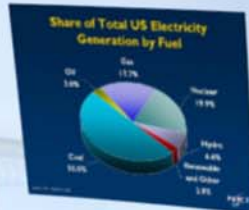


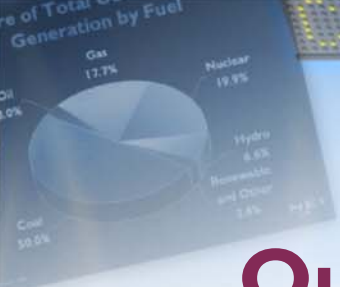
Nuclear Energy 2006

A Solid Business Platform For Future Growth

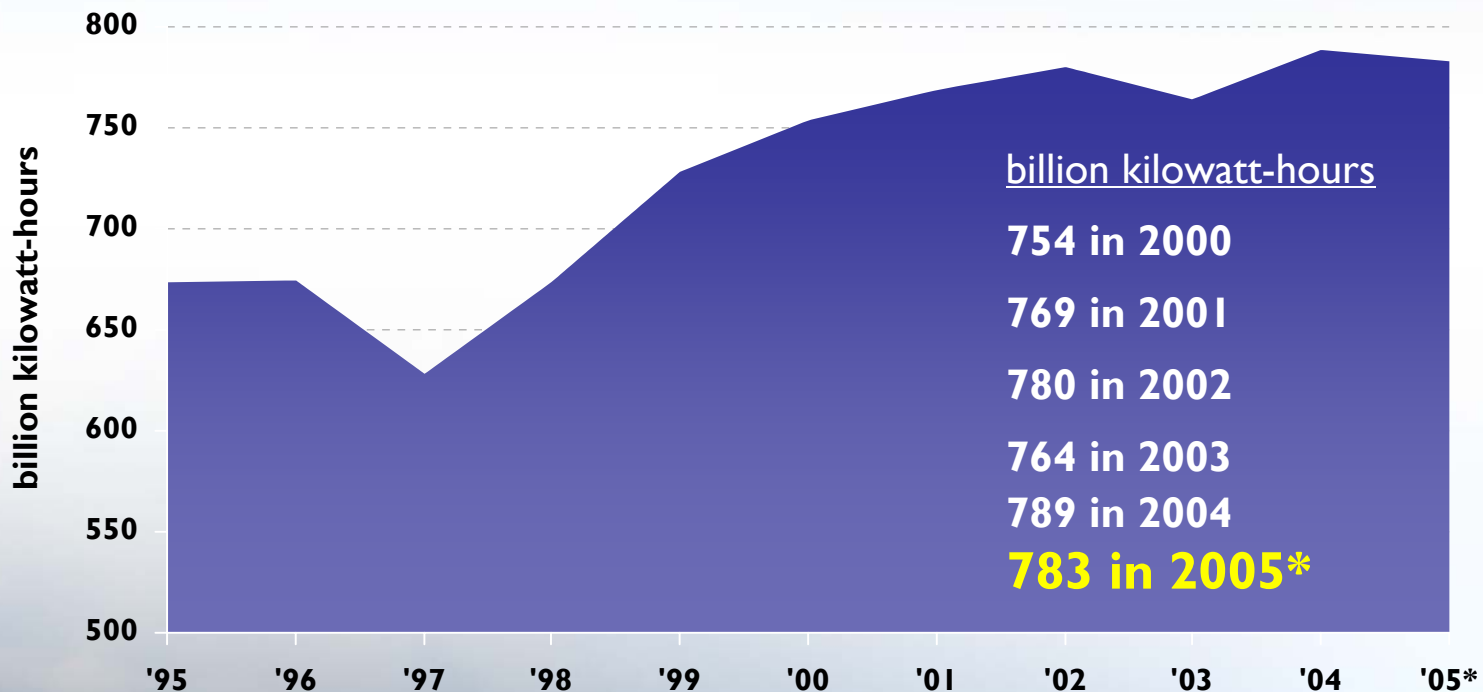


Today's Briefing

- 2005 operating performance, trends, issues
- New nuclear power plants
- The year ahead: politics and policy



Output Remains Near Record Levels



billions kilowatt-hours

754 in 2000

769 in 2001

780 in 2002

764 in 2003

789 in 2004

783 in 2005*



Sustained Reliability and Productivity

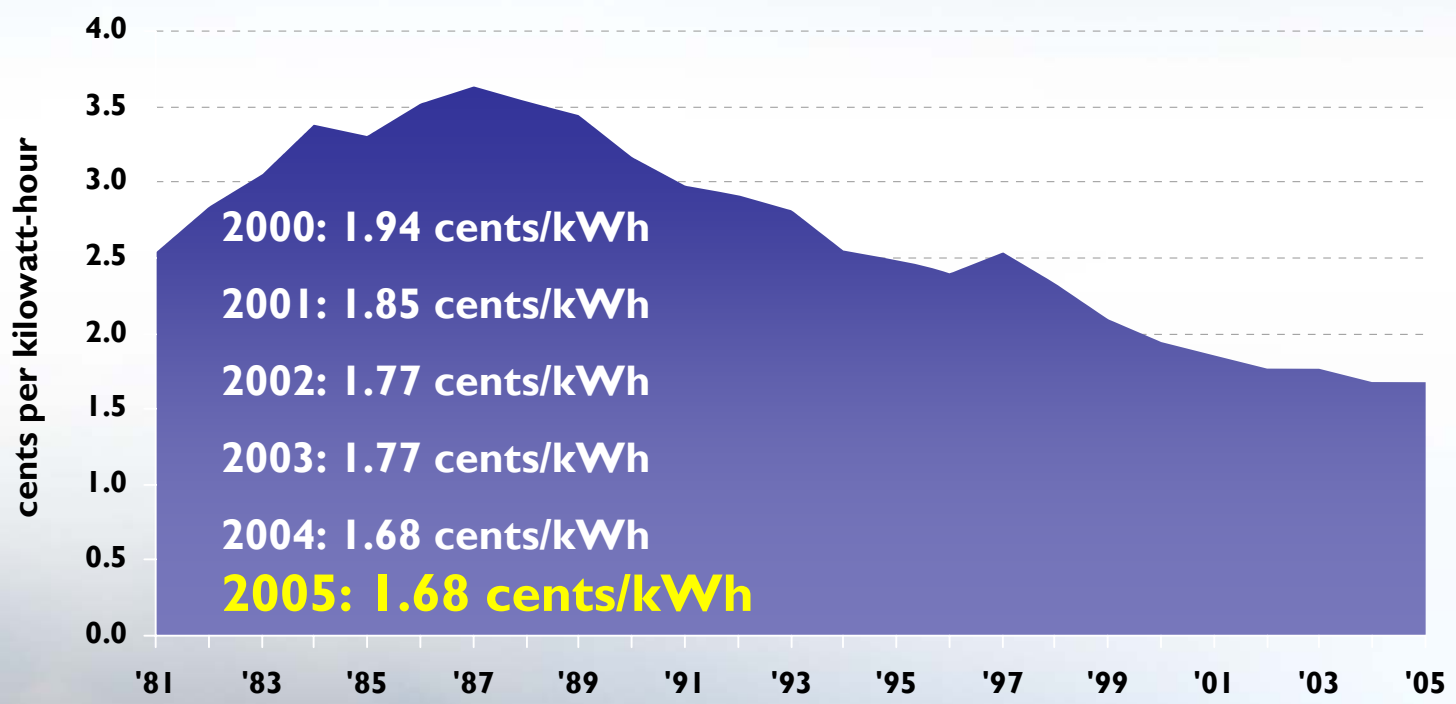




NEI 2005 RELEASED

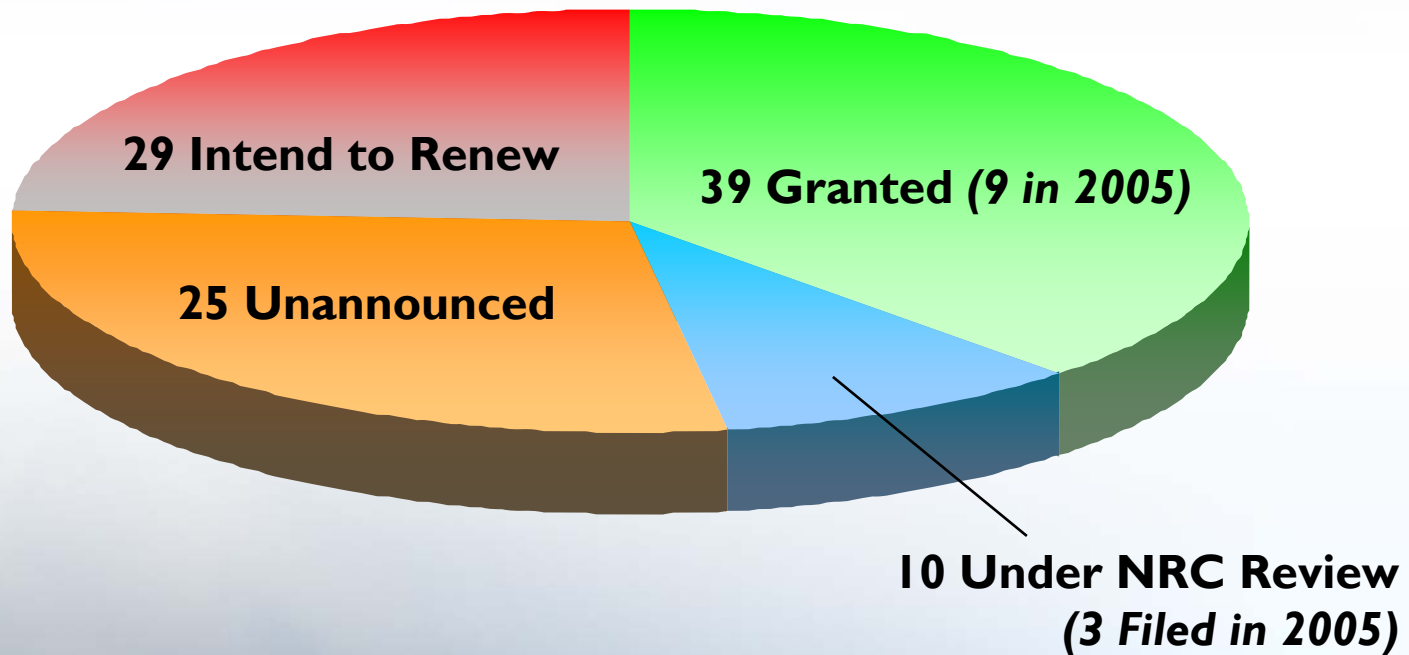
Solid Economic Performance Continues

U.S. Nuclear Production Cost





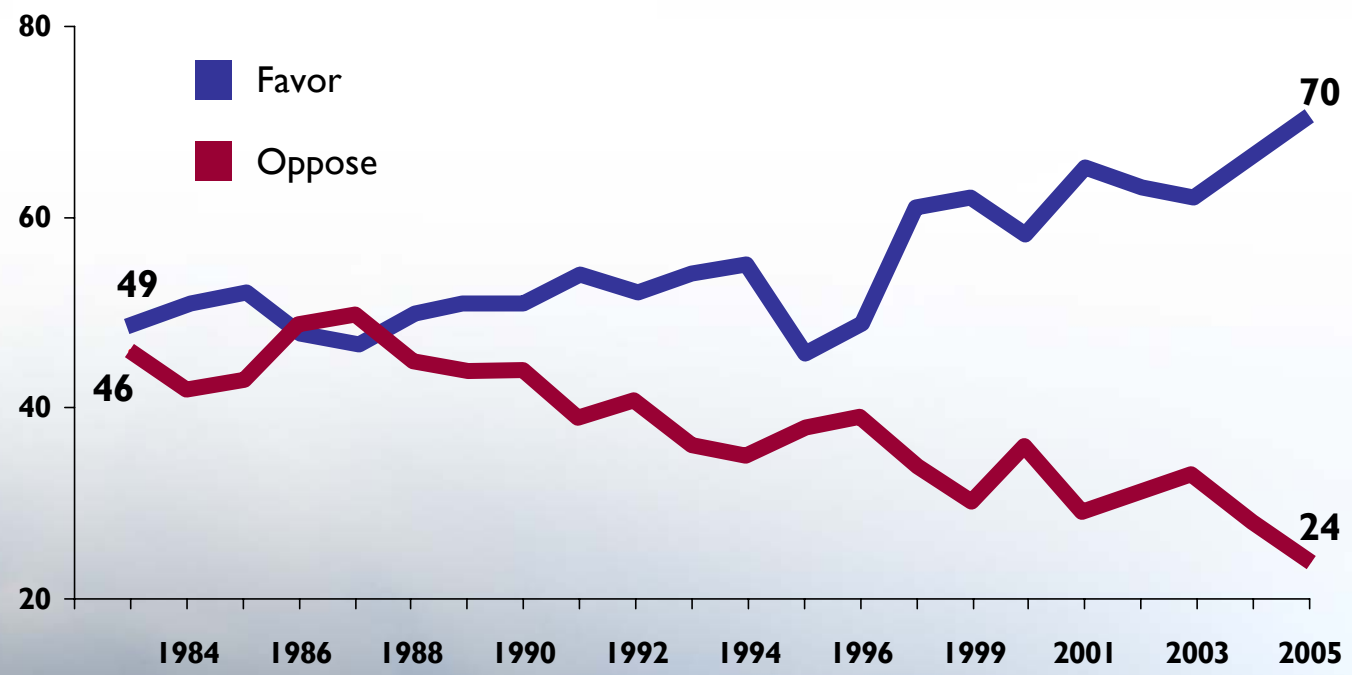
License Renewal Progressing





Record Support for Nuclear Energy

“Overall, do you strongly favor, somewhat favor, somewhat oppose or strongly oppose the use of nuclear energy as one of the ways to provide electricity in the United States?”



New Nuclear Power Plants



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What Is Driving the Interest In New Nuclear Construction?

- Increasing need for baseload generation
- Increasing environmental constraints, potential controls on carbon emissions
- Volatility in natural gas prices
- Increasing support for nuclear energy from the public and policymakers

Growing Need for Additional Baseload Capacity

- Electricity demand in 2030 will be 50% greater than today
- To maintain current electric fuel supply mix would mean building:

66	Nuclear reactors (1,000 MW)
277	Coal-fired plants (600 MW)
147	Natural gas plants (400 MW)
93	Wind farms (100 MW)



Public, Policymakers Support New Nuclear Plants

- Polls show record-high support for nuclear energy
- Governors, state and county officials express desire for new plants in their districts
- Energy Policy Act of 2005: bipartisan support for new nuclear plant construction



Energy Legislation Provides Investment Stimulus for New Plants

- Federal loan guarantees
 - Covers up to 80% of project cost
 - Allows more highly leveraged capital structure
 - Reduces project cost
- Production tax credits
 - \$18/MWh for up to 6,000 MW
 - Worth up to \$125 million in tax credits per year for 8 years for 1,000 MW of capacity

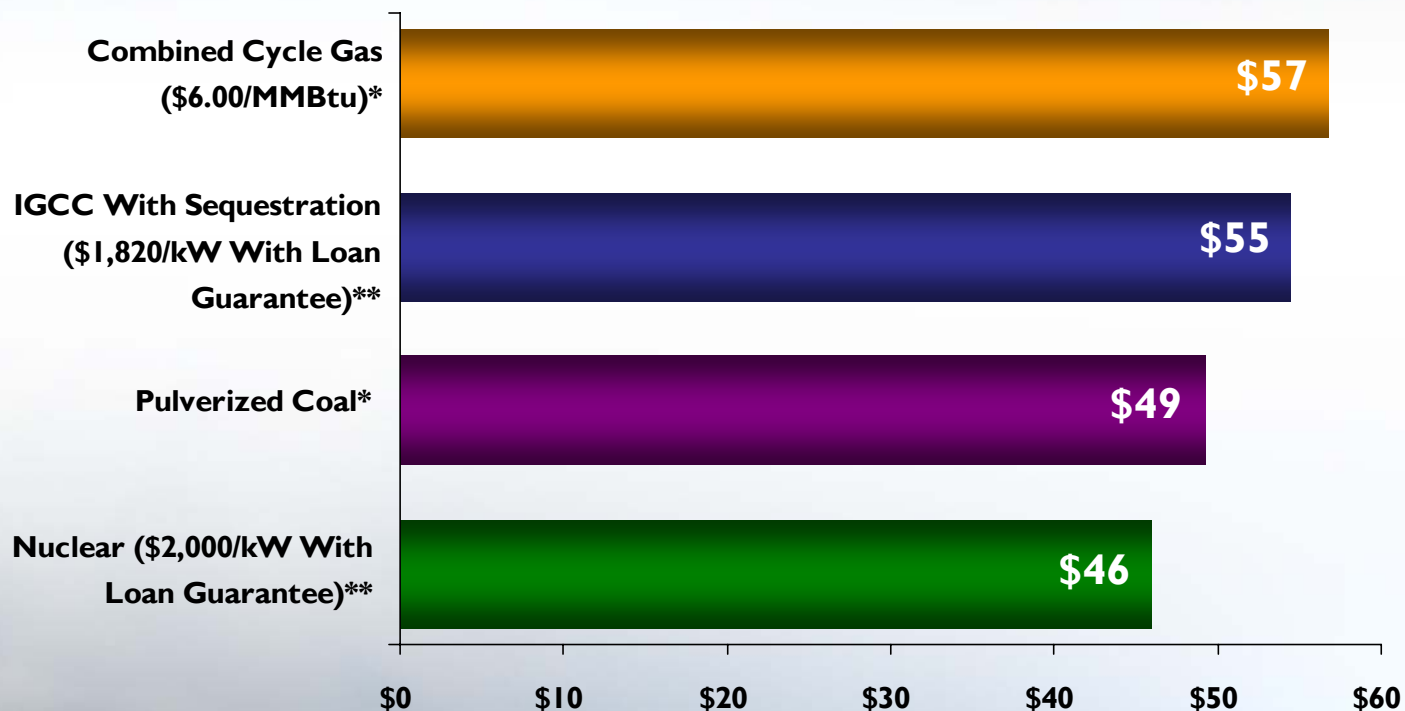


Containing the Perceived Risk Of First New Nuclear Plants

- New licensing process reduces risk of delay
 - Project developers will have regulatory approvals before significant capital spent
- Federal standby support
 - Provides \$2 billion of risk coverage for first six plants
 - Covers delays resulting from licensing or litigation

Investment Stimulus Offsets Higher Cost of First New Plants

Estimated Electricity Costs for New Generating Capacity



*Assumes 15% cost of equity, 8% cost of debt and a 50/50 debt/equity structure.

**Assumes 15% cost of equity, 6% cost of debt and an 80/20 debt/equity structure.

Source: NEI analysis of first-year operating costs using EIA data

Status of New-Plant Licensing

Company	Design	Units	Date for Filing COL Application
Dominion	ESBWR	1	2007
NuStart Energy (TVA)	AP1000	2	2007
NuStart Energy (Entergy)	ESBWR	1	2007/2008
Entergy	ESBWR	1	2008
Southern Co.	AP1000	1-2	2008
Progress Energy	AP1000	2-4	2007
South Carolina Electric & Gas	Unknown	1-2	2007
Duke Energy	AP1000	2	2008
UniStar Nuclear	U.S. EPR	1-4	2008

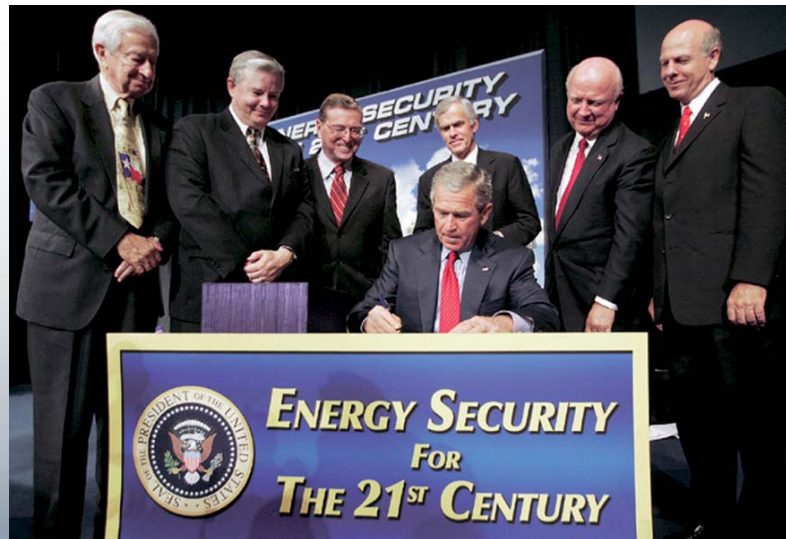
The Year Ahead: Politics and Policy



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Policy Issues in 2006

- Implementation of the Energy Policy Act of 2005
- NRC management of new-plant licensing process
- Used nuclear fuel management





Used Fuel Management: Where We Stand Today

- Yucca Mountain site judged suitable in 2002
 - 20 years of scientific investigation
 - \$6-7 billion of research
- License application expected in 2007
- Bush administration fully committed to Yucca Mountain program, major legislative initiative in 2006



Used Fuel Management: 2006 Legislative Initiative

- Mid-course corrections in used fuel management program
 - Move used nuclear fuel from plant sites
 - Ensure funds collected from ratepayers reserved for used fuel program
 - Ensure used fuel issues do not become impediment to license renewal, new-plant construction



Used Fuel Management: Long-Term Initiative

- Worldwide expansion of nuclear energy prompting renewed interest in:
 - recycling used nuclear fuel
 - advanced used fuel reprocessing technologies
 - new reactor designs able to consume fissile materials recovered from used fuel
- Together, these advanced technologies reduce volume and toxicity of nuclear waste
- Still need Yucca Mountain disposal facility



Nuclear Energy: Strategic Part of Diversified Electricity Portfolio

- Energy security
- Safe, reliable, low-cost electricity
- Buffer against volatility in natural gas price
- Hedge against escalating environmental requirements

Nuclear Energy 2006

A Solid Business Platform For Future Growth

