PUBLIC VERSION:
CONFIDENTIAL PROPRIETARY INFORMATION SUBJECT TO CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT HAS BEEN REDACTED

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE COMMISSION

In the Matter of	
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Palisades Nuclear Plant)	Docket Nos. 50-255-LT and 72-7-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR FITZPATRICK, LLC (James A. Fitzpatrick Nuclear Power Plant)	Docket Nos. 50-333-LT and 72-12-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR GENERATION COMPANY (Pilgrim Nuclear Power Station)	Docket No. 50-293-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR VERMONT YANKEE, LLC (Vermont Yankee Nuclear Power Station)	Docket No. 50-271-LT
ENTERGY NUCLEAR OPERATIONS, INC.; ENTERGY NUCLEAR INDIAN POINT 2, LLC; and ENTERGY NUCLEAR INDIAN POINT 3, LLC (Indian Point Nuclear Generating Unit Nos. 1, 2, and 3)	Docket Nos. 50-003-LT, 50-247-LT, and 50-286-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Big Rock Point)	Docket Nos. 50-155-LT and 72-43-LT
	March 18, 2008

STATEMENT OF NEW OR AMENDED CONTENTIONS OF LOCALS 369 AND 590, UTILITY WORKERS UNION OF AMERICA, AFL-CIO SUPPLEMENTING PETITIONS FOR LEAVE TO INTERVENE AND RELATED REQUESTS FOR RELIEF

On February 5, 2008, Locals 369 and 590, Utility Workers Union of America, AFL-CIO ("UWUA Locals") submitted pleadings in each of the captioned proceedings seeking the right to intervene, setting forth "Preliminary Statement[s]" of contentions to be pursued at hearing, (*e.g.*, February 5 Filing in Docket No. 50-293-LT at 9-14), and requesting related relief. By Order

dated February 28, 2008, the Commission approved a revised filing schedule in the captioned proceedings, under which UWUA Locals are permitted to submit "new and/or amended contentions." The new or amended contentions are to be based upon certain data designated by Entergy as confidential, withheld from "public versions" of the Entergy's filings initiating the captioned dockets, and subsequently produced to UWUA Locals pursuant to a "Confidentiality and Non-Disclosure Agreement."[1] In accordance with these understandings, this pleading supplements the statement of contentions provided by the UWUA Locals in the February 5 filings and addresses the "confidential" information provided by Entergy.

Based on their review of these data, UWUA Locals offer, at the outset, several general comments:

First, and as discussed further below, none of the newly-provided information [redacted]

Second, the data [redacted] The transaction is structured such that [redacted] Immediately prior to the transaction, the nuclear plants were funded in part by Entergy Corporation capital, and supported from a financial risk perspective by Entergy Corporation's immense and diversified generation

[1] The Confidentiality Agreement was negotiated between the UWUA Locals and Entergy Nuclear Operations, Inc., acting on behalf of itself and Entergy Nuclear Generation Company, as well as other entities (together, "Entergy" or "Applicants").

portfolio. Entergy is a conservatively-capitalized corporate entity whose status as a registered holding company system under the now-repealed Public Utility Holding Company Act of 1935 ("PUHCA") meant that for decades its securities, capital structure and bond indentures were reviewed by the United States Securities and Exchange Commission.[2] Once the NewCo transaction is approved, the protections of investors, consumers and the public that have long flowed from Entergy's legacy as a PUHCA registered system will be removed, NewCo will be [redacted], and the public, investors and consumers can [redacted][3]

What little we know of NewCo's structure provides cold comfort to the public and the employee workforce at the plants, which will be dependent upon NewCo to operate a nuclear fleet in a safe manner, free from operating neglect and excessive outages.

Third, while these data are [redacted] because Entergy has not included any testimony (or other interpretative aids) as part of its NRC filings. Certain of the expense categories included in the balance sheets are [redacted], and [redacted] complicates UWUA Locals' [redacted].[4] For

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[2] These protections were considerable and have stood the test of time. In registered PUHCA systems, certain limitations were generally imposed on debt issuances, common equity ratios and the payments of dividends, and upstream and downstream transactions within the holding company were closely scrutinized. The value and importance of adhering to those conservative financial traditions has been demonstrated time and again by the collapse of entities who abandoned these practices, including energy traders and highly leveraged funds secured by mortgages, bonds and other volatile cash flows that figure in today's headlines. The importance of these conservative traditions notwithstanding, Entergy has provided virtually nothing in the way of corporate charters, bond indentures, loan agreements or fundamental data upon which the Commission can test whether NewCo will adhere to this needed tradition of financial conservatism.

[3] Indeed, the [redacted], which is described *infra*, strengthens support the for UWUA Locals' assertion that they should be permitted leave to intervene in each of the captioned proceedings.

[4] By contrast, Entergy's filing before the Vermont Public Service Board ("VPSB"), in which Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., seek approval of the proposed restructuring, includes extensive testimony from Entergy's Chief Financial Officer, Wanda C. Curry. However, the VPSB filing does not includes the financial data provided by Entergy to this Commission in the instant proceedings. UWUA Locals have

example, the balance sheets include, as expense items, categories designated as "Other" and "Administrative & Other." UWUA Locals [redacted] In the case of Pilgrim, approval of the [redacted] of the corporate restructuring would have included [redacted] in the plant's "Other" expenses, and [redacted] in the plant's "Administrative and Other" expenses. With respect to these [redacted] categories, the [redacted], with Pilgrim [redacted] of "Other" expense, and [redacted] "Administrative and Other" expenses. What these expenses represent, why they are associated with either of the proposed restructurings, and what impact their assumption may have on Pilgrim is [redacted]

Fourth, the data for the July and the December versions of the Entergy restructuring proposal [redacted] As no testimony has been filed to explain why the proposal was substantially modified, UWUA Locals remain uncertain as to the import – and potential impacts – of Entergy's restructuring. We identify below [redacted], but remain somewhat "in the dark" as to why these changes were made and whether, assuming the restructuring is approved, they will [redacted] Pilgrim's financial standing or operations.[5]

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sought to piece together the NRC and VPSB filings in order to develop a more informed perspective on Entergy's proposal. For the convenience of the Commission, Ms. Curry's VPSB testimony is included as an Appendix to this pleading.

[5] We note that Entergy has not provided to UWUA Locals any [redacted] Nonetheless, we suspect that the concerns raised here apply equally to the other plants and, even more important, highlight [redacted] In each of the other proceedings, UWUA Locals have sought leave to intervene, the issuance of a protective order, and the production of confidential information. While those requests are unaffected by the filing in the Pilgrim proceeding, the additional information provided in this pleading [redacted]

1. UWUA Locals contend that the Application should not be approved because it contains contradictory statements concerning whether implementation of the proposed restructuring will be accompanied by operational changes at Pilgrim.

The confidential information provided to UWUA Locals by Entergy [redacted] UWUA Locals do not seek to supplement or amend this contention, but continue to assert that this issue should be addressed in any hearing that is conducted.

2. UWUA Locals contend that the Application should not be approved because Applicants' claims as to benefits are neither supported nor self-evident.

As concerns this contention, UWUA Locals stated in their February 5 Filing in the *Pilgrim* proceeding (at 10) that "Applicants nowhere explain why this structure is superior to the proposed structure set forth in their July 30 Application, let alone why either arrangement is superior to the *status quo*." The financial data produced by Entergy [redacted] Indeed, as explained immediately below, there are [redacted] approval of the proposal poses [redacted]

While the December 2007 version of the restructuring plan apparently no longer involves Pilgrim undertaking a [redacted],[6] there are strong indications that Pilgrim will nonetheless have to make [redacted] in connection with

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[redacted]

[6] Instead, [redacted] with NewCo, the consolidated, "Entergy Nuclear" entity, which [redacted] will have an [redacted] in [redacted]

[redacted] First, as mentioned above, the latest iteration of the restructuring includes [redacted] "Other" and "Administrative & Other."

Second, based on information presented by Entergy in its recent filing with the Vermont Public Service Board seeking approval of the proposed corporate restructuring, the transaction includes requiring Vermont Yankee (and, we assume, each of the other five nuclear plants) to issue certain guarantees, secured by the pledging of assets, "in connection with four types of debt arrangements" sought by "NewCo." Petition, Other Initial Pleadings and Prefiled Testimony of Entergy Vermont Yankee Nuclear, LLC and Entergy Nuclear Operations, Inc., Docket No. 7404 (January 28, 2008) ("VPSB Petition"). As explained in the Entergy's VPSB Petition:

> EVY [Entergy Vermont Yankee] may make such *guarantees and pledge and assign such assets* in connection with four types of debt arrangements that NewCo is seeking to place with financial institutions, including Senior Notes in the aggregate principal amount of up to $4,500,000,000, the proceeds of which will be used to reduce, retire or payoff Entergy Corporation's credit facilities, exchange and retire its senior notes and possibly conduct an exchange offer to repurchase its common stock and also to provide working capital to NewCo; a Senior Revolving Credit Facility of up to $2,000,000,000, the proceeds of which will be used to finance certain capital expenses and acquisitions, for other business purposes and as a source of working capital for NewCo, a portion of which will be available to support the issuance of letters of credit on behalf of NewCo or its affiliates; a Term LC Facility of up to $2,000,000,000, which will be available to NewCo and its affiliates for "Term Letters of Credit" (the aggregate amount of the Senior Revolving Credit Facility and Term LC Facility will not exceed $2,000,000,000); and a Commodity Collateral Revolver Facility, the purpose of which is to provide credit support for hedging by NewCo and its affiliates.

VPSB Petition at 9, P 43 (emphasis added). Entergy has not demonstrated that the assumption of these obligations by Vermont Yankee, Pilgrim, and other plants is an improvement or that the

transaction is otherwise in the public interest. UWUA Locals address this concern further in Section 4, *infra*.

3. UWUA Locals contend that the Application should not be approved because the proposed "NewCo" structure admits the possibility of managerial conflict, yet does not explain how any disputes will be resolved.

The confidential information provided to UWUA Locals by Entergy [redacted] However, UWUA Locals received a "Fourth Supplement" to Entergy's Application from Entergy after business hours on March 17, the day before UWUA Locals' supplemental contentions are due. While Entergy's Fourth Supplement contains a newly-proposed dispute resolution mechanism, it is not clear to UWUA Locals based on their initial examination of the Fourth Supplement that this mechanism would be suitable in all cases. The mechanism does not appear to include provision for accelerated procedures, should circumstances require a more expedited decision. Nor is it clear that the limitations on the arbitrator's authority would be appropriate or beneficial in all cases. Other than as stated here, UWUA Locals do not seek to supplement or amend this contention at this time, but continue to assert that the issue of potential managerial conflict should be addressed in any hearing that is conducted. UWUA Locals request leave to supplement or amend further this contention if merited after additional review of the Fourth Supplement.

4. UWUA Locals contend that the Application should not be approved because the financial impacts of the NewCo proposal are unknown.

UWUA Locals appreciate the opportunity afforded them to review the financial information submitted by Entergy to the NRC in July, October and December 2007. These data

[redacted]

[redacted] In fact, the data and other information [redacted] UWUA Locals urge the NRC to afford interested parties the opportunity to pursue answers to the questions posed here and in their earlier Petition in any hearing that is ordered in this proceeding. A full examination of the proposal, including through hearings, is needed in order that the Commission can identify risks, fashion remedies and, if warranted, condition its approval in ways that protect the public interest.

Entergy's nuclear plants, including Pilgrim, are currently part of an enterprise with a large and diversified generation portfolio (including nuclear, coal, oil, gas, renewables, etc.), and with a balance sheet that includes substantial amounts of equity, meaning relative financial security and relatively low leverage. The financial risks and costs associated with the nuclear plants are hedged and spread by virtue of being included as part of this large generation fleet, which includes approximately 30,000 MW of generating capacity, and are tempered by access to Entergy's worldwide sources of stable utility revenues. In particular, the nuclear units receive financial support (*e.g.*, guarantees and equity infusions) from upstream companies. As explained by witness Curry in her VPSB testimony:

> Under the current corporate structure, financing has been provided in a top-down fashion, with capital attributable to the non-utility, wholesale-nuclear fleet sourced from Entergy Corporation.

Curry Testimony at page 33 of 44, lines 7-9.

All that will change if the proposed transaction is approved. Once the spin-off is implemented, it appears [redacted] NewCo sales and revenues may end up being below forecasted levels if, for example, its [redacted]

[redacted] or if unit operating costs skyrocket and revenues plummet as a result of an extended outage, a catastrophic failure, or any unexpected event.[7] In such instances, NewCo will be forced to deal with whatever problems it may face with [redacted] fewer sources of equity capital (mainly the public and new owners), and as part of a considerably smaller enterprise with a much reduced pool of generating resources, revenue sources and borrowing power. The reduced [redacted] amounts of equity sources, and borrowing capacity could lead to strains at the nuclear plants, which under the proposed arrangements would serve as guarantors for NewCo's enormous borrowings. If unanticipated (or even anticipated) events occur, it would not be hard to see how these financial strains could lead to layoffs, reductions in the provision of needed maintenance and plant security, poor operational performance, failure to fund pensions and reserves, and other such deleterious impacts. The probability that this detrimental cycle will develop is virtually certain to be increased by implementation of Entergy's proposal because [redacted] can be expected to demand higher interest rates and more restrictive loan covenants from NewCo than they would demand from Entergy. The borrowing terms have not been set and are, we believe, still under discussion. As explained by witness Curry in her VPSB testimony:

> Q. Have Entergy Corporation and NewCo placed these debt arrangements with one or more financial institutions?
>
> A. No. Entergy Corporation has not yet placed the debt arrangements that I mentioned with financial institutions. At this time, I can only provide the Board with information about the indicative terms for each facility.

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[7] As the Commission well knows, there can be unanticipated events at operating nuclear plants. For example, this past summer a cooling tower collapsed at Vermont Yankee, causing a substantial reduction in the plant's operating output.

Curry Testimony at page 18 of 44, lines 4-8.

Entergy's confidential data [redacted] The magnitude of the venture is [redacted] NewCo will [redacted] NewCo will likewise incur [redacted] Entergy has explained in Ms. Curry's VPSB testimony that these obligations will be incurred in connection with borrowings of at least $4.5 billion, which will be used to capitalize NewCo.

While NewCo's burdens will ramp up once the transaction is approved, Entergy Corporation's burdens will (it appears) be greatly diminished, leaving Entergy with enormous financial resources in contrast to the owners of the six nuclear plants affected by this transaction, and who will ultimately be responsible for these financial undertakings. Although [redacted] Entergy's VPSB testimony makes plain that Entergy Corporation will be in a very different financial position following implementation of NewCo. The impact of the restructuring on Entergy is explained in Ms. Curry's pre-filed VPSB testimony:

> NewCo intends to issue its Senior Notes in the aggregate principal amount of up to $4,500,000,000, the proceeds of which will be used to reduce, retire or pay off Entergy Corporation debt and its capital interests in the non-utility, wholesale-nuclear fleet as well as to provide working capital to NewCo.

Curry Testimony at page 18 of 44, lines 10-13. She goes on to state:

> Today, Entergy Corporation has used its own sources of capital, including debt as well as shareholder equity, to finance the cost of acquiring the non-utility, wholesale-nuclear fleet Units, including the VY Station.
>
> The effect of the restructuring will be to replace these Entergy Corporation investments and reduce its debt, thereby returning value to Entergy Corporation's shareholders who financed, on a Unit-by-Unit basis, the non-utility, wholesale fleet's acquisition.

Id. at page 22 of 44, lines 2-8. Elsewhere, Ms. Curry is even more direct. In answer to the question, "What will be the ongoing responsibilities and liabilities of Entergy Corporation concerning EVY and ENO after the proposed transaction is completed?" Ms. Curry states, "In accordance with applicable laws and contractual arrangements, the liabilities of Entergy Corporation regarding EVY will be assumed by NewCo and ENOI." *Id.* at page 9, lines 9-14.

This significant shift in financial responsibilities is seen in corresponding structural changes. Prior to the restructuring, EN Operations, Inc. ("ENO"), the licensed operator of the facilities, was wholly-owned by Entergy Corporation (through "Entergy Nuclear Holding Company #2"). *See* "Figure 1: Simplified Organization Chart – Current" (December 5, 2007, Filing). "Figure 2" of the same filing shows that, after approval, ENO would become ENOI LLC, and would be owned 50% by NewCo and 50% by Entergy Corporation.[8]

In place of Entergy, the backstop for these financial obligations will be shifted to the six operating nuclear plants involved in the corporate restructuring. The extensive nature of the potential guarantees/pledges is also described in the witness Curry's VPSB testimony. Ms. Curry testifies (at page 23 of 44, lines 4-7) that Entergy has "asked the Board to consent to

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[8] While assuming all of the debt repayment obligations, NewCo will hold ownership of only 50% of ENOI Holdings. Entergy will hold the other 50% ownership. The NRC filing does not explain whether there is only one class of stock, leaving open the possibility that Entergy could receive more than 50% of the earnings.

guarantees [by Entergy Vermont Yankee] of NewCo's Senior Notes up to the $4,500,000,000 amount because the debt has not been placed[,]" and notes that Entergy Vermont Yankee is "requesting the Board's consent to EVY's guarantee of this facility and its pledge of its assets and assignment of material contracts to secure that guarantee and debt." *Id.*, lines 13-16. Similarly, Ms. Curry reports with respect to an anticipated "Senior Revolving Credit facility," that "this facility may be guaranteed by the single-purpose entities, including EVY. EVY is therefore requesting the Board's consent to EVY's guarantee of this facility and its pledge of its assets and assignment of material contracts to secure that guarantee and debt." *Id.* at page 24 of 44, lines 8-10. In addition, in response to the question of whether there may be any other required pledges or commitments by Entergy Vermont Yankee, Ms. Curry testifies that "NewCo will cause the immediate parent of EVY to pledge the membership interest it holds in EVY." *Id.* at page 25 of 44, lines 11-12. UWUA Locals assume that similar (if not identical) guarantees and related pledges are being sought from Pilgrim (and the other operating nuclear plants).

The need to call upon any such guarantees will depend in substantial part on NewCo's financial performance. [redacted] Entergy offers [redacted] Absent such data, it is not possible to [redacted] We note that NewCo's [redacted] Pilgrim's [redacted]

[redacted] Again, the basis for calculation of the [redacted][9]

Moreover, Entergy's [redacted] The price [redacted] provided in the October submission [redacted] The accuracy of these [redacted] is important, in that [redacted] Entergy's confidential data from the December filing [redacted] By [redacted][10]

From the perspective of the Pilgrim plant (if not the other five nuclear plants), this [redacted] The Pilgrim-specific confidential data [redacted] Nonetheless, under Entergy's proposed restructuring, Pilgrim assets and contracts are pledged to support massive borrowings

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[9] Our understanding is that the output of the Entergy nuclear plants is marketed by an Entergy affiliate. We are uncertain as to what percentage of the revenues associated with contract and market-based sales from the nuclear plants will go to NewCo. To the extent that the percentage is less than 100 percent, NewCo will be subject to financial strains that may be even greater than otherwise anticipated.

[10] The [redacted]

by an entity that, [redacted] NewCo's [redacted] Even if Entergy's [redacted] to be completely accurate estimates as of *today*, if (for whatever reason) [redacted] Pilgrim and the other plants [redacted] Moreover, and as mentioned *supra*, if extended outages (or worse) are experienced at any of the six plants, and the result is a substantial reduction in anticipated revenues and/or a need for retrofits and increased capital outlays, the result would again be additional financial strain on the remaining plants.

There are other aspects of the financial data [redacted] For example, in the shift from the July 2007 version of the restructuring to the December 2007 NewCo proposal, [redacted] Under the July 2007 filing, [redacted] Under the NewCo proposal, [redacted] There is no explanation as to why there is [redacted] Absent an explanation, UWUA Locals are understandably concerned as to the basis for this significant difference.[11]

CONCLUSION

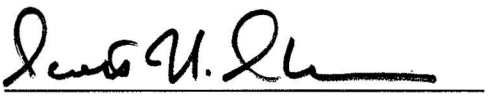
As shown, review of the confidential data produced by Entergy [redacted]

[11] Similarly, [redacted] and the development of NewCo, includes a [redacted] No explanation is offered as to why the introduction of NewCo results in this

For the foregoing reasons, and those stated in the February 5 filings, UWUA Locals continue to respectfully request that the Commission: (a) grant Locals 369 and 590 leave to intervene in each of the captioned proceedings; (b) initiate hearing procedures; (c) issue the requested protective order(s) in the non-Pilgrim dockets; (d) require Applicants to disclose confidential information pursuant to those order(s) in those proceedings; (e) grant UWUA Locals the opportunity to review these data and raise new or amended contentions in each of those

dockets on the basis of that review; and (f) take any other actions consistent with the requests contained herein.

Respectfully submitted,



Scott H. Strauss
Rebecca J. Baldwin

Attorneys for
Locals 369 and 590, Utility Workers,
Union of America, AFL-CIO

Law Offices of:
SPIEGEL&MCDIARMID LLP
1333 New Hampshire Ave., NW
Washington, DC 20036
(202) 879-4000

March 18, 2008

Appendix

VERMONT PUBLIC
SERVICE BOARD

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STATE OF VERMONT

PUBLIC SERVICE BOARD

Petition of Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., pursuant to 30 V.S.A. §§ 107, 108, 231 and 232, for Approval of an Indirect Transfer of Control of Each Company, Consent to Pledge of Assets, Guarantees and Assignments of Contracts by Entergy Nuclear Vermont Yankee, LLC, and Amendment to the CPG of Entergy Nuclear Operations, Inc., to Reflect Name Change, Replacement of $60 Million Guaranty with $60 Million Letter of Credit and Substitution of $700 Million Support Agreement for Two Inter-Company Credit Facilities	)	Docket No. _____

PETITION, OTHER INITIAL PLEADINGS AND PREFILED TESTIMONY OF ENTERGY NUCLEAR VERMONT YANKEE, LLC, AND ENTERGY NUCLEAR OPERATIONS, INC.

January 28, 2008

John H. Marshall, Esq.
Robert A. Miller, Jr., Esq.
Downs Rachlin Martin PLLC
90 Prospect St., PO Box 99
St. Johnsbury, VT 05819

STATE OF VERMONT
PUBLIC SERVICE BOARD

Petition of Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., pursuant to 30 V.S.A. §§ 107, 108, 231 and 232, for Approval of an Indirect Transfer of Control of Each Company, Consent to Pledge of Assets, Guarantees and Assignments of Contracts by Entergy Nuclear Vermont Yankee, LLC, and Amendment to the CPG of Entergy Nuclear Operations, Inc., to Reflect Name Change, Replacement of $60-Million Guaranty with $60-Million Letter of Credit and Substitution of $700-Million Support Agreement for Two Inter-Company Credit Facilities	)	Docket No. _____

SUMMARY OF PREFILED TESTIMONY OF WANDA C. CURRY

Ms. Curry's testimony supports the petition filed by Entergy Nuclear Vermont Yankee, LLC (or "EVY"), and Entergy Nuclear Operations, Inc. (or "ENO"), collectively referenced as "Entergy VY," on behalf of themselves and certain upstream affiliates for approval under 30 V.S.A. § 107 of a change of controlling interest that will result in the creation of a new, upstream holding company ("NewCo") the common stock of which will be distributed to Entergy Corporation shareholders, which will thus become a publicly-traded company. Ms. Curry describes the proposed transactions, including a discussion of the current corporate structure and how that structure came about, a description of the restructured non-utility, wholesale-nuclear business as proposed and an explanation as to why the proposed restructuring and consolidation of ownership of Entergy's non-utility, wholesale-nuclear-generation units under NewCo is important to access financial markets and for other reasons.

Ms. Curry's testimony further supports the petition's request for Board consent under 30 V.S.A. §§ 108 and 232 to the issuance of guarantees by EVY and the pledge of its assets and material contracts to secure the guarantees and debt arrangements into which NewCo intends to enter. In discussing financial arrangements, Ms. Curry will also discuss the proposed substitution of an existing $60-million guaranty from Entergy Corporation to EVY with a third-party letter of credit in the same amount as well as the proposed replacement of two, existing inter-company credit facilities, each in the amount of $35 million, by a Support Agreement from NewCo in the amount of $700 million.

Finally, Ms. Curry's testimony will explain ENO's request for an amendment to its certificate of public good issued under 30 V.S.A. § 231 to reflect a change of corporate form to a limited-liability company and an associated change of name to ENOI LLC.

Ms. Curry sponsors the following exhibits:

Exhibit EN-1	Entergy Corporation Simplified Organization Chart—Current
Exhibit EN-2	Entergy Corporation Simplified Organization Chart—Post Reorganization
Exhibit EN-3	Form of Support Agreement

STATE OF VERMONT
PUBLIC SERVICE BOARD

Petition of Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., pursuant to 30 V.S.A. §§ 107, 108, 231 and 232, for Approval of an Indirect Transfer of Control of Each Company, Consent to Pledge of Assets, Guarantees and Assignments of Contracts by Entergy Nuclear Vermont Yankee, LLC, and Amendment to the CPG of Entergy Nuclear Operations, Inc., to Reflect Name Change, Replacement of $60 Million Guaranty with $60 Million Letter of Credit and Substitution of $700 Million Support Agreement for Two Inter-Company Credit Facilities	)	Docket No. _____

PREFILED TESTIMONY OF WANDA C. CURRY

Q1. State your name, area of responsibility and business address.

A1. Wanda C. Curry.

Q2. Describe your qualifications to sponsor the testimony you intend to present to the Board.

A2. In my position as Chief Financial Officer of Entergy Nuclear Operations, Inc., I am familiar with the current corporate structure of Entergy Corporation in general as well as the corporate and financial structure of Entergy Corporation's non-utility, wholesale-nuclear business, which is the subject of a proposed restructuring that results in an indirect transfer of a controlling interest in Entergy Nuclear Vermont Yankee, LLC (or "EVY"), and Entergy Nuclear Operations, Inc. (or "ENO"). In my testimony, I will refer to EVY and ENO collectively as "Entergy VY." I have been involved in the planning for the proposed restructuring and am familiar with the structure that will result.

Q3. What is the purpose of your testimony?

A3. My testimony supports the petition of Entergy VY—acting on behalf of itself and certain of its affiliates (to which I refer collectively as the "Affiliates")—seeking Public Service

Board approval under Section 107 of Title 30, Vermont Statutes Annotated, of the acquisition of an indirect controlling interest in EVY and ENO and in Affiliates that will own an indirect controlling interest in EVY and ENO as a result of the transactions. The Affiliates that will acquire such an indirect controlling interest are:

NewCo (the placeholder name for the new company that will be the ultimate owner of Entergy Corporation's non-utility, wholesale-nuclear business following the restructuring);

NewCo ENOI Holdings, LLC;

Entergy ENOI Holdings, LLC; and

ENOI Holdings, LLC.

As of the time of the filing of Entergy VY's petition and this testimony, Entergy Corporation (to which I sometimes refer as "Entergy") has not formalized a name for its new holding company, and thus I will refer to the company as "NewCo." Entergy VY will notify the Board when the name of the new entity is formally adopted. In addition, as a result of the transaction ENO will be converted from a Delaware corporation to a Delaware limited-liability company and will change its name to ENOI LLC.

By its petition, EVY also asks the Board to consent to the issuance of guarantees by EVY and the pledge of its assets and assignment of its material contracts to secure the guarantees and debt arrangements into which NewCo intends to enter, the proceeds of which will be used to reduce, retire or pay off Entergy Corporation debt and investments

in its non-utility, wholesale-nuclear-generation units and to provide NewCo with working capital and capital to finance letters of credit, capital expenses, acquisitions and on-going business needs.

It is possible either that not all of the debt arrangements will require security or, if security is required, EVY will be required to issue guarantees, assign material contracts or pledge assets. EVY will not know what the security requirements will be until the transactions are near to closing, so the company is asking for the Board's consent and approval as though all of the security from EVY described in my testimony will be required.

EVY also wishes to inform the Board that the power-purchase agreement or "PPA" between EVY and Vermont Yankee Nuclear Power Corporation (now assigned to EVY's marketing affiliate, Entergy Nuclear Power Marketing LLC, or "ENPM") may be pledged by ENPM as further security for the debt arrangements.

My testimony also describes the proposed transactions, including a discussion of the current corporate structure and how that structure came about, a description of the restructured, non-utility, wholesale-nuclear business as proposed and an explanation as to why the proposed restructuring and consolidation of ownership of Entergy's non-utility, wholesale-nuclear-generation units (to which I will sometimes refer as the "wholesale

fleet") under a single holding company, NewCo, and the subsequent spin-off, is important to access financial markets and for other reasons. I will further discuss the proposal by which NewCo's debt will be guaranteed and the proposal to pledge assets or material contracts of NewCo's non-utility, wholesale-nuclear fleet to secure its guarantee and NewCo's to enable NewCo to issue debt securities in a more efficient and cost-effective manner.

My testimony describes the effect that the proposed transactions will have on inter-company credit agreements available to EVY and, in particular, the replacement of the existing, $35-million credit agreement between EVY and Entergy Global, LLC (or "EGL"), formerly known as "Entergy Global Investments, Inc.," and the existing $35-million credit agreement between EVY and Entergy International Holdings LTD (or "EIHL") with a $700-million Support Agreement between NewCo and the six nuclear-generating companies that will be consolidated under it, including EVY. In addition and as a result of the transactions, Entergy VY proposes that the $60-million guaranty from Entergy Corporation approved by the Board in Docket No. 6545 and further considered by the Board in Docket No. 7082 (to which I will sometimes refer as the "Guaranty") be replaced by a third-party letter of credit in the amount of $60 million.

Overall, my testimony supports a finding that the proposed transaction, including the enhanced financial-assurance arrangements to be discussed, promotes the general good of

the state and should be approved under Section 107. In addition, my testimony shows that there is good cause to amend ENO's Section 231 CPG to reflect a change in name and corporate form and that the proposed guarantee, pledge of assets and assignment of material contracts is consistent with and will promote the general good of the state under Sections 108 and 232.

Description of Proposed Transactions.

Q4. Provide a brief description of the structure of Entergy's non-utility, wholesale-nuclear business within the context of the larger Entergy Corporation organization, and explain how that structure came about.

A4. Entergy Corporation is an integrated energy company engaged in electric-power generation, production, transmission and distribution. Entergy, indirectly through its various subsidiaries, owns and operates power plants with approximately 30,000 megawatts of electric-generating capacity, and it is the second-largest nuclear generating company in the United States. For purposes of understanding the current petition, it is important to know that Entergy's nuclear business is divided essentially into two business units: its regulated, utility business, which operates five nuclear-power plants in the South and delivers electricity to approximately 2.6-million customers in Arkansas, Louisiana, Mississippi and Texas; and its non-utility, wholesale-nuclear fleet of exempt-wholesale generators (or "EWGs"), which is the subject of the proposed restructuring.

As currently existing, Entergy's non-utility, wholesale-nuclear fleet consists of a series of holding companies below Entergy Corporation that ultimately own six NRC-licensed and operating, nuclear-power plants in Michigan, New York, Massachusetts and Vermont. A separate branch of the organization includes ENO, the NRC-licensed operating company for the nuclear units including the Vermont Yankee Nuclear Power Station (to which I will refer as the "VY Station").

Exhibit EN-1 is an organization chart of Entergy Corporation's non-utility, wholesale-nuclear business. Please note that certain subsidiaries of the holding companies indicated are not represented on the chart because they are not germane to the proposed transactions.

A quick look at Exhibit EN-1 reveals one of the reasons for the proposed transactions. As a result of the processes that Entergy Corporation had to follow in acquiring nuclear-power plants in the last 10 years, the upstream ownership of the plants developed into two distinct holding-company structures. EVY, Indian Point Unit 2 and Palisades are located in a holding-company structure owned by Entergy Nuclear Holding Company. Pilgrim, Indian Point Unit 3 and FitzPatrick are located in a separate structure that is owned by Entergy Nuclear Holding Company # 1, which is also part of a holding-company structure that contains EGL and EIHL. This transaction as proposed will lessen the complicated structure that has developed.

Q5. Was it Entergy's intent in acquiring these nuclear assets to maintain these distinct holding-company structures within the non-utility, wholesale-nuclear business organization?

A5. No. From the start, it was Entergy's intent to consolidate its non-utility, wholesale-nuclear fleet under a single holding company. Thus, for example and as explained to the Board in Docket No. 6545 by Entergy Corporation witness Connie Wells at page 9 of her prefiled rebuttal testimony, dated February 25, 2002:

> Entergy Nuclear Holding Company, a first tier of Entergy Corp., has been established with the intent that it will ultimately hold all the subsidiaries associated with Entergy's nuclear operations. This will consolidate all of Entergy's unregulated nuclear operations under a single holding company, while still supporting the operational and financing demands of the individual nuclear plants.

Completion of the proposed transactions will achieve the goal of consolidating ownership of the non-utility, wholesale-nuclear fleet under NewCo.

Q6. Explain the proposed restructuring in greater detail.

A6. As I just referenced, the restructuring will centralize ownership and control of Entergy's non-utility, wholesale-nuclear fleet under a new, intermediate, holding-company structure in the Entergy Corporation system that will be wholly-owned by NewCo, which will be a Delaware corporation. Following the restructuring, Entergy Corporation will distribute shares of capital stock of NewCo to Entergy Corporation's shareholders, at which time NewCo will become a separate, publicly-traded corporation. Prior to the distribution of

the shares of capital stock of NewCo, Entergy and NewCo will establish a nuclear-services joint venture. As described below, the joint venture will hold ENO, the licensed nuclear operator of the VY Station.

Under current plans, NewCo will become a 100% owner of Entergy Nuclear Holding Company. Entergy Nuclear Holding Company owns a 100% interest in Entergy Nuclear Holding Company #3, which, in turn, is a 100% owner of Entergy Nuclear Vermont Investment Company, LLC. EVY, the owner of the VY Station, is a wholly-owned subsidiary of Entergy Nuclear Vermont Investment Company, LLC. Exhibit EN-2 to this testimony is an organization chart depicting the proposed, post-reorganization structure of the non-utility, wholesale-nuclear business.

The restructuring will also affect the ownership and control of ENO, which is currently owned by Entergy Nuclear Holding Company #2, currently a wholly-owned subsidiary of Entergy Corporation. Under the proposed plan, ENO will be converted from a Delaware corporation to a limited-liability company and will change its name to ENOI LLC (to which I will sometimes refer as "ENOI"). ENOI will assume all of the rights and responsibilities of ENO, and it will be substantially the same company (legal entity) both before and after the conversion and name change.

ENOI will be wholly-owned by ENOI Holdings, LLC (to which I will sometimes refer as "ENOI Holdings"), which will serve as the joint-venture vehicle. Through subsidiary holding companies, Entergy ENOI Holdings, LLC, and NewCo ENOI Holdings, LLC, Entergy Corporation and NewCo will each hold a 50% ownership interest in the joint-venture company. ENOI Holdings will also own TLG Services LLC (currently, TLG Services, Inc.) and Entergy Nuclear Nebraska LLC.

Q7. Why does the proposed transaction utilize a LLC instead of a standard corporate form?

A7. Usage of LLCs in the transaction facilitates the restructuring to be tax-free. The liability of the owners of an LLC and the liability of the shareholders of a corporation for the acts of the LLC or corporation are the same.

Q8. What will be the ongoing responsibilities and liabilities of Entergy Corporation concerning EVY and ENO after the proposed transaction is completed?

A8. In accordance with applicable laws and contractual arrangements, the liabilities of Entergy Corporation regarding EVY will be assumed by NewCo and ENOI.

Q9. What effect will the proposed restructuring have on the operations of ENO?

A9. The proposed restructuring will not significantly affect ENO's role as operator of the VY Station or Entergy's other non-utility, wholesale-nuclear units. ENO holds NRC licenses to operate or maintain eight active and inactive nuclear-power plants in Entergy's system: the VY Station, Indian Point Units 1, 2 and 3 and the James A. Fitzpatrick plant in New York, the Pilgrim Nuclear Station in Massachusetts, the Palisades Nuclear Generating Station and the Big Rock Point Nuclear Power Plant in Michigan. After the restructuring, the renamed ENOI LLC will continue to hold the NRC licenses for these facilities and

will continue to operate or maintain the facilities through individual operating agreements with the facilities' owners, including EVY, which I will describe next in my testimony, and in accordance with NRC orders and requirements.

Operating Agreement

Q10. Who will have responsibility for operating the non-utility, wholesale–nuclear fleet's units?

A10. That responsibility will remain with ENO (which, again, will become a limited-liability company, ENOI). NewCo will cause each entity that holds a non-utility, wholesale-fleet unit (to which I sometimes refer individually as a "Unit") to enter into an amended and restated Operating Agreement with ENOI for a term that will extend until the Unit's NRC Operating License (including any renewal term) expires, provided that NewCo will have the option to extend the Operating Agreement through the completion of decommissioning of the respective Unit.

Under the Operating Agreement, ENOI, as the operator, has substantial authority and, in any event, all authority necessary under the NRC Operating License to operate each Unit. Each of the Unit-owning, single-purpose entities of NewCo (to which I sometimes refer as an "Owner") will reserve certain rights. As I will describe in more detail later, the Operating Agreement will be carefully written to ensure that if ENOI must take action for purposes of safety or as directed by the NRC, ENOI has the authority to act on its own,

immediately and in the sole discretion of its Chief Nuclear Officer, even if the Owner's consent would otherwise have been required.

Q11. Describe ENOI's authority to operate the non-utility, wholesale fleet's Units.

A11. The authority will be quite similar to the authority that ENOI has today as the holder and operator of the Unit licenses. ENOI will have authority under the Operating Agreement to:

- operate and make capital improvements to each Unit in accordance with good utility practice, applicable laws and regulations, the applicable NRC Operating License, Owner-approved budgets and additional, Owner-specified policies and procedures;
- act as agent of Owner and in the best interests of the Owner and its Unit;
- generally obtain and maintain permits and other approvals (including the NRC Operating License) necessary to operate, maintain and make capital improvements to the Owner's Unit;
- exercise authority with respect to its role and obligations as the NRC operating licensee for the Owner's Unit; however, ENOI will be required to coordinate all emergency-planning regarding a Unit with its Owner (including the development of all emergency-planning templates and procedures), and if time permits and subject to its obligations under the NRC Operating License and the Unit's emergency-plan-communication requirements, ENOI must seek an Owner's prior consent for emergency-

response actions it proposes to take and before submitting required incident reports to the applicable government agency;

- administer all contracts either assigned to ENOI or retained by Owner and delegated to ENOI; and

- enter into contracts with respect to a Unit as Owner's agent and in accordance with existing management-level policies of ENOI, until such time as those policies are amended or replaced by mutual agreement.

Q12. What limitations exist with respect to ENOI's authority?

A12. Without Owner's prior written consent, ENOI may not undertake certain actions under the Operating Agreement, including, for example, without the Owner's prior written consent, ENOI may not:

- define the economic life of a Unit, retire or reduce the Unit's output for economic reasons or amend the Unit's Operating License to extend the operating life of the Unit;

- make capital improvements to increase the thermal output of a Unit or enter into contracts to do so;

- incur costs for operation or capital expenditures that are in excess of or materially different from those authorized in budgets approved by Owner;

- enter into contracts for fuel to be used at a Unit;

- enter into new contracts with respect to a Unit, which may result in payments in excess of $15 million over the term of such contract;

- enter into contracts that are not freely assignable to Owner or promptly terminable by Owner without a termination fee in the event of the Operating Agreement's termination;

- sell, encumber or dispose of any real property or equipment or personal property comprising a Unit, except in the ordinary course of business including inventory;

- release any material claims of Owner or waive or otherwise impair any material contractual or other legal rights benefiting Owner;

- initiate or resolve any material legal or administrative proceedings on behalf of an Owner;

- take any action or fail to take any action when performing its obligations under the Operating Agreement that would create a breach or default under any agreement, law or regulation to which Owner is a party or by which it or any of its assets is bound;

- market or sell output or generation products of any kind from a Unit, including enter into any agreement or activity relating to the brokering, marketing, dispatch, sale or pricing of capacity or energy, whether real or reactive of a Unit; and

- engage in any activity that could reasonably be expected to require the transfer of the NRC Operating License for a Unit to a third party.

Q13. What are the material differences between the operating arrangements that exist today and the amended and restated Operating Agreement into which the Owners will enter?

A13. The arrangements are quite similar. The primary difference is that the amended and restated Operating Agreement contains additional commercial terms to reflect that following the proposed transactions each Operating Agreement will no longer be a purely intra-affiliate arrangement. These additional terms include providing for the payment of operating fees, contractual procedures for the development of outage schedules, payment of a termination fee for early termination under certain circumstances and mutual indemnities.

Q14. Who has the rights to a Unit's products?

A14. Each Owner will be entitled to 100% of the capacity, energy, ancillary services and other attributes produced by the Unit. For example, such entitlement can be used for the satisfaction of its contractual arrangements. Therefore, EVY will have this entitlement with respect to the VY Station. Currently, 100% of the VY Station's capacity is contracted to EVY's marketing affiliate, Entergy Nuclear Power Marketing, LLC.

Q15. Who will have responsibility for outages?

A15. ENOI and each Owner will develop jointly a schedule for planned outages. Further, ENOI must coordinate with the Owner on any decision to shut down or discontinue a Unit's operation, except that it need not coordinate with the Owner for a shutdown either performed in accordance with the Unit's emergency-operating procedures or ordered by

the NRC, under circumstances in which ENOI does not reasonably have any discretion to coordinate with the Owner. Except as approved by the Owner, ENOI will not have authority to schedule any refueling outages for the months of June through August or the months of December and January.

Q16. Who has title and responsibility for spent-nuclear fuel (or "SNF")?

A16. Each Owner will retain title to, responsibility for removing, transporting, and disposing of all liabilities associated with SNF, other than liabilities arising from ENOI's failure to comply with the Operating Agreement. There will be no assignment or partial assignment of the Standard Contract with the Department of Energy (or "DOE"); as is the case today, that contract will remain between DOE and each Owner.

Q17. Who has responsibility for decommissioning?

A17. Responsibility for decommissioning remains with each Owner. As well, each Owner will remain responsible for funding all decommissioning-trust-fund reserves and complying with all NRC decommissioning-funding requirements for the Unit owned by it. ENOI, however, will be obligated to assist, pursuant to the Operating Agreement, each Owner in complying with these obligations, including the filing of any reports required to be filed by ENOI as the operator.

Q18. How will budgets for each Owner be determined?

A18. ENOI will prepare the operating-and-maintenance and capital-expenditure budgets and submit them to the Unit Owner for review and approval. If the Owner does not approve these budgets (or if there are any other disputes between the Owner and ENOI), the Operating Agreement will establish a dispute-resolution procedure similar to the one I

describe, later in my testimony, with respect to the joint venture. In general and as I explain later, disputes will be escalated to an Owner's and ENOI's chief-executive officers, then to mediation and then, if necessary, to binding arbitration.

ENOI will bear responsibility for a percentage of specified costs incurred for a Unit in excess of 105% of an approved budget if the Owner has not given written approval to the additional costs. ENOI, however, will not bear unexpected, emergency-related costs unless such costs result from its gross negligence or willful misconduct, and in all circumstances ENOI's liability will be capped, as specified, by the fees that it would have earned in a given year with respect to a specific fleet Unit. Similarly, ENOI will receive one-third of any savings below 95% of the approved budget up to the same cap.

Q19. How will an Owner compensate ENOI?

A19. The specific fees to be paid are confidential. The fees will include a fixed annual fee. Additionally, ENOI will be reimbursed for the direct costs of managing the Unit, and it will receive an incentive fee for safety and regulatory performance that exceeds industry standards as well as for operating a Unit at a capability exceeding the industry's median-capability factor (taking into account years in which a re-fueling outage is required, years in which no such outage occurs, and years in which major maintenance is planned to occur).

Q20. You said direct costs. Are there other costs that an Owner such as EVY must pay?

A20. Yes. ENO receives now and ENOI will continue to receive services from a variety of third party vendors in the normal course of business as well as certain services from

Entergy Services, Inc. (or "ESI"), such as Information Technology and Safety and Human Performance. ENOI will compensate ESI for these costs at 105% of cost in accordance with applicable agreements embodied in filings at the Federal Energy Regulatory Commission.

NewCo Financing

Q21. How will NewCo be financed?

A21. NewCo will enter into several debt arrangements with independent financial institutions. First, NewCo is expecting to issue up to $4,500,000,000 in aggregate principal amount of Senior Notes. Some of these Senior Notes will be exchanged with Entergy Corporation for outstanding equity interests as part of the proposed transaction. Entergy Corporation will use the Senior Notes to pay down Entergy Corporation's Credit Facilities, exchange and retire existing Entergy Corporation senior notes and possibly conduct an exchange offer to repurchase existing Entergy Corporation common stock. NewCo will also enter into a Senior Revolving Credit Facility to establish lines of credit up to $2,000,000,000, a portion of which will be available for letters of credit; a Term LC Facility to post letters of credit; and Hedging Arrangements to provide credit support for hedging by NewCo, its marketing affiliate and its Units. Hedging Arrangements include but are not limited to a Commodity Collateral Revolver (or "CCR"). The aggregate amount of the Senior Revolving Credit Facility and the Term LC Facility will not exceed $2,000,000,000. The Senior Revolving Credit Facility, the Term LC Facility and the CCR Facility (to which I refer collectively, as the "Credit Facilities") may each be secured, *pari passu*, in all

respects with respect to the other facilities and will be used for working-capital purposes and to support NewCo's commodity-collateral requirements. The Senior Notes may also be secured.

Q22. Have Entergy Corporation and NewCo placed these debt arrangements with one or more financial institutions?

A22. No. Entergy Corporation has not yet placed the debt arrangements that I mentioned with financial institutions. At this time, I can only provide the Board with information about the indicative terms for each facility.

Q23. Begin by describing the Senior Notes and other credit facilities.

A23. NewCo intends to issue its Senior Notes in the aggregate principal amount of up to $4,500,000,000, the proceeds of which will be used to reduce, retire or pay off Entergy Corporation debt and its capital interests in the non-utility, wholesale–nuclear fleet as well as to provide working capital to NewCo. Each principal subsidiary of NewCo and the other single-purpose entities that own a Unit, including EVY, may be asked to guarantee the Senior Notes and to pledge its assets to secure that guarantee and repayment of the Senior Notes. The Unit Owners may also pledge material contracts, including fuel contracts and power-purchase agreements (or "PPAs"). In this proceeding, we are seeking the Board's consent to the guarantees and pledges under Sections 108 and 232 of Title 30, Vermont Statutes Annotated.

Entergy Corporation anticipates that Senior Notes will be issued for a term ranging from ten to twelve years, with the possibility that some may have a maturity of approximately

eight years. The exact maturity will be determined by the market conditions at the time the debt is marketed. The interest rate on the Senior Notes will be set at a rate or rates reflective of market conditions for similar issuers at the time the debt is sold, and all other terms will be commercially reasonable.

Interest payments are expected to be semi-annual. There may be mandatory debt-redemption provisions if there are certain asset sales the proceeds from which are not used to reinvest in new acquisitions or to repair damaged assets.

The Senior Notes will be subject to an Indenture between NewCo and a financial institution that will serve as trustee. The Indenture governing the Senior Notes may impose certain restrictions on NewCo's ability, and the ability of its Unit Owners, including but not limited to incur additional debt or issue preferred stock, declare or pay dividends, redeem stock or make other distributions to shareholders and sell certain assets.

The Senior Revolving Credit Facility, Term LC Facility and Hedging Arrangements (to which I sometimes refer, collectively, as the "Credit Facilities") may contain financial covenants that will be calculated on a consolidated basis and are typical of the covenants used in credit facilities for merchant generators:

(1) Maximum total leverage ratio (total debt, which will include issued and outstanding letters of credit under the senior facilities, to EBITDA); and

(2) Interest coverage ratio (EBITDA to Interest).

The Credit Facilities may also have affirmative covenants that are usual and customary for facilities of this kind, including but not limited to the following (which will apply to NewCo and the single-purpose entities, including EVY, subject to exceptions and qualifications to be agreed):

- Financial statements and other reports;
- Delivery of notices;
- Visitation and inspection;
- Preservation and maintenance of existence and rights;
- Maintenance of books and records;
- Maintenance of insurance;
- Maintenance of properties;
- Compliance with laws (including ERISA and applicable environmental laws);
- Regulatory matters;
- Payment of obligations, taxes and claims;
- Use of proceeds;
- Changes in fiscal year;
- Changes in lines of business;

- Maintenance of ratings;
- Additional collateral and guarantors; and
- Cash management and further assurances.

The Credit Facilities may also have negative covenants that are usual and customary for facilities of this kind, including, but not limited to the following limitations (which will apply to NewCo and its single-purpose entities, including EVY, subject to exceptions and qualifications to be agreed):

- Indebtedness;
- Liens and negative pledges;
- Restricted payments (dividends, redemptions and voluntary payments on certain debt);
- Restrictions on subsidiary distributions;
- Investments, consolidations, mergers and acquisitions;
- Sales of assets (including subsidiary interests);
- Sales and lease-backs;
- Capital expenditures;
- Transactions with affiliates;
- Conduct of business;
- Amendments and waivers of organizational documents, junior indebtedness and other material agreements;
- Changes to fiscal year; and
- A prohibition on speculative commodity hedges.

Q24. How does this compare to capitalization of the non-utility, wholesale fleet today?

A24. Today, Entergy Corporation has used its own sources of capital, including debt as well as shareholder equity, to finance the cost of acquiring the non-utility, wholesale-nuclear fleet Units, including the VY Station.

The effect of the restructuring will be to replace these Entergy Corporation investments and reduce its debt, thereby returning value to Entergy Corporation's shareholders who financed, on a Unit-by-Unit basis, the non-utility, wholesale fleet's acquisition.

Q25. Will the effect of NewCo issuing the Senior Notes and entering into the various Credit Facilities not be to leverage the capitalization of the wholesale fleet?

A25. If NewCo places $4,500,000,000 of notes and enters into the Credit Facilities, its capitalization strategy will be similar to those of other EWGs. EWGs are typically rated below investment grade, with total debt normally comprising anywhere from approximately 45% to 55% of total enterprise value and an average S&P rating of approximately single B.

NewCo is expected to take on a slightly more conservative capital structure, with an anticipated S&P rating in the BB range and an expected debt-to-total-enterprise value of 30% to 45% (ultimately debt-to-total-enterprise value will depend on how the market values NewCo's common stock after closing). NewCo will be placing the debt with sophisticated lenders, and they will not lend to NewCo any more capital than they believe

is supported by NewCo's balance sheet and the underlying value of and cash flow from its wholesale fleet.

We have asked the Board to consent to guarantees of NewCo's Senior Notes up to the $4,500,000,000 amount because the debt has not been placed. It is possible that NewCo will determine that a lower amount of its Senior Notes should be issued once it has had a chance to review proposals made by financial institutions.

Q26. You also mentioned that NewCo would be agreeing to a Senior Revolving Credit Facility. What is the purpose of this facility?

A26. The facility would be a revolving line of credit, and a portion of the amount available to be loaned will be available to fund letters of credit.

Like the Senior Notes, this facility may be guaranteed by the single-purpose entities, including EVY. EVY is therefore requesting the Board's consent to EVY's guarantee of this facility and its pledge of its assets and assignment of material contracts to secure that guarantee and debt.

This facility will provide NewCo with a line of credit (when combined with the Term LC Facility) in an aggregate amount up to $2,000,000,000 that will be available for capital expenditures and acquisitions allowed by the agreement, working capital and general corporate purposes. Advances made under the facility will bear interest at the sum of an

agreed margin, based on a ratings-based-price grid plus either a Base Rate or a Eurodollar Rate. As with other revolving-credit facilities, there will be a Commitment Fee.

The term of the Senior Revolving Credit Facility will be up to be five years. Interest payments will be due periodically and at least quarterly. We anticipate that the facility will have the usual-and-customary covenants described earlier in my testimony.

Q27. Describe the Term LC Facility.

A27. This facility may be guaranteed by the single-purpose entities, including EVY. EVY is therefore requesting the Board's consent to EVY's guarantee of this facility and its pledge of its assets and assignment of material contracts to secure that guarantee and debt.

This facility will be a term loan, when combined with the Revolving Credit Facility in an aggregate amount not to exceed $2,000,000,000, for up to a five-year term, the proceeds of which will be deposited in the lender's bank and will be available to NewCo and its affiliates to obtain letters of credit. The provisions for security and payment covenants and other provisions will be very similar to those for the Senior Revolving Credit Facility.

Q28. You also mentioned that there may be a CCR. Explain what this means.

A28. The CCR may be guaranteed by the single-purpose entities, including EVY. EVY is therefore requesting the Board's consent to EVY's guarantee of this facility and its

pledge of its assets and assignment of material contracts to secure that guarantee and debt. The CCR Facility will be based on an expected volume of electricity sales (expressed in megawatt hours) or natural-gas contracts (expressed in mmBtus) and will be available to fund margin payments or credit support for bilateral hedges, over-the-counter swaps, NYMEX positions for electricity or natural gas or for other purposes as agreed by NewCo and the lender(s). The terms for security and payments, covenants and other provisions will be similar to those for the Senior Revolving Credit Facility and Term LC Facility.

Q29. Will there be any other pledges or other commitments by EVY that constitute evidences of indebtedness?

A29. It is possible that NewCo will cause the immediate parent of EVY to pledge the membership interest it holds in EVY. That pledge would be contingent, however, and NewCo would make clear to the secured parties, by its placement memorandum, that they cannot exercise their voting rights as a member of EVY without first obtaining a certificate of public good to do so.

Further, the PPA with Vermont Yankee Nuclear Power Corporation (or "VYNPC") approved by the Board in Docket No. 6545, currently is assigned to Entergy Corporation's marketing affiliate, ENPM. As ENPM will be a direct subsidiary of NewCo, that PPA may be pledged by ENPM to the lenders. As the Board may recall, the PPA allows assignment to affiliates and in connection with financial arrangements of EVY without VYNPC's consent.

The ENO Joint Venture

Q30. Now turn to Entergy Corporation's restated proposal to establish a joint venture with NewCo that will indirectly own Entergy Nuclear Operations, Inc.

A30. Prior to the effective date, wholly-owned subsidiaries of Entergy Corporation and NewCo, respectively Entergy ENOI Holdings, LLC, and NewCo ENOI Holdings, LLC (to which I refer as "Entergy Holdings" and "NewCo Holdings"), will execute an Amended and Restated Limited Liability Company Agreement (to which I refer as the "ENOI Holdings Agreement") that will establish a joint venture between them, including the terms on which the joint venture will be governed. Each of NewCo Holdings and Entergy Holdings will hold a 50% membership interest in the limited-liability company to be known as ENOI Holdings, LLC. Each of these companies will be organized in Delaware.

In connection with the reorganization and prior to the closing, Entergy Corporation will execute documents necessary to convert its existing subsidiary, ENO, into a limited-liability company to be known as Entergy Nuclear Operating, LLC, and Entergy Corporation will contribute all of the membership interests it will then have in ENOI to ENOI Holdings. ENOI Holdings will also own TLG Services, LLC, and Entergy Nuclear Nebraska, LLC (through which ENO manages the Cooper nuclear unit in Nebraska).

Upon consummation of the proposed transactions, NewCo and Entergy Corporation will each hold indirectly a 50% interest in ENOI Holdings, which will control 100% of the membership interests in ENOI, the licensed operator of the non-utility, wholesale-nuclear fleet transferred to NewCo.

As with many industries, there are benefits to scale in the nuclear industry. Companies that operate larger fleets of nuclear units can bring additional expertise and experience to bear on the operation of their units, including such operational issues as capacity factor, safety and reliability. Entergy Corporation's intention is to continue to make the expertise of ENO available to the entire fleet of Entergy Corporation and NewCo. For the non-utility, wholesale-nuclear fleet, there will be relatively few changes in personnel at ENOI, the same ENOI employees who operate the non-utility, wholesale-nuclear Units today, including the VY Station, will continue to operate them, and there will be essentially no changes in each Unit's operations other than those made in the ordinary course of business.

Q31. If the joint venture is 50% owned by NewCo and 50% owned by Entergy Corporation (through subsidiaries) the possibility clearly exists for a difference of opinion about how to manage ENOI Holdings and, through ENOI, how to manage the other subsidiaries. How will ENOI be managed, and how will differences of opinion between NewCo and Entergy Corporation be resolved?

A31. To answer, I first need to provide background. ENOI Holdings will have a Board of Managers, comprised of representatives from both Entergy Corporation and NewCo. The initial members to be appointed by NewCo and a brief note on their background are:

Director	Background
Donald C. Hintz	Former President of Entergy Corporation and currently serving on its Board of Directors.
Richard J. Smith	President and Chief Operation Officer of Entergy Corporation
John R. McGaha	President – Planning, Development & Oversight for Entergy Nuclear Operations, Inc., and Entergy Operations, Inc., and President of Entergy New Nuclear Utility Development, LLC

Mr. Smith will be the Chief Executive Officer of NewCo, and Mr. McGaha will be the Chief Operating Officer of NewCo.

For its part, Entergy Corporation will appoint the following to the ENOI Holdings Board of Managers.

Director	Background
J. Wayne Leonard	CEO of Entergy Corporation and Chairman of Entergy Corporation Board of Directors
Leo P. Denault	Executive Vice President and Chief Financial Officer of Entergy Corporation
Mark T. Savoff	Executive Vice President – Operations of Entergy Corporation

At the same time and by the ENOI Holdings Agreement, Michael R. Kansler, the existing Chief Executive Officer and Chief Nuclear Officer, will be appointed to that position at ENOI Holdings, and John T. Herron, currently Senior Vice President – Operations of Entergy Nuclear Operations, Inc., will be the Chief Operating Officer of ENOI Holdings.

Decisions of the Board of Managers will be made by majority vote, provided that a quorum exists. The person elected as the Chair of the Board of Managers will not have a tie-breaking vote. Certain actions by ENOI Holdings will require a supermajority vote of two-thirds of the managers including, by way of example:

- approval of the business plan or annual budget and any material amendment to the business plan or budget;
- variation or termination of material contracts, including key contracts (except that only Entergy Holdings managers may vote on a put provision which I will explain later in my testimony);
- single expenditures above $15 million;
- indebtedness in excess of a specified level;
- except as provided for certain sensitive contracts, contracts for goods or services in excess of $5 million, other than contracts that are in accordance with the approved business plan and budget;

- employment agreements or severance contracts in excess of $200,000;
- placing or permitting any liens to exist on the assets of ENOI Holdings;
- major regulatory filings made by ENOI;
- material changes to any employee-benefit plan;
- making any distribution to ENOI Holdings' members;
- decisions regarding redemptions of membership interests;
- policies regarding financial securities (swaps, options, derivatives, commodity-collateral products, etc.);
- selection of and changes in ENOI Holdings' accountants and auditors;
- the appointment or termination of the appointment of any senior officer of ENOI Holdings or any variation in his or her remuneration or terms of employment; and
- new affiliate transactions.

In the event of a deadlock at two consecutive meetings of the Board of Managers for any decision—which a majority or supermajority vote is required—the matter will be referred to the Chief Executive Officers of NewCo and Entergy Corporation who will have a prescribed number of days to meet to resolve the deadlock. If they fail to resolve the deadlock, the matter will be referred for mediation. If the deadlock is not resolved by

mediation within sixty days of the referral, the matter will be submitted to binding arbitration (but the arbitrator cannot change ENOI Holdings' fundamental governance provisions or provisions on member capital calls).

Q32. What about decision that must be made by ENOI Holdings' two members?

A32. Certain actions will require unanimous member approval, including by way of example:

- variation of any rights attached to any securities of ENOI Holdings or any redemption, buy-back or cancellation of any issued securities;
- a decision to make a call for additional capital contributions;
- the admission of any additional member to ENOI Holdings;
- mergers, acquisitions, joint ventures or partnerships;
- a sale or other disposition of all or substantially all of the assets of ENOI Holdings in one or a series of related transactions;
- changing the purpose and objectives of ENOI Holdings, either directly or indirectly, through investment in any other entity;
- any amendment to ENOI Holdings' organization documents; and
- a decision to file for bankruptcy, wind up, dissolve or liquidate ENOI Holdings, except where terminated in accordance with ENOI Holdings Agreement between NewCo Holdings and Entergy Holdings.

Q33. What happens if one of the two members is dissatisfied with any ultimate resolution of a question or in general decides for business reasons to terminate its membership in ENOI Holdings?

A33. In general, the agreement by which NewCo and Entergy Corporation organize ENOI Holdings may be terminated by agreement of the members in writing or when one member holds 100% of the total common membership interests in the company.

As to your specific question, NewCo has the right to terminate its Operating Agreements with ENOI. However, following such termination or the expiration of an Operating Agreement, if ENOI has Operating Agreements for four or fewer NewCo Units, all of the agreements will terminate, unless within a grace period all of the managers entitled to vote, vote to override this automatic termination provision.

Upon such termination, Entergy Corporation, through its joint-venture subsidiary Entergy Holdings, has the right either to require NewCo, through its subsidiary NewCo Holdings, to buy all of ENOI Holdings' Third Party Business Subsidiaries" (such as TLG Services LLC) or to require NewCo Holdings to buy all of Entergy ENOI Holdings' membership interest in ENOI Holdings at the Put "Exercise Price," which is confidential. Third-Party Business Interests means all business activities other than those directly in connection with operation of the non-utility, wholesale Units or the provision of services to or receipt of services under a shared-services agreement, which services must be provided through a wholly-owned subsidiary of ENOI Holdings.

I should also point out that NewCo cannot transfer responsibility for operating the wholesale fleet without the NRC's approval, and it is my understanding that the NRC will not approve such a transfer unless it is satisfied as to the technical and financial competence of the new operator.

Benefits of Transactions

Q34. Describe the benefits of the transaction to the company, regulators and the public.

A34. Under the current corporate structure, financing has been provided in a top-down fashion, with capital attributable to the non-utility, wholesale-nuclear fleet sourced from Entergy Corporation. This structure has resulted in complex financing and operating relationships. Entergy believes that by aggregating the ownership and financing activities of the non-utility, wholesale-nuclear fleet under NewCo within a discrete, independent business-segment structure and by transferring control of this segment, the non-utility nuclear plants will achieve direct corporate benefits, including, but not limited to, the strategic, operational and financial flexibility of the non-utility nuclear business over the current diversified structure.

From a strategic point of view, NewCo will be free to deploy operating cash flow to fund any of its operations or strategic initiatives without consideration of capital requirements of other Entergy businesses. In this sense it will be free to develop business plans and strategies that achieve strategic alignment with the business solely in the northeast. For

example, the NewCo could acquire complementary assets that could provide for the sales of more products into the northeast market.

Maintaining the operational benefits of scale of a large nuclear fleet is a paramount consideration, and those benefits will be preserved through the ownership of and contractual relationship with the operating joint venture, ENOI, LLC. Further, the operational structure is designed to enhance and concentrate management focus on the non-utility, wholesale-nuclear company thereby resulting in a significant benefit to the proposed transaction. Future deployment of investment capital within the NewCo fleet of assets will be unencumbered by the capital needs of the Entergy regulated divisions. The restructuring will create an organizational structure that is consistent with the characterization and management of a non-utility, wholesale-nuclear business rather than a multi-enterprise business. In addition, operating revenues and net income from NewCo will be isolated solely for the benefit of the ongoing non-utility nuclear company, creating a discrete operating history and an operational focus resulting in clear performance measurements.

Financial policy can be tailored to the needs of NewCo, without consideration of the needs of Entergy's utility business on the Gulf South region. NewCo should realize financial benefits in the form of a reduced cost of capital, an optimized capital structure, reinforced capital discipline, and reduced risk through insulation from the other

businesses in the Entergy structure. Simplification of credit arrangements as described in my testimony is a prime example of the desired optimization. The reduced cost of capital comes from the introduction of additional debt, which carries a lower cost of capital than equity since it is senior to the equity in the capital structure. In addition, NewCo will be isolated from the risks of other Entergy businesses, and its access to capital will not be attributable to the financial condition of Entergy in the future. Further, the state of Vermont will receive, in addition to the financial benefits achieved at NewCo, a direct financial benefit through the substitute of Entergy Corporation credit (S&P rating of BBB) with a letter of credit from a higher rated third party (S&P rating of A or better) for a $60-million guaranty as described elsewhere in my testimony.

Finally, the restructuring will isolate and simplify the structure of the businesses that comprise the non-utility, nuclear wholesale nuclear fleet in NewCo. This simplification will enhance the ability of regulators, analysts, capital markets and shareholders to understand, evaluate and finance this segment.

Q35. Are any regulatory approvals required from the NRC for the proposed restructuring?

A35. Yes. Generally speaking, Section 182 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2232, requires that the NRC review the information necessary to determine the "technical and financial qualifications" of a proposed licensee, and that the NRC's rules require that license-transfer applicants provide information regarding their technical and financial qualifications. This may be seen from the applicable regulations: 10 CFR §§

50.80(b) & 50.33(f)(2). Although ENO will remain the licensee, the restructuring requires NRC approval because of the changes in control of ENO that I have described.

In Section 50.33(f), a traditional "electric utility" applicant that is subject to cost-of-service rate regulation has the benefit of a rebuttable presumption that such applicant is financially qualified. For others, including ENOI and EVY, however, the NRC's Staff must review and assess the applicant's financial information, and the Staff's Safety Evaluation supporting an Order approving a license transfer will include some form of a finding that the applicant has provided "reasonable assurance of financial qualifications for a non electric utility." This may be seen from the applicable regulations: 10 CFR 50.33(f).

In March 1999, the NRC issued NUREG-1577, Rev.1 (entitled "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance"), which describes in detail the procedures that the NRC staff uses in evaluating a license applicant's financial qualifications to own, operate and decommission its nuclear plant. In evaluating the financial qualifications of a license-transfer applicant, the NRC staff considers several factors.

First, an applicant must include five-year estimates of operating, maintenance and other costs as well as the sources of funds to cover those costs. If the output from the plant

being sold is subject to a PPA, the Staff evaluates the terms of that agreement to determine whether there is reasonable assurance that funds will, in fact, be available. If there is no PPA, the Staff evaluates projected prices of electricity in the area in which the plant operates. The Staff compares the applicant's projections to regional National Electric Reliability Council and Energy Information Administration data and projections to determine whether the applicant's projections are realistic. The Staff will also evaluate other sources of revenues that may be relevant.

The Staff also evaluates financial trade-press sources (*e.g.*, Standard & Poors, Moody's and Value Line) to determine bond ratings or general financial ratings of the applicant, if available, or its affiliates and parent company. If such ratings are not available for the applicant, the Staff will determine whether there are financial arrangements to provide sufficient cash to cover six months of fixed operating-and-maintenance costs in the event of an extended plant outage.

In addition to reviewing the applicant's financial qualifications to operate the plant, the Staff will also review the applicant's ability to pay deferred premiums under the "Secondary Financial Protection" (or "SFP") required for large commercial reactors under the Price Anderson Act and the NRC's implementing regulations, found at 42 U.S.C. § 2210(b)(1); 10 CFR §§ 140.11(a)(4). Under this insurance program, reactor licensees are responsible to pay deferred premiums of up to $95.8 million per reactor

(subject to a 5% increase to $100.59 million) but not more than $15 million per year. (These amounts are subject to an inflation adjustment every five years.) Under 10 CFR § 140.21 reactor licensees are required to demonstrate annually that they can make the required annual payment of deferred premium of $15 million, and license-transfer applicants typically provide information regarding their ability to meet this requirement.

Q36. What is the status of the NRC application process?

A36. The NRC application was filed on July 30, 2007. On December 5, 2007, Entergy made a supplemental filing at the NRC updating the application to describe the proposed restructuring in greater detail. We have asked for an approval that will permit us to complete the transaction by the close of the third calendar quarter of 2008.

Q37. Are there additional, third-party reviews of the proposed restructuring that you expect to take place?

A37. American Nuclear Insurers (or "ANI"), which issues the "Facility Form" primary-layer, nuclear-liability-insurance policy, also administers the SFP insurance program that I just described. Under the SFP program, the insured entities are responsible for paying the deferred premiums, but ANI has some liability to step in and make payments if one or more insured(s) fails to pay a deferred premium. Therefore, ANI as well as the NRC will carefully review the financial capacity of each insured company, including NewCo and its affiliates including EVY, and it sometimes will require provision of additional assurance for the payment of deferred premiums.

For example, an EVY affiliate, EIHL, currently provides a guaranty to ANI for the payment of deferred premiums for the six operating Units in Entergy's wholesale fleet. In connection with the proposed transactions, ANI can be expected once again to review the ability of EVY to pay its deferred-premium obligation and either obtain a guaranty from the corporate holding company, NewCo, or that some other form of additional financial assurance be provided.

Financial Assurances for EVY in Connection with the Proposed Transactions.

Q38. Do you have a general understanding of the current financial-assurance arrangements at EVY?

A38. Yes, I have a general understanding.

Q39. Could you describe those arrangements?

A39. Yes. There are currently three formal instruments providing a financial backstop for EVY. These instruments have been reviewed by the Public Service Board in Docket No. 6545, the so-called "Sale Docket," as well as in Docket No. 7082, the so-called "Dry-Fuel-Storage Docket" or "DFS Docket."

First, EVY maintains an inter-company credit agreement in the amount of $35 million with EGL. This credit agreement is intended to function as a revolving-credit facility to fund EVY's needs for working capital.

Second, EVY maintains an inter-company credit agreement in the amount of $35 million with EIHL. This credit agreement is intended to function as a stand-by financial assurance that may not be drawn upon in the normal course of business but instead is available only in the event of a shutdown at the VY Station. The primary purpose of the EIHL credit agreement is to pay costs during the period between an unplanned, premature shutdown of the VY Station and the eventual access by EVY to at least 20% of funds from the EVY decommissioning-trust funds.

In addition to the EGL and EIHL credit agreements, EVY has available to it a $60-million Guaranty from Entergy Corporation in compliance with the Public Service Board's final order in Docket No. 6545. Through the Guaranty, Entergy Corporation agrees that if the amount available under the EIHL credit agreement is less than $35 million at the time of permanent cessation of operations of the VY Station or if the amount available under the EGL credit agreement is less than $25 million at the same time, it will make available to EVY any deficiency up to a total of $60 million. The Guaranty is structured to remain in place until EVY is able to access at least 20% of its decommissioning-trust funds.

Q40. Are you aware of any alterations to these credit arrangements since the Board reviewed them in the sale docket, Docket No. 6545.

A40. Yes. In the DFS Docket the Public Service Board was required to make a determination under Section 6522(b)(1) of Title 10, Vermont Statutes Annotated, that adequate financial assurance exists for the management of spent-nuclear fuel (or "SNF") at the VY

Station for as long as the SNF is located in the state. In that docket, the Board expressed concern regarding EVY's financial assurances to pay for the storage of SNF between the time of a permanent shutdown and the point when EVY would be able to access 20% of its decommissioning-trust funds under NRC rules, a period assumed to be six months for purposes of the analysis.

The Board noted that since the final order in the Sale Docket, the Public Utility Company Holding Act of 1935 had been repealed resulting in an elimination of certain debt restrictions for regulated holding companies such as Entergy Corporation. The Board, therefore, considered the Guaranty to be less reliable since it could arguably become a small part of an overburdened debt load. With this in mind and to make the finding required by Section 6522(b)(1), the Board required EVY to provide additional financial assurances, suggesting that if such financial assurances "were in the form of a non-Entergy-affiliated, third-party instrument—such as letter of credit or bond in the amount of the current Entergy Corporation guaranty—they would be sufficient to meet the statutory requirement."

Ultimately, EVY complied with the Board's final order in the DFS Docket by agreeing to obtain a third-party letter of credit in an amount required to manage spent fuel for six months following the VY Station's shutdown if Entergy Corporation's debt should be rated below investment grade. If EVY were required to obtain a letter of credit under this commitment, the letter was to remain in place until either the occurrence of (1) an action

by a federal agency to regulate the issuance of guarantees by Entergy Corporation similar to those previously imposed by the SEC under the 1935 Act or (2) the date on which EVY gained access to 20% of its decommissioning-trust funds.

Q41. How will the proposed transactions affect these financial-assurance commitments?

A41. As I have stated, one of the primary goals of the proposed transactions is to consolidate the ownership structure of the non-utility, wholesale nuclear-fleet in NewCo. Today, there is a disparate mix of credit arrangements running to the wholesale-fleet Units such as the EVY/EIHL $35-million credit agreement. With the proposed transactions, these disparate credit arrangements will be replaced by a Support Agreement in the amount of $700 million running from NewCo to the six wholesale Units.

Q42. How will the Support Agreement be structured?

A42. Attached to my testimony as Exhibit EN-3 is a form copy of the Support Agreement that NewCo intends to use. The Support Agreement will run between NewCo and the Owners of each Unit. Funds will be made available to the six operating plants as necessary to pay operating expenses, defined as the *pro rata* expenses of maintaining the facilities safely and protecting the public health and safety, and to meet NRC requirements. The unreimbursed amount that NewCo is obligated to provide at any one time shall not exceed $700 million.

Q43. Is NRC approval required for replacement of the existing credit agreements with the Support Agreement?

A43. Yes. The Support Agreement is subject to NRC review and approval, as part of its review of the NRC application. In addition, the NRC will maintain on-going supervision over the Support Agreement and any credit extended under that agreement.

Q44. What effect will the Support Agreement have on the Guaranty?

A44. The Guaranty will be replaced by another form of financial assurance. Again, one purpose of the proposed transactions is to separate and consolidate debt within the non-utility, wholesale-fleet segment, replacing disparate credit arrangements running from the Entergy Corporation affiliates to the wholesale-fleet Units. In the case of the Guaranty, the proposed transactions offer an opportunity to replace an Entergy Corporation obligation with what should amount to, from both Entergy's and the State's perspective, a strong financial-assurance commitment, that is, a third-party letter of credit in the amount of $60 million.

Q45. What terms will be included in the third-party letter of credit?

A45. The letter of credit will be in an amount of $60 million and will be issued by a financial institution with a minimum S&P rating of A. Instead of "backing up" an existing line of credit such as the credit agreements with EIHL and EGL (the current structure of the Guaranty), the letter of credit will back up the Support Agreement issued by NewCo. In the event that funds are not available under the Support Agreement between the time of permanent shutdown and the point when EVY is able to access 20% of its decommissioning-trust funds under NRC rules, the proceeds from the letter of credit will be available to fund six months of VY Station costs. The letter of credit will have an

original expiration of up to five years and will be renegotiated or extended by institutions upon expiration.

Conclusion

Q46. Overall, considering the restructuring of Entergy's non-utility nuclear business, the replacement of existing credit agreements with the Support Agreement, the replacement of the Guaranty with a $60-million letter of credit from an independent, sound financial institution and the related EVY guarantees to NewCo's lenders as well as EVY's pledge of its assets and pledge of material contracts to secure NewCo's debt, can you say that the proposed transaction promotes the general good of Vermont?

A46. Yes. The proposed transactions will not significantly change day-to-day operation of the VY Station, the employees who operate the station or the reliable supply of power to Vermont utilities and the region. The existing, relatively small intercompany lines of credit will be replaced by a $700-million Support Agreement, and Entergy Corporation's $60-million Guaranty will be replaced by a $60-million letter of credit from an independent, sound financial institution, thereby improving the financial support found adequate by the Board in Docket No. 6545.

Q47. Does this conclude your testimony?

A47. Yes.

Affidavit

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE COMMISSION

In the Matter of	)	
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Palisades Nuclear Plant)	)	Docket Nos. 50-255-LT and 72-7-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR FITZPATRICK, LLC (James A. Fitzpatrick Nuclear Power Plant)	)	Docket Nos. 50-333-LT and 72-12-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR GENERATION COMPANY (Pilgrim Nuclear Power Station)	)	Docket No. 50-293-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR VERMONT YANKEE, LLC (Vermont Yankee Nuclear Power Station)	)	Docket No. 50-271-LT
ENTERGY NUCLEAR OPERATIONS, INC.; ENTERGY NUCLEAR INDIAN POINT 2, LLC; and ENTERGY NUCLEAR INDIAN POINT 3, LLC (Indian Point Nuclear Generating Unit Nos. 1, 2, and 3)	)	Docket Nos. 50-003-LT, 50-247-LT, and 50-286-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Big Rock Point)	)	Docket Nos. 50-155-LT and 72-43-LT
	)	March 18, 2008

AFFIDAVIT OF SCOTT H. STRAUSS PURSUANT TO 10 C.F.R. § 2.390

I, Scott H. Strauss, counsel for Locals 369 and 590, Utility Workers Union of America, AFL-CIO ("UWUA Locals") in the captioned proceedings, hereby affirm and state:

1) I am authorized to execute this affidavit on behalf of UWUA Locals.

2) UWUA Locals are filing a supplement to their original statement of contentions in the above-captioned dockets ("Supplement"). Some of the analysis contained in this supplement discusses information obtained by UWUA Locals in this proceeding pursuant to a Confidentiality and Non-Disclosure Agreement with the Applicants. The information produced to UWUA Locals by Applicants was originally filed in the

captioned proceedings with the Commission, along with requests for withholding from public disclosure under 10 C.F.R. § 2.390, on July 30, 2007, October 31, 2007, and December 5, 2007.

3) Following discussions with Applicants' counsel, I executed the Confidentiality and Non-Disclosure Agreement on behalf of UWUA Locals.

4) The Confidentiality and Non-Disclosure Agreement was filed with the Commission as Attachment 1 to Applicants' Consent Motion filed February 26, 2008 in the above-captioned dockets.

5) The portions of UWUA Locals' Supplement that discuss information produced pursuant to the Confidentiality and Non-Disclosure Agreement should continue to be withheld from public disclosure to the same extent that Applicants' original proprietary filings in these dockets are withheld. Based entirely on representations by the Applicants, to the best of my knowledge:

   a) The information at issue is and has been held in confidence by Applicants.

   b) The information at issue is of a type that is customarily held in confidence by Applicants.

   c) The information is not available in public sources and could not be gathered readily from other publicly-available information.

   d) Applicants allege that public disclosure of this information would create substantial harm to their competitive position by disclosing their internal financial projections.

6) This information is being transmitted to the NRC in confidence.

Accordingly, UWUA Locals request that the designated documents be withheld from public disclosure pursuant to 10 CFR § 2.390(a)(4).

Scott H. Strauss

District of Columbia)

Subscribed and sworn to before me, a Notary Public, in and for the District of Columbia, this 18th day of March, 2008.

Notary Public in and for the District of Columbia

FRANCES A. HOBSON
Notary Public of District of Columbia
My Commission Expires June 30, 2008

Certificate of Service

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE COMMISSION

In the Matter of	
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Palisades Nuclear Plant)	Docket Nos. 50-255-LT and 72-7-LT
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ENTERGY NUCLEAR OPERATIONS, INC.; ENTERGY NUCLEAR INDIAN POINT 2, LLC; and ENTERGY NUCLEAR INDIAN POINT 3, LLC (Indian Point Nuclear Generating Unit Nos. 1, 2, and 3)	Docket Nos. 50-003-LT, 50-247-LT, and 50-286-LT
ENTERGY NUCLEAR OPERATIONS, INC. and ENTERGY NUCLEAR PALISADES, LLC (Big Rock Point)	Docket Nos. 50-155-LT and 72-43-LT
	March 18, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have on this 18th day of March, 2008, caused the foregoing document containing redacted information to be served electronically via the Electronic Information Exchange to all parties whose names and respective email addresses appear on the service list compiled by the Office of the Secretary for the above-captioned dockets:

Paul M. Bessette pbessette@morganlewis.com

Stephen Burdick	sburdick@morganlewis.com
Ron Deavers	rxd@nrc.gov
Rebecca Giitter	rll@nrc.gov
Nancy Greathead	nsg@nrc.gov
Hearing Docket	hearingdocket@nrc.gov
Emile Julian	elj@nrc.gov
Richard J. Koda	rjkoda@earthlink.net
Mauri T. Lemoncelli	mlemoncelli@morganlewis.com
Circe Martin	ogcmailcenter@nrc.gov
John Matthews	jmatthews@morganlewis.com
Evangeline S. Ngbea	esn@nrc.gov
Kenny Nguyen	kdn@nrc.gov
OCAAMAIL	OCAAMAIL@nrc.gov
OGCMailCenter	ogcmailcenter@nrc.gov
Martin O'Neill	martin.oneill@morganlewis.com
Christine Pierpoint	cmp@nrc.gov
Kristy Remsburg	ogcmailcenter@nrc.gov
Tom Ryan	tpr@nrc.gov
Susan Shapiro	palisadesart@aol.com
Scott H. Strauss	zabelle.zakarian@spiegelmcd.com
Kathryn M. Sutton	ksutton@morganlewis.com
Leslie Vincent	lev@nrc.gov
Sarah Wagner	sarahwagneresq@gmail.com

Annette White	annette.white@morganlewis.com
Vincent Zabielski	vzabielski@morganlewis.com

This Certificate of Service is submitted in accordance with the requirements of 10 C.F.R. 2.305.

Scott H. Strauss
SPIEGEL & MCDIARMID LLP
1333 New Hampshire Avenue, NW
Washington, DC 20036
Tel. (202) 879-4000
Fax (202) 393-2866
scott.strauss@spiegelmcd.com

March 18, 2008