



# Hot Topics

*Important issues for Entergy's customers, employees, investors and other stakeholders.*

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## Entergy Texas, Inc. and Deregulation

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Why has Entergy Texas, Inc. not become part of the deregulated electric market in Texas?

There are two electric markets in Texas – regulated and deregulated – and Entergy Texas is stranded between the two. The Texas Legislature passed landmark legislation in 1999 known as Senate Bill 7 that deregulated much of the Texas electric industry. Electric deregulation became effective for the majority of Texans on January 1, 2002. Deregulation for Entergy customers in Southeast Texas has been delayed.

Most major utility companies in Texas are part of The Electric Reliability Council of Texas. Other utility companies, including Entergy Texas, Inc., El Paso Electric, Southwestern Public Service and Southwestern Electric Power Company operate in geographic areas on the perimeter of Texas and get much of their power from other states. As a result, these non-ERCOT utility companies have not been allowed to move to deregulation until certain regulatory hurdles have been overcome.

The Public Utility Commission of Texas will be looking closely at plans to transition Entergy Texas to deregulation in 2009. The PUCT needs to determine whether Entergy Texas should join ERCOT, the Southwest Power Pool or remain in the Southeastern Electric Reliability Council. All three scenarios have different costs and involve trade offs. All three options will likely require heavy spending on transmission and other infrastructure over the next few years to keep up with growth and maintain reliability.

Whether Entergy Texas remains regulated or eventually moves to deregulation remains uncertain. In the meantime, what's not uncertain is that Entergy Texas will continue to deliver superior customer service, reliable, clean and affordable power.

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