

Big Bucks for Bad Actors



Entergy is under increased scrutiny for its efforts to pocket leftover ratepayer dollars from a nuclear decommissioning fund and shield itself from financial liability in case of a nuclear accident. Instead of cracking down on corporate abuse, will Congress reward Entergy with new tax breaks and subsidies in its final energy legislation?



Corporate Irresponsibility

Pocketing Ratepayer Dollars: In July 2002, Entergy threatened to back out of its planned purchase of the Vermont Yankee Nuclear Power Station if the company could not keep any excess decommissioning funds—money collected from ratepayers and set aside to pay for the dismantling of old nuclear plants. On July 31, Entergy finalized the purchase for \$180 million. As part of the deal, Entergy is to keep 45% of excess decommissioning funds, which would have gone to out-of-state ratepayers, in exchange for a one-time \$1.5 million payout to be shared among six minority-owner utilities in New Hampshire, Connecticut, Maine and Massachusetts.¹

Burdening Ratepayers with Liability: A recent report found that holding companies such as Entergy are using the Limited Liability Company (LLC) structure to shield themselves from liability in the event of a nuclear accident and shift the costs of a nuclear accident to taxpayers. Limited liability companies insulate the parent holding company from liabilities created by its subsidiaries.²

Air Pollution: Entergy owns and operates some of the dirtiest coal, oil and gas-fired power plants in the South, emitting pollutants that cause smog (NOx), soot (SO₂) and global warming (CO₂).

Emissions from Entergy's Dirtiest Power Plants (2001)

	SO2 (tons)	CO2 (tons)	NOx (tons)
Baxter Wilson (MS)	34,117 (98 th)	3,635,639	14,275
Big Cajun 2 (LA)	50,217 (53 rd)	13,878,106 (24 th)	21,158 (57 th)
Gerald Andrus (MS)	32,725	2,706,286	8,418
Independence (AR)	23,015	13,056,276 (35 th)	18,560 (76 th)
Roy S. Nelson (LA)	16,710	5,515,919	7,955
White Bluff (AR)	36,699 (94 th)	11,553,218 (44 th)	19,241 (69 th)

Source: EPA's Acid Rain Database. Rank of power plants in top 100 for emissions in parentheses.



Energy Policy: Throwing Good Money After Bad Actors

Entergy, as a diversified energy company with utilities generating power from oil and gas, coal and nuclear, stands to benefit from numerous provisions in the House and Senate energy bills.

Handouts for Dirty Power. Both the House and Senate energy bills include tax breaks and subsidies for so-called "clean" coal technology. There is no such thing as "clean" coal, as coal pollutes air, land and water from the point of mining to combustion. The Senate bill contains \$1.9 billion in tax breaks for "clean" coal; the House bill contains \$3 billion in tax breaks and an additional \$2.5 billion in subsidies for research and development. Entergy generated 16% of its electricity from coal in 1999.³

Opening the Door to More ‘Enrons’. The Senate energy bill repeals the pro-consumer Public Utility Holding Company Act. Entergy signed on to a March 2001 letter to Vice President Cheney advocating the repeal of PUHCA. The American Public Power Association predicts that repealing PUHCA will allow multi-state holding companies to “escape effective regulatory oversight,” leaving “consumers at risk of severe market power abuses.”⁴ Repealing PUHCA removes accountability and transparency from the energy sector at a time when evidence suggests that energy companies, such as Enron, have engaged in sham energy trades to boost their bottom line.

Giveaways to Big Oil and Gas. Entergy generated 49% of its electricity from oil and gas in 1999.⁵ As such, Entergy could benefit from the enormous tax breaks and subsidies for the oil and gas industry in the House and Senate energy bills. The House energy bill includes \$23.7 billion in tax breaks and subsidies for the oil and gas industry; the Senate bill contains \$5.6 billion.

Tax Breaks for Nuclear Decommissioning. Over the last three years, Entergy has purchased several nuclear power stations, including Pilgrim (MA), Indian Point (NY), James A. Fitzpatrick (NY), and Vermont Yankee (VT). When a utility buys another utility's nuclear reactor, the decommissioning fund—a fund paid into by ratepayers to cover the costs of dismantling the reactor when it closes—comes with the deal. The House and Senate energy bills would exempt the decommissioning fund from taxation. The estimated cost of the House provision is \$2.2 billion; the Senate version would cost \$1.1 billion.

New Handouts for Nuclear Power. Entergy generated 35% of its electricity from nuclear power in 1999, operating 10 nuclear units in the South and Northeast.⁶ The company therefore stands to benefit from the \$730 million in research subsidies for the nuclear industry in the House energy bill. The Senate energy bill also proposes allocating additional funding for research into reprocessing spent nuclear fuel and other dangerous technology.



Entergy’s Political Influence

Entergy won pro-nuclear and pro-fossil fuel policy in the House and Senate energy bills by helping to elect industry-friendly Members of Congress,

buying access with campaign contributions and lobbyists, and tapping into its high level of access with the Bush administration.

Entergy’s Lobbying Expenses and Contributions to Federal Candidates

	Total
PAC \$ (2000-2002 cycles)	\$662,041
Hard \$ to Energy Bill Conferees* (2000-2002 cycles)	\$106,041
Soft \$ (2000-2002 cycles)	\$387,310
Lobbying Expenses 2001	\$2,484,109

Data collected from www.opensecrets.org and Senate Office of Public Records at <http://sopr.senate.gov/>.

* Includes PAC money and individual hard money contributions

Access to the Bush Administration

- Donald Hintz, CEO of Entergy, met with Energy Secretary Spencer Abraham on March 20, 2001 as a representative of the Nuclear Energy Institute.⁷

- Entergy had contact with the Vice President’s energy task force three times, according to an analysis by NRDC.



Company Background

Entergy Corp is a holding company which engages principally in domestic utility, power marketing and trading, global power development, and domestic nuclear operations.

Headquarters: New Orleans, LA
Revenues (6 mos. Ending 6/30/02): \$3.96 billion⁸
CEO Salary (2001): \$10 million
Company Media Relations:
 639 Loyola Avenue
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¹ “Regulators In Maine, Mass Clear Way For Vt Yankee Sale.” *Dow Jones Business News*. July 30, 2002.

² *Financial Insecurity: The Increasing Use of Limited Liability Companies and Multi-Tiered Holding Companies to Own Nuclear Power Plants*. Prepared by Synapse Energy Economics for the STAR Foundation and Riverkeeper. August 2002.

³ Entergy website, www.entergy.com.

⁴ American Public Power Association Issue Brief, “Congress Must Act to Solve the Wholesale Electricity Market Crisis.” March 2001.

⁵ Entergy website, www.entergy.com.

⁶ Entergy website, www.entergy.com.

⁷ Center for Responsive Politics, http://www.opensecrets.org/news/energy_task_force/doelist.asp.

⁸ Revenue and salary information collected at Yahoo! Market Guide, <http://biz.yahoo.com/p/e/etr.html>.