

ENTERGY CORP /DE/
Form 425
September 20, 2012

Entergy: Focusing on Today and the Future
Bank of America Merrill Lynch
2012 Power and Gas Leaders Conference
September 20, 2012
Filed by Entergy Corporation Pursuant to Rule 425

Under the Securities Act of 1933
Subject Company: Entergy Corporation
Commission File No. 001-11299

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Caution Regarding Forward-looking Statements and
Caution Regarding Forward-looking Statements and
Regulation G Compliance
Regulation G Compliance

In
this
presentation,
and
from
time
to
time,
Entergy
Corporation
makes
certain
forward-looking
statements
within

the meaning of the Private Securities Litigation Reform Act of 1995. Except to the extent required by the federal securities laws, Entergy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (a) those factors discussed in: (i) Entergy's Form 10-K for the year ended December 31, 2011, (ii) Entergy's Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012 and (iii) Entergy's other reports and filings made under the Securities Exchange Act of 1934; (b) uncertainties associated with rate proceedings, formula rate plans and other cost recovery mechanisms; (c) uncertainties associated with efforts to remediate the effects of major storms and recover related restoration costs; (d) nuclear plant relicensing, operating and regulatory risks, including any changes
resulting

from
the
nuclear
crisis
in
Japan
following
its
catastrophic
earthquake
and
tsunami;

(e) legislative and regulatory actions and risks and uncertainties associated with claims or litigation by or against Entergy and its subsidiaries; (f) conditions in commodity and capital markets during the periods covered by the forward-looking statements, in addition to other factors described elsewhere in this presentation and subsequent securities filings; and (g) risks inherent in the proposed spin-off and subsequent merger of Entergy's electric transmission business with a subsidiary of ITC Holdings Corp. Entergy cannot provide any assurances that the spin-off
and
merger
transaction
will
be

completed
and
cannot
give
any
assurance
as
to
the
terms
on
which
such

transaction will be consummated. The spin-off and merger transaction is subject to certain conditions precedent, including regulatory approvals and approval by ITC Holdings Corp. shareholders.

This
presentation
includes
the
non-GAAP
measures
of
debt
to
capital,
excluding
securitization
debt,
gross
liquidity

and operational non-fuel operation and maintenance expense when describing Entergy's results of operations and financial performance. We have prepared reconciliations of these measures to the most directly comparable GAAP

measures.
These
reconciliations
can
be
found
on
slides
40
41.

Further
information
about
these
measures
can
be

found
in
Entergy's
investor
earnings
releases,
which
are
posted
on
our
website
at
www.entergy.com.

2
2
2

Additional Information and Where to Find It

Additional Information and Where to Find It

ITC and Mid South TransCo LLC (Transco) will file registration statements with the Securities and Exchange Commission (SEC) registering shares of ITC common stock and Transco common units to be issued to Entergy

shareholders in connection with the proposed transactions. ITC will also file a proxy statement with the SEC that will be sent to the shareholders of ITC. Entergy shareholders are urged to read the prospectus and/or information statement that will be included in the registration statements and any other relevant documents, because they contain important information about ITC, Transco and the proposed transactions. ITC shareholders are urged to read the proxy statement and any other relevant documents because they contain important information about Transco and the proposed transactions. The proxy statement, prospectus and/or information statement, and other documents relating to the proposed transactions (when they are available) can be obtained free of charge from the SEC's website at www.sec.gov. The documents, when available, can also be obtained free of charge from Entergy upon written request to Entergy Corporation, Investor Relations, P.O. Box 61000, New Orleans, LA 70161 or by calling Entergy's Investor Relations information line at 1-888-ENTERGY (368-3749), or from ITC upon

written

request

to

ITC

Holdings

Corp.,

Investor

Relations,

27175

Energy

Way,

Novi,

MI

48377

or

by

calling

248-

946-3000.

3
3
3
Entergy
Entergy
Entergy s Scope of Operations
Entergy s

Businesses

30,000 MW electric generating capacity

One of the nation's leading nuclear generators

2.8 million utility customers

More than \$11 billion revenues

~15,000 employees

Utility

6 vertically integrated electric utilities
(5 retail regulators)

4 contiguous
states

Arkansas,
Louisiana,
Mississippi, Texas

~21,000 MW generating capacity

More than 15,800 miles high-voltage
transmission lines

Entergy Wholesale Commodities

6 nuclear units owned at 5 sites (5,011 MW)

2 gas, 1 gas / oil facilities (1,340 MW¹)

2 wind facilities (80 MW¹)

2 coal facilities (181 MW¹)

1 nuclear plant managed (800 MW)

Focus:

Focus:

Safety, Operational Excellence

Safety, Operational Excellence

and Portfolio Management

and Portfolio Management

1

EWC's ownership interest

4
4
4
Utility
Utility
The Foundation

Safety
and
operational
excellence
What We're Working On

Regulatory agenda

Storm recovery

MISO

Transmission
business
spin-merge with ITC
What's Ahead

Capital
plan
management

Regulatory
constructs

5

5

5

An Active Regulatory Agenda

An Active Regulatory Agenda

Texas

PUCT issued final order in ETI s rate case in Sep 2012; reflects a 9.8% return on equity and a \$27.7M base rate increase (ongoing EPS effect ~\$0.01)

Awaiting Staff proposal on purchased power capacity rider; baseline amount determined in rate case

Louisiana

Revised 2011 test year FRPs filed
Sep 2012; remain pending

-

New rates effective Sep 2012,
subject to refund

Base rate case filings to be made
by Jan 2013

Mississippi

Revised 2011 test year FRP filed
Apr 2012; remains pending

Hinds cost recovery through
rider approved Aug 2012; DOJ
review ongoing

MPSC inquiry on electric utility
ROE methodology opened Aug
2012

New Orleans

2011 test year FRP filed May
2012; remains pending

Seeking possible renewal or
extension of FRP (current 3-year
term ends with 2011 test year)

Arkansas

Hot Spring acquisition approved
Jul 2012, with cost recovery
through capacity rider; DOJ
review ongoing

Next base rate case expected to
be filed in 1Q13

General Regulatory Update

6
6
6

Liquidity and Recovery Options Available
Liquidity and Recovery Options Available
to Fund Hurricane Isaac Costs at Affected Utilities
to Fund Hurricane Isaac Costs at Affected Utilities

Preliminary Restoration Costs

\$M

Company

Estimated Amount

EAI

10

EGSL

70

90

ELL

240

300

EMI

30

40

ENOI

50

60

Total

400

500

Sources of Liquidity

As of Aug 31, 2012; \$M

Company

Cash and

Cash

Equiv

Funded

Storm

Reserves

Line of

Credit

Capacity

EAI

7

170

EGSL

177

87

150

ELL

185

187

200

EMI

24

32

70

ENOI

16

ETI
57
150
SERI
Other
53
Total utility
companies
322
740
All other
603
1,747
1
Total
1,106
2,487
Storm Cost Recovery Options

Accessing funded storm reserves

Securitization or other alternative
financing

Traditional retail recovery on an
interim and permanent basis

Insurance, to the extent coverage
is available and deductibles are
met

1
Board-authorized \$500 million commercial paper program provides an
alternative to revolver borrowings

322
503

7

7

7

Doing Our Part to Keep Rates Low

Doing Our Part to Keep Rates Low

Net Benefits

1.1

1.4
Trade
Benefits
0.8
Value
Added
Benefits
0.8
Admin
Costs
(0.2)
Transmission
Cost Range
(0.3) to 0
2010 Present Value
ETR Analysis
\$B for 2013
2022; Filed May 12, 2011
Assumes All Utility OpCos Move to MISO
MISO Proposal
Entergy
Service
Territory
Joining MISO Benefits
All Stakeholders

8
8
8

MISO Preferred RTO Option for Customers
MISO Preferred RTO Option for Customers
MISO continues to offer superior benefits for our
customers and pursuit of SPP at this juncture cannot

be feasibly implemented in 2013

Operating, mature Day 2

market that will produce significant savings

for Utility customers

Path forward for all the Operating Companies following EAI's departure
from the System Agreement in 2013

Cost allocation methodology with important protections for the
Operating Companies
customers

Significant enhancements to governance model to respond to concerns
of certain regulators

Continue

to

believe

MISO

is

the

best

alternative

for

our

customers:

9
9
9

The Next Step, Complete Transmission Independence

The Next Step, Complete Transmission Independence

Utility

OpCos

Entergy
Wholesale
Commodities
Entergy
Shareholders
Illustrative
Mid South
TransCo LLC
(New Holdco)
ITC
Shareholders
ITC Merger
Sub
Transco Subs
Proposed Spin-Merge of Transmission Business
ITC After
ETR After
\$700M
recapitalization
(pre-close)
ETR and
OpCos
reduce
debt by
\$1.775B
\$1.775B debt
transferred
with assets
Trust
Up to ~5%
ITC Shares
ITC
Shares
ETR
Shares
ETR
Shares
~5%
ITC Shares`
Expected closing in 2013
Entergy Shareholders will own stock in *two companies*

Generation

Distribution

Retail
customer
service

Transmission

10

10

10

The Benefits to Customers and Other Stakeholders

The Benefits to Customers and Other Stakeholders

Improves access to capital for transmission business and focuses

financial resources solely on transmission system performance

Strengthens ability of Entergy Operating Companies to make needed investment in other areas of utility business

Ensures
safe
and
reliable
operations
and
continued
strengthening
of
overall grid performance through ITC's singular focus on transmission system performance, planning and operations

Leverages
Entergy
employees
knowledge
and
experience
and
fully
utilizes Entergy's world-class storm restoration process

Instills confidence in wholesale markets by encouraging greater participation and disclosure by third parties

Leads to a more comprehensive planning process and a broader regional view than would otherwise be possible

Provides proven business model for owning and operating transmission systems

Aligns with national policy objectives to facilitate investment in local, regional and inter-regional transmission, advance open access initiatives and promote access to competitive energy markets

Operational
Excellence
Financial
Flexibility
and Growth
Independence
Fosters
Regional
Planning

11
11
11
Transmission Spin-Merge: Our Case Underway
Transmission Spin-Merge: Our Case Underway
Witness
Topic

Bill Mohl (LA) /

Charles Rice (NO)

ITC transaction benefits jurisdiction's customers,
providing superior
business model, operational excellence and financial strength

Theo Bunting

ITC transaction benefits all stakeholders, particularly in
an era of grid modernization, and explains that this is the
right transaction, at the right time and with the right party

Phillip May

ITC transaction is in the public interest

Michael Tennican

ITC transaction is a sound strategy
for responding to industry
trends and expected capital requirements

Jay Lewis

ITC transaction is cost effective

Richard Riley

ITC's singular focus
on transmission provides operational
efficiencies and regional planning

Richard Sergel

ITC's superior business model
best supports national policies and
broad regional electric grid

Joseph Welch

ITC's independent approach to transmission investment promotes a
regional view
and open and transparent collaboration

with

all stakeholders

Johannes

Pfeifenberger

An independent transmission company's planning perspective
could provide benefits from strategic
transmission projects, the
types of projects that ITC would be uniquely positioned to plan,
develop and implement

Requests for Approval of Change of Ownership of Electric Transmission Businesses

LA Filed 9/5/12 (Docket U-32538)

NO Filed 9/12/12 (Docket UD-12-01)

Short-
Short-
and Long-run Benefits Will Offset a Modest
and Long-run Benefits Will Offset a Modest
Change in Retail Customers
Change in Retail Customers
Bills

Bills

Typical Residential Monthly Bill (1,000 kWh)

Base Case Scenario, 2014; \$

Illustrative

Estimated bill effect resulting from

FERC rate construct

Base Case Scenario

Examples of potential benefits not
included:

0

20

40

60

80

100

ELL

EGSL

ENOI

MISO's 2011 Transmission Expansion Plan

(Business as Usual

case), with various

refinements

Transmission investments that facilitate
competitive markets

Production cost savings from greater
dispatch flexibility

Capacity cost savings from access to
broader markets

Regional planning view

Addition of new generation

Continued

Entergy

ownership

12

13

13

13

Now and What's Ahead: Prudently Managing
Now and What's Ahead: Prudently Managing
the Utility Capital Investment Plan
the Utility Capital Investment Plan

Utility Capital Investment Plan

2012E

2014E; % of Total

Prepared Jan 2012

\$6.0B

Other

Transmission

Other Generation

Portfolio

Transformation

Potential Investment Opportunities

New Generating Capacity

-

Acquire or contract with merchant capacity

-

Construct and/or repower generating facilities, potentially on existing Entergy Utility sites

Environmental

-

Install controls to comply with new laws and regulations (e.g.,

Mercury

and

Air

Toxics

Standards

/

MATS, Clean Air Interstate Rule / CAIR, Clean Air Visibility Rule / CAVR)

Transmission Investments

Other Infrastructure Requirements

1

Does not include the effect of increased cost estimate for the Grand Gulf uprate project, which increased ~\$120M (total including South Mississippi Electric Power Assoc's share) or investment resulting from Hurricane Isaac

0%

25%

50%

75%

100%

12E

14E

14
14
14
(120)
(91)
0
322

Strategy and Recovery Mechanisms Key
Strategy and Recovery Mechanisms Key
Illustrative
Regulatory Mechanisms for Cost Recovery
X%
X%
Formula Rate Plans
Special Riders
Funded Storm Reserves
X%
X%
Earned
Re-set
2005
2012
Storm
balance
Cash
Reserves

Non-fuel O&M

Maintenance capital

Acquisitions

Capacity costs

Emission costs

Energy efficiency

Renewables

Earned

Re-set

Storm Balances/Reserves

\$M

as

of

Jun

30

(except

cash

reserves

as

of

Aug

31)

15

15

15

Allowed Return on Equity Important;

Allowed Return on Equity Important;

Opportunity to Earn Even More So

Opportunity to Earn Even More So

FRP Filed Return on Equity
2011; %
Book Return on Equity
2011; %
2011 TY FRP pending
Seeking
FRP
extension
To file rate cases
by Jan 2013
Expected
to file
rate case
in 1Q13
2009
2009
Rate case
final order
Sep 2012
Last Authorized
ROE
Reflects electric operations only
Last Authorized
FRP ROE Range
ROE inquiry
initiated
Aug 2012
0
3
6
9
12
15
18
EGSL
ELL
EMI
ENOI
0
3
6
9
12
15
18
EAI
ETI
SERI

16
16
16
0
10
20
30

40
0
10
20
30
40

The Universal Bottom Line: Affordable Rates

The Universal Bottom Line: Affordable Rates

Utility Average Residential Customer Rates

2011; ¢

per kWh

Sources: EIA, internal analysis

Note: Regulated utilities, excluding primarily hydro-electric

Utility Average Residential Customer Rates with \$30/mt Carbon Tax

2011; ¢

per kWh

ELL

EMI

EGSL

EAI

ENOI

ELL

ETI

EGSL

EMI

EAI

ENOI

ETI

17

17

17

Entergy Wholesale Commodities

Entergy Wholesale Commodities

The Foundation

Safety and operational
excellence
What We're Working On

Portfolio management,
hedging strategy
What's Ahead

Option value

Nuclear plant license
renewal

18

18

18

Today, Cautiously Optimistic on Northeast

Today, Cautiously Optimistic on Northeast

Power Prices

Power Prices

Illustrative

Market response

Unit shutdown

Environmental regulation

Out-of-market regulation

Ongoing gas oversupply

Potential 5-year out

view for

NE power prices¹

Source: New York Independent System Operator, ISO New England, internal analysis

Current forward: ~\$50

Upside: ~\$80

Downside: ~\$40

1

Includes energy and capacity

Historical Northeast Market Power Prices (Energy Only)

\$/MWh; Rolling Averages

Rolling 365-day Spot

Potential for improvement in heat rates, capacity markets, natural gas markets

0

20

40

60

80

100

120

Jan-05

Jul-06

Jan-08

Jul-09

Jan-11

Jul-12

19

19

19

Commodity Prices

Commodity Prices

Potential Rebound through

Potential Rebound through

Capacity Pricing and/or Market Heat Rates
Capacity Pricing and/or Market Heat Rates
Today's Challenges

Both NYISO and ISO-NE

Excess demand resources

Out-of-market entry rules

NYISO

Single state ISO

Short-term capacity markets

ISO-NE

Keeping floor price mechanism
beyond FCA7
Long-term Perspective

Demand recovery (e.g., economic growth)

Supply response to low prices

Retirement / mothballing of uneconomic units

Opt out / lost interest from demand resources

Environmental regulations and cost pressure
combined with low gas prices

Market structural considerations

Lower Hudson Valley zone

Out-of-market entry rules
ISO New England Reserve Margins
2011
2020E; %
New York ISO Reserve Margins
2011
2020E; %
Total
Target Reserve
Margin Range
With Accelerated
Retirements
Illustrative

Illustrative

Source: ISONE CELT report

Source: NYISO Goldbook

0

10

20

30

40

11

12

13

14

15

16

17

18

19

20

0

10

20

30

40

11

12

13

14

15

16

17

18

19

20

20

20

20

Signposts for Improvement in the New York

Signposts for Improvement in the New York

Capacity Markets

Capacity Markets

NYISO Rest of State Capacity Price

6 month moving average; \$/kW-mo

Material Upside in

NY Capacity Markets

Potential mitigation of

Astoria Energy 2,

Bayonne

Requires ISO error

correction, transparency

Re-evaluation of HTP

Complaint against HTP

mitigation determination,

offer floor

Bayonne

and

AE2

Market design

under revision

Potential

Upside

Illustrative

Forward

Capacity

Markets

Source: NYISO auction results

FERC docket EL12-98

FERC decision EL11-42

FERC decision EL11-50

Supply reaction (mothballing,

retirements)

0

1

2

3

4

5

07

08

09

10

11

12

13

14

15

21

21

21

Our Point-of-view: Heat Rate Forwards Undervalued

Our Point-of-view: Heat Rate Forwards Undervalued

Northeast Average Market Heat Rate

12 month moving average; Btu/kWh

Undervalued Forward

Heat Rates

Heat Rates rise with
declining gas prices

Illustrative

Source: Derived from third party forward market data

0

3,000

6,000

9,000

12,000

15,000

08

09

10

11

12

13

14

15

16

5-10%

Heat Rate

Upside

Market Heat Rate Upside

Supply response to low
prices

-

Retirement /
mothballing of
uneconomic units

-

Opt out / lost interest
from demand
resources

Environmental
regulations and cost
pressure combined with
low gas prices

Demand recovery (e.g.,
economic growth)

22
22
22
50
55
60
65

70
1/1
3/1
5/1
7/1
9/1
11/1
2011
10
20
30
40
50
1/1
3/1
5/1
7/1
9/1
11/1
200
450
700
950
1,200
1/1
3/1
5/1
7/1
9/1
11/1
0
1,000
2,000
3,000
4,000
5,000
1/6
3/6
5/6
7/6
9/6
11/6
2012
EIA Demonstrated Capacity
Max Attained
Design Capacity
2011
5 Yr Avg
Natural Gas
Natural Gas

Recent Rationalization

Recent Rationalization

A Bottom Reached?

A Bottom Reached?

Storage Surplus

Gradually Eroding

U.S. Production Flatline?

Clearing Mechanism

Thus Far?

Gas Production

Total Gas Rigs; #

Power Generation Demand

Daily U.S. Power Generation; Bcf/d

Gas Storage Levels

Total U.S. Weekly Storage Level; Bcf

2012

Gas Production

U.S. Production; Bcf/d

2011

2010

2012

2010

Isaac Impact

2012

2010

2011

Source: EIA, internal analysis

Source: Ventyx, internal analysis

Source: Ventyx, internal analysis

Source: Smith Bits, internal analysis

23
23
23
0
20
40
60

80

100

0

20

40

60

80

100

Bal 12E

13E

14E

15E

16E

Hedging Strategies Protect Near-term Value,

Hedging Strategies Protect Near-term Value,

While Retaining Longer-term Option

While Retaining Longer-term Option

%

Revenue

Contracted

3

EWC Nuclear Contracted Revenues

Balance

of

2012E

2016E;

as

of

Jun

30,

2012

Price, \$/MWh

1

Assumes successful license renewal and uninterrupted normal operation at all plants

2

Includes contracted and merchant energy and capacity revenues, based on market prices as of

8/31/12

3

Reflects updated capacity sold forward that removes Vermont Yankee's earlier allocations from

Forward

Capacity

Auctions

for

the

delivery

periods

from

Jun

2013

through
May
2015
%
of
Projected
Revenues
Contracted
1
Under
Contractf
Projected Revenue
(as of 8/31/12)
Optimizing hedge timing,
volumes and products
around POV
Market Price
(as of 8/31/12)
Cap operational and
liquidity risks
Allow for market upside
Cap downside, allow for
market upside
Maximize liquidity,
optimize timing, minimize
transaction costs
Mitigate operational risk,
lower UC costs
Using portfolio length,
including RISEC
Firm
products
with
call
options for post-license
renewal volumes
Optimizing UC / LD mix
Larger volumes of collars
2
Average Revenue
1,
3

24

24

24

Also Ahead, Securing Long-term Operations
Also Ahead, Securing Long-term Operations
at Indian Point, Benefiting Us and the Region
at Indian Point, Benefiting Us and the Region

Study findings

impacts

associated with IPEC's closure

include:

Source: An Assessment of Energy Needs in Westchester County, a study prepared by Howard J. Axelrod, PhD, prepared for The Business Council of Westchester and the Westchester Business Alliance (Sep 7, 2012)

NYISO

identified

multiple

reliability needs during the

study period (2013-2022),

even with IPEC remaining

in service through 2022

If

IPEC

is

retired

in

2016,

reliability violations would

occur immediately (base

case forecast assumptions)

-

Transmission analysis:

thermal violations

-

Under stress

conditions, voltage

performance degraded

Source: 2012 Reliability Needs Assessment

prepared by the New York Independent System

Operator (Sep 18, 2012)

Conclusion:

All alternatives for replacing IPEC are limited and costly each will result in higher electric prices for everyone in New York State... [which] will have adverse impacts on the state's economy...

[Politicians and policymakers] should be

under no illusions that
closing IPEC will be
painless. It will not be.

Source: The Center for Energy Policy and the
Environment at the Manhattan Institute report,
The Economic Impacts of Closing and

Replacing

the

Indian

Point

Energy

Center,

prepared by Jonathan A. Lesser, President,

Continental Economics (Sep 2012)

Higher electric prices

Loss

of

system

reliability

and voltage support

Deteriorating

air

quality

Loss

of

employment

and

economic output

Selected findings:

25
25
25
Entergy
Entergy
The Foundation

Safety, operational
excellence, portfolio
management
What We're Working On

Financial strength and
flexibility
What's Ahead

Actively engaged on
opportunities

26
26
26
Entity
Rating
(Outlook)
1

Rating (Outlook)

1

Entergy

Stable

BBB (Negative)

Baa3 (Stable)

EAI

Stable

A-

(Negative)

A3 (Stable)

EGSL

Stable

BBB+ (Negative)

A3 (Stable)

ELL

Stable

A-

(Negative)

A3 (Stable)

EMI

Stable

A-

(Negative)

Baa1 (Stable)

ENOI

Stable

BBB+ (Negative)

Baa3 (Stable)

ETI

Stable

BBB+ (Negative)

Baa2 (Stable)

SERI

Stable

BBB+ (Negative)

Baa1

Baa2 (Stable)

1

Entergy reflects Corporate Credit / Issuer rating; Operating Companies

reflect Senior Secured ratings

Credit Health Is Important

Credit Health Is Important

Debt to Capital, excluding Securitization Debt

2007

2011; %

Gross Liquidity

(Cash and Cash Equivalents + Revolver Capacity)

2007

2011; \$B

Debt to capital

Year-end storm reserve escrow
account balance

Credit Ratings

57

59

56

55

55

0

20

40

60

80

07

08

09

10

11

3.0

2.6

3.2

3.6

2.7

0

1

2

3

4

5

07

08

09

10

11

27

27

27

Near-term Earnings Affected by Current Low Prices,

Near-term Earnings Affected by Current Low Prices,

Timing of Investment / Rate Actions

Timing of Investment / Rate Actions

Illustrative
2013 EPS Considerations

Preliminary

Driver

Note

Sales

growth /

weather

Regulatory

outcomes

Level of

investment

Non-fuel O&M

expense

Can vary from year to year depending

on timing of expenditures,

asset acquisitions, pension discount rate, etc.

Price

Commodity markets, including prices for energy and capacity, as

well as hedging strategies

Capacity Factor

4 planned RFOs in 2013 vs 3 in 2012

Depreciation,

Decomm

Expenses

Nuclear fuel

trend; spending pressure

Vermont Yankee

Effective income

tax rate

Can vary from year to year and between business segments

(ranged 17%

34%

over last 5 years)

Ongoing expenses (depr, fuel, RFO amortiz) reduced as a result of

2012 impairment

\$0.14 in 2012, \$0.11 in 2013

Declining useful life for nuclear assets, reduction in ARO liability /

decommissioning expense recorded in 2Q12

\$0.16

Investment timing

acquisitions and construction projects can affect

AFUDC, rate actions; Grand Gulf uprate, W3 SGR to be completed in 2012;

See *Regulatory and Investment Outlook* slide

in Appendix I

See *Regulatory and Investment Outlook* slide

in Appendix I

\$(0.09) negative weather YTD 2Q12, \$(0.18) included in revised

guidance midpoint; 1

1.25% normalized weather-adjusted over time

28
In Conclusion
In Conclusion
The Foundation
What We're Working On
What's Ahead

Safety, operational
excellence

Regulatory agenda

Storm recovery

MISO

Transmission business
spin-merge with ITC

Capital plan
management

Regulatory constructs

Safety, operational
excellence

Portfolio management,
hedging strategy

Option value

Nuclear plant license
renewal

Safety, operational
excellence, portfolio
management

Financial strength and
flexibility

Pipeline of strategic
initiatives across the
company that:

Utility

EWC

Entergy

Bank of America Merrill Lynch
2012 Power and Gas Leaders Conference
September 20, 2012
Entergy: Focusing on Today and the Future

30

30

30

Appendix I

Appendix I

Additional Information

Additional Information

31
31
31
Utility
Utility
Regulatory and Investment Outlook
Regulatory and Investment Outlook

Co
Regulatory Calendar / Investment Considerations
EAI

Pending Hot Spring acquisition

File base rate case by 1Q13 (10 month statutory time limit)
EGSL

Outcome of 2011 TY FRP filing (effective 9/1/12)

File base rate case by Jan 2013 (12 month statutory time limit)
ELL

Outcome of 2011 TY FRP filing (effective 9/1/12)

Waterford 3 steam generator replacement project (target in-service year end
2012 and concurrent rate adjustment)

File base rate case by Jan 2013 (12 month statutory time limit)
EMI

Pending Hinds acquisition

Outcome of 2011 TY FRP filing (effective 6/1/12)

2012 TY FRP filing (effective 6/1/13)
ENOI

Outcome of 2011 TY FRP filing (effective 10/1/12)

Seeking extension of FRP that expired with 2011 TY
ETI

\$27.7M base rate increase (effective 6/30/12; ongoing \$0.01/sh impact)

Evaluation of next steps ongoing
SERI

Grand Gulf uprate in rate base beginning with Jul 2012 cost of service
Other

Recovery of Isaac storm restoration costs; some regulatory lag may be
experienced
Utility Rate Actions and Investment Considerations for 2013

32
32
32
0
500
1,000
1,500

2,000

2,500

08

09

10

11

12E

13E

14E

Utility

Utility

Non-fuel O&M Trends

Non-fuel O&M Trends

Utility Non-fuel O&M / Refueling Outage Expenses

2008

2014E; \$M

Historical

Illustrative

Drivers

Varying compensation and
benefit costs (e.g., pension
discount rates)

Increased costs associated
with power plant
acquisitions

Spending on energy
efficiency programs (offset
in revenue)

~2

4%

1

Annual

Growth

Rate

(can vary

by year)

1

Excludes expenses associated with the transmission spin-merge initiative, which are classified as
special
and not included in operational earnings

33

33

33

Northeast Markets

Northeast Markets

Forward Energy and Power Prices

Forward Energy and Power Prices

Northeast Nuclear Fleet Forward Energy Prices

Jan 2011

Aug 2012; Around-the-clock \$/MWh; Excludes Palisades

NYISO Auction-cleared Capacity Prices

For delivery Jun 2010

Oct 2012; \$/kW-mo

Source: Published prices per NYISO

Spot Auction

Monthly

Strip

ISO-NE Capacity Prices

For

delivery

Jun

2010

May

2016;

\$/kW-mo

Source: Published prices per ISO-NE

1

ISO-NE

accepted

VY s

bid

to

delist

for

the

Jun

2015

May

2016

FCA

#6

and

retroactively

for

the

Jun

2013

May

2014

FCA

#4

YTD 2012

\$34

Bal 2012

\$36

At 8/31/12

Cal 2013

\$39

1

Trading in calendar year 2012 forward contracts ended by 12/31/11; the balance of the year price by 8/31/12 reflects the forward through Dec 2012

Source: Derived from third party data service

Forward Capacity Auctions

Reconfiguration Auctions

Monthly Auctions

1

1

34

34

34

Northeast Markets

Northeast Markets

New York Zone A Market Prices and Heat Rates

New York Zone A Market Prices and Heat Rates

NYISO Zone A

ATC Forward Prices (\$/MWh)

NYISO Zone A

Implied Delivered Heat Rate (Btu/kWh)

Source: Derived from third party data service

YTD 2012

~10,800

Bal 2012

~9,800

Cal 2013

~8,700

YTD 2012

\$27

Bal 2012

1

\$32

Cal 2013

\$33

At 8/31/12

At 8/31/12

1

Trading in calendar year 2012 forward contracts ended by 12/31/11; the balance of the year price by 8/31/12 reflects the forward through Dec 2012

Source: Derived from third party data service

25

35

45

55

01/11

04/11

07/11

10/11

01/12

04/12

07/12

6,000

7,000

8,000

9,000

01/11

04/11

07/11

10/11

01/12

04/12

07/12

35

35

35

Northeast Markets

Northeast Markets

New York Zone G Market Prices and Heat Rates

New York Zone G Market Prices and Heat Rates

NYISO Zone G

ATC Forward Prices (\$/MWh)

NYISO Zone G

Implied Delivered Heat Rate (Btu/kWh)

Source: Derived from third party data service

YTD 2012

~12,100

Bal 2012

~11,500

Cal 2013

~10,600

YTD 2012

\$36

Bal 2012

1

\$37

Cal 2013

\$41

At 8/31/12

At 8/31/12

1

Trading in calendar year 2012 forward contracts ended by 12/31/11; the balance of the year price by 8/31/12 reflects the forward through Dec 2012

Source: Derived from third party data service

35

45

55

65

01/11

04/11

07/11

10/11

01/12

04/12

07/12

8,000

9,000

10,000

11,000

12,000

01/11

04/11

07/11

10/11

01/12

04/12

07/12

36

36

36

Northeast Markets

Northeast Markets

New England Market Prices and Heat Rates

New England Market Prices and Heat Rates

ISO-NE MASS Hub

ATC Forward Prices (\$/MWh)

ISO-NE MASS Hub

Implied Delivered Heat Rate (Btu/kWh)

Source: Derived from third party data service

YTD 2012

~9,900

Bal 2012

~9,400

Cal 2013

~8,800

YTD 2012

\$33

Bal 2012

1

\$38

Cal 2013

\$40

At 8/31/12

At 8/31/12

1

Trading in calendar year 2012 forward contracts ended by 12/31/11; the balance of the year price by 8/31/12 reflects the forward through Dec 2012

Source: Derived from third party data service

35

45

55

65

01/11

04/11

07/11

10/11

01/12

04/12

07/12

7,500

8,500

9,500

10,500

01/11

04/11

07/11

10/11

01/12

04/12

07/12

37
37
37
EWC
EWC
Nuclear Fuel Trends
Nuclear Fuel Trends

Nuclear Fuel Projections

2011

2015E;

\$M

1

Uranium Price, Production and Demand

Production

(lbs)

Demand (lbs)

Current Market Price Levels

Appear to Support Sufficient

Future Production Capacity

Price

Source: The Ux Consulting Company, LLC (UxC) (production and demand); Trade Tech (price)

Illustrative

0

150

120

90

60

30

0

250

200

150

100

50

Expense (pre-tax)

Capital Spend

\$5

\$8/MWh

(2012E

2015E)

Note: Assumes successful license renewal and uninterrupted normal operation at all plants

11

12E

13E

14E

15E

05

06

07

08

09

10

11

12E

13E

14E

15E
16E

38
38
38
0
200
400
600

800
1,000
1,200
1,400
08
09
10
11
12E
13E
14E
EWC
EWC
Non-fuel O&M Trends
Non-fuel O&M Trends
EWC Non-fuel O&M / Refueling Outage Amortization
2008
2014E; \$M
Special items
Nuclear
Non-
nuclear
History
Illustrative
Drivers

Varying compensation
and benefit costs (e.g.,
pension discount rates)

Higher NRC fees and new
regulatory requirements

Workforce planning

Acquisition of Rhode
Island State Energy Center
at end of 2011

Note:

Assumes successful license renewal and uninterrupted normal operation at all plants

1

Excludes

VY

impairment

recorded

in

2012,

which

was

classified

as
a
special
and
excluded
from
operational
earnings,
excludes
purchased
power expense
~2
4%
Annual
Growth
Rate
(can vary
by year)
1

39

39

39

Appendix II

Appendix II

Regulation G Reconciliations

Regulation G Reconciliations

40
40
40
Regulation G Reconciliations
Regulation G Reconciliations
Table 1:
Entergy

Consolidated
 Debt
 to
 Capital,
 Excluding
 Securitization
 Debt
 and
 Gross
 Liquidity
 Reconciliation of GAAP to Non-GAAP Measures
 2007
 2011
 (\$ in millions)
 2007
 2008
 2009
 2010
 2011
 Gross debt
 (a)
 11,123
 12,279
 12,014
 11,816
 12,387
 Less securitization debt
 (b)
 330
 310
 838
 931
 1,071
 Gross debt, excluding securitization debt
 (c)
 10,793
 11,969
 11,176
 10,885
 11,316
 Total capitalization
 (d)
 19,297
 20,557
 20,939
 20,623
 21,629
 Less securitization debt
 (e)
 330

310
838
931
1,071
Total capitalization, excluding securitization debt
(f)
18,967
20,247
20,101
19,692
20,558
Debt to capital ratio
(a)/(d)
57.6%
59.7%
57.4%
57.3%
57.3%
Debt to capital ratio, excluding securitization debt
(c)/(f)
56.9%
59.1%
55.6%
55.3%
55.0%
Cash and cash equivalents
(g)
1,254
1,920
1,710
1,294
694
Revolver capacity
(h)
1,730
645
1,464
2,354
2,001
Gross liquidity
(g)+(h)
2,984
2,565
3,174
3,648
2,695

41
41
41
Regulation G Reconciliations
Regulation G Reconciliations
Table
2:

Entergy

Wholesale

Commodities

Non-fuel

O&M

Reconciliation of GAAP to Non-GAAP Measures

2009 and 2010

(\$ in millions)

2009

2010

As-reported Non-fuel O&M

(a)

1,058

1,195

Less Special Items

Non-utility

nuclear

spin-off

expenses

48

117

Total Special Items

(b)

48

117

Operational Non-fuel O&M

(a)-(b)

1,010

1,078

1

Non-fuel O&M is defined as operation, maintenance and refueling expenses, excluding fuel and investments in wind generation accounted for under the equity method of accounting

2

Includes non-utility nuclear spin-off dis-synergies and expenses for outside services to pursue the previously planned spin-off in 2009 and 2010 and the charge in connection with the business unwind in 2010

1

2