

STATE OF NEW YORK

Public Service Commission

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PSC CONTINUES REVIEW OF ENTERGY SPIN-OFF PLAN — Staff: Initial Proposal Not in Public Interest, Other Options Being Considered —

Albany, NY—02/11/10—The New York State Public Service Commission (Commission) today received a report from senior Staff of the Department of Public Service (Staff) addressing a petition submitted by Entergy Corporation, together with its subsidiaries, to spin-off six nuclear power plants, including three in New York to a new business entity, Enexus Energy Corporation.

In its report, Staff concluded that the transaction, as proposed, was not in the public interest, and Staff provided the Commission information regarding the implications of rejecting the proposal versus making changes to the proposed transaction to improve the long-term financial stability of the three nuclear power plants in New York and to provide ratepayer benefits. The Commission will consider these topics in more detail at a later date.

The petition before the Commission called for the transfer of the James A. FitzPatrick Nuclear Station in Oswego County and the Indian Point Energy Center in Westchester County to Enexus. The proposed transaction would transfer indirect ownership interest to Enexus. In return, Entergy shareholders would eventually receive all of Enexus's capital stock and receive cash and reductions in outstanding debt worth approximately \$3.5 billion. Upon completion of the transaction, the shares of Entergy and Enexus would trade independently. Enexus and Entergy would be separate, unaffiliated entities.

Staff concluded that the proposed transaction was problematic because the amount of debt leverage employed to finance Enexus is excessive when the business risks of this new merchant

nuclear plant enterprise are considered. The principles behind the conditions proposed by Staff are to assure the immediate financial viability of Enexus by mitigating near-term liquidity risk related to debt covenants through a reduction of \$550 million in the debt issued by Enexus, to assure the Enexus's long-term financial capabilities through the maintenance of a specified bond rating or ratio of debt-to-equity market value, and to provide New York ratepayers some of the potential hedging benefits of nuclear power in periods of rising commodity prices.

If the Commission decides to impose these conditions, or similar conditions addressing the previously stated principles, it is expected that the Commission will consider the comments of interested parties. Comments would then be analyzed and the matter brought back for final deliberations at the earliest possible Commission session.

In addition to New York's approval, the transfer of indirect ownership of Entergy's non-utility nuclear plants requires authorization from the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC) and the Vermont Public Service Board. FERC and the NRC gave their initial approvals on June 12, 2008, and July 28, 2008, respectively. Hearings in the Vermont case were completed in August 2008. Final action has not been taken by the Vermont Public Service Board.

Through subsidiaries, Entergy owns and operates six non-utility nuclear generating plants that sell their output in competitive electric markets: FitzPatrick, Indian Point 2 and 3, Pilgrim Nuclear Power Station in Massachusetts, the Palisades Nuclear Plant in Michigan and the Vermont Yankee Nuclear Power Station.