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August 25, 2008

VIA HAND DELIVERY and E-MAIL

Honorable Gerald L. Lynch
Honorable David L. Prestemon
Administrative Law Judge
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 08-E-0077 – Entergy Corporation, et al. - Joint Petition For a Declaratory Ruling Regarding a Corporate Reorganization, or, in the Alternative, an Order Approving the Transaction and an Order Approving Debt Financing

Dear Judges Lynch and Prestemon:

On behalf of Entergy Nuclear FitzPatrick, LLC, Entergy Nuclear Indian Point 2, LLC, Entergy Nuclear Indian Point 3, LLC, Entergy Nuclear Operations, Inc., NewCo and Entergy Corporation (collectively, the "Petitioners"), enclosed please find an executed copy of the Resolution of Dispute Over Application of VSAs to Certain Facts between Entergy Nuclear FitzPatrick, LLC ("ENFP"), Entergy Nuclear Indian Point 3, LLC ("ENIP3") (collectively, the "LLCs") and the New York Power Authority ("NYPA") ("Resolution of Dispute") with regard to the Amended and Restated Value Sharing Agreements ("VSAs") entered into by those three parties. Under the Resolution of Dispute, ENFP, ENIP3 and NYPA agree that without regard to the merits of the commercial dispute between the parties over the occurrence of a Cessation Event, the proposed corporate reorganization that is the subject of the above-referenced petition (the "Reorganization"), will not be treated as a Cessation Event as defined in Section 3 of the VSAs and that ENFP and ENIP3 will continue to make the value sharing payments otherwise provided for in the VSAs. The Resolution of Dispute will become effective upon the closing of the Reorganization.

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In the July 23, 2008 Ruling Concerning Discovery and Seeking Comments on a Proposed Process and Schedule, Your Honors suggested that the potential financial impact on NYPA and New York electric consumers as a consequence of the Reorganization would have to be considered by the New York Public Service Commission ("Commission") in making the public interest determination under Public Service Law Section 70.¹ As the Resolution of Dispute assures that the Reorganization will not have any impact on the value sharing payments provided for in the VSAs, the Petitioners respectfully submit that the possibility that the Reorganization would result in a loss of revenues to NYPA is no longer an issue in this proceeding.

The VSAs, which were originally executed when ENFP and ENIP3 acquired the FitzPatrick and Indian Point 3 plants and amended in October 2007, require ENFP and ENIP3 to make payments to NYPA based on a fixed dollar amount per unit of output from the FitzPatrick and Indian Point 3 plants, up to a maximum annual amount of \$72 million. Under the VSAs, ENFP and ENIP3 agreed to make guaranteed value sharing payments to NYPA for the years 2007 and 2008 in the amount of \$144 million even if one or both of the plants ceased to be owned by Entergy Corporation or an affiliate. For subsequent years, however, each agreement provided that payments would terminate if the plant ceased to be owned by Entergy Corporation or an affiliate. The Petitioners believe that the Reorganization would qualify as a Cessation Event and, therefore, the payments due to NYPA under the VSAs would terminate. NYPA, on the other hand, does not agree that the Reorganization would trigger the termination provisions in the VSAs. Notwithstanding the positions of both parties, as noted above, ENFP and ENIP3 have reached an agreement with NYPA in which they will not treat the Reorganization as a Cessation Event and will continue to make the value sharing payments provided for in the VSAs.

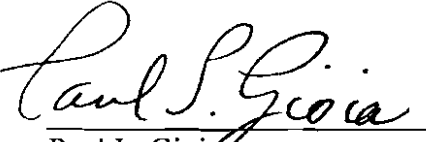
The Resolution of Dispute provides public benefits to the State of New York because it assures that the Reorganization will not result in any loss of revenue for NYPA (potentially totaling \$432 million from 2009 through 2014) and avoids ENFP, ENIP3 and NYPA having to engage in costly and lengthy negotiations and possible arbitration to resolve their differences over the payments due under the VSAs.

If you have any questions regarding this letter, please contact us.

¹ In the August 14, 2008 Ruling on Discovery, Process, Schedule and Scope of Issues, Your Honors requested the parties comment as to how, if at all, the Commission should take the VSA issue into account in reaching its decision in this case.

Honorable Gerald L. Lynch
Honorable David L. Prestemon
August 25, 2008
Page 3

Respectfully submitted,

By: 
Paul L. Gioia
Gregory G. Nickson
For the Petitioners

Enclosure

cc: Honorable Jaclyn A. Brillling (via hand delivery)
Arthur Cambouris, Esq., Acting Executive Vice President and General Counsel, NYPA
(via e-mail)
Active Party List for Case 08-E-0077 (via e-mail)

ALB-99981

Resolution of Dispute Over Application of VSAs to Certain Facts

Whereas, Entergy Nuclear Fitzpatrick LLC and Entergy Nuclear Indian Point 3 LLC (collectively "the LLCs") believe that the transactions described in the matter pending before the New York Public Service Commission (NYPSC) in Case 08-E-0077 would constitute a Cessation Event under their respective Amended and Restated Value Sharing Agreements (VSAs) with the Power Authority of the State of New York (NYPA); and

Whereas, NYPA believes that those same transactions would not constitute a Cessation event under either of the VSAs;

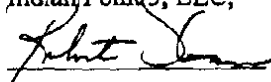
Under this Resolution of Dispute, NYPA and the LLCs agree that:

1. Contingent upon the closing of both of the transactions set forth in the petition pending before the PSC in Case 08-E-0077, as it may be amended or supplemented from time to time, and as described in the Registration Statement on Form 10 of Enexus Energy Corporation (collectively, the "Spin Transactions"), Entergy Nuclear Fitzpatrick LLC and Entergy Nuclear Indian Point 3 LLC respectively agree both that the Spin Transactions will not be treated by either LLC as Cessation Events as defined in Section 3 of the VSAs and that each LLC will pay to the Power Authority the amounts that would be due under, and subject to, its VSA. In addition, for the purpose of determining if a future Cessation Event has occurred the parties agree that any entity, including Enexus Energy Corporation LLC and the LLCs, that is directly or indirectly owned, controlled by or under common control with Enexus Energy Corporation, EquaGen LLC, Entergy Corporation or any combination thereof, will each be treated as an affiliate of Entergy Corporation. The foregoing commitments and payments would be made as full settlement of the LLCs' payment obligations under the VSAs. All terms of the VSAs would remain in effect and unchanged.
2. If, however, the Spin Transactions set forth in the petition pending before the PSC in Case 08-E-0077 do not close for any reason, this Resolution of Dispute will be deemed null and void. In that event, the parties shall retain all rights and remedies concerning the application and effect of the provisions of the VSAs governing the termination of payments. If this Resolution of Dispute does not become effective, any discussions or communications had in connection therewith will not be admissible in any forum.
3. Entergy agrees both that the Enexus SEC Form 10 will be revised to reflect the entry into this Resolution of Dispute at the time the next amendment thereto is filed with the SEC and that Entergy will from the

effective date of this Resolution of Dispute make no further disclosures inconsistent with the terms herein.


4. NYPA agrees unconditionally to withdraw all demands made in the letter, dated June 3, 2008, from Max R. Shulman to Robert Sloan;
5. Entergy and the LLCs agree to maintain all documents regarding the VSAs, including but not limited to the effect of the Spin Transactions on the VSAs.
6. NYPA agrees that Entergy may file at the PSC in Case 08-E-0077 this Resolution of Dispute.

For Entergy Corporation, Entergy Nuclear Fitzpatrick, LLC, and Entergy Nuclear Indian Point 3, LLC,

 8/22/08

Robert D. Sloan
Entergy Corporation
Executive Vice President and General Counsel

For the New York Power Authority,

 8/21/08

Arthur Cambouris
New York Power Authority
Acting Executive Vice President and General Counsel