



Nationwide fuel crisis affecting Mississippi consumers

Entergy Mississippi working hard to keep fuel costs low in face of rising fuel market

Record-high natural gas prices are impacting utilities and their customers across the nation, including those in Mississippi.

Since August 2005, natural gas prices in the United States have increased by more than 65 percent. That means utility companies that depend on the once-inexpensive fuel source to generate electricity are struggling to keep costs as low as possible in the face of this unprecedented national fuel crisis.

Jim Owen, a spokesman for the Washington, D.C.-based Edison Electric Institute, the association of investor-owned electric utilities in the U.S., confirmed many power companies across the nation are facing higher costs for fuel to generate electricity, particularly natural gas.

"The utility industry is without question operating in a rising cost environment, led by the dramatic surge in the cost of natural gas," Owen said. "Utilities have taken steps to shield the customer from these higher costs, but ultimately these rising costs end up being reflected in customers' bills."

Because natural gas is a large part of Entergy Mississippi's fuel mix, the current crisis is causing an increase in what

customers pay for electricity. The typical customer can expect an increase of about 18 percent in 2006.

"This is a very frustrating time for Entergy Mississippi and its customers," said Checky Herrington, Entergy Mississippi's manager of communications. "Our company has built a reputation of providing affordable rates. In fact, our base

rates — the portion of the bill that reflects operating expenses — are at the same level as they were in 1985.

"What is going up is the fuel adjustment — the portion of the bill which reflects the cost of rising natural gas prices at the national level," he said. "We want customers to know that Entergy does not profit from these higher

prices and is working hard to get them back to reasonable levels."

For example, Entergy Mississippi uses a diverse fuel mix of nuclear, coal and natural gas. The strategy saved Entergy customers \$30 million in fuel costs in 2005.

Entergy also uses hedging methods in purchasing natural gas which allows the company to lock in low prices when

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In 2005, the energy crisis became more serious when hurricanes Katrina and Rita caused the shutdown of more than 75 percent of the natural gas wells in the Gulf of Mexico.



Entergy Mississippi approved to purchase Attala generating plant

Company takes another step to control long-term costs of generating electricity

The purchase of an Attala County generating plant by Entergy Mississippi means potential savings for customers.

Announced last March and recently approved by the Mississippi Public Service Commission, Entergy Mississippi assumed ownership January 20.

"This is good news for our customers," said Carolyn Shanks, Entergy Mississippi's president and CEO. "Because the facility is within Entergy Mississippi's service area, all customers will benefit from the plant."

Entergy has purchased the output from the 480-megawatt, natural gas-fired, combined-cycle facility near Kosciusko since July 2004. By purchasing the plant, Entergy Mississippi increases its control over fuel costs by having permanent access to a highly efficient plant.

"The price of power and fuel fluctuates daily," Shanks said. "Sometimes it is more economical to purchase power on the open market. Sometimes it is more practical to produce it ourselves. The Attala plant gives us one more option in

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Entergy Mississippi files for storm cost recovery

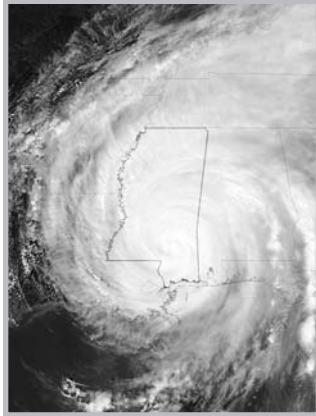
Company exploring ways to minimize impact on customers

Entergy Mississippi has filed a plan with the Mississippi Public Service Commission to begin paying for the damage caused by two of the most devastating storms to ever hit the utility's service area.

On a single day last August, more than 75 percent of the homes and businesses served by the utility lost power during Hurricane Katrina. Three and a half weeks later, Hurricane Rita struck portions of the company's service area again.

Unprecedented were the damage to the company's electric transmission and distribution facilities; the number of customers without service; and the company's 11-day restoration efforts.

The first phase of Entergy Mississippi's storm recovery plan, which includes costs recorded through November of approximately \$84 million, will result in an annual rate increase of approximately \$14.7 million.



This represents an additional \$1.24 per month for a typical residential customer. If approved, this charge will appear on bills beginning in May and continue for five years.

A second filing will likely occur in June 2006 to cover costs not included in this filing.

"We understand that our customers have been hit hard by these storms," said Carolyn Shanks, Entergy Mississippi president and CEO. "Just as we took every possible measure to restore power during that time, we want

everyone to know that we are working to minimize the impact of restoration costs on our customers."

Entergy Mississippi is pursuing several avenues to recover storm-related costs, including insurance and federal assistance. Recovery of costs associated with major storm events is allowed under regulatory law.

generating plant CONTINUED

our quest to provide customers with reliable, reasonably priced energy. The facility is modern, efficient, and has a good track record with Entergy. It will be an important component in serving the growing needs of Entergy customers."

The plant purchase is Entergy Mississippi's first since 1981. The acquisition — at a price far below what it would cost to construct a similar facility — supports the company's strategy of providing reliable electric service at the lowest reasonable cost.

By purchasing the plant, Entergy Mississippi increases its control over fuel costs by having permanent access to a highly efficient plant.

Other efforts to control costs include the implementation of a hedging program to reduce swings in fuel costs and the use of a diverse fuel mix to generate electricity, ranging from coal to oil to gas and nuclear power.

fuel crisis CONTINUED

available on natural gas for future use. Hedging allowed Entergy to pass on savings of another \$30 million to customers last year.

Natural gas prices were much lower during the 1990s. These low prices led to an increase in natural gas consumption in the economy. In addition, gas customers used less gas to heat their homes during the mild winters. Prices were low and supply remained high allowing Entergy to pay low prices for gas to run its generating plants.

Now the situation is different. With the increase in gas consumption and limited efforts by producers on exploration and drilling, natural gas prices have been climbing to record levels. In 2005, the energy crisis became more serious when hurricanes Katrina and Rita caused the

shutdown of more than 75 percent of the natural gas wells in the Gulf of Mexico.

"Looking forward, utility companies throughout the country are going to be operating in a more costly environment," said Owen.

Entergy Mississippi has taken measures to lessen the effect of natural gas prices on customers by offering billing options such as Budget Billing and Pick-A-Date which allow customers to diffuse the impact of fuel adjustment. Seminars on energy management are available as well as assistance for low-income customers.

"At Entergy, we recognize the hardships that increased costs create for our customers," said Herrington. "That is why we are taking measures to help hold the line on what they pay for electricity."

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