



Entergy Facts

Energy News for our Mississippi Customers

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Entergy and Mississippi Take Another Step Forward

New legislation supports plan for meeting future energy needs

Working with Mississippi lawmakers and other utilities, Entergy Mississippi, Inc. has taken another step forward in its plan to meet the state's growing energy needs.

New legislation approved by the 2008 Legislature and signed by Gov. Haley Barbour helps pave the way for a possible new nuclear facility at the Grand Gulf nuclear site in Port Gibson.

"We are pleased that state leaders saw the potential benefits for our customers," said Haley Fisackerly, president and chief executive officer of Entergy Mississippi, Inc. "The new legislation opens opportunities for significant savings as we work to find better ways to meet the energy needs of the future."

Fisackerly noted that the legislation does not grant approval for utility companies to build power plants nor does it set or increase rates to customers for such plants. Rather, it gives new authority to the Mississippi Public Service Commission to allow utilities to seek "pay-as-you-go" financing on behalf of their customers during the planning, licensing, design, development and other early stages of construction if a decision to build a plant is made. Previously, costs and interest accumulated until a facility opened.

The decision to build will be based on several factors, including construction costs, projected fuel costs, federal and state

regulatory certainty and execution of contracts with key vendors, he said.

Support of the legislation is just one of the steps Entergy Mississippi is taking to address a rising shortfall of baseload power — the kind used to power homes and businesses day and night.

The utility obtained an early site permit from the Nuclear Regulatory Commission in 2007 and submitted a Construction and Operating License Application to the commission in

February. Once approved, Entergy Mississippi must then review economic factors, select a vendor and, most importantly, work with the MPSC to determine if a plant is in the best interest of customers.

"The process is much like completing your house plans and then deciding when you want to build," said Fisackerly.

"Your plans have value regardless of when you decide to build."

The new law provides opportunities for utility companies to take advantage of federal incentives that encourage the construction of new generating facilities and attracting financial institutions to lend money toward the project.

In addition, Entergy Mississippi worked with legislators to address consumer concerns with a provision for rebates to customers if a construction project is canceled to the detriment of customers.

Having the option of additional nuclear power is good for our company, good for our customers, and good for Mississippi.

Moving Mississippi Forward with A Plan for Clean, Affordable Energy

Entergy Mississippi, Inc. is working hard to prepare for the energy needs of the future. Toward that end, the company supported recently enacted legislation that authorizes the Mississippi Public Service Commission to utilize an alternative method for cost recovery of certain baseload generation. This creates a process for moving Mississippi forward by providing the tools the commission needs to allow an electric utility to consider large and long lead time generation options for the benefit of our customers.

Entergy Mississippi and other proponents of this new law recognize that it will allow utilities to build needed power plants at a much more efficient level and will ultimately save Mississippi customers money. Following are some frequently asked questions about the legislation.

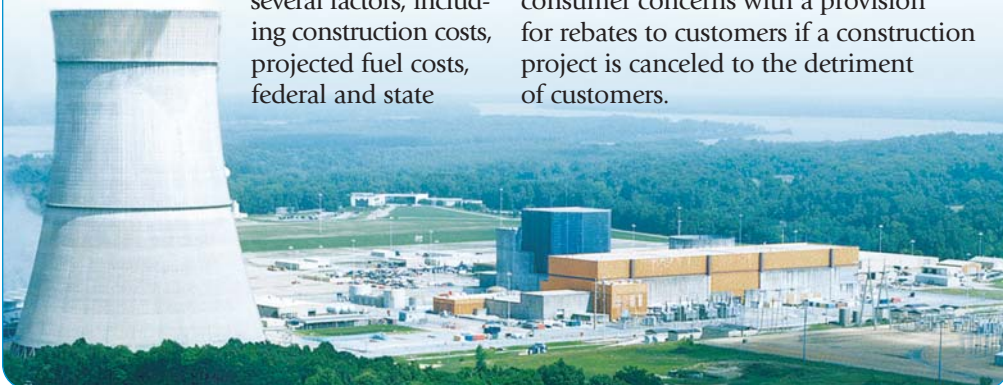
Q How will the new legislation impact Entergy Mississippi customers?

A The new legislation protects our customers from future rate shock associated with new nuclear or coal plant construction, it helps Mississippi achieve energy independence and it ensures tomorrow's customers have clean, affordable power. Entergy Mississippi supported this legislation because of the lessons learned during construction of the Grand Gulf nuclear plant. By paying the interest costs of a new plant during the construction process, we can avoid large rate increases in the future, such as the 50-plus percent rate increase that came about after Grand Gulf came on line.

Q Doesn't Mississippi already have plenty of power?

A Entergy Mississippi is working hard to keep electric costs at affordable levels. Currently, Entergy Mississippi must buy power from independent power

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...A Plan for Clean, Affordable Energy *continued*

producers that utilize costly natural gas to serve Mississippi's growing energy demand, and the cost of that natural gas has increased more than 500 percent since 2002. Entergy Mississippi currently needs an extra 500 megawatts of baseload (non-natural gas) power, and that need is predicted to continue to increase in the next 10 years. Additional baseload power, such as the kind produced by a nuclear generating plant, will allow Mississippi to address this power shortage, be economically competitive and provide affordable, clean power to customers.

Q Without the new legislation, would the cost of electricity really go up that much more?

A Based on recent increases in natural gas prices, we know that electricity prices will rise significantly in the future—regardless of whether or not Entergy Mississippi chooses to build a new power plant. The legislation keeps our option open to build a nuclear plant if it is determined to be in the best interest of our customers.

Q So we pay now or pay later?

A That is correct. Entergy Mississippi wants to meet the electrical needs of our customers in the most efficient and cost effective way.

Q What are the consumer benefits of the “pay-as-you-go” plan?

A This “pay-as-you-go” financing option is of great advantage to customers as it eases their cost burden by saving millions in interest costs and helping stabilize the rates they pay for electricity well into the future. In addition, it allows the utility to move forward with the planning and design phase of the project. The process is much like completing your house plans and then deciding when you want to build. Your plans have value and you have the option of waiting until economic conditions are right to move forward.

Q What happens to the dollars customers have paid if Entergy Mississippi abandons its plans to construct a new nuclear plant?

A Entergy Mississippi worked with legislators to address consumer

concerns with a provision for rebates to customers if a construction project is cancelled to the detriment of our customers. If the Mississippi Public Service Commission does not agree that halting construction is in the best interest of the customer, Entergy Mississippi would have to refund dollars collected from customers.

Q Will the new law negatively impact low-income and elderly Mississippians?

A The opposite is true. Electric rates and other pricing pressures on electricity are hurting our customers, particularly low-income customers who make up 25 percent of our customer base. This legislation helps low-income Mississippians as it offers the most opportunity for managing energy costs.

This new law will allow utilities to build needed power plants at a much more efficient level and will ultimately save Mississippi customers money.

Q Did Entergy Mississippi support this legislation so it can raise electricity rates?

A No. Over the years, Entergy Mississippi has kept base rates for electricity at mid-1980 levels. But due to growth, our baseload plants provide less than half of our energy needs today than when the units came online. The other half of the energy is now produced from natural gas. Volatile natural gas prices are increasing fuel charges, a part of every electric bill that is passed on directly to customers. The new legislation helps Entergy Mississippi control rising power costs by allowing the use of more diverse and stable fuel sources, such as nuclear and coal. This also would increase Mississippi's energy independence. There will be no change in rates until Entergy Mississippi makes a filing with the Mississippi Public Service Commission to show the need for a new baseload generating facility and the benefits to the customer, and the commission agrees to authorize it.

Q Does the new law give utility companies a blank check for constructing power plants?

A The legislation does not allow Entergy Mississippi to set or increase rates, or even to build a generating plant. Instead, it addresses how utilities can recover construction costs of new generation plants. Under previous Mississippi law, public utilities could not collect these costs in rates until plant operation began. The new legislation provides new authority to the Mississippi Public Service Commission to let utility companies charge customers over the course of planning and building certain approved facilities. The commission must also approve the need for such a facility.

Q What will a new nuclear generating facility cost?

A The full cost of a new nuclear unit at Grand Gulf could range between \$4.9 billion and \$6.1 billion, according to the research contained within Entergy's construction and operating license application. Entergy Mississippi's share of the plant would be proportional to the percentage ownership of Entergy Mississippi in the plant. For example, if Entergy Mississippi were to own approximately one-third of the new unit, then Entergy Mississippi's cost would be approximately one third, or around \$2 billion.

It is important to remember, though, that no new nuclear unit has been built in the United States in almost 30 years. Costs and schedules are being developed and evaluated, and there are many dynamic variables involved. With negotiations for engineering, procurement and construction ongoing, it still is premature to discuss a number as Entergy's estimate for a new nuclear plant. Our responsibility is to provide to ratepayers a reasonable and cost-effective baseload option to meet current and future needs, and our economic analysis continues to result in nuclear power being a competitive choice for baseload generation. Entergy will have a detailed cost estimate prior to making a final decision on whether to proceed with the project.

For more Q&A about Entergy Mississippi's plan for meeting the energy needs of the future, visit www.entropy-mississippi.com.

