	(1,773)	(1,773)
Other	—	15	—	15
Balance at June 30, 2023	47,215	11,209,667	52,811	11,309,693
Net income	810	358,497	—	359,307
Other comprehensive loss	—	—	(1,829)	(1,829)
Common equity distributions	—	(157,750)	—	(157,750)
Distribution to LURC	(811)	—	—	(811)
Other	—	(12)	—	(12)
Balance at September 30, 2023	\$47,214	\$11,410,402	\$50,982	\$11,508,598
Balance at December 31, 2023	\$45,107	\$11,473,614	\$54,798	\$11,573,519
Net income	795	181,928	—	182,723
Other comprehensive loss	—	—	(2,024)	(2,024)
Non-cash contribution from parent	—	976	—	976
Common equity distributions	—	(97,500)	—	(97,500)
Distributions to LURC	(858)	—	—	(858)
Other	—	(43)	—	(43)
Balance at March 31, 2024	45,044	11,558,975	52,774	11,656,793
Net income	788	130,326	—	131,114
Other comprehensive loss	—	—	(2,023)	(2,023)
Common equity distributions	—	(566,600)	—	(566,600)
Distributions to LURC	(299)	—	—	(299)
Other	—	(40)	—	(40)
Balance at June 30, 2024	45,533	11,122,661	50,751	11,218,945
Net income	775	349,020	—	349,795
Other comprehensive loss	—	—	(2,024)	(2,024)
Distributions to LURC	(842)	—	—	(842)
Other	—	(11)	—	(11)
Balance at September 30, 2024	\$45,466	\$11,471,670	\$48,727	\$11,565,863

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Third Quarter 2024 Compared to Third Quarter 2023

Net income increased \$5.6 million primarily due to higher retail electric price, partially offset by lower volume/weather, higher other operation and maintenance expenses, and higher taxes other than income taxes.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income increased \$33.4 million primarily due to higher retail electric price, partially offset by higher taxes other than income taxes and higher interest expense.

Operating Revenues

Third Quarter 2024 Compared to Third Quarter 2023

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$538.8
Fuel, rider, and other revenues that do not significantly affect net income	(46.7)
Volume/weather	(11.0)
Retail electric price	27.1
2024 operating revenues	\$508.2

Entergy Mississippi's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales, partially offset by an increase in weather-adjusted commercial usage.

The retail electric price variance is primarily due to increases in formula rate plan rates effective April 2024 and July 2024, including the implementation of the interim facilities rate adjustment effective over six months beginning in July 2024. See Note 2 to the financial statements herein for discussion of the formula rate plan filings.

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Entergy Mississippi, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Total electric energy sales for Entergy Mississippi for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	1,774	1,925	(8)
Commercial	1,380	1,436	(4)
Industrial	647	647	—
Governmental	113	119	(5)
Total retail	3,914	4,127	(5)
Sales for resale:			
Non-associated companies	1,287	961	34
Total	5,201	5,088	2

See Note 12 to the financial statements herein for additional discussion of Entergy Mississippi's operating revenues.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$1,396.4
Fuel, rider, and other revenues that do not significantly affect net income	(79.3)
Volume/weather	(2.4)
Retail electric price	51.2
2024 operating revenues	\$1,365.9

Entergy Mississippi's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to a decrease in weather-adjusted residential usage and the effect of less favorable weather on commercial sales. The decrease is substantially offset by an increase in weather-adjusted commercial usage and the effect of more favorable weather on residential sales.

The retail electric price variance is primarily due to increases in formula rate plan rates effective April 2024 and July 2024. See Note 2 to the financial statements herein for discussion of the formula rate plan filings.

Total electric energy sales for Entergy Mississippi for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	4,317	4,336	—
Commercial	3,554	3,556	—
Industrial	1,736	1,779	(2)
Governmental	304	311	(2)
Total retail	9,911	9,982	(1)
Sales for resale:			
Non-associated companies	4,244	3,734	14
Total	14,155	13,716	3

See Note 12 to the financial statements herein for additional discussion of Entergy Mississippi's operating revenues.

Other Income Statement Variances

Third Quarter 2024 Compared to Third Quarter 2023

Other operation and maintenance expenses increased primarily due to:

- an increase of \$6.4 million in storm damage provisions. See Note 2 to the financial statements herein and in the Form 10-K for discussion of Entergy Mississippi's storm damage mitigation and restoration rider;
- an increase of \$1.3 million in contract costs related to operational performance, customer service, and organizational health initiatives; and
- several individually insignificant items.

The increase was partially offset by a decrease of \$3.9 million in power delivery expenses primarily due to the timing of vegetation maintenance costs.

Taxes other than income taxes increased primarily due to increases in ad valorem taxes resulting from higher assessments.

Interest expense increased primarily due to the issuance of \$300 million of 5.85% Series mortgage bonds in May 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Other operation and maintenance expenses increased primarily due to:

- an increase of \$4.7 million in contract costs related to operational performance, customer service, and organizational health initiatives;
- an increase of \$2.3 million in compensation and benefits costs primarily due to higher healthcare claims activity in 2024;
- an increase of \$2.3 million in energy efficiency expenses primarily due to the timing of recovery from customers; and
- several individually insignificant items.

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Entergy Mississippi, LLC and Subsidiaries

Management's Financial Discussion and Analysis

The increase was partially offset by a decrease of \$5.3 million in power delivery expenses primarily due to the timing of vegetation maintenance costs.

Taxes other than income taxes increased primarily due to increases in ad valorem taxes resulting from higher assessments.

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Other regulatory charges (credits) - net includes regulatory credits of \$7.3 million, recorded in second quarter 2024, to reflect the effects of the joint stipulation reached in the 2024 formula rate plan filing proceeding. See Note 2 to the financial statements herein for discussion of the 2024 formula rate plan filing.

Interest expense increased primarily due to the issuance of \$300 million of 5.85% Series mortgage bonds in May 2024 and higher interest expense from carrying costs related to the deferred fuel balance, partially offset by the repayment of a \$150 million unsecured term loan, of which \$50 million was repaid in May 2023 and \$100 million was repaid in December 2023.

Income Taxes

The effective income tax rates were 25.0% for the third quarter 2024 and 24.2% for the nine months ended September 30, 2024. The differences in the effective income tax rates for the third quarter 2024 and the nine months ended September 30, 2024 versus the federal statutory rate of 21% were primarily due to the accrual for state income taxes, partially offset by certain book and tax differences related to utility plant items.

The effective income tax rates were 24.2% for the third quarter 2023 and 24.5% for the nine months ended September 30, 2023. The differences in the effective income tax rates for the third quarter 2023 and the nine months ended September 30, 2023 versus the federal statutory rate of 21% were primarily due to the accrual for state income taxes, partially offset by certain book and tax differences related to utility plant items.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$6,630	\$16,979
Net cash provided by (used in):		
Operating activities	448,253	408,904
Investing activities	(481,457)	(433,505)
Financing activities	63,707	17,938
Net increase (decrease) in cash and cash equivalents	30,503	(6,663)
Cash and cash equivalents at end of period	<u><u>\$37,133</u></u>	<u><u>\$10,316</u></u>

Operating Activities

Net cash flow provided by operating activities increased \$39.3 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to lower fuel costs and a decrease of \$11.3 million in pension contributions resulting from the timing of contributions in 2024 compared to 2023. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K and Note 6 to the financial statements herein for a discussion of qualified pension and other postretirement benefits funding. The increase was partially offset by:

- the timing of recovery of fuel and purchased power costs. See Note 2 to the financial statements herein and in the Form 10-K for a discussion of fuel and purchased power cost recovery;
- the timing of payments to vendors;
- lower collections from customers; and
- an increase of \$7 million in interest paid.

Investing Activities

Net cash flow used in investing activities increased \$48.0 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- an increase of \$60.8 million in transmission construction expenditures primarily due to increased development in Entergy Mississippi's service area;
- an increase of \$45.3 million in non-nuclear generation construction expenditures primarily due to higher spending on the Delta Blues Advanced Power Station project in 2024; and
- money pool activity.

The increase was partially offset by:

- a decrease of \$33.7 million in distribution construction expenditures primarily due to lower capital expenditures for storm restoration in 2024; and
- the substantial completion payment of approximately \$30.4 million in April 2023 for the purchase of the Sunflower Solar facility by a consolidated tax equity partnership. See Note 14 to the financial statements in the Form 10-K for discussion of the Sunflower Solar facility purchase.

Increases in Entergy Mississippi's receivable from the money pool are a use of cash flow, and Entergy Mississippi's receivable from the money pool increased \$3.4 million for the nine months ended September 30, 2024 compared to decreasing by \$26.9 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

Financing Activities

Net cash flow provided by financing activities increased \$45.8 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to the repayment, prior to maturity, of \$250 million of 3.10% Series mortgage bonds in June 2023 and the repayment, prior to maturity, in May 2023, of \$50 million of an unsecured term loan due December 2023. The increase was partially offset by:

- the repayment, prior to maturity, of \$100 million of 3.75% Series mortgage bonds in June 2024;
- money pool activity;
- a capital contribution of \$25.7 million received in April 2023 from the noncontrolling tax equity investor in MS Sunflower Partnership, LLC and used by the partnership for payments in the acquisition of the

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Entergy Mississippi, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Sunflower Solar facility. See Note 14 to the financial statements in the Form 10-K for discussion of the Sunflower Solar facility purchase; and

- a decrease of \$21.2 million in prepaid deposits related to contributions-in-aid-of-construction primarily for customer and generator interconnection agreements.

Decreases in Entergy Mississippi's payable to the money pool are a use of cash flow, and Entergy Mississippi's payable to the money pool decreased \$73.8 million for the nine months ended September 30, 2024 compared to increasing by \$23.9 million for the nine months ended September 30, 2023.

Capital Structure

Entergy Mississippi's debt to capital ratio is shown in the following table.

	September 30, 2024	December 31, 2023
Debt to capital	50.9 %	50.5 %
Effect of subtracting cash	(0.3 %)	(0.1 %)
Net debt to net capital (non-GAAP)	50.6 %	50.4 %

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings, finance lease obligations, and long-term debt, including the currently maturing portion. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. Entergy Mississippi uses the debt to capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Mississippi's financial condition. The net debt to net capital ratio is a non-GAAP measure. Entergy Mississippi uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Mississippi's financial condition because net debt indicates Entergy Mississippi's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Mississippi's uses and sources of capital. The following are updates to the information provided in the Form 10-K.

Entergy Mississippi is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$3.7 billion in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary estimate includes investments in generation projects to modernize, decarbonize, and diversify Entergy Mississippi's portfolio, as well as to support customer growth, including Delta Blues Advanced Power Station and additional solar generation; distribution and Utility support spending to improve reliability, resilience, and customer experience; transmission spending to improve reliability and resilience while also supporting renewables expansion and customer growth; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, government actions, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

Entergy Mississippi's receivables from or (payables to) the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$3,400	(\$73,769)	(\$23,893)	\$26,879

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Mississippi has a credit facility in the amount of \$300 million scheduled to expire in June 2029. The credit facility includes fronting commitments for the issuance of letters of credit against \$5 million of the borrowing capacity of the facility. As of September 30, 2024, there were no cash borrowings and no letters of credit outstanding under the credit facility. In addition, Entergy Mississippi is a party to an uncommitted letter of credit facility as a means to post collateral to support its obligations to MISO and for other purposes. As of September 30, 2024, \$31.8 million in MISO letters of credit and \$1.3 million in non-MISO letters of credit were outstanding under this facility. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

Delta Blues Advanced Power Station

In September 2024, Entergy Mississippi announced plans to construct, own, and operate the Delta Blues Advanced Power Station, a 754 MW combined-cycle combustion turbine facility, to be located in Washington County, Mississippi. The facility will primarily be powered by natural gas, and it will also be enabled with carbon capture and hydrogen co-firing optionality. The Delta Blues Advanced Power Station will cost an estimated \$1.2 billion. State legislation passed in January 2024 provides for the pre-certification of construction for certain types of facilities that directly or indirectly provide electric service to customers with defined projects under the legislation. Construction of the Delta Blues Advanced Power Station qualifies under this legislation for pre-certification. As enabled by this legislation, Entergy Mississippi began recovery of certain costs of construction of the Delta Blues Advanced Power Station through the interim facilities rate adjustments provision of its formula rate plan rider, which rates became effective in July 2024. Non-fuel revenue collected from the facility's customer will be included in the formula rate plan to offset the facility's revenue requirement. Construction is in progress and the facility is expected to be in service by 2028.

State and Local Rate Regulation and Fuel-Cost Recovery

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation and Fuel-Cost Recovery**" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. The following are updates to that discussion.

Retail Rates

2024 Formula Rate Plan Filing

In March 2024, Entergy Mississippi submitted its formula rate plan 2024 test year filing and 2023 look-back filing showing Entergy Mississippi's earned return on rate base for the historical 2023 calendar year to be within the formula rate plan bandwidth and projected earned return for the 2024 calendar year to be below the formula rate plan bandwidth. The 2024 test year filing showed a \$63.4 million rate increase was necessary to reset Entergy Mississippi's earned return on rate base to the specified point of adjustment of 7.10%, within the formula rate plan bandwidth. The 2023 look-back filing compared actual 2023 results to the approved benchmark return on rate base and reflected no change in formula rate plan revenues. In accordance with the provisions of the formula rate plan, Entergy Mississippi implemented a \$32.6 million interim rate increase, reflecting a cap equal to 2% of 2023 retail revenues, effective April 2024.

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Entergy Mississippi, LLC and Subsidiaries

Management's Financial Discussion and Analysis

In December 2014 the MPSC ordered Entergy Mississippi to file an updated depreciation study at least once every four years. Pursuant to this order and Entergy Mississippi's filing cycle, Entergy Mississippi would have filed an updated depreciation report with its formula rate plan filing in 2023. However, in July 2022 the MPSC directed Entergy Mississippi to file its next depreciation study in connection with its 2024 formula rate plan filing notwithstanding the MPSC's prior order. Accordingly, Entergy Mississippi filed a depreciation study in February 2024. The study showed a need for an increase in annual depreciation expense of \$55.2 million. The calculated increase in annual depreciation expense was excluded from Entergy Mississippi's 2024 formula rate plan revenue increase request because the MPSC had not yet approved the proposed depreciation rates.

In June 2024, Entergy Mississippi and the Mississippi Public Utilities Staff entered into a joint stipulation that confirmed the 2024 test year filing, with the exception of immaterial adjustments to certain operation and maintenance expenses. After performance adjustments, the formula rate plan reflected an earned return on rate base of 6.08% for calendar year 2024, which resulted in a total revenue increase of \$64.6 million for 2024. The joint stipulation also recommended approval of a revised customer charge of \$31.82 per month for residential customers and \$53.10 per month for general service customers. Pursuant to the stipulation, Entergy Mississippi's 2023 look-back filing reflected an earned return on rate base of 6.81%, resulting in an increase of \$0.3 million in the formula rate plan revenues for 2023. Finally, the stipulation recommended approval of Entergy Mississippi's proposed depreciation rates with those rates to be implemented upon request and approval at a later date. In June 2024 the MPSC approved the joint stipulation with rates effective in July 2024. The approval also included a reduction to the energy cost factor, resulting in a net bill decrease for a typical residential customer using 1,000 kWh per month. Also in June 2024, Entergy Mississippi recorded regulatory credits of \$7.3 million to reflect the difference between interim rates placed in effect in April 2024 and the rates reflected in the joint stipulation.

In May 2024, Entergy Mississippi received approval from the MPSC for formula rate plan revisions that were necessary for Entergy Mississippi to comply with state legislation passed in January 2024. The legislation allows Entergy Mississippi to make interim rate adjustments to recover the non-fuel related annual ownership cost of certain facilities that directly or indirectly provide service to customers who own certain data processing center projects as specified in the legislation. Entergy Mississippi filed the first of its annual interim facilities rate adjustment reports in May 2024 to recover approximately \$8.7 million of these costs over a six-month period with rates effective beginning in July 2024.

Grand Gulf Capacity Filing

In September 2024, Entergy Mississippi filed a notice of intent with the MPSC to implement revisions to its unit power cost recovery rider that would allow Entergy Mississippi to recover the first year of costs associated with the transfer of Entergy Louisiana's interest in and purchases of Grand Gulf capacity and energy under the revised rider schedule, effective by January 1, 2025. This notice filing relates to the divestiture of Entergy Louisiana's 14% share of Grand Gulf capacity and energy under the Unit Power Sales Agreement and 2.43% share of capacity and energy from Entergy Arkansas under the MSS-4 replacement tariff. This divestiture will be effectuated initially through Entergy Mississippi's purchases from Entergy Louisiana pursuant to a PPA governed by the MSS-4 replacement tariff, a tariff governing the sales of energy and capacity among the Utility operating companies as described in the System Energy global settlement with the LPSC and Entergy Louisiana. See "**Complaints Against System Energy - System Energy Settlement with the LPSC**" in Note 2 to the financial statements herein for further details of the System Energy global settlement with the LPSC. In October 2024, Entergy Louisiana and Entergy Mississippi filed the proposed MSS-4 replacement PPA with the FERC. The parties requested that the MPSC and the FERC issue orders accepting the PPA no later than December 2024.

Fuel and purchased power cost recovery

In June 2024 the MPSC approved a joint stipulation agreement between Entergy Mississippi and the Mississippi Public Utilities Staff for Entergy Mississippi's 2024 formula rate plan filing. The 2024 formula rate plan filing included the conclusion of the modified interim adjustments to Entergy Mississippi's energy cost

recovery rider and power management rider, which were approved in October 2022 and allowed Entergy Mississippi to recover certain under-collected fuel balances. The stipulation provided for Entergy Mississippi to reduce its net energy cost factor. See "**Filings with the MPSC (Entergy Mississippi) - Retail Rates - 2024 Formula Rate Plan Filing**" in Note 2 to the financial statements herein for discussion of the 2024 formula rate plan filing and the joint stipulation agreement.

Storm Cost Recovery Filings with Retail Regulators

As discussed in the Form 10-K, Entergy Mississippi had approval from the MPSC to collect a storm damage provision of \$1.75 million per month. If Entergy Mississippi's accumulated storm damage provision balance exceeded \$15 million, the collection of the storm damage provision ceased until such time that the accumulated storm damage provision became less than \$10 million.

In December 2023, Entergy Mississippi filed a Notice of Storm Escrow Disbursement and Request for Interim Relief notifying the MPSC that Entergy Mississippi had requested disbursement of approximately \$34.5 million of storm escrow funds from its restricted storm escrow account. The filing also requested authorization from the MPSC, on a temporary basis, that the \$34.5 million of storm escrow funds be credited to Entergy Mississippi's storm damage provision, pending the MPSC's review of Entergy Mississippi's storm-related costs, and that Entergy Mississippi continue to bill its monthly storm damage provision without suspension in the event the storm damage provision balance exceeds \$15 million, in anticipation of a subsequent filing by Entergy Mississippi in this proceeding. The storm damage reserve exceeded \$15 million upon receipt of the storm escrow funds. Because the MPSC had not entered an order on Entergy Mississippi's filing on the requested relief to continue billing this provision, Entergy Mississippi suspended billing the monthly storm damage provision effective with February 2024 bills.

In March 2024, Entergy Mississippi made a combined dual filing which included a Notice of Intent to Make Routine Change in Rates and Schedules and a Motion for Determination relating to the above-described Notice of Storm Escrow Disbursement. The Notice of Intent proposed a new storm damage mitigation and restoration rider to supersede both the current storm damage rate schedule and the vegetation management rider schedule, in which the collection of both expenses would be combined. The proposal requests that the MPSC authorize Entergy Mississippi to collect a storm damage provision of \$5.2 million per month. Furthermore, if Entergy Mississippi's accumulated storm damage provision balance exceeds \$70 million, collection of the storm damage provision would cease until such time that the accumulated storm damage provision becomes less than \$60 million.

The Mississippi Public Utilities Staff reviewed the storm-related costs submitted by Entergy Mississippi and found them prudent. In June 2024 the MPSC considered and unanimously granted the relief sought by Entergy Mississippi, including authorization to credit any remaining funds in the storm escrow account to Entergy Mississippi's storm damage reserve and to close the storm escrow account. Entergy Mississippi's storm escrow account was liquidated in July 2024, and the new combined storm damage mitigation and restoration rider became effective with the July 2024 billing cycle. Additionally, Entergy Mississippi made a compliance filing to cease billing under the existing vegetation management rider schedule as of the same billing cycle.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Federal Regulation**" in the Form 10-K for a discussion of federal regulation.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

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Entergy Mississippi, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Mississippi's accounting for utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "**New Accounting Pronouncements**" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$508,171	\$538,815	\$1,365,921	\$1,396,373
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	43,223	151,755	225,050	453,570
Purchased power	85,939	89,465	220,441	212,419
Other operation and maintenance	86,016	78,959	224,922	217,377
Taxes other than income taxes	48,461	42,374	124,267	113,409
Depreciation and amortization	68,167	66,760	201,215	196,135
Other regulatory charges (credits) - net	26,844	(25,470)	30,226	(84,260)
TOTAL	358,650	403,843	1,026,121	1,108,650
OPERATING INCOME	149,521	134,972	339,800	287,723
OTHER INCOME (DEDUCTIONS)				
Allowance for equity funds used during construction	1,227	2,260	6,239	6,313
Interest and investment income	338	107	1,479	1,890
Miscellaneous - net	(5,626)	(3,828)	(9,019)	(9,349)
TOTAL	(4,061)	(1,461)	(1,301)	(1,146)
INTEREST EXPENSE				
Interest expense	28,109	25,257	83,005	74,634
Allowance for borrowed funds used during construction	(468)	(911)	(2,419)	(2,596)
TOTAL	27,641	24,346	80,586	72,038
INCOME BEFORE INCOME TAXES	117,819	109,165	257,913	214,539
Income taxes	29,436	26,428	62,533	52,597
NET INCOME	88,383	82,737	195,380	161,942
Net loss attributable to noncontrolling interest	(3,584)	(1,640)	(7,619)	(7,404)
EARNINGS APPLICABLE TO MEMBER'S EQUITY	\$91,967	\$84,377	\$202,999	\$169,346

See Notes to Financial Statements.

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ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$195,380	\$161,942
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization	201,215	196,135
Deferred income taxes, investment tax credits, and non-current taxes accrued	57,459	23,405
Changes in assets and liabilities:		
Receivables	(34,116)	(52,905)
Fuel inventory	2,335	(1,746)
Accounts payable	(484)	(56,477)
Taxes accrued	(14,571)	14,269
Interest accrued	12,855	11,334
Deferred fuel costs	13,938	215,892
Other working capital accounts	(20,790)	(24,420)
Provisions for estimated losses	(4,534)	2,627
Other regulatory assets	30,049	(35,970)
Other regulatory liabilities	18,346	(52,712)
Pension and other postretirement funded status	(12,703)	(22,529)
Other assets and liabilities	3,874	30,059
Net cash flow provided by operating activities	448,253	408,904
INVESTING ACTIVITIES		
Construction expenditures	(484,952)	(435,188)
Allowance for equity funds used during construction	6,239	6,313
Changes in money pool receivable - net	(3,400)	26,879
Payment for purchase of plant	—	(30,433)
Receipt from storm reserve escrow account	736	—
Increase in other investments	(80)	(1,076)
Net cash flow used in investing activities	(481,457)	(433,505)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	396,032	396,853
Retirement of long-term debt	(200,000)	(400,000)
Capital contribution from noncontrolling interest	—	25,708
Changes in money pool payable - net	(73,769)	23,893
Common equity distributions paid	(44,633)	(40,000)
Other	(13,923)	11,484
Net cash flow provided by financing activities	63,707	17,938
Net increase (decrease) in cash and cash equivalents	30,503	(6,663)
Cash and cash equivalents at beginning of period	6,630	16,979
Cash and cash equivalents at end of period	\$37,133	\$10,316
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	\$68,370	\$61,352
Income taxes	\$2,356	\$—
Noncash investing activities:		
Accrued construction expenditures	\$33,632	\$31,169

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$761	\$30
Temporary cash investments	36,372	6,600
Total cash and cash equivalents	<u>37,133</u>	<u>6,630</u>
Accounts receivable:		
Customer	137,386	121,389
Allowance for doubtful accounts	(2,714)	(3,312)
Associated companies	13,778	4,997
Other	23,613	17,697
Accrued unbilled revenues	77,690	71,465
Total accounts receivable	<u>249,753</u>	<u>212,236</u>
Fuel inventory - at average cost	13,861	16,196
Materials and supplies - at average cost	111,342	95,526
Prepayments and other	12,916	12,740
TOTAL	425,005	343,328
OTHER PROPERTY AND INVESTMENTS		
Non-utility property - at cost (less accumulated depreciation)	4,486	4,497
Storm reserve escrow account	—	656
TOTAL	4,486	5,153
UTILITY PLANT		
Electric	7,695,382	7,455,145
Construction work in progress	356,032	139,635
TOTAL UTILITY PLANT	8,051,414	7,594,780
Less - accumulated depreciation and amortization	2,472,037	2,346,327
UTILITY PLANT - NET	5,579,377	5,248,453
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets	549,027	579,076
Other	75,340	51,996
TOTAL	624,367	631,072
TOTAL ASSETS	\$6,633,235	\$6,228,006

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$—	\$100,000
Accounts payable:		
Associated companies	46,602	133,571
Other	122,666	92,659
Customer deposits	93,746	92,637
Taxes accrued	100,563	115,134
Interest accrued	34,392	21,537
Deferred fuel costs	144,583	130,645
Other	21,970	26,463
TOTAL	564,522	712,646
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	884,553	821,744
Accumulated deferred investment tax credits	13,267	13,811
Regulatory liability for income taxes - net	180,729	188,714
Other regulatory liabilities	60,027	33,696
Asset retirement cost liabilities	30,725	8,229
Accumulated provisions	34,947	39,481
Long-term debt	2,426,893	2,129,510
Other	78,611	71,961
TOTAL	3,709,752	3,307,146
Commitments and Contingencies		
EQUITY		
Member's equity	2,347,827	2,189,461
Noncontrolling interest	11,134	18,753
TOTAL	2,358,961	2,208,214
TOTAL LIABILITIES AND EQUITY	\$6,633,235	\$6,228,006

See Notes to Financial Statements.

ENTERGY MISSISSIPPI, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Noncontrolling Interest	Member's Equity	Total
		(In Thousands)	
Balance at December 31, 2022	\$3,347	\$2,037,190	\$2,040,537
Net income (loss)	(2,141)	23,081	20,940
Common equity distributions	—	(12,500)	(12,500)
Balance at March 31, 2023	1,206	2,047,771	2,048,977
Net income (loss)	(3,623)	61,888	58,265
Common equity distributions	—	(27,500)	(27,500)
Capital contribution from noncontrolling interest	25,708	—	25,708
Balance at June 30, 2023	23,291	2,082,159	2,105,450
Net income (loss)	(1,640)	84,377	82,737
Balance at September 30, 2023	<u>\$21,651</u>	<u>\$2,166,536</u>	<u>\$2,188,187</u>
Balance at December 31, 2023	\$18,753	\$2,189,461	\$2,208,214
Net income (loss)	(2,302)	29,734	27,432
Balance at March 31, 2024	16,451	2,219,195	2,235,646
Net income (loss)	(1,733)	81,298	79,565
Common equity distributions	—	(22,300)	(22,300)
Balance at June 30, 2024	14,718	2,278,193	2,292,911
Net income (loss)	(3,584)	91,967	88,383
Common equity distributions	—	(22,333)	(22,333)
Balance at September 30, 2024	<u>\$11,134</u>	<u>\$2,347,827</u>	<u>\$2,358,961</u>

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS****Results of Operations****Net Income**Third Quarter 2024 Compared to Third Quarter 2023

Net income decreased \$4.4 million primarily due to lower volume/weather, partially offset by lower other operation and maintenance expenses.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income decreased \$56.3 million primarily due to a \$78.5 million (\$57.4 million net-of-tax) regulatory charge, recorded in first quarter 2024, primarily to reflect a settlement in principle between Entergy New Orleans and the City Council in April 2024 for additional sharing with customers of income tax benefits from the resolution of the 2016-2018 IRS audit. Also contributing to the decrease were higher other operation and maintenance expenses. The decrease was partially offset by a lower effective income tax rate. See Note 10 to the financial statements herein for discussion of the April 2024 settlement in principle and Note 3 to the financial statements in the Form 10-K for discussion of the resolution of the 2016-2018 IRS audit.

Operating RevenuesThird Quarter 2024 Compared to Third Quarter 2023

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$254.3
Fuel, rider, and other revenues that do not significantly affect net income	(13.4)
Volume/weather	(9.8)
Retail electric price	1.4
2024 operating revenues	\$232.5

Entergy New Orleans's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales.

The retail electric price variance is primarily due to an increase in formula rate plan rates effective September 2023 in accordance with the terms of the 2023 formula rate plan filing. See Note 2 to the financial statements in the Form 10-K for discussion of the formula rate plan filing.

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Entergy New Orleans, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Total electric energy sales for Entergy New Orleans for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	778	877	(11)
Commercial	614	652	(6)
Industrial	114	129	(12)
Governmental	232	232	—
Total retail	1,738	1,890	(8)
Sales for resale:			
Non-associated companies	426	600	(29)
Total	2,164	2,490	(13)

See Note 12 to the financial statements herein for additional discussion of Entergy New Orleans's operating revenues.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$651.2
Fuel, rider, and other revenues that do not significantly affect net income	(24.6)
Volume/weather	(6.0)
Retail electric price	4.2
2024 operating revenues	\$624.8

Entergy New Orleans's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to a decrease in weather-adjusted commercial usage and the effect of less favorable weather on residential sales.

The retail electric price variance is primarily due to an increase in formula rate plan rates effective September 2023 in accordance with the terms of the 2023 formula rate plan filing. See Note 2 to the financial statements in the Form 10-K for discussion of the formula rate plan filing.

Total electric energy sales for Entergy New Orleans for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	1,866	1,906	(2)
Commercial	1,600	1,647	(3)
Industrial	307	325	(6)
Governmental	606	600	1
Total retail	4,379	4,478	(2)
Sales for resale:			
Non-associated companies	1,407	2,194	(36)
Total	5,786	6,672	(13)

See Note 12 to the financial statements herein for additional discussion of Entergy New Orleans's operating revenues.

Other Income Statement Variances

Third Quarter 2024 Compared to Third Quarter 2023

Other operation and maintenance expenses decreased primarily due to a decrease of \$2.7 million in power delivery expenses primarily due to a lower scope of work performed in 2024 as compared to 2023 and the timing of vegetation maintenance costs.

Interest expense increased primarily due to the issuances of \$35 million of 6.25% Series mortgage bonds, \$65 million of 6.41% Series mortgage bonds, and \$50 million of 6.54% Series mortgage bonds, each in May 2024, partially offset by the repayment of an \$85 million unsecured term loan in June 2024.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Other operation and maintenance expenses increased primarily due to:

- an increase of \$2.4 million in bad debt expense;
- an increase of \$2.2 million in energy efficiency expenses primarily due to higher energy efficiency costs;
- an increase of \$2.2 million in contract costs related to operational performance, customer service, and organizational health initiatives; and
- an increase of \$1.4 million in costs recognized related to credits provided to customers as part of the rate mitigation plan approved in the settlement of the 2023 formula rate plan filing. See Note 2 to the financial statements in the Form 10-K for discussion of the formula rate plan filing.

Taxes other than income taxes decreased primarily due to a decrease in local franchise taxes as a result of lower retail revenues in 2024 as compared to 2023.

Depreciation and amortization expenses increased primarily due to additions to plant in service.

Other regulatory charges (credits) - net includes a regulatory charge of \$78.5 million, recorded in first quarter 2024, primarily to reflect a settlement in principle between Entergy New Orleans and the City Council in April 2024 for additional sharing with customers of income tax benefits from the resolution of the 2016-2018 IRS

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Entergy New Orleans, LLC and Subsidiaries

Management's Financial Discussion and Analysis

audit. See Note 10 to the financial statements herein for discussion of the April 2024 settlement in principle and Note 3 to the financial statements in the Form 10-K for discussion of the resolution of the 2016-2018 IRS audit.

Other income decreased primarily due to lower interest earned on money pool investments, partially offset by a decrease of \$2.5 million in non-service pension costs primarily as a result of pension settlement charges recorded in 2023 and a reduction in 2024 in the amortization of deferred pension losses as a result of an amendment to a qualified pension plan spinning-off predominantly inactive participants into a new qualified plan, extending the amortization period for deferred losses. See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K, Note 6 to the financial statements herein, and Note 11 to the financial statements in the Form 10-K for further discussion of pension and other postretirement benefits costs.

Interest expense increased primarily due to the issuances of \$35 million of 6.25% Series mortgage bonds, \$65 million of 6.41% Series mortgage bonds, and \$50 million of 6.54% Series mortgage bonds, each in May 2024. The increase was partially offset by the repayment of \$100 million of 3.90% Series mortgage bonds in July 2023.

Income Taxes

The effective income tax rate was 27.0% for the third quarter 2024. The difference in the effective income tax rate for the third quarter 2024 versus the federal statutory rate of 21% was primarily due to the accrual for state income taxes.

The effective income tax rate was 18.7% for the nine months ended September 30, 2024. The difference in the effective income tax rate for the nine months ended September 30, 2024 versus the federal statutory rate of 21% was primarily due to certain book and tax differences related to utility plant items, the amortization of state accumulated deferred income taxes as a result of a tax rate change, the amortization of investment tax credits, and book and tax differences related to the allowance for equity funds used during construction, partially offset by the accrual for state income taxes.

The effective income tax rates were 27.3% for the third quarter 2023 and 28.5% for the nine months ended September 30, 2023. The differences in the effective income tax rates for the third quarter 2023 and the nine months ended September 30, 2023 versus the federal statutory rate of 21% were primarily due to the accrual for state income taxes.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Planned Sale of Gas Distribution Business

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Planned Sale of Gas Distribution Businesses**" in the Form 10-K for discussion of the planned sale of Entergy New Orleans's gas distribution business. The following are updates to that discussion.

In July 2024 the LPSC staff issued a report recommending LPSC approval of the application of Delta States Utilities LA, LLC (a Bernhard Capital Partners Management LP affiliate) and Entergy Louisiana and the transaction described therein as being in the public interest and proposing certain conditions. In August 2024 the LPSC issued an order accepting the LPSC staff's report and recommendation.

As discussed in the Form 10-K, in December 2023, Entergy New Orleans and the buyer of Entergy New Orleans's gas distribution business filed their joint application with the City Council seeking approval for the

proposed transaction. In September 2024 the hearing officer certified the record of the proceeding for City Council consideration. A decision is targeted for first quarter 2025.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$26	\$4,464
Net cash provided by (used in):		
Operating activities	123,928	185,632
Investing activities	(124,564)	1,914
Financing activities	35,123	(77,203)
Net increase in cash and cash equivalents	<u>34,487</u>	<u>110,343</u>
Cash and cash equivalents at end of period	<u><u>\$34,513</u></u>	<u><u>\$114,807</u></u>

Operating Activities

Net cash flow provided by operating activities decreased \$61.7 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to the refund of \$34 million received from System Energy in January 2023 related to the sale-leaseback renewal costs and depreciation litigation as calculated in System Energy's January 2023 compliance report filed with the FERC and lower collections from customers. The decrease was partially offset by lower fuel payments in 2024 as compared to 2023. See Note 2 to the financial statements in the Form 10-K for discussion of the refund and the related proceedings.

Investing Activities

Entergy New Orleans's investing activities used \$124.6 million of cash for the nine months ended September 30, 2024 compared to providing \$1.9 million of cash for the nine months ended September 30, 2023 primarily due to money pool activity and a decrease of \$14.7 million in transmission construction expenditures primarily due to higher spending in 2023 related to Entergy New Orleans's construction of the New Orleans Sewerage and Water Board Sullivan substation.

Increases in Entergy New Orleans's receivable from the money pool are a use of cash flow, and Entergy New Orleans's receivable from the money pool increased \$3.6 million for the nine months ended September 30, 2024 compared to decreasing by \$135.4 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

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Entergy New Orleans, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Financing Activities

Entergy New Orleans's financing activities provided \$35.1 million of cash for the nine months ended September 30, 2024 compared to using \$77.2 million of cash for the nine months ended September 30, 2023 primarily due to the following activity:

- the issuances of \$35 million of 6.25% Series mortgage bonds, \$65 million of 6.41% Series mortgage bonds, and \$50 million of 6.54% mortgage bonds, each in May 2024;
- the repayment, at maturity, of \$100 million of 3.90% Series mortgage bonds in July 2023;
- a \$15 million advance received in 2023 related to Entergy New Orleans's construction of the New Orleans Sewerage and Water Board Sullivan substation;
- money pool activity; and
- the repayment, at maturity, of an \$85 million unsecured term loan in June 2024 as compared to additional borrowings of \$15 million on the unsecured term loan in May 2023.

Decreases in Entergy New Orleans's payable to the money pool are a use of cash flow, and Entergy New Orleans's payable to the money pool decreased \$21.7 million for the nine months ended September 30, 2024.

Capital Structure

Entergy New Orleans's debt to capital ratio is shown in the following table. The increase in the debt to capital ratio for Entergy New Orleans is primarily due to the net issuance of long-term debt in 2024.

	September 30, 2024	December 31, 2023
Debt to capital	47.6 %	45.8 %
Effect of excluding securitization bonds	— %	(0.2 %)
Debt to capital, excluding securitization bonds (non-GAAP) (a)	47.6 %	45.6 %
Effect of subtracting cash	(1.2 %)	— %
Net debt to net capital, excluding securitization bonds (non-GAAP) (a)	<u>46.4 %</u>	<u>45.6 %</u>

(a) Calculation excludes the securitization bonds, which are non-recourse to Entergy New Orleans.

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings, finance lease obligations, long-term debt, including the currently maturing portion, and the long-term payable due to an associated company. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. The debt to capital ratio excluding securitization bonds and net debt to net capital ratio excluding securitization bonds are non-GAAP measures. Entergy New Orleans uses the debt to capital ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy New Orleans's financial condition because the securitization bonds are non-recourse to Entergy New Orleans, as more fully described in Note 5 to the financial statements in the Form 10-K. Entergy New Orleans also uses the net debt to net capital ratio excluding securitization bonds in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy New Orleans's financial condition because net debt indicates Entergy New Orleans's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See “**MANAGEMENT’S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**” in the Form 10-K for a discussion of Entergy New Orleans’s uses and sources of capital. The following are updates to the information provided in the Form 10-K.

Entergy New Orleans is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$585 million in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary estimate includes distribution and Utility support spending to improve reliability, resilience, and customer experience; transmission spending to improve reliability and resilience; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, government actions, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

Entergy New Orleans’s receivables from or (payables to) the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$3,601	(\$21,651)	\$11,827	\$147,254

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy New Orleans has a credit facility in the amount of \$25 million scheduled to expire in June 2027. The credit facility includes fronting commitments for the issuance of letters of credit against \$10 million of the borrowing capacity of the facility. As of September 30, 2024, there were no cash borrowings and no letters of credit outstanding under the credit facility. In addition, Entergy New Orleans is a party to an uncommitted letter of credit facility as a means to post collateral to support its obligations to MISO. As of September 30, 2024, a \$0.5 million letter of credit was outstanding under Entergy New Orleans’s uncommitted letter of credit facility. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

Resilience and Grid Hardening

As discussed in the Form 10-K, in October 2021 the City Council passed a resolution and order establishing a docket and procedural schedule with respect to system resiliency and storm hardening. In July 2022, Entergy New Orleans filed with the City Council a response identifying a preliminary plan for storm hardening and resiliency projects, including microgrids, to be implemented over ten years at an approximate cost of \$1.5 billion. In February 2023 the City Council approved a revised procedural schedule requiring Entergy New Orleans to make a filing in April 2023 containing a narrowed list of proposed hardening projects. In April 2023, Entergy New Orleans filed the required application and supporting testimony seeking City Council approval of the first phase (five years and \$559 million) of a ten-year infrastructure hardening plan totaling approximately \$1 billion. Entergy New Orleans also sought, among other relief, City Council approval of a rider to recover from customers the costs of the infrastructure hardening plan. In February 2024 the City Council approved a resolution authorizing Entergy New Orleans to implement a resilience project to be partially funded by \$55 million of matching funding through the DOE’s Grid Resilience and Innovation Partnerships program. The resolution also required Entergy New Orleans to submit, no later than July 2024, a revised resilience plan consisting of projects over a three-year period. In March 2024, Entergy New Orleans filed with the City Council for approval the requested three-year resilience plan, which includes \$168 million in hardening projects. The three-year resilience plan is in addition to the previously authorized resilience project to be partially funded by the DOE’s Grid Resilience and Innovation Partnerships program. In July 2024 the City Council held a technical conference regarding Entergy New Orleans’s three-year resilience plan. In October 2024 the City Council approved a resolution authorizing a two-year resilience plan.

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Entergy New Orleans, LLC and Subsidiaries

Management's Financial Discussion and Analysis

totaling \$100 million. The resolution directs Entergy New Orleans to notify the City Council of the subset of hardening projects from the revised three-year resilience plan to be included in the two-year resilience plan.

State and Local Rate Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – State and Local Rate Regulation**" in the Form 10-K for a discussion of state and local rate regulation. The following are updates to that discussion.

Retail Rates

2024 Formula Rate Plan Filing

In April 2024, Entergy New Orleans submitted to the City Council its formula rate plan 2023 test year filing. Without the requested rate change in 2024, the 2023 test year evaluation report produced an electric earned return on equity of 8.66% and a gas earned return on equity of 5.87% compared to the authorized return on equity for each of 9.35%. Entergy New Orleans sought approval of a \$12.6 million rate increase based on the formula set by the City Council in the 2018 rate case and approved again by the City Council in 2023. The formula would result in an increase in authorized electric revenues of \$7.0 million and an increase in authorized gas revenues of \$5.6 million. Following City Council review, the City Council's advisors issued a report in July 2024 seeking a reduction in Entergy New Orleans's requested formula rate plan revenues in an aggregate amount of approximately \$1.6 million for electric and gas together due to alleged errors. Effective with the first billing cycle of September 2024, Entergy New Orleans implemented rates reflecting an amount agreed upon by Entergy New Orleans and the City Council, per the approved process for formula rate plan implementation. The total formula rate plan increase implemented was \$11.2 million, which includes an increase of \$5.8 million in electric revenues and an increase of \$5.4 million in gas revenues.

Reliability Investigation

As discussed in the Form 10-K, in August 2017 the City Council established a docket to investigate the reliability of the Entergy New Orleans distribution system and to consider implementing certain reliability standards and possible financial penalties for not meeting any such standards. In April 2018 the City Council adopted a resolution directing Entergy New Orleans to demonstrate that it has been prudent in the management and maintenance of the reliability of its distribution system. The City Council also approved a resolution that opened a prudence investigation into whether Entergy New Orleans was imprudent for not acting sooner to address outages in New Orleans and whether fines should be imposed. In January 2019, Entergy New Orleans filed testimony in response to the prudence investigation asserting that it had been prudent in managing system reliability. In April 2019 the City Council advisors filed comments and testimony asserting that Entergy New Orleans did not act prudently in maintaining and improving its distribution system reliability in recent years and recommending that a financial penalty in the range of \$1.5 million to \$2 million should be assessed. Entergy New Orleans disagreed with the recommendation and submitted rebuttal testimony and rebuttal comments in June 2019. In November 2019 the City Council passed a resolution that penalized Entergy New Orleans \$1 million for alleged imprudence in the maintenance of its distribution system. In December 2019, Entergy New Orleans filed suit in Louisiana state court seeking judicial review of the City Council's resolution. In June 2022 the Orleans Civil District Court issued a written judgment that the penalty be set aside, reversed, and vacated. In August 2022 the Orleans Civil District Court issued written reasons for its judgment and also granted a post-judgment motion to remand for the City Council to take actions consistent with its judgment.

In April 2023 the City Council approved a resolution that established a procedural schedule to allow for the submission of additional evidence regarding the penalty imposed in 2019. In May 2023, Entergy New Orleans filed with the Orleans Civil District Court a petition for judicial review and (or alternatively) declaratory judgment of, together with a request for injunctive relief from, the City Council's April 2023 resolution. In June 2023 the City

Council filed exceptions requesting the Orleans Civil District Court dismiss the suit as premature, and a hearing date was set on the exceptions. In September 2023, Entergy New Orleans filed an unopposed motion to continue the hearing on the City Council's exceptions without date, which was granted. In May 2024 the City Council approved a settlement in which Entergy New Orleans agreed to \$500 thousand in unrecovered distribution investment and will recover all verifiable regulatory costs associated with any reliability-related investigation, as well as any costs associated with the judicial reviews. In June 2024, Entergy New Orleans filed with the Orleans Civil District Court an unopposed motion to dismiss with prejudice and an order regarding its petition for judicial review. In July 2024 the dismissal order was signed.

Renewable Portfolio Standard Rulemaking

As discussed in the Form 10-K, in May 2021 the City Council established the Renewable and Clean Portfolio Standard. In May 2023, Entergy New Orleans submitted its compliance demonstration report to the City Council for the 2022 compliance year, which describes and demonstrates Entergy New Orleans's compliance with the Renewable and Clean Portfolio Standard in 2022 and satisfies certain informational requirements. Entergy New Orleans requested, among other things, that the City Council determine that Entergy New Orleans achieved the target under the portfolio standard for 2022 and remains within the customer protection cost cap, and that the City Council approve a proposal to recover costs associated with 2022 compliance. In April 2024 the City Council approved a resolution finding Entergy New Orleans was in compliance with the 2022 requirements and that Entergy New Orleans did not exceed the customer protection cost cap, as well as approving Entergy New Orleans's proposal to recover costs.

Income Tax Audits

As discussed in Note 3 to the financial statements herein and in the Form 10-K, in November 2023 the IRS completed its examination of the 2016 through 2018 tax years and issued a Revenue Agent Report for each federal filer under audit. Based on prior regulatory agreements and general rate-making principles, in fourth quarter 2023 Entergy New Orleans recorded a regulatory liability and associated regulatory charge of \$60 million (\$44 million net-of-tax). In April 2024, Entergy New Orleans and the City Council entered into a settlement in principle whereby Entergy New Orleans agreed to share with customers \$138 million of income tax benefits from the resolution of the 2016–2018 IRS audit. Based on this settlement in principle, in first quarter 2024, Entergy New Orleans increased the associated regulatory liability from \$60 million to \$138 million and recorded a corresponding \$78 million regulatory charge (\$57 million net-of-tax). The settlement in principle requires that the regulatory liability be amortized over 25 years with the unamortized balance included in rate base and the amortization treated as a reduction to Entergy New Orleans's retail revenue requirement. In May 2024 the City Council approved the settlement.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Federal Regulation**" in the Form 10-K for a discussion of federal regulation.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

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Entergy New Orleans, LLC and Subsidiaries

Management's Financial Discussion and Analysis

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy New Orleans's accounting for utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "**New Accounting Pronouncements**" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$213,663	\$235,280	\$549,268	\$573,191
Natural gas	18,852	19,036	75,549	77,961
TOTAL	232,515	254,316	624,817	651,152
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	19,385	28,922	68,524	99,920
Purchased power	67,947	68,115	192,647	200,664
Other operation and maintenance	42,500	45,273	127,552	117,461
Taxes other than income taxes	16,509	17,251	46,118	48,155
Depreciation and amortization	21,199	20,831	63,243	60,470
Other regulatory charges (credits) - net	1,738	4,946	84,917	6,133
TOTAL	169,278	185,338	583,001	532,803
OPERATING INCOME	63,237	68,978	41,816	118,349
OTHER INCOME (DEDUCTIONS)				
Allowance for equity funds used during construction	572	332	1,461	1,062
Interest and investment income	421	1,535	878	5,986
Miscellaneous - net	(298)	(1,943)	54	(2,687)
TOTAL	695	(76)	2,393	4,361
INTEREST EXPENSE				
Interest expense	10,600	9,171	30,936	28,793
Allowance for borrowed funds used during construction	(238)	(161)	(609)	(516)
TOTAL	10,362	9,010	30,327	28,277
INCOME BEFORE INCOME TAXES	53,570	59,892	13,882	94,433
Income taxes	14,438	16,347	2,597	26,889
NET INCOME	\$39,132	\$43,545	\$11,285	\$67,544

See Notes to Financial Statements.

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ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$11,285	\$67,544
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization	63,243	60,470
Deferred income taxes, investment tax credits, and non-current taxes accrued	(890)	23,529
Changes in assets and liabilities:		
Receivables	(124,000)	5,119
Fuel inventory	20	2,909
Accounts payable	(885)	(28,968)
Prepaid taxes and taxes accrued	3,470	734
Interest accrued	2,608	2,195
Deferred fuel costs	(626)	8,025
Other working capital accounts	(5,129)	14,598
Provisions for estimated losses	4,101	6,585
Other regulatory assets	10,139	8,597
Other regulatory liabilities	169,542	17,878
Pension and other postretirement funded status	(7,009)	(4,506)
Other assets and liabilities	(1,941)	923
Net cash flow provided by operating activities	<u>123,928</u>	<u>185,632</u>
INVESTING ACTIVITIES		
Construction expenditures	(119,271)	(128,477)
Allowance for equity funds used during construction	1,461	1,062
Changes in money pool receivable - net	(3,601)	135,427
Payments to storm reserve escrow account	(4,014)	(2,712)
Changes in securitization account	861	(3,437)
Decrease in other investments	—	51
Net cash flow provided by (used in) investing activities	<u>(124,564)</u>	<u>1,914</u>
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	148,943	14,630
Retirement of long-term debt	(91,245)	(106,073)
Contribution from customer for construction	—	15,000
Change in money pool payable - net	(21,651)	—
Other	(924)	(760)
Net cash flow provided by (used in) financing activities	<u>35,123</u>	<u>(77,203)</u>
Net increase in cash and cash equivalents	34,487	110,343
Cash and cash equivalents at beginning of period	26	4,464
Cash and cash equivalents at end of period	<u>\$34,513</u>	<u>\$114,807</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	\$26,678	\$25,545
Income taxes	\$2,598	\$1,600
Noncash investing activities:		
Accrued construction expenditures	\$3,422	\$4,737

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$98	\$26
Temporary cash investments	34,415	—
Total cash and cash equivalents	34,513	26
Securitization recovery trust account	1,565	2,426
Accounts receivable:		
Customer	85,625	67,258
Allowance for doubtful accounts	(6,952)	(7,770)
Associated companies	104,612	1,657
Other	5,109	5,270
Accrued unbilled revenues	36,709	31,087
Total accounts receivable	225,103	97,502
Deferred fuel costs	6,774	6,148
Fuel inventory - at average cost	3,278	3,298
Materials and supplies - at average cost	33,639	30,019
Prepaid taxes	—	1,574
Prepayments and other	15,759	11,482
TOTAL	320,631	152,475
OTHER PROPERTY AND INVESTMENTS		
Non-utility property - at cost (less accumulated depreciation)	832	832
Storm reserve escrow account	82,745	78,731
TOTAL	83,577	79,563
UTILITY PLANT		
Electric	2,096,668	2,046,928
Natural gas	412,120	401,846
Construction work in progress	57,197	25,424
TOTAL UTILITY PLANT	2,565,985	2,474,198
Less - accumulated depreciation and amortization	894,610	858,672
UTILITY PLANT - NET	1,671,375	1,615,526
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets (includes securitization property of \$ — as of September 30, 2024 and \$ 506 as of December 31, 2023)	172,228	182,367
Deferred fuel costs	4,080	4,080
Other	87,363	63,964
TOTAL	263,671	250,411
TOTAL ASSETS	\$2,339,254	\$2,097,975

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$78,000	\$85,000
Payable due to associated company	1,275	1,275
Accounts payable:		
Associated companies	44,847	76,736
Other	45,163	39,813
Customer deposits	33,159	32,420
Taxes accrued	1,896	—
Interest accrued	11,142	8,534
Other	11,309	8,953
TOTAL	226,791	252,731
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	195,942	195,615
Accumulated deferred investment tax credits	15,644	16,457
Regulatory liability for income taxes - net	33,974	36,061
Other regulatory liabilities	262,063	90,434
Accumulated provisions	92,225	88,124
Long-term debt (includes securitization bonds of \$— as of September 30, 2024 and \$ 5,415 as of December 31, 2023)	650,332	584,171
Long-term payable due to associated company	7,004	7,004
Other	37,240	20,624
TOTAL	1,294,424	1,038,490
Commitments and Contingencies		
EQUITY		
Member's equity	818,039	806,754
TOTAL	818,039	806,754
TOTAL LIABILITIES AND EQUITY	\$2,339,254	\$2,097,975

See Notes to Financial Statements.

ENTERGY NEW ORLEANS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Member's Equity <hr/> (In Thousands)
Balance at December 31, 2022	\$702,816
Net income	10,142
Balance at March 31, 2023	712,958
Net income	13,857
Balance at June 30, 2023	726,815
Net income	43,545
Balance at September 30, 2023	\$770,360
Balance at December 31, 2023	\$806,754
Net loss	(48,980)
Balance at March 31, 2024	757,774
Net income	21,133
Balance at June 30, 2024	778,907
Net income	39,132
Balance at September 30, 2024	\$818,039

See Notes to Financial Statements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

Results of Operations

Net Income

Third Quarter 2024 Compared to Third Quarter 2023

Net income decreased \$31.8 million primarily due to lower volume/weather.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income decreased \$34.9 million primarily due to higher depreciation and amortization expenses and higher other operation and maintenance expenses, partially offset by higher other income.

Operating Revenues

Third Quarter 2024 Compared to Third Quarter 2023

Following is an analysis of the change in operating revenues comparing the third quarter 2024 to the third quarter 2023:

	Amount
	(In Millions)
2023 operating revenues	\$616.6
Fuel, rider, and other revenues that do not significantly affect net income	12.7
Volume/weather	(33.7)
Retail electric price	1.4
2024 operating revenues	\$597.0

Entergy Texas's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to the effect of less favorable weather on residential and commercial sales and a decrease in weather-adjusted residential usage. The decrease in weather-adjusted residential usage is primarily due to the effects of Hurricane Beryl in the third quarter 2024.

The retail electric price variance is insignificant and primarily due to the effect on unbilled revenue resulting from the implementation of the distribution cost recovery factor rider effective with the first billing cycle in October 2024. See Note 2 to the financial statements herein for discussion of the distribution cost recovery factor rider filing.

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Entergy Texas, Inc. and Subsidiaries

Management's Financial Discussion and Analysis

Total electric energy sales for Entergy Texas for the three months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	2,138		(14)
Commercial	1,455		(2)
Industrial	2,506		2
Governmental	71		(3)
Total retail	6,170		(5)
Sales for resale:			
Non-associated companies	141		10
Total	6,311		(5)

See Note 12 to the financial statements herein for additional discussion of Entergy Texas's operating revenues.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Following is an analysis of the change in operating revenues comparing the nine months ended September 30, 2024 to the nine months ended September 30, 2023:

	Amount
	(In Millions)
2023 operating revenues	\$1,588.5
Fuel, rider, and other revenues that do not significantly affect net income	(23.1)
Volume/weather	(10.4)
Retail electric price	5.6
2024 operating revenues	\$1,560.6

Entergy Texas's results include revenues from rate mechanisms designed to recover fuel, purchased power, and other costs such that the revenues and expenses associated with these items generally offset and do not affect net income. "Fuel, rider, and other revenues that do not significantly affect net income" includes the revenue variance associated with these items.

The volume/weather variance is primarily due to the effect of less favorable weather on residential sales and a decrease in weather-adjusted residential usage. The decrease in weather-adjusted residential usage is primarily due to the effects of Hurricane Beryl in the third quarter 2024.

The retail electric price variance is primarily due to an increase in base rates effective June 2023, partially offset by the implementation of the generation cost recovery relate-back rider for the Hardin County Peaking Facility effective over three months beginning in May 2023. See Note 2 to the financial statements in the Form 10-K for discussion of the 2022 base rate case and the generation cost recovery rider filings.

Total electric energy sales for Entergy Texas for the nine months ended September 30, 2024 and 2023 are as follows:

	2024	2023	% Change
	(GWh)		
Residential	5,205	5,388	(3)
Commercial	3,764	3,726	1
Industrial	6,996	7,051	(1)
Governmental	201	203	(1)
Total retail	16,166	16,368	(1)
Sales for resale:			
Non-associated companies	487	367	33
Total	16,653	16,735	—

See Note 12 to the financial statements herein for additional discussion of Entergy Texas's operating revenues.

Other Income Statement Variances

Third Quarter 2024 Compared to Third Quarter 2023

Other operation and maintenance expenses decreased primarily due to a decrease of \$5.8 million in power delivery expenses primarily due to the timing of vegetation maintenance costs.

Other regulatory charges (credits) - net includes the reversal in third quarter 2023 of \$21.9 million of regulatory liabilities to reflect the recognition of certain receipts by Entergy Texas under affiliated PPAs that have been resolved. See Note 2 to the financial statements in the Form 10-K for discussion of the 2022 base rate case.

Other income increased primarily due to an increase in the allowance for equity funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project.

Interest expense increased primarily due to the issuance of \$350 million of 5.55% Series mortgage bonds in August 2024 and the issuance of \$350 million of 5.80% Series mortgage bonds in August 2023, partially offset by an increase in the allowance for borrowed funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Other operation and maintenance expenses increased primarily due to:

- a gain of \$6.9 million on the partial sale of a service center in April 2023 as part of an eminent domain proceeding;
- an increase of \$5.2 million in contract costs related to operational performance, customer service, and organizational health initiatives;
- an increase of \$3.9 million in compensation and benefits costs primarily due to higher healthcare claims activity in 2024;
- an increase of \$3.8 million in bad debt expense;
- an increase of \$3.7 million in non-nuclear generation expenses primarily due to a higher scope of work performed in 2024 as compared to 2023; and
- an increase of \$3.2 million in storm damage provisions.

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Entergy Texas, Inc. and Subsidiaries

Management's Financial Discussion and Analysis

Depreciation and amortization expenses increased primarily due to:

- the recognition of \$27.6 million in depreciation expense in 2024 for the 2022 base rate case relate back period, effective over six months beginning January 2024. The recognition of depreciation expense for the relate back period is effective over the same period as collections from the relate back surcharge rider and results in no effect on net income;
- additions to plant in service; and
- an increase in depreciation rates effective with an increase in base rates in June 2023.

See Note 2 to the financial statements in the Form 10-K for discussion of the 2022 base rate case.

Other regulatory charges (credits) - net includes the reversal in third quarter 2023 of \$21.9 million of regulatory liabilities to reflect the recognition of certain receipts by Entergy Texas under affiliated PPAs that have been resolved. See Note 2 to the financial statements in the Form 10-K for discussion of the 2022 base rate case.

Other income increased primarily due to an increase in the allowance for equity funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project, and higher interest earned on money pool investments. The increase was partially offset by an increase of \$5 million in net periodic pension and other postretirement benefit non-service costs as a result of an increase in amortizations of the previously deferred surplus and deferrals of the deficit in the annual amount of actuarially determined pension and other postretirement benefits chargeable under the Entergy Texas reserve. See Note 11 to the financial statements in the Form 10-K for discussion of the Entergy Texas reserve.

Interest expense increased primarily due to the issuance of \$350 million of 5.80% Series mortgage bonds in August 2023 and the issuance of \$350 million of 5.55% Series mortgage bonds in August 2024, partially offset by an increase in the allowance for borrowed funds used during construction due to higher construction work in progress in 2024, including the Orange County Advanced Power Station project.

Income Taxes

The effective income tax rates were 18.8% for the third quarter 2024 and 18.7% for the nine months ended September 30, 2024. The differences in the effective income tax rates for the third quarter 2024 and the nine months ended September 30, 2024 versus the federal statutory rate of 21% were primarily due to book and tax differences related to the allowance for equity funds used during construction and certain book and tax differences related to utility plant items.

The effective income tax rates were 20.1% for the third quarter 2023 and 19.8% for the nine months ended September 30, 2023. The differences in the effective income tax rates for the third quarter 2023 and the nine months ended September 30, 2023 versus the federal statutory rate of 21% were primarily due to book and tax differences related to the allowance for equity funds used during construction and certain book and tax differences related to utility plant items.

Income Tax Legislation and Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	
Cash and cash equivalents at beginning of period	\$21,986	\$3,497
Net cash provided by (used in):		
Operating activities	550,819	498,457
Investing activities	(576,495)	(608,945)
Financing activities	357,333	357,787
Net increase in cash and cash equivalents	<u>331,657</u>	<u>247,299</u>
Cash and cash equivalents at end of period	<u><u>\$353,643</u></u>	<u><u>\$250,796</u></u>

Operating Activities

Net cash flow provided by operating activities increased \$52.4 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to lower fuel and purchased power costs, the timing of recovery of fuel and purchased power costs, and a decrease of \$23.7 million in income taxes paid in 2024 as a result of lower estimated income tax payments in comparison to 2023. The increase was partially offset by:

- the timing of payments to vendors;
- lower collections from customers; and
- an increase of \$46 million in interest paid.

See Note 2 to the financial statements herein and in the Form 10-K for a discussion of fuel and purchased power cost recovery.

Investing Activities

Net cash flow used in investing activities decreased \$32.5 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to money pool activity. The decrease was partially offset by:

- an increase of \$100 million in transmission construction expenditures primarily due to higher capital expenditures as a result of increased development in Entergy Texas's service area and increased spending on various transmission projects in 2024; and
- an increase of \$83.9 million in distribution construction expenditures primarily due to higher capital expenditures for storm restoration in 2024 and higher capital expenditures as a result of increased development in Entergy Texas's service area. The increase in storm restoration expenditures is primarily due to Hurricane Beryl restoration efforts in 2024.

Decreases in Entergy Texas's receivable from the money pool are a source of cash flow, and Entergy Texas's receivable from the money pool decreased \$280.9 million for the nine months ended September 30, 2024 compared to decreasing by \$73.7 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements,

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Entergy Texas, Inc. and Subsidiaries

Management's Financial Discussion and Analysis

and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

Financing Activities

Net cash flow provided by financing activities decreased \$0.5 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to the issuance of \$350 million of 5.80% Series mortgage bonds in August 2023 and other insignificant activity, substantially offset by the issuance of \$350 million of 5.55% Series mortgage bonds in August 2024.

Capital Structure

Entergy Texas's debt to capital ratio is shown in the following table.

	September 30, 2024	December 31, 2023
Debt to capital	51.5 %	50.9 %
Effect of excluding securitization bonds	(1.8 %)	(2.1 %)
Debt to capital, excluding securitization bonds (non-GAAP) (a)	49.7 %	48.8 %
Effect of subtracting cash	(2.8 %)	(0.2 %)
Net debt to net capital, excluding securitization bonds (non-GAAP) (a)	<u>46.9 %</u>	<u>48.6 %</u>

(a) Calculation excludes the securitization bonds, which are non-recourse to Entergy Texas.

Net debt consists of debt less cash and cash equivalents. Debt consists of finance lease obligations and long-term debt, including the currently maturing portion. Capital consists of debt and equity. Net capital consists of capital less cash and cash equivalents. The debt to capital ratio excluding securitization bonds and net debt to net capital ratio excluding securitization bonds are non-GAAP measures. Entergy Texas uses the debt to capital ratios excluding securitization bonds in analyzing its financial condition and believes they provide useful information to its investors and creditors in evaluating Entergy Texas's financial condition because the securitization bonds are non-recourse to Entergy Texas, as more fully described in Note 5 to the financial statements in the Form 10-K. Entergy Texas also uses the net debt to net capital ratio excluding securitization bonds in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating Entergy Texas's financial condition because net debt indicates Entergy Texas's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of Entergy Texas's uses and sources of capital. The following are updates to the information provided in the Form 10-K.

Entergy Texas is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$4.8 billion in capital investments during that period. In addition to routine capital spending to maintain operations, the preliminary estimate includes investments in generation projects to modernize, decarbonize, and diversify Entergy Texas's portfolio, including Orange County Advanced Power Station, Lone Star Power Station, Segno Solar, and Votaw Solar; distribution and Utility support spending to improve reliability, resilience, and customer experience; transmission spending to improve reliability and resilience while also supporting renewables expansion and customer growth; and other investments. Estimated capital expenditures are subject to periodic review and modification and may vary based on the ongoing effects of regulatory constraints and requirements, government actions, environmental compliance, business opportunities, market volatility, economic trends, business restructuring, changes in project plans, and the ability to access capital.

Entergy Texas's receivables from the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$36,978	\$317,882	\$25,808	\$99,468

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

Entergy Texas has a credit facility in the amount of \$300 million scheduled to expire in June 2029. The credit facility includes fronting commitments for the issuance of letters of credit against \$30 million of the borrowing capacity of the facility. As of September 30, 2024, there were no cash borrowings and \$1.1 million in letters of credit outstanding under the credit facility. In addition, Entergy Texas is a party to an uncommitted letter of credit facility as a means to post collateral to support its obligations to MISO. As of September 30, 2024, \$86.4 million in letters of credit were outstanding under Entergy Texas's uncommitted letter of credit facility. See Note 4 to the financial statements herein for additional discussion of the credit facilities.

Legend Power Station and Lone Star Power Station

In June 2024, Entergy Texas filed an application seeking PUCT approval to amend Entergy Texas's certificate of convenience and necessity to construct, own, and operate the Legend Power Station, a 754 MW combined-cycle combustion turbine facility, which will be enabled with both carbon capture and storage and hydrogen co-firing optionality, to be located in Jefferson County, Texas, and the Lone Star Power Station, a 453 MW simple-cycle combustion turbine facility, which will be enabled with hydrogen co-firing optionality, to be located in Liberty County, Texas. In its application, Entergy Texas noted that the Legend Power Station was expected to cost an estimated \$1.46 billion and the Lone Star Power Station was expected to cost an estimated \$735.3 million, in each case inclusive of the estimated costs of the generation facilities, interconnection costs, transmission network upgrades, and an allowance for funds used during construction. As described in the application, Entergy Texas is considering alternative financing approaches for the Legend Power Station and plans to pursue the financing option that is in the best interest of its customers. In July 2024 the PUCT referred the proceeding to the State Office of Administrative Hearings and, also in July 2024, the ALJ with the State Office of Administrative Hearings adopted a procedural schedule, with a hearing on the merits scheduled to begin in October 2024. In September 2024, Entergy Texas filed, and the ALJ with the State Office of Administrative Hearings granted, a motion to extend the procedural schedule in this proceeding in order to address certain developments relating to the cost and scope of the Legend Power Station and the Lone Star Power Station. As soon as the required information is developed, Entergy Texas plans to update the economic analyses in the application for both projects and to file a proposed updated procedural schedule. Subject to receipt of required regulatory approval and other conditions, both facilities are expected to be in service by mid-2028.

Segno Solar and Votaw Solar

In July 2024, Entergy Texas filed an application seeking PUCT approval to amend Entergy Texas's certificate of convenience and necessity to construct, own, and operate the Segno Solar facility, a 170 MW solar facility to be located in Polk County, Texas, and the Votaw Solar facility, a 141 MW solar facility to be located in Hardin County, Texas. The Segno Solar facility will cost an estimated \$351.6 million, and the Votaw Solar facility will cost an estimated \$303.8 million, in each case inclusive of estimated transmission interconnection and upgrade costs. In September 2024 the PUCT referred the proceeding to the State Office of Administrative Hearings and the ALJ with the State Office of Administrative Hearings adopted an agreed procedural schedule, with a hearing on the merits to be held in March 2025. A PUCT decision is expected in third quarter 2025. Subject to receipt of required regulatory approval and other conditions, the Segno Solar facility is expected to be in service by early 2027, and the Votaw Solar facility is expected to be in service by mid-2028.

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Entergy Texas, Inc. and Subsidiaries

Management's Financial Discussion and Analysis

Resilience and Grid Hardening

In June 2024, Entergy Texas filed an application with the PUCT requesting approval of Phase I of its Texas Future Ready Resiliency Plan, a cost-effective set of measures to begin accelerating the resiliency of Entergy Texas's transmission and distribution system. Phase I is comprised of projects totaling approximately \$335.1 million, including approximately \$198 million of projects contingent upon Entergy Texas's receipt of grant funds in that amount from the Texas Energy Fund. The projects in Phase I include distribution and transmission hardening and modernization projects and targeted vegetation management projects to mitigate the risk of wildfire. These projects are expected to be implemented within approximately three years of PUCT approval. The PUCT referred the proceeding to the State Office of Administrative Hearings in June 2024. In July 2024, Entergy Texas filed a motion, on behalf of the parties to the proceeding, requesting the ALJ with the State Office of Administrative Hearings adopt an agreed proposed procedural schedule, with a hearing on the merits scheduled for September 2024. The ALJ with the State Office of Administrative Hearings adopted the agreed procedural schedule in August 2024. In September 2024, Entergy Texas filed, on behalf of the parties to the proceeding, and the ALJ with the State Office of Administrative Hearings granted, an unopposed motion to abate the procedural schedule, including the hearing on the merits, noting the parties had reached a settlement in principle and to allow the parties time to finalize a settlement agreement. In October 2024, Entergy Texas filed an unopposed settlement that would resolve all issues in the proceeding, supporting testimony, and a motion to admit evidence and remand the proceeding to the PUCT. Also in October 2024, the PUCT staff filed testimony in support of the unopposed settlement. A PUCT decision is expected in fourth quarter 2024.

Hurricane Beryl

In July 2024, Hurricane Beryl caused extensive damage to Entergy Texas's service area. The storm resulted in widespread power outages, as a result of extensive debris and damage to distribution and transmission infrastructure, and the loss of sales during the power outages. Total restoration costs for the repair and/or replacement of Entergy Texas's electric facilities damaged by Hurricane Beryl are currently estimated to be approximately \$85 million. Based on the historic treatment of such costs in Entergy Texas's service area, management believes that recovery of restoration costs is probable. There are well established mechanisms and precedent for addressing these catastrophic events and providing for recovery of prudently incurred storm costs in accordance with applicable regulatory and legal principles. Entergy Texas expects to recover the majority of the restoration costs associated with Hurricane Beryl through its transmission and distribution cost recovery factor riders.

State and Local Rate Regulation and Fuel-Cost Recovery

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - State and Local Rate Regulation and Fuel-Cost Recovery" in the Form 10-K for a discussion of state and local rate regulation and fuel-cost recovery. The following are updates to that discussion.

Retail Rates

2022 Base Rate Case

As discussed in the Form 10-K, in August 2023 the PUCT issued an order severing issues related to electric vehicle charging infrastructure in the 2022 base rate case proceeding to a separate proceeding. In December 2023 the PUCT referred the separate proceeding to resolve the issues related to electric vehicle charging infrastructure to the State Office of Administrative Hearings. A hearing on the merits was held in April 2024. In June 2024 the ALJ with the State Office of Administrative Hearings issued a proposal for decision concluding that it is appropriate for a vertically integrated electric utility, and Entergy Texas specifically, to own vehicle-charging facilities or other transportation electrification and charging infrastructure and recommending that both of Entergy Texas's proposed

transportation electrification riders be approved. In October 2024 the PUCT issued an order concluding that it is appropriate for Entergy Texas to own transportation electrification and charging infrastructure, including charging stations, and approving both of Entergy Texas's proposed transportation electrification riders with a limitation that Entergy Texas's infrastructure rider be applied only to publicly-available charging infrastructure and Entergy Texas not recover any outstanding fees from customers not taking service under the rider.

Distribution Cost Recovery Factor (DCRF) Rider

In June 2024, Entergy Texas filed with the PUCT a request to set a new DCRF rider. The new rider was designed to collect from Entergy Texas's retail customers approximately \$40.3 million annually based on its capital invested in distribution between January 1, 2022 and March 31, 2024. In September 2024, the PUCT approved the DCRF rider, consistent with Entergy Texas's as-filed request, and rates became effective with the first billing cycle in October 2024.

In September 2024, Entergy Texas filed with the PUCT a request to amend its DCRF rider. The proposed rider is designed to collect from Entergy Texas's retail customers approximately \$48.9 million annually, or \$8.6 million in incremental annual revenues beyond Entergy Texas's currently effective DCRF rider based on its capital invested in distribution between April 1, 2024 and June 30, 2024. In October 2024 the PUCT staff filed a recommendation that the PUCT approve Entergy Texas's as-filed application. A PUCT decision is expected in fourth quarter 2024.

Transmission Cost Recovery Factor (TCRF) Rider

In October 2024, Entergy Texas filed with the PUCT a request to set a new TCRF rider. The proposed rider is designed to collect from Entergy Texas's retail customers approximately \$9.7 million annually based on its capital invested in transmission between January 1, 2022 and June 30, 2024 and changes in other transmission charges. Entergy Texas requested that the PUCT issue a decision in fourth quarter 2024, unless a hearing on the merits is requested.

Fuel and purchased power cost recovery

In September 2024, Entergy Texas filed an application with the PUCT to reconcile its fuel and purchased power costs for the period from April 2022 through March 2024. During the reconciliation period, Entergy Texas incurred approximately \$1.6 billion in eligible fuel and purchased power expenses to generate and purchase electricity to serve its customers, net of certain revenues credited to such expenses and other adjustments. Entergy Texas's cumulative under-recovery balance for the reconciliation period was approximately \$30 million, including interest, which Entergy Texas requested authority to carry over as part of the cumulative fuel balance for the subsequent reconciliation period beginning April 2024.

Federal Regulation

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Federal Regulation**" in the Form 10-K for a discussion of federal regulation.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

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Entergy Texas, Inc. and Subsidiaries

Management's Financial Discussion and Analysis

Industrial and Commercial Customers

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Industrial and Commercial Customers**" in the Form 10-K for a discussion of industrial and commercial customers.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in Entergy Texas's accounting for utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "**New Accounting Pronouncements**" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "**New Accounting Pronouncements**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$596,998	\$616,595	\$1,560,566	\$1,588,531
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	154,340	94,099	365,997	325,155
Purchased power	93,327	131,927	276,383	352,568
Other operation and maintenance	80,377	85,929	241,513	213,430
Taxes other than income taxes	25,181	28,372	72,727	85,085
Depreciation and amortization	78,331	76,888	258,660	202,288
Other regulatory charges (credits) - net	4,850	(5,909)	(8,602)	6,541
TOTAL	436,406	411,306	1,206,678	1,185,067
OPERATING INCOME	160,592	205,289	353,888	403,464
OTHER INCOME				
Allowance for equity funds used during construction	12,976	7,244	33,058	19,093
Interest and investment income	4,269	2,741	10,964	5,004
Miscellaneous - net	(2,756)	(619)	(8,254)	(2,121)
TOTAL	14,489	9,366	35,768	21,976
INTEREST EXPENSE				
Interest expense	34,393	29,524	100,842	83,333
Allowance for borrowed funds used during construction	(5,051)	(2,714)	(12,872)	(7,127)
TOTAL	29,342	26,810	87,970	76,206
INCOME BEFORE INCOME TAXES	145,739	187,845	301,686	349,234
Income taxes	27,428	37,756	56,409	69,015
NET INCOME	118,311	150,089	245,277	280,219
Preferred dividend requirements	518	518	1,554	1,554
EARNINGS APPLICABLE TO COMMON STOCK	\$117,793	\$149,571	\$243,723	\$278,665

See Notes to Financial Statements.

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ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$245,277	\$280,219
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization	258,660	202,288
Deferred income taxes, investment tax credits, and non-current taxes accrued	46,499	57,279
Changes in assets and liabilities:		
Receivables	(70,355)	(40,609)
Fuel inventory	5,606	(25,734)
Accounts payable	35,245	(9,871)
Taxes accrued	(8,492)	(29,995)
Interest accrued	(15,023)	13,612
Deferred fuel costs	149,954	97,451
Other working capital accounts	(35,684)	(23,042)
Provisions for estimated losses	(1,268)	511
Other regulatory assets	20,987	(17,997)
Other regulatory liabilities	(31,304)	(13,111)
Pension and other postretirement funded status	(12,044)	(8,961)
Other assets and liabilities	(37,239)	16,417
Net cash flow provided by operating activities	550,819	498,457
INVESTING ACTIVITIES		
Construction expenditures	(888,132)	(711,382)
Allowance for equity funds used during construction	33,058	19,093
Proceeds from sale of assets	1,325	11,000
Changes in money pool receivable - net	280,904	73,660
Changes in securitization account	(4,490)	(1,402)
Decrease in other investments	840	86
Net cash flow used in investing activities	(576,495)	(608,945)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	343,436	344,966
Retirement of long-term debt	(9,104)	(8,856)
Preferred stock dividends paid	(1,554)	(1,554)
Other	24,555	23,231
Net cash flow provided by financing activities	357,333	357,787
Net increase in cash and cash equivalents	331,657	247,299
Cash and cash equivalents at beginning of period	21,986	3,497
Cash and cash equivalents at end of period	\$353,643	\$250,796
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest - net of amount capitalized	\$113,605	\$67,605
Income taxes	\$6,793	\$30,500
Noncash investing activities:		
Accrued construction expenditures	\$196,788	\$178,740

See Notes to Financial Statements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$289	\$1,497
Temporary cash investments	353,354	20,489
Total cash and cash equivalents	353,643	21,986
Securitization recovery trust account	9,686	5,195
Accounts receivable:		
Customer	142,903	88,468
Allowance for doubtful accounts	(1,652)	(1,484)
Associated companies	50,561	329,941
Other	27,193	24,416
Accrued unbilled revenues	84,558	72,771
Total accounts receivable	303,563	514,112
Deferred fuel costs	—	139,019
Fuel inventory - at average cost	45,241	50,847
Materials and supplies - at average cost	153,989	123,020
Prepayments and other	43,938	35,232
TOTAL	910,060	889,411
OTHER PROPERTY AND INVESTMENTS		
Investments in affiliates - at equity	118	214
Non-utility property - at cost (less accumulated depreciation)	376	376
Other	15,374	15,068
TOTAL	15,868	15,658
UTILITY PLANT		
Electric	8,288,259	7,931,340
Construction work in progress	1,447,020	857,707
TOTAL UTILITY PLANT	9,735,279	8,789,047
Less - accumulated depreciation and amortization	2,528,368	2,363,919
UTILITY PLANT - NET	7,206,911	6,425,128
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets (includes securitization property of \$ 238,093 as of September 30, 2024 and \$250,324 as of December 31, 2023)	575,619	596,606
Other	163,334	129,769
TOTAL	738,953	726,375
TOTAL ASSETS	\$8,871,792	\$8,056,572

See Notes to Financial Statements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Accounts payable:		
Associated companies	\$64,376	\$74,423
Other	290,049	195,703
Customer deposits	41,069	39,999
Taxes accrued	70,395	78,887
Interest accrued	16,262	31,285
Deferred fuel costs	10,935	—
Other	20,773	16,237
TOTAL	513,859	436,534
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	874,261	814,905
Accumulated deferred investment tax credits	7,402	7,963
Regulatory liability for income taxes - net	98,901	114,759
Other regulatory liabilities	27,567	43,013
Asset retirement cost liabilities	17,457	11,743
Accumulated provisions	8,212	9,480
Long-term debt (includes securitization bonds of \$248,761 as of September 30, 2024 and \$ 257,592 as of December 31, 2023)	3,561,402	3,225,092
Other	400,346	274,421
TOTAL	4,995,548	4,501,376
Commitments and Contingencies		
EQUITY		
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding 46,525,000 shares in 2024 and 2023	49,452	49,452
Paid-in capital	1,200,125	1,200,125
Retained earnings	2,074,058	1,830,335
Total common shareholder's equity	3,323,635	3,079,912
Preferred stock without sinking fund	38,750	38,750
TOTAL	3,362,385	3,118,662
TOTAL LIABILITIES AND EQUITY	\$8,871,792	\$8,056,572

See Notes to Financial Statements.

ENTERGY TEXAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Common Equity				
	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Total
	(In Thousands)				
Balance at December 31, 2022	\$38,750	\$49,452	\$1,050,125	\$1,541,134	\$2,679,461
Net income	—	—	—	41,673	41,673
Preferred stock dividends	—	—	—	(518)	(518)
Balance at March 31, 2023	<u>38,750</u>	<u>49,452</u>	<u>1,050,125</u>	<u>1,582,289</u>	<u>2,720,616</u>
Net income	—	—	—	88,457	88,457
Preferred stock dividends	—	—	—	(518)	(518)
Balance at June 30, 2023	<u>38,750</u>	<u>49,452</u>	<u>1,050,125</u>	<u>1,670,228</u>	<u>2,808,555</u>
Net income	—	—	—	150,089	150,089
Preferred stock dividends	—	—	—	(518)	(518)
Balance at September 30, 2023	<u><u>\$38,750</u></u>	<u><u>\$49,452</u></u>	<u><u>\$1,050,125</u></u>	<u><u>\$1,819,799</u></u>	<u><u>\$2,958,126</u></u>
Balance at December 31, 2023	<u><u>38,750</u></u>	<u><u>49,452</u></u>	<u><u>1,200,125</u></u>	<u><u>\$1,830,335</u></u>	<u><u>\$3,118,662</u></u>
Net income	—	—	—	36,744	36,744
Preferred stock dividends	—	—	—	(518)	(518)
Balance at March 31, 2024	<u>38,750</u>	<u>49,452</u>	<u>1,200,125</u>	<u>1,866,561</u>	<u>3,154,888</u>
Net income	—	—	—	90,222	90,222
Preferred stock dividends	—	—	—	(518)	(518)
Balance at June 30, 2024	<u>38,750</u>	<u>49,452</u>	<u>1,200,125</u>	<u>1,956,265</u>	<u>3,244,592</u>
Net income	—	—	—	118,311	118,311
Preferred stock dividends	—	—	—	(518)	(518)
Balance at September 30, 2024	<u><u>\$38,750</u></u>	<u><u>\$49,452</u></u>	<u><u>\$1,200,125</u></u>	<u><u>\$2,074,058</u></u>	<u><u>\$3,362,385</u></u>

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.

MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS

System Energy's principal asset consists of an ownership interest and a leasehold interest in Grand Gulf. The capacity and energy from its 90% interest is sold under the Unit Power Sales Agreement to its only four customers, Entergy Arkansas, Entergy Louisiana, Entergy Mississippi, and Entergy New Orleans. System Energy's operating revenues are derived from the allocation of the capacity, energy, and related costs associated with its 90% interest in Grand Gulf pursuant to the Unit Power Sales Agreement. Payments under the Unit Power Sales Agreement are System Energy's only source of operating revenues. As discussed in "**Complaints Against System Energy**" below and in Note 2 to the financial statements in the Form 10-K, System Energy and the Unit Power Sales Agreement are currently the subject of several litigation proceedings at the FERC (or on appeal from the FERC to the United States Court of Appeals for the Fifth Circuit).

Results of Operations

Net Income

Third Quarter 2024 Compared to Third Quarter 2023

Net income decreased \$1.6 million primarily due to the lower authorized rate of return on equity and capital structure limitations reflected in monthly bills issued to Entergy Arkansas effective with the November 2023 service month per the settlement agreement with the APSC and the lower authorized rate of return on equity and capital structure limitations reflected in monthly bills issued to Entergy New Orleans effective with the June 2024 service month per the settlement agreement with the City Council, substantially offset by an increase in operating revenues resulting from changes in rate base. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the settlement with the APSC. See Note 2 to the financial statements herein for discussion of the settlement with the City Council.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net income increased \$1 million primarily due to an increase in operating revenues resulting from changes in rate base, partially offset by the lower authorized rate of return on equity and capital structure limitations reflected in monthly bills issued to Entergy Arkansas effective with the November 2023 service month per the settlement agreement with the APSC and the lower authorized rate of return on equity and capital structure limitations reflected in monthly bills issued to Entergy New Orleans effective with the June 2024 service month per the settlement agreement with the City Council. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the settlement with the APSC. See Note 2 to the financial statements herein for discussion of the settlement with the City Council.

Income Taxes

The effective income tax rates were 24% for the third quarter 2024 and 22.5% for the nine months ended September 30, 2024. The differences in the effective income tax rates for the third quarter 2024 and the nine months ended September 30, 2024 versus the federal statutory rate of 21% were primarily due to the accrual for state income taxes, partially offset by book and tax differences related to the allowance for equity funds used during construction.

The effective income tax rates were 22.5% for the third quarter 2023 and 22.9% for the nine months ended September 30, 2023. The differences in the effective income tax rates for the third quarter 2023 and the nine months ended September 30, 2023 versus the federal statutory rate of 21% were primarily due to the accrual for

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System Energy Resources, Inc.

Management's Financial Discussion and Analysis

state income taxes, partially offset by certain book and tax differences related to utility plant items and book and tax differences related to the allowance for equity funds used during construction.

Income Tax Legislation and Regulation

See "MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - **Income Tax Legislation and Regulation**" herein and in the Form 10-K for discussion of income tax legislation and regulation.

Liquidity and Capital Resources

Cash Flow

Cash flows for the nine months ended September 30, 2024 and 2023 were as follows:

	2024	2023
	(In Thousands)	(In Thousands)
Cash and cash equivalents at beginning of period	\$60	\$2,940
Net cash provided by (used in):		
Operating activities	113,280	155,190
Investing activities	(241,229)	(27,165)
Financing activities	206,084	(35,172)
Net increase in cash and cash equivalents	78,135	92,853
Cash and cash equivalents at end of period	<u><u>\$78,195</u></u>	<u><u>\$95,793</u></u>

Operating Activities

Net cash flow provided by operating activities decreased \$41.9 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- the refund of \$92.7 million made in 2024 to Entergy Arkansas as a result of the settlement with the APSC. See Note 2 to the financial statements herein and in the Form 10-K for discussion of the settlement with the APSC;
- an increase of \$21.2 million in spending on nuclear refueling outage costs in 2024 as compared to 2023; and
- the timing of collection of receivables.

The decrease was partially offset by:

- aggregate refunds of \$103.5 million made in January 2023 related to the sale-leaseback renewal costs and depreciation litigation as calculated in System Energy's January 2023 compliance report filed with the FERC. See Note 2 to the financial statements in the Form 10-K for further discussion of the refunds and the related proceedings; and
- refunds of \$19.3 million included in May 2023 service month bills under the Unit Power Sales Agreement to reflect the effects of the partial settlement agreement approved by the FERC in April 2023. See Note 2 to the financial statements in the Form 10-K for discussion of the Unit Power Sales Agreement complaint.

Investing Activities

Net cash flow used in investing activities increased \$214.1 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to:

- money pool activity;
- an increase in cash used of \$85.8 million as a result of fluctuations in nuclear fuel activity due to variations from year to year in the timing and pricing of fuel reload requirements, material and services deliveries, and the timing of cash payments during the nuclear fuel cycle; and
- an increase of \$43.5 million in nuclear construction expenditures primarily due to higher spending in 2024 on Grand Gulf outage projects and upgrades.

Increases in System Energy's receivable from the money pool are a use of cash flow and System Energy's receivable from the money pool increased \$8.1 million for the nine months ended September 30, 2024 compared to decreasing by \$85.2 million for the nine months ended September 30, 2023. The money pool is an intercompany cash management program that makes possible intercompany borrowing and lending arrangements, and the money pool and other borrowing arrangements are designed to reduce the Registrant Subsidiaries' dependence on external short-term borrowings.

Financing Activities

System Energy's financing activities provided \$206.1 million of cash for the nine months ended September 30, 2024 compared to using \$35.2 million of cash for the nine months ended September 30, 2023 primarily due to the following activity:

- the repayment, at maturity, of \$250 million of 4.10% Series mortgage bonds in April 2023;
- a capital contribution of \$150 million received from Entergy Corporation in January 2024 in order to maintain System Energy's capital structure;
- net long-term borrowings of \$68.5 million in 2024 compared to net repayments of \$43.4 million in 2023 on the nuclear fuel company variable interest entity's credit facility;
- the repayment, prior to maturity, in March 2023 of a \$50 million term loan due in November 2023;
- the issuance of \$325 million of 6.00% Series mortgage bonds in March 2023; and
- money pool activity.

Decreases in System Energy's payable to the money pool are a use of cash flow, and System Energy's payable to the money pool decreased \$12.2 million for the nine months ended September 30, 2024.

See Note 4 to the financial statements herein and Note 5 to the financial statements in the Form 10-K for more details on long-term debt.

Capital Structure

System Energy's debt to capital ratio is shown in the following table. The decrease in the debt to capital ratio for System Energy is primarily due to the capital contribution of \$150 million received from Entergy Corporation in 2024, partially offset by the net issuance of long-term debt in 2024.

	September 30, 2024	December 31, 2023
Debt to capital	41.9 %	45.4 %
Effect of subtracting cash	(2.4 %)	— %
Net debt to net capital (non-GAAP)	39.5 %	45.4 %

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System Energy Resources, Inc.

Management's Financial Discussion and Analysis

Net debt consists of debt less cash and cash equivalents. Debt consists of short-term borrowings and long-term debt, including the currently maturing portion. Capital consists of debt and common equity. Net capital consists of capital less cash and cash equivalents. System Energy uses the debt to capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating System Energy's financial condition. The net debt to net capital ratio is a non-GAAP measure. System Energy uses the net debt to net capital ratio in analyzing its financial condition and believes it provides useful information to its investors and creditors in evaluating System Energy's financial condition because net debt indicates System Energy's outstanding debt position that could not be readily satisfied by cash and cash equivalents on hand.

Uses and Sources of Capital

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Liquidity and Capital Resources**" in the Form 10-K for a discussion of System Energy's uses and sources of capital. The following are updates to the information provided in the Form 10-K.

System Energy is developing its capital investment plan for 2025 through 2027 and currently anticipates making \$385 million in capital investments during that period. The preliminary estimate includes amounts associated with Grand Gulf investments and initiatives.

System Energy's receivables from or (payables to) the money pool were as follows:

September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
(In Thousands)			
\$8,119	(\$12,246)	\$9,772	\$94,981

See Note 4 to the financial statements in the Form 10-K for a description of the money pool.

The System Energy nuclear fuel company variable interest entity has a credit facility in the amount of \$120 million scheduled to expire in June 2027. As of September 30, 2024, \$90 million in loans were outstanding under the System Energy nuclear fuel company variable interest entity credit facility. See Note 4 to the financial statements herein for additional discussion of the variable interest entity credit facility.

Federal Regulation

See the "**Rate, Cost-recovery, and Other Regulation - Federal Regulation**" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis in the Form 10-K and Note 2 to the financial statements herein and in the Form 10-K for a discussion of federal regulation.

Complaints Against System Energy

See Note 2 to the financial statements in the Form 10-K for information regarding pending complaints against System Energy. System Energy and the Unit Power Sales Agreement are currently the subject of several litigation proceedings at the FERC (or on appeal from the FERC to the United States Court of Appeals for the Fifth Circuit), including challenges with respect to System Energy's authorized return on equity and capital structure, renewal of its sale-leaseback arrangement, treatment of uncertain tax positions, a broader investigation of rates under the Unit Power Sales Agreement, and two prudence complaints, one challenging the extended power uprate completed at Grand Gulf in 2012 and the operation and management of Grand Gulf, particularly in the 2016-2020 time period, and the second challenging the operation and management of Grand Gulf in the 2021-2022 time period. Settlements that resolve all significant aspects of these complaints have been reached with the MPSC, the APSC, and the City Council and approved by the FERC. A settlement has been reached with the LPSC and is pending FERC approval, as described in "**System Energy Settlement with the LPSC**" below. If the settlement with the

LPSC is approved by the FERC, it would resolve all significant aspects of these pending complaints. The following are updates to the discussion in the Form 10-K.

Return on Equity and Capital Structure Complaints

As discussed in the Form 10-K, in March 2021 the FERC ALJ issued an initial decision in the proceeding initiated by the LPSC, the MPSC, the APSC, and the City Council against System Energy regarding the return on equity component of the Unit Power Sales Agreement. With regard to System Energy's authorized return on equity, the ALJ determined that the existing return on equity of 10.94% is no longer just and reasonable, and that the replacement authorized return on equity, based on application of the FERC's Opinion No. 569-A methodology, should be 9.32%. The ALJ further determined that System Energy should pay refunds for a fifteen-month refund period (January 2017-April 2018) based on the difference between the current return on equity and the replacement authorized return on equity. The ALJ determined that the April 2018 complaint concerning the authorized return on equity should be dismissed, and that no refunds for a second fifteen-month refund period should be due. With regard to System Energy's capital structure, the ALJ determined that System Energy's actual equity ratio is excessive and that the just and reasonable equity ratio is 48.15% equity, based on the average equity ratio of the proxy group used to evaluate the return on equity for the second complaint. The ALJ further determined that System Energy should pay refunds for a fifteen-month refund period (September 2018-December 2019) based on the difference between the actual equity ratio and the 48.15% equity ratio. If the ALJ's initial decision is upheld, the estimated refund for this proceeding is approximately \$11.6 million, which includes interest through September 30, 2024, and the estimated resulting annual rate reduction would be approximately \$6.8 million. As a result of the settlement agreements with the MPSC, the APSC, and the City Council, the estimated refund and rate reduction only includes the portion related to Entergy Louisiana, whose settlement with the LPSC is pending FERC approval. See "**System Energy Settlement with the MPSC**" in the Form 10-K, see "**System Energy Settlement with the APSC**" below and in the Form 10-K, and see "**System Energy Settlement with the City Council**" below for discussion of the settlements. The estimated refund will continue to accrue interest until a final FERC decision is issued.

The ALJ initial decision is an interim step in the FERC litigation process, and an ALJ's determinations made in an initial decision are not controlling on the FERC. In April 2021, System Energy filed its brief on exceptions, in which it challenged the initial decision's findings on both the return on equity and capital structure issues. Also in April 2021 the LPSC, the APSC, the MPSC, the City Council, and the FERC trial staff filed briefs on exceptions. Reply briefs opposing exceptions were filed in May 2021 by System Energy, the FERC trial staff, the LPSC, the APSC, the MPSC, and the City Council. Refunds, if any, that might be required will only become due after the FERC issues its order reviewing the initial decision.

In August 2022 the D.C. Circuit issued an order addressing appeals of FERC's Opinion No. 569 and 569-A, which established the methodology applied in the ALJ's initial decision in the proceeding against System Energy discussed above and in the Form 10-K. The appellate order addressed the methodology for determining the return on equity applicable to transmission owners in MISO. The D.C. Circuit found the FERC's use of the risk premium model as part of the methodology to be arbitrary and capricious and remanded the case back to the FERC. In October 2024 the FERC issued a remand order in the MISO transmission owners' case, concluding that the record supported the methodology that it originally directed in Opinion No. 569 utilizing an equal weighting of the two-step discounted cash flow model and capital asset pricing model. As a result, it determined that the just and reasonable return on equity for the MISO transmission owners is 9.98%. In light of the System Energy settlements described below, the FERC's changes to its return on equity methodology in the decision on the MISO transmission owners' return on equity will not have any immediate effect on System Energy's return on equity because System Energy's return on equity is locked-in through the end of June 2026.

Grand Gulf Sale-leaseback Renewal Complaint and Uncertain Tax Position Rate Base Issue

As discussed in the Form 10-K, in May 2018 the LPSC filed a complaint against System Energy and Entergy Services related to System Energy's renewal of a sale-leaseback transaction originally entered into in December 1988 for an 11.5% undivided interest in Grand Gulf Unit 1. The APSC, the MPSC, and the City Council subsequently intervened in the proceeding. A hearing was held before a FERC ALJ in November 2019. In April 2020 the ALJ issued the initial decision, and in December 2022 the FERC issued an order on the ALJ's initial decision, which affirmed it in part and modified it in part. The FERC's order directed System Energy to calculate refunds on three issues, and to provide a compliance report detailing the calculations. The FERC's order also disallows the future recovery of sale-leaseback renewal costs, which is estimated at approximately \$11.5 million annually for purchases from Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans through July 2036. The three refund issues are rental expenses related to the renewal of the sale-leaseback arrangements; refunds, if any, for the revenue requirement impact of including accumulated deferred income taxes resulting from the decommissioning uncertain tax positions from 2004 through the present; and refunds for the net effect of correcting the depreciation inputs for capital additions attributable to the portion of plant subject to the sale-leaseback.

In January 2023, System Energy filed its compliance report with the FERC. With respect to the sale-leaseback renewal costs, System Energy calculated a refund of \$89.8 million, which represented all of the sale-leaseback renewal rental costs that System Energy recovered in rates, with interest. With respect to the decommissioning uncertain tax position issue, System Energy calculated that no additional refunds are owed because it had already provided a one-time historical credit (for the period January 2016 through September 2020) of \$25.2 million based on the accumulated deferred income taxes that resulted from the IRS's partial acceptance of the decommissioning tax position, and because it has been providing an ongoing rate base credit for the accumulated deferred income taxes that resulted from the IRS's partial acceptance of the decommissioning tax position since October 2020. With respect to the depreciation refund, System Energy calculated a refund of \$13.7 million, which is the net total of a refund to customers for excess depreciation expense previously collected, plus interest, offset by the additional return on rate base that System Energy previously did not collect, without interest.

In January 2023, System Energy filed a request for rehearing of the FERC's determinations in the December 2022 order on sale-leaseback refund issues and future lease cost disallowances, the FERC's prospective policy on uncertain tax positions, and the proper accounting of System Energy's accumulated deferred income taxes adjustment for the Tax Cuts and Jobs Act of 2017; and a motion for confirmation of its interpretation of the December 2022 order's remedy concerning the decommissioning tax position. In January 2023 the retail regulators filed a motion for confirmation of their interpretation of the refund requirement in the December 2022 FERC order and a provisional request for rehearing. In February 2023 the FERC issued a notice that the rehearing requests have been deemed denied by operation of law. The deemed denial of the rehearing request initiated a sixty-day period in which aggrieved parties could petition for federal appellate court review of the underlying FERC orders; however, the FERC may issue a substantive order on rehearing as long as it continues to have jurisdiction over the case. In March 2023, System Energy filed in the United States Court of Appeals for the Fifth Circuit a petition for review of the December 2022 order. In March 2023, System Energy also filed an unopposed motion to stay the proceeding in the Fifth Circuit pending the FERC's disposition of the pending motions, and the court granted the motion to stay.

In August 2023 the FERC issued an order addressing arguments raised on rehearing and partially setting aside the prior order (rehearing order). The rehearing order addresses rehearing requests that were filed in January 2023 separately by System Energy and the LPSC, the APSC, and the City Council.

In the rehearing order, the FERC directs System Energy to recalculate refunds for two issues: (1) refunds of rental expenses related to the renewal of the sale-leaseback arrangements and (2) refunds for the net effect of correcting the depreciation inputs for capital additions associated with the sale-leaseback. With regard to the sale-leaseback renewal rental expenses, the rehearing order allows System Energy to recover an implied return of and on the depreciated cost of the portion of the plant subject to the sale-leaseback as of the expiration of the initial lease.

term. With regard to the depreciation input issue, the rehearing order allows System Energy to offset refunds so that System Energy may collect interest on the rate base recalculations that were part of the overall depreciation rate recalculations. The rehearing order further directs System Energy to submit within 60 days of the date of the rehearing order an additional compliance filing to revise the total refunds for these two issues. As discussed above, System Energy's January 2023 compliance filing calculated \$103.5 million in total refunds, and the refunds were paid in January 2023. In October 2023, System Energy filed its compliance report with the FERC as directed in the August 2023 rehearing order. The October 2023 compliance report reflected recalculated refunds totaling \$35.7 million for the two issues resulting in \$67.8 million in refunds that could be recouped by System Energy. As discussed below in "**System Energy Settlement with the APSC**," System Energy reached a settlement in principle with the APSC to resolve several pending cases under the FERC's jurisdiction, including this one, pursuant to which it has agreed not to recoup the \$27.3 million calculated for Entergy Arkansas in the compliance filing. Consistent with the compliance filing, in October 2023, Entergy Louisiana and Entergy New Orleans paid recoupment amounts of \$18.2 million and \$22.3 million, respectively, to System Energy.

On the third refund issue identified in the rehearing requests, concerning the decommissioning uncertain tax positions, the rehearing order denied all rehearing requests, re-affirmed the remedy contained in the December 2022 order, and did not direct System Energy to recalculate refunds or to submit an additional compliance filing. On this issue, as reflected in its January 2023 compliance filing, System Energy believes it has already paid the refunds due under the remedy that the FERC outlined for the uncertain tax positions issue in its December 2022 order. In August 2023 the LPSC issued a media release in which it stated that it disagrees with System Energy's determination that the rehearing order requires no further refunds to be made on this issue.

In September 2023, System Energy filed a protective appeal of the rehearing order with the United States Court of Appeals for the Fifth Circuit. The appeal was consolidated with System Energy's prior appeal of the December 2022 order.

In September 2023 the LPSC filed with the FERC a request for rehearing and clarification of the rehearing order. The LPSC requests that the FERC reverse its determination in the rehearing order that System Energy may collect an implied return of and on the depreciated cost of the portion of the plant subject to the sale-leaseback, as of the expiration of the initial lease term, as well as its determination in the rehearing order that System Energy may offset the refunds for the depreciation rate input issue and collect interest on the rate base recalculations that were part of the overall depreciation rate recalculations. In addition, the LPSC requests that the FERC either confirm the LPSC's interpretation of the refund associated with the decommissioning uncertain tax positions or explain why it is not doing so. In October 2023 the FERC issued a notice that the rehearing request has been deemed denied by operation of law. In November 2023 the FERC issued a further notice stating that it would not issue any further order addressing the rehearing request. Also in November 2023 the LPSC filed with the United States Court of Appeals for the Fifth Circuit a petition for review of the FERC's August 2023 rehearing order and denials of the September 2023 rehearing request.

In December 2023 the United States Court of Appeals for the Fifth Circuit lifted the abeyance on the consolidated System Energy appeals, and it also consolidated the LPSC's appeal with the System Energy appeals. In March 2024, separate petition briefs were filed by System Energy and by the LPSC. Also in March 2024, the City Council filed an intervenor brief supporting the LPSC. In June 2024 counsel for the FERC filed the respondent's brief, arguing that the FERC's August 2023 rehearing order concerning the sale-leaseback and depreciation rate remedy issues should be affirmed and arguing that the dispute over the uncertain tax position issue is not yet ripe. In July 2024, System Energy and the LPSC each filed separate reply briefs. In September 2024 the parties filed a joint motion to continue and stay oral argument, previously scheduled for October 2024, pending the FERC's decision whether to approve the settlement between System Energy and the LPSC, and the United States Court of Appeals for the Fifth Circuit granted the motion.

LPSC Additional Complaints

As discussed in the Form 10-K, in May 2020 the LPSC authorized its staff to file additional complaints at the FERC related to the rates charged by System Energy for Grand Gulf energy and capacity supplied to Entergy Louisiana under the Unit Power Sales Agreement. The following are updates to that discussion.

Unit Power Sales Agreement Complaint

As discussed in the Form 10-K, the first of the additional complaints was filed by the LPSC, the APSC, the MPSC, and the City Council in September 2020. The first complaint raises two sets of rate allegations: violations of the filed rate and a corresponding request for refunds for prior periods; and elements of the Unit Power Sales Agreement are unjust and unreasonable and a corresponding request for refunds for the 15-month refund period and changes to the Unit Power Sales Agreement prospectively. In May 2021 the FERC issued an order addressing the complaint, establishing a refund effective date of September 21, 2020, establishing hearing procedures, and holding those procedures in abeyance pending the FERC's review of the initial decision in the Grand Gulf sale-leaseback renewal complaint discussed above.

In November 2021 the LPSC, the APSC, and the City Council filed direct testimony and requested the FERC to order refunds for prior periods and prospective amendments to the Unit Power Sales Agreement. System Energy filed answering testimony in January 2022. In March 2022 the FERC trial staff filed direct and answering testimony recommending refunds and prospective modifications to the Unit Power Sales Agreement.

In April 2022, System Energy filed cross-answering testimony in response to the FERC trial staff's recommendations. In June 2022 the FERC trial staff submitted revised answering testimony, in which it recommended additional refunds associated with the accumulated deferred income tax balances in account 190. Also in June 2022, System Energy filed revised and supplemental cross answering testimony to respond to the FERC trial staff's testimony and oppose its revised recommendation.

In May 2022 the LPSC, the APSC, and the City Council filed rebuttal testimony and asserted new claims. In June 2022 a new procedural schedule was adopted, providing for additional rounds of testimony and for the hearing to begin in September 2022. The hearing concluded in December 2022. Also in December 2022, a motion to extend the briefing schedule and the May 2023 deadline for the initial decision was granted.

In November 2022, System Energy filed a partial settlement agreement with the APSC, the City Council, and the LPSC that resolved the following issues raised in the Unit Power Sales Agreement complaint: advance collection of lease payments, aircraft costs, executive incentive compensation, money pool borrowings, advertising expenses, deferred nuclear refueling outage costs, industry association dues, and termination of the capital funds agreement. The settlement provided that System Energy would provide a black box refund of \$18 million (inclusive of interest), plus additional refund amounts with interest to be calculated for certain issues to be distributed to Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans as the Utility operating companies other than Entergy Mississippi purchasing under the Unit Power Sales Agreement. The settlement further provided that if the APSC, the City Council, or the LPSC agrees to the global settlement System Energy entered into with the MPSC (see "**System Energy Settlement with the MPSC**" in the Form 10-K for discussion of the settlement), and such global settlement includes a black box refund amount, then the black box refund for this settlement agreement shall not be incremental or in addition to the global black box refund amount. The settlement agreement addressed other matters as well, including adjustments to rate base beginning in October 2022, exclusion of certain other costs, and inclusion of money pool borrowings, if any, in short-term debt within the cost of capital calculation used in the Unit Power Sales Agreement. In April 2023 the FERC approved the settlement agreement. The refund provided for in the settlement agreement was included in the May 2023 service month bills under the Unit Power Sales Agreement.

In May 2023 the presiding ALJ issued an initial decision finding that System Energy should have excluded multiple identified categories of accumulated deferred income taxes from rate base when calculating Unit Power

Sales Agreement bills. Based on this finding, the initial decision recommended refunds; System Energy estimates that those refunds for Entergy Louisiana would total approximately \$31.5 million plus \$45.6 million of interest through September 30, 2024. The initial decision also finds that the Unit Power Sales Agreement should be modified such that a cash working capital allowance of negative \$36.4 million is applied prospectively. If the FERC ultimately orders these modifications to cash working capital be implemented, the estimated annual revenue requirement impact is expected to be immaterial. On the other non-settled issues for which the complainants sought refunds or changes to the Unit Power Sales Agreement, the initial decision ruled against the complainants.

The initial decision is an interim step in the FERC litigation process, and an ALJ's determination made in an initial decision is not controlling on the FERC. System Energy disagrees with the ALJ's findings concerning the accumulated deferred income taxes issues and cash working capital. In July 2023, System Energy filed a brief on exceptions to the initial decision's accumulated deferred income taxes findings. Also in July 2023, the APSC, the LPSC, the City Council, and the FERC trial staff filed separate briefs on exceptions. The APSC's brief on exceptions challenges the ALJ's determinations on the money pool interest and retained earnings issues. The LPSC's brief on exceptions challenges the ALJ's determinations regarding the sale-leaseback transaction costs, legal fees, and retained earnings issues. The City Council's brief on exceptions challenges the ALJ's determinations on the money pool and cash management issues. The FERC trial staff's brief on exceptions challenges the ALJ's determinations on the cash working capital issue as well as certain of the accumulated deferred income taxes issues. In August 2023 all parties filed separate briefs opposing exceptions. System Energy filed a brief opposing the exceptions of the APSC, the LPSC, and the City Council. The APSC, the LPSC, and the City Council filed separate briefs opposing the exceptions raised by System Energy and the FERC trial staff. The FERC trial staff filed its own brief opposing certain exceptions raised by System Energy, the APSC, the LPSC, and the City Council. The case is now pending a decision by the FERC. Refunds, if any, that might be required will become due only after the FERC issues its order reviewing the initial decision.

LPSC Petition for a Writ of Mandamus

In March 2024 the LPSC filed a petition for a writ of mandamus, requesting that the United States Court of Appeals for the Fifth Circuit direct the FERC to take action on (1) System Energy's pending compliance filings (and the LPSC's protests) in response to the FERC's orders on the uncertain tax position rate base issue, as discussed above; and (2) the ALJ's pending initial decision in the return on equity and capital structure proceeding, also as discussed above. System Energy filed a notice of intervention in the proceeding.

In March 2024 the United States Court of Appeals for the Fifth Circuit directed the FERC to respond to the LPSC's petition. Also in March 2024, System Energy filed its response to the LPSC's petition, in which it opposed the LPSC's mandamus request on the compliance filing and took no position on the request for action on the return on equity and capital structure case. Later in March 2024, the FERC responded opposing both parts of the LPSC's petition, and the LPSC filed an opposed motion for leave to answer and its answer to the FERC's and System Energy's responses. In July 2024 the Fifth Circuit held oral argument on the petition. During oral argument, the FERC's counsel represented that the FERC intends to issue an order in the return on equity and capital structure proceeding by the end of the year. Later in July 2024 the Fifth Circuit issued an order denying the LPSC's petition.

System Energy Settlement with the APSC

As discussed in the Form 10-K, in October 2023, System Energy, Entergy Arkansas, and additional named Entergy parties involved in multiple docketed proceedings pending before the FERC reached a settlement in principle with the APSC to globally resolve all of their actual and potential claims in those dockets and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "Grand Gulf Prudence Complaint" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. System Energy, Entergy Arkansas, additional Entergy parties, and the APSC filed the settlement agreement and supporting materials with the FERC in November 2023. The Unit Power Sales Agreement is a FERC-jurisdictional formula rate tariff for sales of energy and capacity from

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System Energy's owned and leased share of Grand Gulf to Entergy Mississippi, Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans. System Energy previously settled with the MPSC with respect to these complaints before the FERC.

The terms of the settlement with the APSC align with the \$588 million global black box settlement reached between System Energy and the MPSC in June 2022 and provide for Entergy Arkansas to receive a black box refund of \$142 million from System Energy, inclusive of \$49.5 million already received by Entergy Arkansas from System Energy.

In addition to the black box refund of \$142 million described above, beginning with the November 2023 service month, the settlement provides for Entergy Arkansas's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

In December 2023 the FERC trial staff and the LPSC filed comments. The FERC trial staff commented that it "believes that the settlement is fair, and in the public interest," and neither it nor the LPSC oppose the settlement. In December 2023 the remaining black box refund to Entergy Arkansas was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet. In March 2024 the FERC approved the settlement "because it appears to be fair and reasonable and in the public interest." System Energy paid the remaining black box refund of \$92 million to Entergy Arkansas in May 2024.

System Energy Settlement with the City Council

In April 2024, System Energy, Entergy New Orleans, and additional named Entergy parties involved in multiple docketed proceedings pending before the FERC reached a settlement in principle with the City Council to globally resolve all of their actual and potential claims in those dockets and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "[Grand Gulf Prudence Complaint](#)" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. In May 2024, System Energy, Entergy New Orleans, additional named Entergy parties, and the City Council filed the settlement agreement and supporting materials with the FERC. The Unit Power Sales Agreement is a FERC-jurisdictional formula rate tariff for sales of energy and capacity from System Energy's owned and leased share of Grand Gulf to Entergy Mississippi, Entergy Arkansas, Entergy Louisiana, and Entergy New Orleans.

The terms of the settlement with the City Council align with the \$588 million global black box settlement amount reflected in the prior settlements reached between System Energy and the MPSC in June 2022 and between System Energy and the APSC in November 2023. The settlement provides for Entergy New Orleans to receive a black box refund of \$116 million from System Energy, inclusive of approximately \$18 million already received by Entergy New Orleans from System Energy. In March 2024 the \$98 million black box refund to Entergy New Orleans was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet.

In addition to the black box refund of \$116 million described above, beginning with the June 2024 service month, the settlement provides for Entergy New Orleans's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

In August 2024 the FERC approved the settlement "because it appears to be fair and reasonable and in the public interest." System Energy paid the remaining black box refund of \$98 million to Entergy New Orleans in October 2024. As discussed above and in Note 2 to the financial statements in the Form 10-K, System Energy previously settled with the MPSC and the APSC with respect to these complaints before the FERC. The settlements with the APSC, the MPSC, and the City Council represent almost 85% of System Energy's share of the output of Grand Gulf.

System Energy Settlement with the LPSC

In July 2024, System Energy and the LPSC staff reached a settlement in principle to globally resolve all of the LPSC's actual and potential claims in multiple docketed proceedings pending before the FERC (including all docketed proceedings resolved by the MPSC, the APSC, and the City Council settlements) and with System Energy's past implementation of the Unit Power Sales Agreement. The settlement also covers the amended and supplemental complaint, discussed in "Grand Gulf Prudence Complaint" in the Form 10-K, filed by the LPSC, the APSC, and the City Council at the FERC in October 2023. In August 2024 the LPSC approved the settlement. In September 2024 the settling parties filed the settlement for approval by the FERC.

The terms of the settlement with the LPSC align with the \$588 million global black box settlement amount reflected in the prior settlements reached between System Energy and the MPSC in June 2022, between System Energy and the APSC in November 2023, and between System Energy and the City Council in April 2024. The settlement provides for Entergy Louisiana to receive a black box refund of \$95 million from System Energy, inclusive of approximately \$15 million already received by Entergy Louisiana from System Energy. In June 2024 the remaining \$80 million black box refund to Entergy Louisiana was reclassified from long-term other regulatory liabilities to accounts payable - associated companies on System Energy's balance sheet.

In addition to the black box refund of \$95 million described above, beginning with the September 2024 service month, the settlement provides for Entergy Louisiana's bills from System Energy to be adjusted to reflect an authorized rate of return on equity of 9.65% and a capital structure not to exceed 52% equity.

The settlement also includes an agreement that, subject to the receipt of necessary regulatory approvals, Entergy Louisiana will divest to Entergy Mississippi all of its interest in Grand Gulf capacity and energy under the Unit Power Sales Agreement and its purchases from Entergy Arkansas under the MSS-4 replacement tariff. Subject to the receipt of all required regulatory approvals, divestiture will be effective on January 1, 2025. In October 2024 Entergy Louisiana and Entergy Mississippi filed with the FERC a power purchase agreement under which Entergy Mississippi would purchase Entergy Louisiana's purchases of Grand Gulf capacity and energy. The power purchase agreement is governed by the MSS-4 replacement tariff, a tariff governing the sales of energy and capacity among the Utility operating companies. The parties requested that the FERC issue an order accepting the power purchase agreement no later than December 2024.

System Energy Regulatory Liability for Pending Complaints

As discussed in the Form 10-K, System Energy had recorded a regulatory liability related to complaints against System Energy, which was consistent with the settlement agreements reached with the MPSC and the APSC, taking into account amounts already or expected to be refunded. System Energy's remaining regulatory liability related to complaints against System Energy as of December 31, 2023 was \$178 million. As discussed above in "**System Energy Settlement with the City Council**," in first quarter 2024 the \$98 million black box refund to Entergy New Orleans was reclassified from the regulatory liability to accounts payable - associated companies on System Energy's balance sheet. As discussed above in "**System Energy Settlement with the LPSC**," in second quarter 2024 the \$80 million black box refund to Entergy Louisiana was reclassified from the regulatory liability to accounts payable - associated companies on System Energy's balance sheet.

Unit Power Sales Agreement

System Energy Formula Rate Annual Protocols Formal Challenge Concerning 2022 Calendar Year Bills

In February 2024, pursuant to the protocols procedures discussed in Note 2 to the financial statements in the Form 10-K, the LPSC and the City Council filed with the FERC a formal challenge to System Energy's implementation of the formula rate during calendar year 2022. The formal challenge alleges: (1) that the equity ratio charged in rates was excessive; and (2) that all issues in the pending Unit Power Sales Agreement complaint

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System Energy Resources, Inc.

Management's Financial Discussion and Analysis

proceeding should also be reflected in calendar year 2022 bills. These allegations are identical to issues that were raised in the formal challenge to the calendar year 2020 and 2021 bills.

In March 2024, System Energy filed an answer to the formal challenge in which it requested that the FERC deny the formal challenge as a matter of law, or else hold the proceeding in abeyance pending the resolution of related dockets.

Pension Costs Amendment Proceeding

As discussed in the Form 10-K, in October 2021, System Energy submitted to the FERC proposed amendments to the Unit Power Sales Agreement to include in the rate base the prepaid and accrued pension costs associated with System Energy's qualified pension plans. Based on data ending in 2020, the increased annual revenue requirement associated with the filing is approximately \$8.9 million. In March 2022 the FERC accepted System Energy's proposed amendments with an effective date of December 1, 2021, subject to refund pending the outcome of the settlement and/or hearing procedures. In August 2023 the FERC chief ALJ terminated settlement procedures and designated a presiding ALJ to oversee hearing procedures. In October 2023, System Energy filed direct testimony in support of its proposed amendments. Under the procedural schedule, testimony was filed through April 2024, and the hearing occurred in late May and early June 2024.

In September 2024 the presiding ALJ issued an initial decision recommending that the FERC approve inclusion of a line item for prepaid and accrued pension costs; however, the presiding ALJ did not agree with System Energy's proposed methodology to calculate the value of the prepaid and accrued pension cost input. Instead, the presiding ALJ recommended limiting System Energy's recovery to the prepaid and accrued pension costs that were incurred beginning in 2015 and later.

System Energy disputes the presiding ALJ's determination concerning the methodology used to calculate the prepaid and accrued pension input, and System Energy filed exceptions to these rulings in October 2024. If the ALJ's determination is affirmed by the FERC, System Energy estimates refunds, including interest through September 30, 2024, of approximately \$15 million to \$19 million would be owed related to the ALJ's findings. The ALJ's initial decision is not binding on the FERC and is an interim step in the hearing process. No refunds will be owed in connection with this proceeding and no changes to System Energy's pension cost recovery methodology will be implemented unless and until the FERC requires them in a final order. This proceeding is not covered by the global settlements described above.

Nuclear Matters

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Nuclear Matters**" in the Form 10-K for a discussion of nuclear matters.

Environmental Risks

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS – Environmental Risks**" in the Form 10-K for a discussion of environmental risks. See "**Other Information - Environmental Regulation**" in Part II, Item 5 herein for updates regarding environmental proceedings and regulation.

Critical Accounting Estimates

See "**MANAGEMENT'S FINANCIAL DISCUSSION AND ANALYSIS - Critical Accounting Estimates**" in the Form 10-K for a discussion of the estimates and judgments necessary in System Energy's accounting for nuclear decommissioning costs, utility regulatory accounting, taxation and uncertain tax positions, qualified pension and other postretirement benefits, and other contingencies.

New Accounting Pronouncements

See the "New Accounting Pronouncements" section of Note 1 to the financial statements in the Form 10-K for a discussion of new accounting pronouncements and the "New Accounting Pronouncements" section of Entergy Corporation and Subsidiaries Management's Financial Discussion and Analysis herein for updates to the discussion of new accounting pronouncements.

SYSTEM ENERGY RESOURCES, INC.
INCOME STATEMENTS
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
OPERATING REVENUES				
Electric	\$147,339	\$119,467	\$445,893	\$429,423
OPERATING EXPENSES				
Operation and Maintenance:				
Fuel, fuel-related expenses, and gas purchased for resale	17,427	18,881	47,664	56,511
Nuclear refueling outage expenses	4,180	6,717	14,977	20,028
Other operation and maintenance	47,868	52,623	145,037	149,809
Decommissioning	10,923	10,495	32,445	31,173
Taxes other than income taxes	6,802	7,261	20,903	22,271
Depreciation and amortization	30,518	(11,597)	90,639	60,843
Other regulatory charges (credits) - net	(8,347)	(9,207)	13,868	(48,081)
TOTAL	109,371	75,173	365,533	292,554
OPERATING INCOME	37,968	44,294	80,360	136,869
OTHER INCOME				
Allowance for equity funds used during construction	1,647	1,866	5,532	5,289
Interest and investment income	5,288	2,738	52,228	10,140
Miscellaneous - net	360	(1,405)	432	(12,096)
TOTAL	7,295	3,199	58,192	3,333
INTEREST EXPENSE				
Interest expense	11,652	12,199	34,895	36,325
Allowance for borrowed funds used during construction	(685)	(448)	(2,138)	(1,239)
TOTAL	10,967	11,751	32,757	35,086
INCOME BEFORE INCOME TAXES	34,296	35,742	105,795	105,116
Income taxes	8,219	8,045	23,752	24,115
NET INCOME	\$26,077	\$27,697	\$82,043	\$81,001

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	2024	2023
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	\$82,043	\$81,001
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation, amortization, and decommissioning, including nuclear fuel amortization	162,837	141,213
Deferred income taxes, investment tax credits, and non-current taxes accrued	38,301	24,887
Changes in assets and liabilities:		
Receivables	7,714	49,881
Accounts payable	70,282	(16,504)
Taxes accrued	(16,404)	(5,782)
Interest accrued	827	4,571
Other working capital accounts	(21,934)	8,936
Other regulatory assets	22,117	(64,565)
Other regulatory liabilities	(45,306)	(15,981)
Pension and other postretirement funded status	(10,660)	(14,484)
Other assets and liabilities	(176,537)	(37,983)
Net cash flow provided by operating activities	113,280	155,190
INVESTING ACTIVITIES		
Construction expenditures	(117,597)	(80,068)
Allowance for equity funds used during construction	5,532	5,289
Nuclear fuel purchases	(122,946)	(57,790)
Proceeds from sale of nuclear fuel	16,465	37,104
Decrease (increase) in other investments	23	(4)
Proceeds from nuclear decommissioning trust fund sales	682,377	245,386
Investment in nuclear decommissioning trust funds	(696,964)	(262,291)
Changes in money pool receivable - net	(8,119)	85,209
Net cash flow used in investing activities	(241,229)	(27,165)
FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	812,087	662,965
Retirement of long-term debt	(743,757)	(698,137)
Capital contribution from parent	150,000	—
Change in money pool payable - net	(12,246)	—
Net cash flow provided by (used in) financing activities	206,084	(35,172)
Net increase in cash and cash equivalents	78,135	92,853
Cash and cash equivalents at beginning of period	60	2,940
Cash and cash equivalents at end of period	\$78,195	\$95,793
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest - net of amount capitalized	\$36,497	\$30,249
Income taxes	(\$2,326)	\$—
Noncash investing activities:		
Accrued construction expenditures	\$15,240	\$16,732

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
ASSETS
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT ASSETS		
Cash and cash equivalents:		
Cash	\$616	\$60
Temporary cash investments	77,579	—
Total cash and cash equivalents	78,195	60
Accounts receivable:		
Associated companies	56,881	54,544
Other	4,929	6,861
Total accounts receivable	61,810	61,405
Materials and supplies - at average cost	165,368	155,565
Deferred nuclear refueling outage costs	23,742	8,603
Prepayments and other	6,817	3,373
TOTAL	335,932	229,006
OTHER PROPERTY AND INVESTMENTS		
Decommissioning trust funds	1,525,289	1,342,317
TOTAL	1,525,289	1,342,317
UTILITY PLANT		
Electric	5,613,464	5,495,728
Construction work in progress	96,380	130,866
Nuclear fuel	207,738	160,655
TOTAL UTILITY PLANT	5,917,582	5,787,249
Less - accumulated depreciation and amortization	3,553,541	3,493,299
UTILITY PLANT - NET	2,364,041	2,293,950
DEFERRED DEBITS AND OTHER ASSETS		
Regulatory assets:		
Other regulatory assets	424,243	446,360
Other	13,408	730
TOTAL	437,651	447,090
TOTAL ASSETS	\$4,662,913	\$4,312,363

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
BALANCE SHEETS
LIABILITIES AND EQUITY
September 30, 2024 and December 31, 2023
(Unaudited)

	2024	2023
	(In Thousands)	
CURRENT LIABILITIES		
Currently maturing long-term debt	\$90	\$57
Accounts payable:		
Associated companies	188,152	118,523
Other	40,956	73,580
Taxes accrued	10,997	27,401
Interest accrued	13,781	12,954
Other	4,353	4,354
TOTAL	258,329	236,869
NON-CURRENT LIABILITIES		
Accumulated deferred income taxes and taxes accrued	445,859	405,744
Accumulated deferred investment tax credits	44,908	46,960
Regulatory liability for income taxes - net	106,316	107,458
Other regulatory liabilities	738,748	782,912
Decommissioning	1,116,679	1,084,234
Pension and other postretirement liabilities	21,535	19,491
Long-term debt	809,495	738,402
Other	462	1,754
TOTAL	3,284,002	3,186,955
Commitments and Contingencies		
COMMON EQUITY		
Common stock, no par value, authorized 1,000,000 shares; issued and outstanding 789,350 shares in 2024 and 2023	1,066,850	916,850
Retained earnings (accumulated deficit)	53,732	(28,311)
TOTAL	1,120,582	888,539
TOTAL LIABILITIES AND EQUITY	\$4,662,913	\$4,312,363

See Notes to Financial Statements.

SYSTEM ENERGY RESOURCES, INC.
STATEMENTS OF CHANGES IN COMMON EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(Unaudited)

	Common Stock	Retained Earnings (Accumulated Deficit)	Total
	(In Thousands)		
Balance at December 31, 2022	\$1,086,850	(\$137,083)	\$949,767
Net income	—	27,545	27,545
Balance at March 31, 2023	1,086,850	(109,538)	977,312
Net income	—	25,759	25,759
Balance at June 30, 2023	1,086,850	(83,779)	1,003,071
Net income	—	27,697	27,697
Balance at September 30, 2023	<u>\$1,086,850</u>	<u>(\$56,082)</u>	<u>\$1,030,768</u>
Balance at December 31, 2023	\$916,850	(\$28,311)	\$888,539
Net income	—	31,118	31,118
Capital contribution from parent	150,000	—	150,000
Balance at March 31, 2024	1,066,850	2,807	1,069,657
Net income	—	24,848	24,848
Balance at June 30, 2024	1,066,850	27,655	1,094,505
Net income	—	26,077	26,077
Balance at September 30, 2024	<u>\$1,066,850</u>	<u>\$53,732</u>	<u>\$1,120,582</u>

See Notes to Financial Statements.

ENTERGY CORPORATION AND SUBSIDIARIES**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

See “**PART I, Item 1, Litigation**” in the Form 10-K for a discussion of legal, administrative, and other regulatory proceedings affecting Entergy. Also see Notes 1 and 2 to the financial statements herein and “**Item 5, Other Information, Environmental Regulation**” below for updates regarding environmental proceedings and regulation.

Item 1A. Risk Factors

There have been no material changes to the risk factors discussed in ‘**Part I, Item 1A. RISK FACTORS**’ in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities (1)**

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Maximum \$ Amount of Shares that May Yet be Purchased Under a Plan (2)
7/01/2024-7/31/2024	—	\$—	—	\$350,052,918
8/01/2024-8/31/2024	—	\$—	—	\$350,052,918
9/01/2024-9/30/2024	—	\$—	—	\$350,052,918
Total	—	\$—	—	—

In accordance with Entergy’s stock-based compensation plans, Entergy periodically grants stock options to key employees, which may be exercised to obtain shares of Entergy’s common stock. According to the plans, these shares can be newly issued shares, treasury stock, or shares purchased on the open market. Entergy’s management has been authorized by the Board to repurchase on the open market shares up to an amount sufficient to fund the exercise of grants under the plans. In addition to this authority, the Board has authorized share repurchase programs to enable opportunistic purchases in response to market conditions. In October 2010 the Board granted authority for a \$500 million share repurchase program. The amount of share repurchases under these programs may vary as a result of material changes in business results or capital spending or new investment opportunities. In addition, in the first quarter 2024, Entergy withheld 101,960 shares of its common stock at \$99.31 per share, 75,018 shares of its common stock at \$98.86 per share, 1,731 shares of its common stock at \$103.94 per share, 316 shares of its common stock at \$102.64 per share, 232 shares of its common stock at \$102.77 per share, 41 shares of its common stock at \$100.15 per share, and 6 shares of its common stock at \$104.68 per share to pay income taxes due upon vesting of restricted stock granted and payout of performance units as part of its long-term incentive program.

(1) See Note 12 to the financial statements in the Form 10-K for additional discussion of the stock-based compensation plans.
(2) Maximum amount of shares that may yet be repurchased relates only to the \$500 million share repurchase program plan and does not include an estimate of the amount of shares that may be purchased to fund the exercise of grants under the stock-based compensation plans.

Item 5. Other Information

U.S. Securities and Exchange Commission Investigation

The Staff of the Division of Enforcement of the U.S. Securities and Exchange Commission has been conducting an investigation regarding Entergy's processes and controls relating to its accounting for materials and supplies inventory. Entergy is cooperating with the SEC staff's investigation and has engaged in discussions with the staff regarding a possible resolution of the investigation. There can be no assurance regarding the timing or terms of any potential resolution, by settlement or otherwise, and any potential impact of a resolution cannot be predicted. Management does not believe, however, that any resolution will have a material impact on Entergy's business, financial condition, or results of operations.

Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2024, the following directors or officers of Entergy or the Registrant Subsidiaries adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K:

Name and Title	Action	Date of Action	Type of Trading Arrangement (a)	Aggregate Number of Shares to be Purchased or Sold (b)	Expiration Date (b)
Deanna D. Rodriguez, Chair of the Board, President and Chief Executive Officer of Entergy New Orleans, LLC	Adopted	09/09/2024	Rule 10b5-1 trading arrangement	Up to 3,044 shares to be sold (c)	12/08/2025

- (a) Each trading arrangement marked as a Rule 10b5-1 trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c).
- (b) Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the completion of all purchases or sales or (b) the expiration date listed in the table. Each trading arrangement marked as a "Rule 10b5-1 Plan" only permitted or only permits transactions upon expiration of the applicable mandatory cooling-off period under Rule 10b5-1(c), as amended.
- (c) This trading arrangement provides for the sale of up to 3,044 shares upon the exercise of outstanding options.

Other than those disclosed above, no director or officer of Entergy or any of the Registrant Subsidiaries adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" during the three months ended September 30, 2024.

Regulation of the Nuclear Power Industry

The following is an update to the **"Regulation of the Nuclear Power Industry"** section of Part I, Item 1 of the Form 10-K.

NRC Reactor Oversight Process

The NRC's Reactor Oversight Process is a program to collect information about plant performance, assess the information for its safety significance, and provide for appropriate licensee and NRC response. The NRC evaluates plant performance by analyzing two distinct inputs: inspection findings resulting from the NRC's inspection program and performance indicators reported by the licensee. The evaluations result in the placement of each plant in one of the NRC's Reactor Oversight Process Action Matrix columns: "licensee response column," or Column 1, "regulatory response column," or Column 2, "degraded cornerstone column," or Column 3, "multiple/repetitive degraded cornerstone column," or Column 4, and "unacceptable performance," or Column 5. Plants in

Column 1 are subject to normal NRC inspection activities. Plants in Column 2, Column 3, or Column 4 are subject to progressively increasing levels of inspection by the NRC with, in general, progressively increasing levels of associated costs. Continued plant operation is not permitted for plants in Column 5. All of the nuclear generating plants owned and operated by Entergy's Utility business are currently in Column 1, except Waterford 3, which is in Column 2.

In August 2024 the NRC placed Waterford 3 in Column 2, effective second quarter 2024, based on exceeding the threshold for reactor scrams in June 2024. Waterford 3 will remain in Column 2 until a supplemental inspection is satisfactorily completed.

Environmental Regulation

The following are updates to the "**Environmental Regulation**" section of Part I, Item 1 of the Form 10-K.

National Ambient Air Quality Standards

See the Form 10-K for discussion of the National Ambient Air Quality Standards (NAAQS) set by the EPA in accordance with the Clean Air Act. The following are updates to that discussion.

Revised Fine Particulate (PM_{2.5}) NAAQS

In March 2024 the EPA issued a final rule which revised the primary annual NAAQS for fine particulate matter, also known as PM_{2.5}, from 12 ug/m³ to 9 ug/m³. This new standard was effective May 2024 and initial attainment/nonattainment designations for areas with available information are due within two years, by May 2026. For any areas designated as nonattainment for this revised standard, State Implementation Plans (SIPs) to address nonattainment requirements will be due within 18 months of the effective date of any initial nonattainment designations. Within the areas in which the Utility operating companies operate, regulatory agency air monitor data from 2021-2023 for Pulaski County and Union County, Arkansas, West Baton Rouge Parish, Louisiana, Harris County, Texas and Hinds County, Mississippi reflect annual average PM_{2.5} concentrations in excess of this new standard and monitors for several other areas reflect concentrations between 8-9 ug/m³. Initial attainment and nonattainment designations will be based on data from 2022-2024. Entergy will continue to work with state environmental agencies on appropriate methods for assessing attainment and nonattainment with this revised fine particulate NAAQS.

Hazardous Air Pollutants

As discussed in the Form 10-K, the EPA released the final Mercury and Air Toxics Standard (MATS) rule in December 2011, which had a compliance date, with a widely granted one-year extension, of April 2016. The required controls have been installed and are operational at all affected Entergy units. In May 2024 the EPA issued a final rule revising portions of the MATS rule, including a reduction to the emission limit for filterable particulate matter. The revised standard will become effective July 2027 and could require additional capital investment and/or additional other operation and maintenance costs at Entergy's coal-fired generating units. An additional one-year extension is possible for the installation of controls, if necessary. Entergy is currently evaluating its coal units to determine whether additional controls are necessary to comply with this new lower standard.

Good Neighbor Plan/Cross-State Air Pollution Rule

As discussed in the Form 10-K, in June 2023 the EPA published its final Federal Implementation Plan (FIP), known as the Good Neighbor Plan, to address interstate transport for the 2015 ozone NAAQS which would increase the stringency of the Cross-State Air Pollution Rule (CSAPR) program in all four of the states where the Utility operating companies operate. The FIP would significantly reduce ozone season NO_x emission allowance budgets and allocations for electric generating units. Prior to issuance of the FIP, in February 2023 the EPA issued related SIP disapprovals for many states, including the four states in which the Utility operating companies operate,

and these SIP disapprovals are the subject of many legal challenges, including a petition for review filed by Entergy Louisiana challenging the disapproval of Louisiana's SIP. Stays of the SIP disapprovals have been granted in all four states in which the Utility operating companies operate, and the FIP will not go into effect while the stays are in place. Decisions on the merits regarding the respective SIP disapprovals are now expected in late 2024 or early 2025. The FIP is also subject to numerous legal challenges in various federal circuit courts of appeals, and in June 2024 the U.S. Supreme Court issued an order, in challenges filed in the D.C. Circuit, staying enforcement of the FIP pending the D.C. Circuit Court's review of the rule. Entergy is monitoring this litigation and assessing its compliance options in the event that the FIP becomes effective.

Greenhouse Gas Emissions

As discussed in the Form 10-K, in April 2021, President Biden announced a target for the United States in connection with the United Nations' "Paris Agreement" on climate change. The target consists of a 50-52 percent reduction in economy-wide net greenhouse gas emissions from 2005 levels by 2030. President Biden has also stated that a goal of his administration is for the electric power industry to decarbonize fully by 2035.

Consistent with the Biden administration's stated climate goals, in May 2024 the EPA finalized rules regulating greenhouse gas emissions from new combustion turbine electric generating units (EGUs) under Section 111(b) of the Clean Air Act and from certain existing coal- and gas-fired EGUs under Section 111(d) of the Clean Air Act.

For new gas combustion turbine EGUs, the final rule includes three subcategories of emission standards based on the unit's annual capacity factor. Applicable emission standards for each subcategory are: a heat-input based CO₂ emission standard for low load (<20% annual capacity factor) EGUs; an output-based CO₂ efficiency standard for intermediate load (>20% but <40% annual capacity factor) EGUs; and, for base load (>40% annual capacity factor) EGUs, a Phase 1 output-based CO₂ efficiency standard followed by a more stringent Phase 2 CO₂ standard which will apply beginning January 1, 2032. The Phase 2 standard was established based on an EPA determination that carbon capture and sequestration (CCS) represents the best system of emission reduction (BSER) for new base load combustion turbine EGUs. The final rule allows for a possible one-year extension to the compliance date for the Phase 2 standard in circumstances where a source faces a delay in installation of controls due to factors outside of the control of the EGU owner/operator.

For existing generating units, the final rule includes emission guidelines issued under Section 111(d) of the Clean Air Act and allows states two years to develop a plan to implement the new emission guidelines with respect to subject emission units within their state. The final emission guidelines require reductions in CO₂ emissions from existing coal-fired generating units which plan to operate beyond January 1, 2032 and exempts coal-fired units which plan to permanently cease operations prior to this date. Due to Entergy's commitment to cease burning coal by the end of 2030, Entergy's coal-fired generating units are expected to be exempt from this aspect of the final rule. The emission guidelines also include CO₂ efficiency standards for existing gas-fired steam EGUs. These emission standards will apply beginning January 1, 2030. Entergy's existing gas-fired steam generating units are expected to meet these CO₂ emission standards. The EPA did not finalize emission guidelines for existing gas turbine EGUs and has announced plans to conduct a subsequent rulemaking for such units.

In September 2020, Entergy announced a commitment to achieve net-zero greenhouse gas emissions by 2050 inclusive of all businesses, all applicable gases, and all emission scopes. In 2022, Entergy enhanced its commitment to include an interim goal of 50% carbon-free energy generating capacity by 2030 and expanded its interim emission rate goal to include all purchased power. Due to stronger than initially expected sales growth, likely necessitating the development of new generation capacity that is not carbon-free, Entergy expects that achievement of the 50% carbon-free energy generating capacity goal will be delayed for a period beyond 2030 that has not been determined. In addition, while current planning assumptions indicate the 2030 emission rate goal remains achievable, its achievement could also be challenged as a result of the forecasted sales growth. See "**Risk Factors**" in Part I, Item 1A of the Form 10-K for discussion of the risks associated with achieving these climate goals.

Coal Combustion Residuals

As discussed in the Form 10-K, in April 2015 the EPA published the final coal combustion residuals (CCR) rule regulating CCRs destined for disposal in landfills or surface impoundments as non-hazardous wastes regulated under Resource Conservation and Recovery Act Subtitle D.

Pursuant to the 2015 CCR rule, Entergy operates groundwater monitoring systems surrounding its CCR landfills located at White Bluff, Independence, and Nelson. In May 2024 the EPA finalized a rule establishing management standards for legacy CCR surface impoundments (i.e., inactive surface impoundments at inactive power plants) and establishing a new class of units referred to as CCR management units (CCRMUs) (i.e., non-containerized CCR located at a regulated CCR facility). CCR utilized in roadbeds and embankments is excluded from the CCRMU definition. Entergy does not have any legacy impoundments; however, the definition of CCR management units includes on-site areas where CCR was beneficially used. This is contrary to the 2015 CCR rule which exempted beneficial uses that met certain criteria. Under this expanded rule, all facilities must identify and delineate any CCRMU greater than one ton and submit a facility evaluation report by February 2026. Any potential requirements for corrective action or operational changes under the various CCR rules continue to be assessed. Notably, ongoing litigation has resulted in the EPA's continuing review of the rules. Consequently, the nature and cost of additional corrective action requirements may depend, in part, on the outcome of the litigation and further EPA review. Given the complexity and recency of the EPA guidance, Entergy is still evaluating the level of work that will ultimately be required to comply with the rule. Based on initial estimates of multiple possible remediation scenarios, Entergy recorded a \$42 million increase in its decommissioning cost liabilities for White Bluff and Independence, along with corresponding increases in the related asset retirement cost assets that will be depreciated over the remaining useful lives of the unit. Entergy will continue to update the asset retirement obligation as the requirements of the 2024 CCR rule are clarified. As of September 30, 2024, Entergy has recorded asset retirement obligations related to CCR management of \$72 million. Additionally, all three sites (White Bluff, Independence, and Nelson) are preparing to implement measures to meet the new and updated Effluent Limitation Guidelines discussed below.

Effluent Limitation Guidelines

The 2015 Steam Electric Effluent Limitations Guidelines required, among other things, that there be no discharge of bottom ash transport water. In 2020 the EPA finalized the Reconsideration Rule, allowing limited discharges of bottom ash transport water up to 10% of system volume, under certain defined circumstances including significant (10-year, 24-hour) rain events. The 2020 rule also created a subcategory for units that permanently cease coal combustion by December 31, 2028. Entergy's White Bluff facility filed a notice of planned participation for this subcategory in October 2021. In May 2024 the EPA finalized a supplemental rule that retains the "retirement by 2028" subcategory, creates a new "retirement by 2034" subcategory, otherwise reinstates the zero-discharge requirement for bottom ash transport water, and imposes new requirements for leachate after the facility ceases to burn coal. Thus, units which permanently cease combustion of coal by December 31, 2028 or December 31, 2034 are exempt from the zero-discharge requirement. However, for units in the 2034 subcategory, the 10% discharge allowance must be incorporated into the facility's discharge permit. To be covered by this exemption, both Independence and Nelson Unit 6 will need to file Notices of Planned Participation in the 2034 subcategory by December 31, 2025. To help ensure facilities cease combustion of coal by the required subcategory 2028 and 2034 dates, zero discharge of bottom ash transport water is required after April 30, 2029 and April 30, 2035, respectively. Entergy continues to evaluate the compliance pathways and obligations of this rule.

Item 6. Exhibits

4(a) -	Ninety-Ninth Supplemental Indenture, dated as of August 1, 2024, to Mortgage and Deed of Trust of Entergy Louisiana, dated as of April 1, 1944 (4.70 to Form 8-K filed August 9, 2024 in 1-32718).
4(b) -	Twentieth Supplemental Indenture, dated as of August 1, 2024, to Mortgage and Deed of Trust of Entergy Louisiana, dated as of November 1, 2015 (4.68 to Form 8-K filed August 9, 2024 in 1-32718).
4(c) -	Officer's Certificate No. 30-B-22, dated August 6, 2024, supplemental to Mortgage and Deed of Trust of Entergy Louisiana, dated as of November 1, 2015 (4.67 to Form 8-K filed August 9, 2024 in 1-32718).
4(d) -	Officer's Certificate No. 23-B-17, dated August 12, 2024, supplemental to Indenture, Deed of Trust and Security Agreement, dated as of October 1, 2008, between Entergy Texas and The Bank of New York Mellon, as trustee (4.74 to Form 8-K filed August 15, 2024 in 1-34360).
*31(a) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Corporation.
*31(b) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Corporation.
*31(c) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Arkansas.
*31(d) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Arkansas.
*31(e) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Louisiana.
*31(f) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Louisiana.
*31(g) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Mississippi.
*31(h) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Mississippi.
*31(i) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy New Orleans.
*31(j) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy New Orleans.
*31(k) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Texas.
*31(l) -	Rule 13a-14(a)/15d-14(a) Certification for Entergy Texas.
*31(m) -	Rule 13a-14(a)/15d-14(a) Certification for System Energy.
**32(a) -	Section 1350 Certification for Entergy Corporation.
**32(b) -	Section 1350 Certification for Entergy Corporation.
**32(c) -	Section 1350 Certification for Entergy Arkansas.
**32(d) -	Section 1350 Certification for Entergy Arkansas.
**32(e) -	Section 1350 Certification for Entergy Louisiana.
**32(f) -	Section 1350 Certification for Entergy Louisiana.
**32(g) -	Section 1350 Certification for Entergy Mississippi.
**32(h) -	Section 1350 Certification for Entergy Mississippi.
**32(i) -	Section 1350 Certification for Entergy New Orleans.
**32(j) -	Section 1350 Certification for Entergy New Orleans.
**32(k) -	Section 1350 Certification for Entergy Texas.
**32(l) -	Section 1350 Certification for Entergy Texas.
**32(m) -	Section 1350 Certification for System Energy.
*101 INS -	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101 SCH -	Inline XBRL Schema Document.
*101 PRE -	Inline XBRL Presentation Linkbase Document.

- *101 LAB - Inline XBRL Label Linkbase Document.
- *101 CAL - Inline XBRL Calculation Linkbase Document.
- *101 DEF - Inline XBRL Definition Linkbase Document.
- *104 - Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibits 101).

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, Entergy Corporation agrees to furnish to the Commission upon request any instrument with respect to long-term debt that is not registered or listed herein as an Exhibit because the total amount of securities authorized under such agreement does not exceed ten percent of the total assets of Entergy Corporation and its subsidiaries on a consolidated basis.

* Filed herewith.

** Furnished, not filed, herewith.

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
ENTERGY ARKANSAS, LLC
ENTERGY LOUISIANA, LLC
ENTERGY MISSISSIPPI, LLC
ENTERGY NEW ORLEANS, LLC
ENTERGY TEXAS, INC.
SYSTEM ENERGY RESOURCES, INC.

/s/ Reginald T. Jackson

Reginald T. Jackson
Senior Vice President and Chief Accounting Officer
(For each Registrant and for each as
Principal Accounting Officer)

Date: November 1, 2024

CERTIFICATIONS

I, Andrew S. Marsh, certify that:

I have reviewed this quarterly report on Form 10-Q of Entergy Corporation;

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Andrew S. Marsh

Andrew S. Marsh

Chair of the Board and Chief Executive Officer
of Entergy Corporation

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

I have reviewed this quarterly report on Form 10-Q of Entergy Corporation;

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Corporation

Date: November 1, 2024

CERTIFICATIONS

I, Laura R. Landreaux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Arkansas, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Laura R. Landreaux

Laura R. Landreaux

Chair of the Board, President, and

Chief Executive Officer of Entergy Arkansas, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Arkansas, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Arkansas, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Phillip R. May, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Louisiana, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Phillip R. May, Jr.

Phillip R. May, Jr.

Chairman of the Board, President, and Chief Executive
Officer of Entergy Louisiana, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Louisiana, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy Louisiana, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Haley R. Fisackerly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Mississippi, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Haley R. Fisackerly

Haley R. Fisackerly

Chairman of the Board, President, and Chief Executive Officer
of Entergy Mississippi, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Mississippi, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Mississippi, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Deanna D. Rodriguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy New Orleans, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Deanna D. Rodriguez

Deanna D. Rodriguez

Chair of the Board, President, and Chief Executive Officer
of Entergy New Orleans, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy New Orleans, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy New Orleans, LLC

Date: November 1, 2024

CERTIFICATIONS

I, Eliecer Viamontes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Texas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Eliecer Viamontes

Eliecer Viamontes

Chairman of the Board, President, and Chief Executive Officer
of Entergy Texas, Inc.

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Entergy Texas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy Texas, Inc.

Date: November 1, 2024

CERTIFICATIONS

I, Kimberly A. Fontan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of System Energy Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Chair of the Board, President, and Chief Financial Officer
of System Energy Resources, Inc.

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew S. Marsh, Chair of the Board and Chief Executive Officer of Entergy Corporation (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Andrew S. Marsh

Andrew S. Marsh

Chair of the Board and Chief Executive Officer
of Entergy Corporation

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy Corporation (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Corporation

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Laura R. Landreaux, Chair of the Board, President, and Chief Executive Officer of Entergy Arkansas, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Laura R. Landreaux

Laura R. Landreaux

Chair of the Board, President, and Chief Executive
Officer of Entergy Arkansas, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy Arkansas, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Arkansas, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip R. May, Jr., Chairman of the Board, President, and Chief Executive Officer of Entergy Louisiana, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Phillip R. May, Jr.

Phillip R. May, Jr.

Chairman of the Board, President, and Chief Executive
Officer of Entergy Louisiana, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy Louisiana, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Executive Vice President and Chief Financial Officer
of Entergy Louisiana, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Haley R. Fisackerly, Chairman of the Board, President, and Chief Executive Officer of Entergy Mississippi, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Haley R. Fisackerly

Haley R. Fisackerly

Chairman of the Board, President, and Chief Executive
Officer of Entergy Mississippi, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy Mississippi, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy Mississippi, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Deanna D. Rodriguez, Chair of the Board, President, and Chief Executive Officer of Entergy New Orleans, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Deanna D. Rodriguez

Deanna D. Rodriguez
Chair of the Board, President, and Chief Executive
Officer of Entergy New Orleans, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy New Orleans, LLC (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy New Orleans, LLC

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Eliecer Viamontes, Chairman of the Board, President, and Chief Executive Officer of Entergy Texas, Inc. (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Eliecer Viamontes

Eliecer Viamontes

Chairman of the Board, President, and Chief Executive Officer
of Entergy Texas, Inc.

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Executive Vice President and Chief Financial Officer of Entergy Texas, Inc. (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan
Executive Vice President and Chief Financial Officer
of Entergy Texas, Inc.

Date: November 1, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Fontan, Chair of the Board, President, and Chief Financial Officer of System Energy Resources, Inc. (the "Company"), certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Kimberly A. Fontan

Kimberly A. Fontan

Chair of the Board, President, and Chief Financial Officer
of System Energy Resources, Inc.

Date: November 1, 2024