

143 FERC ¶ 61,124
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

Entergy Arkansas, Inc.
Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana, L.L.C.
Entergy Mississippi, Inc.
Entergy New Orleans, Inc.
Entergy Texas, Inc.

Docket No. ES11-40-002

ORDER AUTHORIZING ISSUANCES OF SECURITIES

(Issued May 16, 2013)

1. On October 31, 2012, Entergy Services, Inc. (Entergy Services), on behalf of Entergy Arkansas, Inc. (Entergy Arkansas), Entergy Gulf States Louisiana, L.L.C. (Entergy Gulf States), Entergy Louisiana, L.L.C. (Entergy Louisiana), Entergy Mississippi, Inc. (Entergy Mississippi), Entergy New Orleans, Inc. (Entergy New Orleans), and Entergy Texas, Inc. (Entergy Texas) (collectively, Entergy Operating Companies or Applicants) filed an application pursuant to section 204 of the Federal Power Act (FPA)¹ (Application) seeking Commission authorization for a temporary modification to the existing authorizations previously granted to the Applicants in Docket Nos. ES11-40-000 and ES11-40-001 (Proposed Modification). Applicants state that the Proposed Modification will allow each of the Entergy Operating Companies to provide credit support for a brief time in the form of guarantees (Guarantees or, individually, Guarantee) of borrowings by newly-formed subsidiaries of each of the six Entergy Operating Companies. The newly-formed subsidiaries, as distinct from the existing

¹ 16 U.S.C. § 824c (2006).

Entergy Operating Companies, are jointly referred to as the Mid South Operating Companies.²

2. The Guarantees will be issued in connection with a multi-step transaction (Entergy-ITC Transaction)³ resulting in the merger of jurisdictional transmission assets of the Entergy Operating Companies with a newly-created subsidiary of ITC Holdings Corp. (ITC). The Guarantees, as Applicants state, will be effective if and when the Mid South Operating Companies draw down on a 366-day bridge facility (Bridge Facility), as more fully described below, which they expect will be on the business day prior to the date when the existing Entergy Operating Companies transfer their transmission assets to the newly-formed Mid South Operating Companies. Applicants explain that the Proposed Modification will allow each existing Entergy Operating Company to provide credit support to the lending institutions so that the newly-formed Mid South Operating Companies can borrow under the Bridge Facility prior to the receipt of the transmission asset. We will grant the authorization as discussed below.

I. Background

3. ITC Holdings Corp. (ITC), Entergy Corporation (Entergy) and the Entergy Operating Companies, Mid South TransCo LLC (Mid South) and Entergy Services, have entered into various agreements related to the Entergy-ITC Transaction.⁴ Applicants explain that, as the initial step in the Entergy-ITC Transaction, the Entergy Operating Companies will transfer their transmission assets (except for minor facilities such as step-up transformers) at net book value to the Mid South Operating Companies⁵ in exchange

² The Mid South Operating Companies are: (a) Transmission Company Arkansas, LLC; (b) Transmission Company Louisiana I, LLC; (c) Transmission Company Louisiana II, LLC; (d) Transmission Company Mississippi, LLC; (e) Transmission Company New Orleans, LLC; and (f) Transmission Company Texas, LLC.

³ As discussed in further detail below, the Entergy-ITC Transaction is part of a joint application filed on September 24, 2012 in Docket Nos. EC12-145-000, ER12-2681-000 and EL12-107-000 (Joint Merger Application), by ITC Holdings, Corp., Entergy Corporation, and the Midwest Independent Transmission System Operator, Inc., under FPA sections 203, 205 and 305(a).

⁴ Application at 4-5.

⁵ Joint Merger Application at 14.

for the proceeds of borrowings by the Mid South Operating Companies under the Bridge Facility, at which time the Guarantees will terminate.⁶

4. Applicants further explain that the Entergy Operating Companies will then distribute the stock of the Mid South Operating Companies to Entergy, which, in turn, will contribute that stock to Mid South, a newly-formed subsidiary holding company of Entergy, such that the Mid South Operating Companies will become direct wholly-owned subsidiaries of Mid South.⁷ Entergy will then distribute the common units of Mid South to Entergy's shareholders in a spin-off, split-off or a combination of a spin-off and split-off.⁸ Finally, Mid South will be merged with a new wholly-owned subsidiary of ITC, ITC Midsouth, LLC (ITC Midsouth), and the common units of Mid South will be converted into shares of ITC common stock. Mid South will be the surviving entity, under ITC ownership, but will be renamed ITC Midsouth, with four operating transmission utility subsidiaries (referred to collectively as the ITC Midsouth Operating Companies).⁹ Applicants state that, after the closing of the Entergy-ITC Transaction, Entergy shareholders will own 50.1 percent of issued and outstanding common stock of ITC.¹⁰

⁶ Application at 7. Applicants state that the Entergy Operating Companies will use the proceeds of borrowings under the Bridge Facility that they receive in the transaction, together with additional cash contributed by Entergy, to repay a portion of their historic debt.

⁷ Application at 4-5; *see also* Joint Merger Application at 14-15. The Entergy-ITC Transaction, is described in greater detail in the Joint Merger Application.

⁸ Application at 7. The Joint Merger Application explains: “[I]n a split-off the stock of [Mid South] is distributed to participating shareholders of [Entergy] in exchange for stock of [Entergy], while in a spin-off the stock of [Mid South TransCo] is distributed pro rata to all the shareholders of [Entergy].” Joint Merger Application, Exhibit ITC-700 at 3 & n.1.

⁹ Following the Entergy-ITC Transaction, three of the Mid South Operating Companies – Transmission Company Louisiana I, LLC, Transmission Company Louisiana II, LLC, and Transmission Company New Orleans, LLC – will be combined to become ITC Louisiana LLC. Transmission Company Arkansas, LLC will become ITC Arkansas LLC, Transmission Company Mississippi, LLC will become ITC Mississippi LLC, Transmission Company Texas, LLC will become ITC Texas LLC. Application at n.6.

¹⁰ Application at 8. *See also* Joint Merger Application at 14-15.

5. The Mid South Operating Companies are, concurrently with this Application, seeking section 204 authorization for each Mid South Operating Company to collectively participate in the Bridge Facility, pursuant to which they may borrow up to \$1.6 billion and collectively to arrange and obtain a working capital revolving credit facility (Revolver).¹¹ Applicants explain that, on the day that Entergy distributes the common units of Mid South to Entergy shareholders, each Entergy Operating Company will contribute all of its respective transmission business to its respective Mid South Operating Company in exchange for the proceeds each such Mid South Operating Company borrowed pursuant to the Bridge Facility. They state that, immediately after each such contribution, the Guarantee that was provided by the applicable Entergy Operating Company for its respective Mid South Operating Company borrowing will terminate.¹²

6. Also concurrently with this Application, the ITC Midsouth Operating Companies are seeking authorizations under section 204 to refinance the Bridge Facility and assume and draw down on the Revolver.¹³ Applicants state that after the completion of the Entergy-ITC Transaction, they expect to refinance the Bridge Facility with longer-term debt issued by the ITC Midsouth Operating Companies.¹⁴

II. Application

7. Applicants seek Commission approval for a temporary modification to the existing authorizations previously granted to the Applicants; each of the Entergy Operating Companies was previously granted authorization under section 204 of the FPA to issue short-term debt securities.¹⁵ Applicants state that the Proposed Modification would be used solely in connection with the Entergy-ITC Transaction and would be in the form of a Guarantee by each Entergy Operating Company of borrowings by its corresponding

¹¹ The section 204 application requesting authorization to make borrowings under the Bridge Facility and Revolver was filed in Docket No. ES13-6-000.

¹² Application at 6-7.

¹³ The ITC Midsouth Operating Companies filed a section 204 application seeking authorization to refinance the Bridge Facility and assume and draw down on the Revolver in Docket No. ES13-5-000.

¹⁴ Application at 8.

¹⁵ *Entergy Services, Inc.*, 137 FERC ¶ 62,103 (2011) (November 2011 Authorization).

Mid South Operating Company subsidiary under the Bridge Facility. The Entergy Operating Companies' current short-term debt authorization and the amount of the Proposed Modification for each company (reflecting the Guarantee that each Entergy Operating Company would provide with respect to borrowings by its respective Mid South Operating Company subsidiary under the Bridge Facility) is shown in the following table:¹⁶

Entergy Operating Company	Existing Short-term Debt Issuance Authority	Requested Modification for Guarantee
Entergy Arkansas, Inc.	\$ 250 million	Up to \$400 million
Entergy Gulf States Louisiana, L.L.C.	\$ 200 million	Up to \$250 million
Entergy Louisiana, L.L.C.	\$ 250 million	Up to \$375 million
Entergy Mississippi, Inc.	\$ 175 million	Up to \$275 million
Entergy New Orleans, Inc.	\$ 100 million	Up to \$25 million
Entergy Texas, Inc.	\$ 200 million	Up to \$275 million

8. Applicants state that each Guarantee will remain in place only until the respective Entergy Operating Company contributes its respective transmission assets to its corresponding Mid South Operating Company.¹⁷ Applicants explain that the Proposed Modification for each Operating Company would be effective one business day prior to the day the transmission assets of the Entergy Operating Companies are placed with the Mid South Operating Companies. The Proposed Modification would terminate as to each Operating Company immediately upon the earlier of the contribution of its respective transmission assets by the Entergy Operating Company or seven business days from the date the Guarantee became effective. They further state that the authorization for the Proposed Modification establishing the Guarantees would begin upon the issuance of the Commission's order in this proceeding and would terminate at the same time as the

¹⁶ Application at 10.

¹⁷ *Id.* at 9.

existing authorization in Docket No. ES11-40-000 terminates or at the same time that the transmission assets of the Entergy Operating Companies are placed with the Mid South Operating Companies, whichever occurs first.¹⁸

9. Applicants state that the Guarantees will bear no rate of interest. However, Applicants state that, for the purposes of performing the Interest Coverage calculations for the Guarantees, the Entergy Operating Companies are utilizing the same interest rate used for borrowings under the Bridge Facility, which will be based on the one-month, two-month, three-month, or six-month London Interbank Offered Rate (LIBOR) in effect at the time of borrowing plus up to 250 basis points (not to exceed six percent).¹⁹

10. Applicants also state that, under existing credit facilities, Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi and Entergy Texas may not have outstanding debt (including short-term debt) in excess of 65 percent of capitalization, and further state that there are no other limits on the amount of short-term debt that any of the Entergy Operating Companies may issue under the terms of any bond indenture or similar debt instrument or under the terms of their respective articles of incorporation or articles of organization or operating agreement, as the case may be.²⁰

11. On January 11, 2013, Commission staff, pursuant to delegated authority, issued a deficiency letter requesting additional information in order to process the Application. On January 22, 2013, Applicants filed a response (January 22 Response).

III. Notices of Filing, Interventions, and Protests

12. Notice of the Application was published in the *Federal Register*, 77 Fed. Reg. 67,358 (2012), with interventions and protests due on or before November 21, 2012. Arkansas Electric Cooperative Corporation (Arkansas Electric Cooperative) filed a motion to intervene and protest. Applicants filed an answer. Arkansas Public Service Commission (Arkansas Commission) filed an untimely motion to intervene.

13. The Commission issued a notice of the January 22 Response on January 30, 2013 with interventions and protests due on or before February 5, 2013. None was filed.

¹⁸ As noted below, on January 22, 2013, Applicants filed a response to a deficiency letter issued by the Commission on January 11, 2013 (January 22, Response). January 22 Response at 5.

¹⁹ Application at 13-14.

²⁰ *Id.* at 15-17.

IV. Discussion

A. Procedural Matters

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,²¹ the timely, unopposed motion to intervene of Arkansas Electric Cooperative serves to make it a party to this proceeding.

15. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure²² prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept Applicants' answer to Arkansas Electric Cooperative's protest because it has provided information that assisted us in our decision-making process.²³

16. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure,²⁴ the Commission will grant the Arkansas 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.

B. Analysis Under Section 204

17. FPA section 204(a) provides that requests for authorization to issue securities or to assume obligations or liabilities 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.²⁵

18. We find that the facts set forth in the Application demonstrate that the assumption of obligations or liabilities, i.e., each Guarantee for each of the Entergy Operating

²¹ 18 C.F.R. § 385.214 (2012).

²² 18 C.F.R. § 385.213(a)(2) (2012).

²³ See, e.g., *Public Service Company of Colorado*, 138 FERC ¶ 61,025, at P 12 (2012), *Midwest ISO, Inc. v. PJM Interconnection, L.L.C.*, 131 FERC ¶ 61,284, at P 51 (2010).

²⁴ 18 C.F.R. § 385.214(d) (2012).

²⁵ 16 U.S.C. § 824c(a) (2006).

Companies: (1) will be for lawful objects within the corporate purposes of each of the Entergy Operating Companies, and compatible with the public interest, necessary or appropriate for or consistent with the proper performance by each of the Entergy Operating Companies of service as public utilities, and will not impair their ability to perform that service; and (2) is reasonably necessary or appropriate for such purposes in that the authorization requested will permit the Entergy Operating Companies to provide credit support during the brief period that the Bridge Facility will be drawn upon by the Mid South Operating Companies.

19. As explained by Applicants, the Guarantees are intended to provide credit support to the lending institutions under the Bridge Facility for a brief period (i.e., not to exceed seven business days) in order to enable the Mid South Operating Companies to make borrowings prior to their receipt of the transmission assets of the Entergy Operating Companies. The proceeds of such borrowings will be transferred to the Entergy Operating Companies in exchange for the transmission assets and utilized by the Entergy Operating Companies to retire historic debt.

20. Accordingly, we authorize the following:

- a. Entergy Operating Companies are authorized to issue Guarantees for a period not to exceed seven (7) business days. The Guarantees shall go into effect one business day prior to the day the transmission assets of the Entergy Operating Companies are contributed to the Mid South Operating Companies and shall terminate upon the earlier of seven business days or immediately following the contribution of such assets by the Entergy Operating Companies to the Mid South Operating Companies.
- b. The amount of the Guarantees shall not exceed the following amounts: Entergy Arkansas – up to \$400 million, Entergy Gulf States – up to \$250 million, Entergy Louisiana – up to \$375 million, Entergy Mississippi – up to \$275 million, Entergy New Orleans – up to \$25 million, and Entergy Texas – up to \$275 million.

21. Typically, the Commission utilizes an interest coverage calculation in order to determine under section 204 that the undertaking “will not impair [a public utility’s] ability to perform” service as a public utility. And, typically, the Commission bases its finding that a proposed issuance of securities will not impair an applicant’s ability to perform service as a public utility in part upon the applicant’s demonstration that it will have an interest coverage ratio that is 2.0 or higher.²⁶ In this case, the *pro forma* interest

²⁶ *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 18 (2008) (Startrans).

coverage ratio of all of the Entergy Operating Companies, except Entergy Texas, is higher than 2.0. However, while Entergy Texas' interest coverage ratio is 1.9, other factors indicate that the proposed Guarantee by Entergy Texas will not impair its ability to provide service. First, Entergy Texas will have very limited exposure under the Guarantee since the term of the Guarantee will be of short duration (not to exceed seven business days). Second, the proposed Guarantee is only a transitory step in the Entergy-ITC Transaction, which, if approved in the Joint Merger Proceeding, will result in the transfer of Entergy Texas' transmission assets to a stand-alone transmission company in exchange for the proceeds of the borrowings that Entergy Texas proposes to guarantee, which Entergy Texas has represented will be utilized to retire historic debt. Third, while Entergy Texas would have exposure under the Guarantee for a small amount of interest on the Bridge Facility borrowings, if borrowings under the Bridge Facility are made and the transfer of Entergy Texas' transmission to Transmission Company of Texas, LLC, were, for any reason, not to occur, the borrowed funds would be available to repay the principal of the outstanding loan; in other words, the transaction would simply be unwound.²⁷ Thus, as a practical matter, Entergy Texas (and the other Entergy Operating Companies, as well) will have no exposure for loan principal if the asset transfer does not occur.

22. In *Westar*, the Commission announced four restrictions on all future public utility issuances of secured and unsecured debt.²⁸ 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. Applicants state that any Guarantee issued pursuant to the authorization requested herein will be subject to the four restrictions on such securities specified in *Westar*.²⁹

²⁷ January 22 Response at 3-4.

²⁸ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, at PP 20-21 (2003).

²⁹ Application at 15.

C. Arkansas Electric Cooperative's Protest

1. Protest

23. Arkansas Electric Cooperative argues that the Commission should set the Application in this proceeding as well as two other related applications filed under section 204 in Docket Nos. ES13-5-000 and ES13-6-000 for hearing, or condition approval of the applications filed under section 204 on disposition of the Joint Merger Application.³⁰ Arkansas Electric Cooperative argues that the applications do not provide the Commission with sufficient basis to find that the debt issuances in connection with the Entergy-ITC Transaction are compatible with the public interest.³¹ For example, Arkansas Electric Cooperative points out that Entergy and ITC acknowledge that the net effect of the Entergy-ITC Transaction would be an immediate increase in transmission rates over those that would prevail without the Entergy-ITC Transaction, but have understated the likely rate increase.³² Arkansas Electric Cooperative maintains that any benefits described by Entergy and ITC in the form of better planning and operations are pure speculation and it is unclear whether such benefits would outweigh the costs.³³

24. Arkansas Electric Cooperative also raises issues with respect to the return on equity and equity/debt ratio proposed in the Joint Merger Application, and makes arguments regarding an increase in transmission rates that it states will result from the Entergy-ITC Transaction. With respect to the ITC Midsouth Operating Companies requested equity/debt ratio, Arkansas Electric Cooperative asserts that ITC's average consolidated capital structure during the last four years (2008-2011) was 30 percent equity and 70 percent debt at the holding company level and 60 percent equity and 40 percent debt at the operating subsidiary level.³⁴ It contends that this data shows that ITC has issued large sums of holding company debt and pushed this debt down to the operating companies as equity investment, enabling it to earn an equity return on its holding company debt.³⁵ Arkansas Electric Cooperative further asserts that no

³⁰ Arkansas Electric Cooperative Protest at 2.

³¹ *Id.* at 6.

³² *Id.* at 7.

³³ *Id.*

³⁴ *Id.* at 8-9.

³⁵ *Id.* at 9.

information was provided about ITC's consolidated capital structure after the Entergy-ITC Transaction, but that there is no reason to conclude that the capital structure at the holding company level will approach the requested capital structure of the operating subsidiaries.³⁶ Therefore, Arkansas Electric Cooperative maintains that ITC's holding company level debt would earn equity returns in the rates to be charged to users of the former Entergy transmission system.³⁷

25. Arkansas Electric Cooperative argues that the proposed 60 percent equity ratio for the ITC Midsouth Operating Companies is much higher than would be the case if the Entergy-ITC Transaction did not occur. According to Arkansas Electric Cooperative, the effect of the change in the capital structure under ITC ownership would increase the 2014 gross revenue requirement of the ITC Midsouth Operating Companies, while at the same time permitting the ITC Midsouth Operating Companies to have lower borrowing costs than the Entergy Operating Companies.³⁸ It contends that the higher equity ratio and the lower borrowing costs results in the ITC Midsouth Operating Companies being able to charge higher transmission rates than would the Entergy Operating Companies as transmission owners in MISO.³⁹

2. Answer

26. Applicants respond that Arkansas Electric Cooperative has not justified setting the Application for hearing. Additionally, Applicants respond to Arkansas Electric Cooperatives' request that the Commission condition its authorization on the disposition of the Joint Merger Application, by pointing out that the debt issuances pursuant to the authorizations under section 204 will not be exercised unless the Commission grants the authorizations sought in the Joint Merger Application. Therefore, they assert that there is no need to formally link the two proceedings. They also contend that Arkansas Electric Cooperative has raised no issue relevant to this proceeding that requires a hearing and that the Commission's rules do not require applicants seeking authorization under section 204 of the FPA to address costs and benefits of proposed transactions related to

³⁶ *Id.* at 9-10.

³⁷ *Id.* at 10.

³⁸ *Id.* at 11.

³⁹ *Id.* at 12.

the financings or to litigate issues already being addressed in parallel proceedings under sections 203 and 205.⁴⁰

27. Applicants contend that this proceeding is not the place to devise rate policies and that Arkansas Electric Cooperative's concerns with equity allowances and capital structures are more properly addressed in the Joint Merger Proceeding. They thus argue that the Commission should defer its consideration of rate effects to the Joint Merger Proceeding. Applicants point out that, in a previous proceeding under section 204, the Commission denied requests for consolidation with ongoing proceedings under sections 203 and 205, and explained that the section 204 order would not prejudice any issue in the related section 203 or 205 proceedings.⁴¹ Applicants contend that the issue in this section 204 proceeding is not whether the Entergy-ITC Transaction is compatible with the public interest, which will be determined in the Joint Merger Proceeding, but whether the financings for which authorizations are sought in this proceeding meet the standard under the statute.

3. Commission Determination

28. We deny Arkansas Electric Cooperative's requests to set this proceeding for hearing with the Joint Merger Proceeding and for a consolidated hearing. The decision whether to conduct a hearing is within the Commission's discretion and an evidentiary hearing is required only when a genuine issue of material fact exists.⁴² Arkansas Electric Cooperative has not raised any issues of material fact with respect to the Application in this proceeding, but instead, raises arguments related to issues under sections 203 or 205 in the Joint Merger Proceeding. The Commission has previously denied a request to consolidate a proceeding under section 204 with related proceedings under sections 203 and 205 for purposes of a trial-type evidentiary hearing, when there is no section 204 issue that requires a hearing in this case.⁴³ We also note that Arkansas Electric Cooperative, along with other entities, has subsequently filed a protest in the Joint Merger Proceeding raising the same arguments it has raised in this proceeding.⁴⁴

⁴⁰ Applicants' Answer at 7.

⁴¹ *Id.* at 5 (quoting *Startrans*, 122 FERC ¶ 61,253).

⁴² *Virginia Electric and Power Company*, 84 FERC ¶ 61,254 (1998).

⁴³ Applicants' Answer at 8 (quoting *Startrans*, 122 FERC ¶ 61,253 at P 25).

⁴⁴ *See* Arkansas Electric Cooperative, et al., Protest and Motion to Consolidate, Docket No. EC12-145-000 (filed January 22, 2013).

29. Additionally, we find that the issues raised by Arkansas Electric Cooperative with respect to the return on equity, along with the 60/40 equity/debt ratio, and the transmission rate increase are beyond the scope of this section 204 proceeding. Because these issues are more appropriately addressed in the Joint Merger Proceeding, and the assumption of liabilities for which authorization is requested in this proceeding will not occur unless the Entergy-ITC Transaction is approved and consummated, it is unnecessary to address Arkansas Electric Cooperative's arguments here.

30. This authorization is also conditioned upon the ultimate approval of Entergy, ITC, and MISO's application under sections 203 and 205, which are currently under review. The Entergy-ITC Transaction is the public utility purpose underlying this section 204 authorization and the rates under review in the section 205 proceeding are the principal source of revenue through which the debt authorized in this order will be serviced. This order does not prejudice any issue in the section 203 or 205 proceedings.⁴⁵

The Commission orders:

(A) Entergy Operating Companies are hereby authorized to assume obligations or liabilities in the form of Guarantees for a period not to exceed seven (7) business days. The Guarantees shall go into effect one business day prior to the day the transmission assets of the Entergy Operating Companies are contributed to the Mid South Operating Companies and shall terminate upon the earlier of seven business days or immediately following the contribution of such assets by the Entergy Operating Companies to the Mid South Operating Companies. This authorization is effective as of the date of this order and terminates on October 31, 2013.

(B) The amount of the Guarantees shall not exceed the following amounts: Entergy Arkansas - up to \$400 million, Entergy Gulf States - up to \$250 million, Entergy Louisiana - up to \$375 million, Entergy Mississippi - up to \$275 million, Entergy New Orleans - up to \$25 million, and Entergy Texas - up to \$275 million.

(C) Each Entergy Operating Company must notify the Commission, within five business days of the date that the Guarantee becomes effective.

(D) This temporary 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*.

⁴⁵ See *Startrans*, 122 FERC ¶ 61,253 at P 29.

(E) Entergy Operating Companies are each granted waiver from compliance with the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2(a) (2012).

(F) Each Entergy Operating Company must each file a Report with the Commission within five business days of the date of termination of its respective Guarantee.

(G) The authorizations granted in Ordering Paragraphs (A) and (B) above 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.

(H) 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.