



NRG Energy/Southern Company Partnership Reaches Settlement in Cajun Bankruptcy Case

August 26, 1999

BATON ROUGE, La. (August 26, 1999) -- U.S. District Judge Frank Polozola issued a settlement order today clearing the way for Louisiana Generating LLC to be confirmed as the winning bidder for Cajun Electric Power Cooperative's 1,700 megawatts (MW) of fossil-fueled generation. Louisiana Generating LLC (Louisiana Generating) -- held 50 percent by NRG Energy, Inc. (NRG) and 50 percent by Southern Company unit Southern Energy Inc. (Southern Energy) -- offered \$1.026 billion for the Cajun assets. Confirmation of Louisiana Generating's offer by U.S. Bankruptcy Judge Gerald H. Schiff, who was present at the hearing, is expected very soon.

Cajun sought bankruptcy protection in December 1994 amid financial problems related to an investment in the River Bend Nuclear Power Plant near St. Francisville, La. Cajun produces and sells electricity to 11 distribution cooperatives, which deliver power to more than 1 million people in Louisiana, as well as four off-system customers.

A settlement conference ordered by Judge Polozola brought together all parties with an interest in the bankruptcy proceedings, including representatives from Cajun member cooperatives and representatives of the fuel chain and other unsecured creditors. All participants agreed to the settlement. The Rural Utilities Service (RUS), Cajun's largest creditor, and the Louisiana Public Service Commission also endorsed the settlement and have entered into their own settlement agreement.

Once the offer is confirmed by the Court, Louisiana Generating will organize a transition team to work with Cajun's management team and the court-appointed bankruptcy trustee until financial closing to implement new electric rates. This process will ensure that Cajun's customers benefit through reduced rates from the new ownership structure as soon as possible. The transaction is subject to various regulatory approvals and the financial closing is expected early next year.

Cajun's court-appointed bankruptcy trustee, Ralph R. Mabey, endorsed Louisiana Generating's proposal within his reorganization plan in April 1996. The RUS had also previously endorsed Louisiana Generating's proposal.

NRG, a wholly owned subsidiary of Northern States Power Company (NYSE: NSP), is one of the world's leading independent power producers, specializing in the development, construction, operation, maintenance and ownership of low-cost, environmentally-sensitive power plants. Established in 1989, NRG is involved in over 19,000 MW of high quality projects throughout the United States, Europe, the Pacific Rim, and Latin America, utilizing diverse fuel types including natural and landfill gas, hydro, and solid fuels such as coal, lignite, biomass and refuse-derived fuel. Cajun Electric Power will be NRG's first asset in Louisiana. NRG has projects in 22 states totaling over 8,800 MW in net equity ownership.

Southern Company (NYSE: SO) is an international energy company with more than \$35 billion in assets through regional utilities and operations around the world. It is the largest producer of electricity in the United States and one of the world's leading independent power producers. Based in Atlanta, Southern Company is the parent firm of Alabama Power, Georgia Power, Gulf Power, Mississippi Power and Savannah Electric. Through its Southern Energy Inc. subsidiary, Southern Company supplies electricity in 10 countries on four continents and has a growing presence in North America with assets in the Northeast, the Midwest, California and Texas. Southern Company also provides energy-related marketing, trading and technical services in the United States and Europe and offers Southern LINC wireless telecommunications.

Certain information included in this press release contains statements that are forward-looking. Such forward-looking information involves risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of NRG.

For more information regarding these risks and uncertainties, review NRG's filings with the Securities and Exchange Commission.

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