ISO TOs Annual Rate Update

Accounting Changes

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| Company: | Entergy Services filing on behalf of EAI, EGSL, ELL, EMI, ENOI, and ETI |
| Test Year: | 2017 |

II.D.8. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):

a. Identify any Accounting Changes, including

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| i. | The initial implementation of an accounting standard or policy |
|  | * Implementation of ASU 2016-09 Improvements to Employee Share-Based Payment Accounting which amends ASC Topic 718 compensation – Stock Compensation. There are no effect on charges billed under the formula rate. |
| ii. | The initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction |
|  | * None |
| iii. | Correction of errors and prior period adjustments that impact the revenue requirement |
|  | * None |
| iv. | The implementation of new estimation methods or policies that change prior estimates |
|  | * None |
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| v. | Changes to income tax elections |
|  | * A new requirement to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. |

b. Identify items included in the formula rate at an amount other than on a historic cost basis (e.g., fair value adjustments)

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|  | * None |

c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the formula rate

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|  | * In November 2017, Entergy New Orleans underwent an internal restructuring and transferred substantially all of its asset and liabilities to a newly-formed, majority-owned indirect subsidiary of Entergy Corporation named Entergy New Orleans, LLC (ENOL). The transaction was authorized by the FERC.   There are no effects for the transaction on the formula rate. ENOL reflects a full year of activity for the utility. Transaction costs have been excluded from the formula rate. |

d. Provide, for each item identified pursuant to items II.D.8.a - II.D.8.c of these protocols, a narrative explanation of the individual impact of such changes on charges billed under the formula rate.

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|  | II.D.8.a(v) - The new requirement to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement resulted in income tax expense of $11.5 million and a corresponding reduction of ADIT. |