



LOUISIANA

Entergy's Edge

**An Interview with Phillip R. May,
President and Chief Executive Officer, Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C.**

EDITORS' NOTE Phillip May joined Entergy in 1986, serving most recently as Vice President of Regulatory Services. Other positions of leadership include serving as Vice President of Transition Management and Managing Director of Corporate Strategic Planning and Analysis. May also has worked as a rates and regulatory affairs engineer; a financial analyst and planner for the former Gulf States Utilities and Louisiana Power & Light, and a negotiator of long-term wholesale power contracts. Prior to joining Entergy, he worked as an engineer assistant with Lafayette, Louisiana's utilities department. May serves on the boards of the Federal Reserve Bank of Atlanta's New Orleans Branch, The Louisiana Nature Conservancy, Teach for America of South Louisiana, and Second Harvest Food Bank. He received a Bachelor of Science degree in electrical engineering from the University of Southwestern Louisiana and a Master of Business Administration from the University of New Orleans. He also completed the mergers and acquisitions program at the Wharton School.



Phillip R. May

COMPANY BRIEF Entergy's Louisiana (entergy-louisiana.com) utility companies provide electric service to more than one million customers through the operating companies Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C., and natural gas service to nearly 93,000 customers in the greater Baton Rouge area through Entergy Gulf States Louisiana. With operations in southern, central, and northeastern Louisiana, the companies are subsidiaries of Entergy Corporation.

What makes this company so special and what are the keys to its success?

It starts with our employees and their commitment to customers, which is to provide reliable service at the lowest reasonable cost. Over the years, our strategies have evolved making it possible to provide customers with more control, choice, and convenience.

Our smartphone apps put important information directly at our customer's fingertips, empowering them with the latest account and outage information via text messages, phone calls, and e-mail. We also deliver information through our official social media channels, and we have an interactive 'View Outages' map on our website where, if a customer's power is down, they can see down to the street level how quickly their power will be restored.

Because of these efforts, over the past two years, we have been ranked number one by J.D. Power and Associates as providing the best proactive outage communication in the industry.

We have also won an award from the Edison Electric Institute for the past 16 consecutive years for our storm restoration work or for the assistance we offered to other utilities during inclement weather events.

How critical have your investments in technology been?

Technology is among the key differentiators in our industry. We strive to offer service 100 percent of the time, but sometimes nature intervenes. Our technological investments in outage notifications allow our customers to properly plan for those short and long-term outages. It also lets them know that we are on the job, and working to get their lights on as safely and as quickly as possible.

Technology is also fueling more efficient and cleaner generation methods. We are very close to opening Ninemile 6, a state-of-the-art, 550-megawatt combined-cycle, dual-fuel capable gas turbine unit, which will save our customers \$26 million to \$53 million per year in fuel savings.

How broad is your service area in Louisiana?

We essentially serve the southern half of Louisiana, so from the toe of Louisiana to the heel if you will, and we also serve the northern and eastern portion of that boot.

On the southern end of the service territory along the Gulf Coast, we're seeing a lot of growth in energy-intensive industries such as chemical manufacturers, refineries, pipelines, gas-processing, etc., which is driving an industrial renaissance in Louisiana.

How have you managed rates and costs?

It has been challenging to maintain reasonable rates for the industry in general as sales have slowed. The slowdown in growth for us began with the recession in 2008.

The problem for our industry is that many of our input costs are rising at a fast rate, so with sales growth being flat and growing cost pressures, there are things utilities have to do to continue to provide reasonable service at low cost.

We are fortunately in a unique situation compared to many of our peer utilities. We are seeing an unprecedented level of growth going on in our service territory because of an enormous competitive advantage that the U.S. has on the

price of energy. This includes natural gas, which is being driven by the shale gas revolution, which has changed the global competitive landscape for energy-intensive industries.

As a result, the Gulf Coast, and particularly the state of Louisiana, is leading the industrial renaissance that is underway. U.S. shale gas has had a major impact on driving down the price of natural gas, which we are likely to continue to see in the future.

The U.S.'s global competitiveness for industrial electricity prices has been equally transformed. For instance, the U.S. now has lower industrial prices than most of our major trading partners. Even better, industrial rates in Louisiana are even more competitive, generally being 20 percent or more below the U.S. average.

We anticipate that our rates will remain relatively low compared to the rest of our global competitors thanks to low-cost gas and other measures we've put in place in recent years to control costs.

One of the key steps was our decision to join MISO, the Mid-Continent Independent System Operator, which will more efficiently dispatch our generation system and produce large savings for our customers. We joined at the end of 2013 and we anticipate that over the next 10 years, half a billion dollars will be saved for our Louisiana customers alone.

Also, we are about to put a new combined cycle gas turbine generator – a \$700-million project on the West Bank of the Mississippi River – into service that will provide cleaner and more efficient power to our customers.

So it's not just gas prices alone but also wise business decisions that are giving us the ability to keep prices low.

Is Louisiana supportive of the needs of business?

Yes. In an effort to make us more competitive, our state government instituted reforms to improve ethics, foster greater economic development, expand outreach to customers, and create more workforce training. It's important to note that with the world-class industries we have in this region, we don't only compete against other states in other parts of the country; we compete on a global scale.

The other advantages are our infrastructure and our low energy prices. We also have deep-water ports needed by many of our industrial customers. This unrivaled infrastructure in terms of pipelines allows folks across the seas to conveniently get the products they need from us. ●