

151 FERC ¶ 61,204  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Philip D. Moeller, Cheryl A. LaFleur,  
Tony Clark, and Colette D. Honorable.

Entergy Services, Inc.

Docket No. ES15-11-000

ORDER AUTHORIZING ISSUANCES OF SECURITIES

(Issued June 5, 2015)

1. On January 30, 2015, Entergy Services, Inc. (Entergy Services), on behalf of Entergy Louisiana Power, LLC (Entergy Louisiana Power), filed an application pursuant to section 204 of the Federal Power Act (FPA)<sup>1</sup> seeking Commission authorization to issue and sell securities and assume short-term and long-term obligations and liabilities from the date Entergy Louisiana Power becomes a public utility through October 31, 2015 (Application). We will grant the authorization, as discussed below.

**I. The Application**

**A. Background**

2. Entergy Louisiana Power states that it will become a public utility upon completion of the business combination of Entergy Gulf States Louisiana, L.L.C. (Entergy Gulf States) and Entergy Louisiana, LLC (Entergy Louisiana). Through the business combination, Entergy Gulf States and Entergy Louisiana will combine substantially all of their respective assets and liabilities into a single successor public utility operating company, Entergy Louisiana Power (Business Combination).<sup>2</sup>

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<sup>1</sup> 16 U.S.C. § 824c (2012).

<sup>2</sup> The Commission has authorized the Business Combination under FPA section 203, 16 U.S.C. § 824b (2012). *See Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC*, 151 FERC ¶ 62,018 (2015). The Commission has also authorized under FPA section 203 a related transfer of limited transmission facilities located in the Fifteenth Ward of the City of New Orleans from Entergy Louisiana to Entergy New Orleans, Inc. (Entergy New Orleans). *See Entergy Louisiana, LLC and Entergy New Orleans, Inc.*, 151 FERC ¶ 62,019 (2015).

Following completion of the Business Combination, Entergy Louisiana Power will be a public utility and an indirect majority-owned subsidiary of Entergy Corporation.

**B. Entergy Louisiana Power's Request**

3. Entergy Louisiana Power states that Entergy Gulf States and Entergy Louisiana are each currently authorized to issue and sell securities and to assume short-term and long-term obligations and liabilities in the following amounts, through October 31, 2015:<sup>3</sup>

	<b>Preferred Securities</b>	<b>Long-Term Debt</b>	<b>Short-Term Debt</b>	<b>MISO Letters of Credit</b>	<b>Consents to Borrowings</b>
<b>Entergy Gulf States</b>	\$ 100 million	\$ 2.755 billion	\$ 200 million	\$ 80 million	\$ 350 million
<b>Entergy Louisiana</b>	\$ 100 million	\$ 4.145 billion	\$ 250 million	\$ 90 million	\$ 250 million

4. Accordingly, Entergy Louisiana Power requests authorization to issue and sell securities and to assume short-term and long-term obligations and liabilities in the following amounts:

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<sup>3</sup> See *Entergy Arkansas, Inc., et al.*, 145 FERC ¶ 61,093 (2013) (Entergy Authorization Order). In the Entergy Authorization Order, the Commission granted FPA section 204 authorization to Entergy Arkansas, Inc.; Entergy Gulf States; Entergy Louisiana; Entergy Mississippi, Inc.; Entergy New Orleans; Entergy Texas, Inc. (collectively, Entergy Operating Companies); and System Energy Resources, Inc. (System Energy Resources). Specifically, the Entergy Operating Companies, including Entergy Gulf States and Entergy Louisiana, were each authorized: to issue and sell preferred membership interests (Preferred Securities); to assume long-term obligations and liabilities (Long-Term Debt); to issue notes and other securities, including common membership interests, in connection with capital contributions and non-interest bearing open account advances; to issue short-term debt securities having a maturity of not more than one year in the form of promissory notes, commercial paper, or other forms of short-term debt securities (Short-Term Debt); to provide letters of credit as collateral security in connection with their membership in Midcontinent Independent System Operator, Inc. (MISO); and to consent to borrowings by special purpose entities in connection with nuclear fuel leases. The authorizations granted in the Entergy Authorization Order expire on October 31, 2015. In November 2014, the Long-Term Debt authorization for Entergy Louisiana was increased. See *Entergy Services, Inc.*, 149 FERC ¶ 62,104 (2014).

	<b>Preferred Securities</b>	<b>Long-Term Debt</b>	<b>Short-Term Debt</b>	<b>MISO Letters of Credit</b>	<b>Consents to Borrowings</b>
<b>Amount</b>	\$ 200 million	\$ 6.9 billion	\$ 450 million	\$ 170 million	\$ 600 million

5. Entergy Louisiana Power requests authorization from the date it becomes a public utility through October 31, 2015 (Authorization Period).<sup>4</sup>

**C. Description of Securities to be Issued**

6. Entergy Louisiana Power requests authority under FPA section 204 to issue and sell securities and to assume short-term and long-term obligations and liabilities during the Authorization Period in the forms listed below.

**1. Preferred Securities**

7. Entergy Louisiana Power requests authorization to issue Preferred Securities in the form of preferred membership interests or units of preference membership interests<sup>5</sup> during the Authorization Period, in an aggregate amount not to exceed \$200 million.<sup>6</sup>

8. Entergy Louisiana Power states that the distribution rate for Preferred Securities may be fixed or floating. Entergy Louisiana Power states that the Preferred Securities to be issued and sold by it will have distribution rates as follows: (i) for Preferred Securities entitled to distributions at a fixed rate, not to exceed 10 percent per annum, and (ii) for Preferred Securities entitled to distributions at a variable rate, not to exceed 400 basis points above any of the following rates for loans, (x) the 1-month, 2-month, 3-month, 6-month, or 12-month Intercontinental Exchange London Interbank Offering Rate

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<sup>4</sup> Entergy Louisiana Power states that if the Business Combination is finalized after October 31, 2015, the authorizations requested in the Application will not be necessary. In that circumstance, Entergy Louisiana Power will rely on the FPA section 204 authorization that it and the other Entergy Operating Companies have requested in the FPA section 204 application that was filed with the Commission on April 30, 2015 in Docket No. ES15-22-000, *et al.* The authorization requested in the Application addressed by the instant order covers the interim period between the date that Entergy Louisiana Power becomes a public utility through October 31, 2015. Entergy Services commits to notifying the Commission if it anticipates that the Business Combination will be completed after October 31, 2015. Application at 3.

<sup>5</sup> *Id.* at 6.

<sup>6</sup> *Id.* at 12.

(ICE LIBOR), or (y) the prime rate or the Federal Funds Rate, as identified in The Wall Street Journal, provided that if such Preferred Securities are entitled to distributions derived from a prime rate or Federal Funds Rate other than the average prime rate or Federal Funds Rate identified in The Wall Street Journal for Entergy Louisiana Power, Entergy Louisiana Power will make available upon request to its treasurer a copy of the note or instrument that identifies such distribution rate.<sup>7</sup>

## **2. Long-Term Debt**

8. Entergy Louisiana Power requests authorization to issue Long-Term Debt that may take the form of one or more series of mortgage bonds, notes, debentures, intercompany credit agreements, arrangements to make payments sufficient to pay governmental bonds issued on behalf of Entergy Louisiana Power, and other forms of long-term debt instruments.<sup>8</sup> Entergy Louisiana Power states that the Long-Term Debt it proposes to issue may be either secured or unsecured, may have maturities in excess of one year but not more than 60 years from the time of issuance, and may be issued in public or privately negotiated transactions.<sup>9</sup> Entergy Louisiana Power requests authority to issue Long-Term Debt in any combination of the instruments identified, such that its aggregate principal amount of Long-Term Debt (including current maturities thereof) outstanding at any time during the Authorization Period shall not exceed \$6.9 billion.<sup>10</sup>

9. Entergy Louisiana Power explains that revolving credit arrangements with terms in excess of one year are included within the definition of Long-Term Debt for purposes of the Application. Entergy Louisiana Power states that even though amounts may be borrowed and repaid through the term of the arrangement, the borrowings are treated as Long-Term Debt since each borrowing does not mature to come due and payable until the expiration of the term of the arrangement. Entergy Louisiana Power proposes to treat the full amount of the debt that may be borrowed under such an arrangement as having been issued when such an agreement is entered, so as to enable Entergy Louisiana Power and its lenders under such an arrangement to determine that borrowing under such arrangements will have been duly authorized when made. Entergy Louisiana Power therefore requests that the Commission authorize treating the full amount of the debt that is borrowed under such an arrangement as having been issued when such arrangement is entered into, and to incur such borrowings under such revolving credit arrangements after

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<sup>7</sup> *Id.* at 14.

<sup>8</sup> *Id.* at 6.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 12.

the end of the Authorization Period so long as Entergy Louisiana Power would have been authorized to borrow the full amount of such debt when the arrangement was entered into.<sup>11</sup>

10. Entergy Louisiana Power states that the Long-Term Debt that it issues will bear interest rates as follows: (i) for Long-Term Debt that bears interest at a fixed rate, not to exceed 6 percent per annum; and (ii) for Long-Term Debt that bears interest at a variable rate, at a rate not to exceed 400 basis points above any of the following rates for loans, (x) the 1-month, 2-month, 3-month, 6-month, or 12-month ICE LIBOR, or (y) the prime rate or the Federal Funds Rate, as identified in The Wall Street Journal, provided that if a lender arranges such Long-Term Debt financing at a prime rate or Federal Funds Rate other than the average prime rate or Federal Funds Rate identified in the Wall Street Journal for Entergy Louisiana Power, Entergy Louisiana Power will make available upon request to its treasurer a copy of the note or instrument that identifies such rate.<sup>12</sup>

11. Entergy Louisiana Power agrees that any Long-Term Debt issued pursuant to the authorization requested in the Application will be subject to the four restrictions on such securities as specified in the Commission's order in *Westar Energy, Inc.*<sup>13</sup> For purposes of the Application, Entergy Louisiana Power requests that any long-term indebtedness issued in connection with any nuclear fuel lease of Entergy Louisiana Power (discussed below) be excluded from its Long-Term Debt authorization.<sup>14</sup>

### **3. Capital Contributions and Non-Interest Bearing Open Account Advances**

12. Entergy Louisiana Power requests authorization to issue notes or other securities, including units of common membership interests, in connection with capital contributions and non-interest bearing open account advances received from parents that directly or indirectly own Entergy Louisiana Power or other affiliates, without limitation.<sup>15</sup> Entergy Louisiana Power states that when it receives a non-interest bearing open account advance from a direct or indirect parent or affiliate, an authorized officer of Entergy Louisiana

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<sup>11</sup> *Id.* at 6-7.

<sup>12</sup> *Id.* at 14.

<sup>13</sup> See *Westar Energy, Inc.*, 102 FERC ¶ 61,186, at P 15, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

<sup>14</sup> Application at 7.

<sup>15</sup> *Id.* (citing *Nat'l Grid USA*, 115 FERC ¶ 61,241 (2006)).

Power will, within 30 days of the date of advance: (1) certify that, at the time of the advance, repayment of the funds will not impair Entergy Louisiana Power's ability to perform as a public utility; and (2) certify the intended use or uses of the funds advanced.<sup>16</sup>

#### 4. Short-Term Debt

13. Entergy Louisiana Power requests authorization to issue Short-Term Debt that may consist of any type of debt securities having maturities of not more than one year. Entergy Louisiana Power states that it expects the Short-Term Debt will primarily be in the form of the following:

- (a) **Money Pool Borrowings.** Entergy Louisiana Power states that Entergy Services and its affiliates maintain a cash management arrangement (Money Pool) as the primary mechanism for funding the working capital needs of the Entergy Operating Companies, System Energy Resources, and certain non-utility affiliates of Entergy Louisiana Power (Money Pool Participants). Entergy Louisiana Power may make unsecured short-term borrowings from other Money Pool Participants pursuant to a money pool agreement.<sup>17</sup>
- (b) **External Borrowings.** Entergy Louisiana Power explains that it may establish secured or unsecured lines of credit with various commercial banks, either individually or on a consolidated basis with one or more of the other Entergy Operating Companies. Entergy Louisiana Power states that it may also issue, reissue, and sell commercial paper. Entergy Louisiana also states that, for purposes of the Application, revolving credit arrangements with

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<sup>16</sup> *Id.* at 7-8.

<sup>17</sup> FERC-regulated entities are required to file their cash management agreements with the Commission. *See* 18 C.F.R. § 141.500 (2014). The information provided is used to aid the Commission in monitoring cash management programs. The rule is not in the nature of a regulation governing participation in cash management programs. Therefore, this order does not address any request for authorization to participate in a cash management program. *See Regulation of Cash Management Practices*, Order No. 634-A, FERC Stats. & Regs. ¶ 31,152 (2003) (cross-referenced at 105 FERC ¶ 61,098).

terms of less than one year are included within the definition of Short-Term Debt.<sup>18</sup>

(c) **Other Intrasystem Short-Term Borrowing Arrangements.**

Entergy Louisiana Power states that it may enter into direct unilateral short-term borrowing arrangements, whereby it borrows from its direct or indirect parent on a secured or unsecured basis.<sup>19</sup>

14. Entergy Louisiana Power requests Short-Term Debt issuance authority such that the aggregate principal amount of Short-Term Debt outstanding at any one time does not exceed \$450 million.<sup>20</sup>

15. Entergy Louisiana Power states that Short-Term Debt will bear interest at rates as follows: (i) for Short-Term Debt that bears interest at a fixed rate, the rate will not exceed 5 percent per annum; and (ii) for Short-Term Debt that bears interest at a variable rate, at a rate not to exceed 400 basis points above any of the following rates for loans, (x) the 1-month, 2-month, 3-month, 6-month, or 12-month ICE LIBOR or (y) the prime rate of Federal Funds Rate, as identified in The Wall Street Journal, provided that if a lender arranges such short-term debt financing at a prime rate or Federal Funds Rate other than the average prime rate or Federal Funds Rate identified in The Wall Street Journal for Entergy Louisiana Power, Entergy Louisiana Power will make available upon request to its treasurer a copy of the note or instrument that identifies such interest rate.<sup>21</sup>

16. Entergy Louisiana Power agrees that any Short-Term Debt issued pursuant to the authorization requested in the Application will be subject to the four restrictions on such securities as specified in *Westar*.<sup>22</sup>

## 5. MISO Letters of Credit

17. Entergy Louisiana Power explains that, pursuant to MISO's credit rules, entities that participate in MISO's markets and settlement processes (MISO Market Participants) are obligated to post collateral security to secure their payment obligations to MISO through the MISO settlement process for market transactions. According to Entergy

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<sup>18</sup> Application at 8.

<sup>19</sup> *Id.* at 9.

<sup>20</sup> *Id.* at 13.

<sup>21</sup> *Id.* at 15.

<sup>22</sup> *Id.* at 18.

Louisiana Power, Entergy Gulf States and Entergy Louisiana are currently MISO Market Participants, and Entergy Louisiana Power will also be a MISO Market Participant and will be obligated to post collateral to secure its obligations to MISO.<sup>23</sup> Entergy Louisiana Power requests authorization to enter into arrangements with banks or other lenders to provide letters of credit to MISO in an amount not to exceed \$170 million.

18. Entergy Louisiana Power states it will arrange for the letters of credit through banks and other lenders and will pay fees to those providers. Entergy Louisiana Power anticipates that it will pay its obligations to MISO on a timely basis, but that if MISO has a need to draw on the letters of credit to pay an amount owed by Entergy Louisiana Power, Entergy Louisiana Power will be obligated to reimburse the issuer of the letter of credit for the amount of the drawing and interest, if applicable. In such event, Entergy Louisiana Power states that it will be able to recover such amount from its customers through its retail rates because any such amounts will represent payment for services that Entergy Louisiana Power will procure from MISO to serve its customers. Entergy Louisiana Power states that it will also be able to recover through rates the fees it will pay its letters of credit providers.<sup>24</sup>

#### **6. Consents to Borrowings by Nuclear Fuel Special Purpose Entities**

19. Entergy Louisiana Power requests authorization to consent to borrowings by its affiliated nuclear fuel special purpose entities organized for the purpose of acquiring nuclear fuel and leasing such nuclear fuel to Entergy Louisiana Power for use in its nuclear power plants (Nuclear Fuel Special Purpose Entity).<sup>25</sup> Specifically, Entergy Louisiana Power seeks authorization to consent to borrowings by River Bend Fuel Services, Inc. (River Bend Fuel), from which Entergy Gulf States formerly leased or purchased nuclear fuel, and River Fuel Company #2, Inc. (River Fuel #2), from which Entergy Louisiana formerly leased or purchased nuclear fuel. Entergy Louisiana Power states that the borrowings will continue to be done under separate leases, such that River

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<sup>23</sup> *Id.* at 9.

<sup>24</sup> *Id.* at 10. Entergy Louisiana Power states that it will account for the fees associated with its letters of credit in FERC Account No. 557, Other Expenses.

<sup>25</sup> *Id.* Entergy Louisiana Power states that, while it does not formally guarantee borrowings by the special purpose leasing entities, obligations under the fuel leases “may be considered in the nature of a guarantee.” *Id.* at 11. Accordingly, out of an abundance of caution, Entergy Louisiana Power requests approval of such obligations under FPA section 204(a). *Id.*

Bend Fuel's borrowings will be used for fuel at the River Bend Nuclear Station and River Fuel #2's borrowings will be used for fuel at the Waterford 3 Nuclear Station.<sup>26</sup>

20. Entergy Louisiana Power states that it will not be the direct obligor for any associated Nuclear Fuel Special Purpose Entity's borrowings, nor will it explicitly guarantee the debt obligations of either Nuclear Fuel Special Purpose Entity. Under the former arrangements of Entergy Gulf States and Entergy Louisiana, each nuclear fuel lease under which Entergy Louisiana Power will lease nuclear fuel from the related Nuclear Fuel Special Purpose Entity will unconditionally obligate Entergy Louisiana Power to make rental payments to the Nuclear Fuel Special Purpose Entity in amounts sufficient to cover such Nuclear Fuel Special Purpose Entity for its obligations, costs, or expenses incurred in connection with such lease.<sup>27</sup>

21. Entergy Louisiana Power requests authorization to consent to borrowings by the Nuclear Fuel Special Purpose Entities in amounts such that the aggregate principal amount of borrowings by each Nuclear Fuel Special Purpose Entity at any time outstanding during the Authorization Period shall not exceed: (1) \$350 million for River Bend Fuel; and (2) \$250 million for River Fuel #2.<sup>28</sup>

22. Entergy Louisiana Power states that the debt issued by River Bend Fuel and River Bend #2 will bear interest at rates as follows: (i) for borrowings that bear interest at a fixed rate, not to exceed 8 percent per annum; and (ii) for borrowings that bear interest at a variable rate, at a rate not to exceed 400 basis points above any of the following rates for loans, (x) the 1-month, 2-month, 3-month, 6-month, or 12-month ICE LIBOR, or (y) the prime rate or the Federal Funds Rate, as identified in The Wall Street Journal, provided that if a lender arranges such borrowings at a prime rate or Federal Funds Rate other than the average prime rate or Federal Funds Rate identified in The Wall Street Journal for Entergy Louisiana Power, Entergy Louisiana Power will make available upon request to its treasurer a copy of the note or instrument that identifies such interest rate.<sup>29</sup>

## **7. Request For Waiver**

23. Entergy Louisiana Power requests waiver of the Commission's competitive bidding or negotiated placement requirements set forth in 18 C.F.R. §§ 34.2(a) and

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<sup>26</sup> *Id.* at 10.

<sup>27</sup> *Id.* at 10-11.

<sup>28</sup> *Id.* at 13.

<sup>29</sup> *Id.* at 15-16.

34.2(c)(1), as applicable to the issuance of securities and Long-Term Debt.<sup>30</sup> Entergy Louisiana Power states that the successful placement of securities and Long-Term Debt may require the selection of specific underwriters, agents, or purchasers who are knowledgeable of Entergy Louisiana Power and highly qualified to be in such transactions.<sup>31</sup> Entergy Louisiana Power states that such firms have a significant interest in devoting the requisite efforts to the due diligence and marketing necessary for the placement of such securities on terms beneficial to Entergy Louisiana Power within the time schedules required to meet specific needs and that compliance with the competitive bidding or negotiated placement requirements would unduly restrict Entergy Louisiana Power's ability to rely on such firms. Therefore, Entergy Louisiana Power requests waiver of the requirements in order to provide the greatest possible flexibility in issuing securities.<sup>32</sup>

## **II. Notice of Filing, Interventions, and Protests**

24. Notice of the Application was published in the *Federal Register*, 80 Fed. Reg. 7444 (2015), with interventions and protests due on or before February 20, 2015. The Louisiana Public Service Commission filed a motion to intervene out-of-time on March 3, 2015.

## **III. Discussion**

### **A. Procedural Matters**

25. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), the Commission will grant the Louisiana Public Service Commission's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

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<sup>30</sup> Section 34.2 sets forth the Commission's method of issuance requirements. It states, in part, that utilities may issue securities by either a competitive bid or negotiated placement, provided that competitive bids are obtained from at least two prospective dealers, purchasers or underwriters or negotiated offers are obtained from at least three prospective dealers, purchasers or underwriters. *See* 18 C.F.R. § 34.2(a) (2014). These requirements do not apply to short-term debt securities.

<sup>31</sup> Application at 29.

<sup>32</sup> *Id.* at 30.

## B. Substantive Matters

26. FPA section 204(a) provides that requests for authorization to issue securities or to assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another person shall be granted if the Commission finds that the issuance or assumption: (1) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service; and (2) is reasonably necessary or appropriate for such purposes.<sup>33</sup>

27. The Commission has explained that, in reviewing filings under FPA section 204, “the Commission evaluates a utility’s financial viability based on a review of the financial statements submitted in the application and the utility’s interest coverage ratio. An interest coverage ratio is a measure of the utility’s ability to meet future debt and interest payments.”<sup>34</sup> The interest coverage ratio is the sum of income before interest and income taxes divided by total interest expense.<sup>35</sup> The Commission generally requires that FPA section 204 applicants demonstrate, on a *pro forma* basis in accordance with its regulations, that net income will equal or exceed twice total interest expense. This is a screen test used primarily to provide the Commission with comfort that the financing authorized will not impair an applicant’s ability to perform public utility service.<sup>36</sup> Nevertheless, the Commission has stated that whether or not an applicant meets this interest coverage screen does not by itself determine whether the Commission will authorize or deny the application,<sup>37</sup> and the Commission has approved section 204 applications that have not met this threshold.

28. Entergy Louisiana Power notes that it has not yet been organized or undertaken any business activities. Entergy Louisiana Power has filed, however, as Exhibits C, D, and E, actual and *pro forma* financial statements based on the financial statements of Entergy Gulf States and Entergy Louisiana as of the 12 months that ended September 30, 2014. Entergy Louisiana Power states that because it will be a combination of

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<sup>33</sup> 16 U.S.C. § 824c(a) (2012).

<sup>34</sup> *Westar*, 102 FERC ¶ 61,186 at P 15.

<sup>35</sup> *Id.* n.15.

<sup>36</sup> *Montana Alberta Tie Ltd. and MATL LLP*, 128 FERC ¶ 61,217, at P 16 (2009) (citing *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 18 (2008) (*Startrans*)).

<sup>37</sup> *Startrans*, 122 FERC ¶ 61,253 at n.7.

substantially all of the assets and liabilities formerly owned by Entergy Gulf States and Entergy Louisiana, it is appropriate to utilize the combination of Entergy Gulf States' and Entergy Louisiana's financial statements as the basis for FPA section 204 authorization.<sup>38</sup> Under the *pro forma* financial statements provided, Entergy Louisiana Power's interest coverage ratio is 2.8, which exceeds the Commission's interest coverage ratio benchmark of 2.0.

29. We find that the facts set forth in the Application demonstrate that the assumption of the obligations or liabilities described in the Application: (1) will be for lawful objects within the corporate purposes of Entergy Louisiana Power, and compatible with the public interest, necessary or appropriate for or consistent with the proper performance by Entergy Louisiana Power of service as a public utility, and will not impair its ability to perform that service; and (2) is reasonably necessary or appropriate for such purposes.<sup>39</sup>

30. As noted above, Entergy Louisiana Power will not be a public utility until the finalization of the Business Combination. Accordingly, Entergy Louisiana Power is authorized to issue Preferred Securities, Long-Term Debt, Short-Term Debt, and letters of credit to MISO, and to consent to borrowings by its Nuclear Fuel Entities in an aggregate amount not to exceed the following, during the Authorization Period beginning as of the date Entergy Louisiana Power becomes a public utility, through October 31, 2015:

	<b>Preferred Securities</b>	<b>Long-Term Debt</b>	<b>Short-Term Debt</b>	<b>MISO Letters of Credit</b>	<b>Consents to Borrowings</b>
<b>Amount</b>	\$ 200 million	\$ 6.9 billion	\$ 450 million	\$ 170 million	\$ 600 million

31. We will grant the requested waiver of the Commission's competitive bidding and negotiated placement requirements applicable to long-term debt. Consistent with previous waivers granted to the Entergy Operating Companies,<sup>40</sup> granting waiver will provide Entergy Louisiana Power with flexibility to issue its long-term debt on terms beneficial to Entergy Louisiana Power within the time schedules required to meet its specific needs.

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<sup>38</sup> Application at 25.

<sup>39</sup> This order authorizes the consent to borrowings by Nuclear Fuel Special Purpose Entities without making any determination of jurisdiction. *See generally Ocean State Power*, 47 FERC ¶ 61,321 (1989).

<sup>40</sup> *See, e.g., Entergy Authorization Order*, 145 FERC ¶ 61,093 at ordering para. (D).

32. In *Westar*, the Commission announced four restrictions on all future public utility issuances of secured and unsecured debt.<sup>41</sup> First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or “spun off,” the debt must follow the asset and also be divested or spun off. Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or spun off, then a proportionate share of the debt must follow the divested or spun off non-utility asset. Finally, if utility assets financed by unsecured debt are divested or spun off to another entity, then a proportionate share of the debt must also be divested or spun off. In the Application, Entergy Louisiana Power acknowledges that any Long-Term Debt and Short-Term Debt issued pursuant to the authorization requested in the Application will be subject to the four restrictions on such securities specified in *Westar*, and which we impose here.<sup>42</sup>

33. When Entergy Louisiana Power receives a non-interest bearing open account advance from a direct or indirect parent, an authorized representative from that company will, within 30 days of the date of the advance: (1) certify that, at the time of the advance, repayment of the funds advanced will not impair Entergy Louisiana Power’s ability to perform as a public utility; and (2) certify the intended use or uses of the funds advanced. These certifications are to be retained in company files, and provided to the Commission or its staff upon request, for five years from the date the transaction is completed.

The Commission orders:

(A) Entergy Louisiana Power is hereby authorized to issue Preferred Securities, Long-Term Debt, Short-Term Debt, and letters of credit to MISO, and to consent to borrowings by its Nuclear Fuel Entities in the amounts stated above in the body of this order. This authorization is approved based upon the terms and conditions and for the purposes specified in the Application subject to the following terms and conditions.

(B) This authorization is effective as of the date Entergy Louisiana Power becomes a public utility and terminates on October 31, 2015.

(C) This authorization is subject to the restrictions specified in the body of this order and the restrictions on secured and unsecured debt as outlined in *Westar*.

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<sup>41</sup> *Westar*, 102 FERC ¶ 61,186 at PP 20-21.

<sup>42</sup> *Id.*

(D) Entergy Louisiana Power is granted waiver from compliance with the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. §§ 34.2(a) and 34.2(c)(1) (2014).

(E) Entergy Louisiana Power must file a Report of Securities Issued, under 18 C.F.R. §§ 34.9, 131.43, and 131.50 (2014), no later than 30 days after the sale or placement of long-term debt or equity securities or the entry into guarantees or assumptions of liabilities.

(F) The authorizations granted in this order are without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

(G) Nothing in this order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this order relates.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.