

May 31, 2006



LETTER OF COMMENT NO. 90

Ms. Suzanne Bielstein
Director – Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
Post Office Box 5116
Norwalk, Connecticut 06856-5116

Subject: File Reference No. 1025-300

Dear Ms. Bielstein:

We are writing to provide the Financial Accounting Standards Board (FASB or the Board) with our comments on several issues associated with the proposed statement of financial accounting standards (“Exposure Draft”) “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”. As a member of the Edison Electric Institute (“EEI”) our company participated in the drafting of the EEI’s comment letter on this Exposure Draft, which was submitted to the FASB, and concur with the views expressed therein. This letter is being submitted to provide the FASB with our company’s view of some of the more difficult implementation issues associated with the Exposure Draft as well as to emphasize certain theoretical issues we believe the Exposure Draft presents. We appreciate the Board’s consideration of our letter.

Entergy is an integrated energy company engaged primarily in electric power production and retail electric distribution operations. Entergy owns and operates power plants with approximately 30,000 MW of electric generating capacity, and is the second-largest nuclear power generator in the United States and provides electric service through five operating utility subsidiaries to over 2.6 million customers in the states of Arkansas, Louisiana, Mississippi and Texas. Those five subsidiaries plus an additional subsidiary are all registrants under Securities and Exchange Commission (SEC) regulations. Entergy has approximately 14,000 employees, the overwhelming majority of whom are included in both the Company’s defined benefit pension and other postretirement benefit plans.

Entergy supports FASB’s continuing efforts to improve the transparency of financial accounting and reporting to readers of financial statements and agree with the Board’s objective of improving the understandability and representational faithfulness of amounts reported in the statement of financial position. As it relates to the FASB’s current project; however, Entergy believes that changes in pension and other postretirement benefit accounting should be addressed in one standard. FASB has indicated that there will be a second phase to the consideration of the broad issue of recognition and measurement of pension and other postretirement benefits liabilities and expenses. We believe that the separation of the accounting and reporting for benefits into two phases will be confusing for readers of financial statements because of multiple changes over a several-year period as discussed in more detail below. We also believe it is premature to

issue a standard now which ultimately may be changed significantly as a result of the reconsideration of issues during Phase 2.

The issuance of a FASB statement now will result in restatements of previously issued financial statements. Another statement issued in phase two of this project may well result in further restatements (possibly of the original restatements), with resulting confusion on the part of investors and other users of financial statements. Such a situation is not in the long-term best interest of any of the stakeholders in the financial accounting and reporting process. Therefore, Entergy believes that all the issues should be considered at the same time and there should not be any new statement of financial accounting standards issued before all of the statement of financial position and income statement issues are considered together.

Projected Benefit Obligation (PBO) vs. Accumulated Benefit Obligation (ABO)

Should FASB decide to proceed with the issuance of a new statement at this time, Entergy believes that using the PBO to determine the funding shortfall and amounts recorded to equity is not appropriate and that the ABO should be used instead. Entergy believes that the requirement to use the PBO as the basis for comparison with plan assets overstates the actual liability to fund any shortfall in plan assets since the projected benefit obligation includes anticipated employee salary/wage increases. The ABO benefit obligation currently being used as the basis for measuring the additional minimum pension liability is a better basis for comparison with plan assets in the determination of a funding shortfall. Projected salary increases included in the calculation of the PBO are not generally required to be granted and in any event, do not constitute a liability of the reporting entity as defined in Statement of Financial Accounting Concepts (SFAC) No. 6, "Elements of Financial Statements". Paragraph 36 of SFAC No.6 states that a liability has three essential characteristics: (a) it embodies a present duty or responsibility to one or more entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand, (b) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice, and (c) the transaction or other event obligating the entity has already happened. The present duty of an entity is to provide retirement benefits only up to the ABO amount because that is the earned portion of pension benefits as of the date of the statement of financial position and so criteria (a) and (b) are not met. Also, characteristic (c) is not met since the projected salary increases have not occurred as of the date of the statement of financial position.

Additionally, wage and salary increases to be granted in the future are not recognized as liabilities of a reporting entity for financial accounting and reporting purposes. Therefore, those same projected increases should not be used to inflate the pension (and to a more limited extent, the other postretirement benefit) liability. Inclusion of projected pay increases in the calculation of the liability for pension and other postretirement benefits results in an overstatement of the benefit liability and an overstatement of the underfunded status of the plans. As we understand SFAS No. 87, "Employers' Accounting for Pensions", the PBO is a theoretical construct adopted by FASB in order to present a smoother pattern of pension expense from year to year and is not

theoretically preferable. We believe that the appropriate way to reflect wage and salary increases to be granted in the future in the liability for pension and other postretirement benefits is to allow such increases to increase the liability for pension and other postretirement benefits as such pay increases are granted and accrue to the employee. A thorough consideration of all of the benefiting accounting and reporting issues in Phase 2 may very possibly reach this conclusion. If that is the case, the result will be the possibility of multiple restatements described earlier in this letter.

Paragraph B18b of the exposure draft states that the second phase of the project will reconsider the measurement of an employer's benefit obligations. In light of this pending reconsideration of the issue as to whether the PBO or the ABO is the more appropriate measure, the less onerous (from the standpoint of reporting entities) ABO should be utilized to determine the funding shortfall and amounts required to be recorded in equity until any new statement of financial accounting standards is issued as a result of the reconsideration.

Comments on Specific Issues

Below are Entergy's comments on the specific issues in the Exposure Draft on which the FASB is requested comment:

Issue 1: Entergy agrees with FASB that the direct costs of implementing the proposed requirement to recognize the overfunded or underfunded status of a defined benefit postretirement plan in an employer's statement of financial position would not be significant. We believe that this information is already readily available due to the current requirement for financial statement footnote disclosure of the plans' funding status. However, there may be significant indirect costs (salaries and wages, legal fees, etc.) associated with the implementation of this standard such as amending debt covenant agreements that specify the maintenance of a certain equity level and, in regulated industries, the education of regulators on the new standard and the obtaining of regulatory orders or agreements which permit the deferral as regulatory assets of those amounts otherwise chargeable to retained earnings or other comprehensive income upon implementation of the proposed statement.

Issue 3 (a): Entergy does not believe it will be impractical in most instances to assess the realizability of deferred tax assets that would be recognized in prior periods as a result of applying the proposed Statement. Therefore, there should no exemption from retrospective application allowed for reasons of impracticability of assessing the realizability of deferred tax assets.

Issue 4: While Entergy is currently measuring the plan assets and benefit obligations of its defined benefit pension plan and other postretirement benefit plans as of December 31 each year, the date of its statement of financial position, we recognize that not all companies are doing so. Also for those companies like Entergy, which have been able to conform the measurement of plan asset and benefit obligation with the date of their statement of financial position, it is still very difficult to meet the new and accelerated Securities and Exchange Commission (SEC) reporting deadlines because companies are

dependent on both third party actuaries and trustees to provide the required pension and other postretirement benefit liability and fair market value of assets needed for financial reporting. To partially alleviate this issue, we recommend that FASB consider that final guidance on this issue include a provision that would allow companies to use data needed from third parties as of a date one month earlier than the date of the statement of financial position.

Effective Date

Should FASB decide to proceed and issue a final statement of financial accounting standards on pensions and other postretirement benefits, and such statement is issued later than September 1, 2006, the implementation date of the statement should be delayed one year, to be effective for fiscal years beginning after December 15, 2007. The company does not believe that issuance of a final standard late in the prior or in the same quarter as the effective date of a standard provides sufficient time for companies to appropriately evaluate the impacts of a newly issued accounting standard. We believe that, for entities subject to SEC reporting, Staff Accounting Bulletin 74 disclosure should be able to convey the potential impact of adopting a final accounting standard in future financial statements.

We appreciate the opportunity to comment on this Exposure Draft, and would welcome the opportunity to discuss these issues with you further.

Sincerely,

/s/ Nathan E. Langston

Nathan E. Langston
Senior Vice President and Chief Accounting Officer
Entergy Corporation