

Public Utility Commission of Texas

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Lower electric costs for Entergy customers **Hurricane Ike recovery costs reduced through securitization**

Entergy Texas electric customers of Entergy Texas will save approximately \$322 million on their bills over the next 13 years because of the lowest securitized bond rates ever issued for a Texas electric utility transaction.

Senate Bill 769 approved by the 81st Texas Legislature earlier this year extended securitization to weather-related recovery costs, including damages incurred by Hurricane Ike in September 2008.

“The tremendous savings for Entergy Texas customers underscore why this legislation was one of the first bills lawmakers passed and Gov. Perry signed into law earlier this year,” said PUC Chairman Barry Smitherman. “I commend everyone who worked diligently to bring this money-saving securitization to market.”

The securitization resulted in very favorable interest rates with a weighted average of 3.82 percent. Without securitization, the interest rate would have been 10.86 percent.

In August the Public Utility Commission (PUC) approved approximately \$566 million in Ike recovery costs for Entergy costs after parties reached a unanimous settlement on the amount. The securitized bonds total approximately \$546 million. Entergy is expected to close on these bonds next week.

Securitized debt provides funding at a lower cost than traditional utility funding because of the risk reduction that securitization gives to bondholders. Texas law allows the securitization of utility costs only if it provides a greater customer benefit than traditional financing methods.

Entergy Texas provides electricity to approximately 400,000 customers in 27 counties in Southeast Texas.

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