



BACK *to the* **FUTURE**

Utility Business
Strategic Plan
2008-2010



Entergy®



A Message from Gary Taylor

What do Apple computers and the New York Giants have in common? At one point they faced a critical need to change and their responses made the difference between success or failure.

Quality decisions lead to success in our business, too. Have you heard about the Fortune 500 company that reduced customer calls by over 1 million last year, saving \$7 million in costs? Or, the utility that put a tool in place to eliminate all pole falls, preventing injuries and possibly deaths? Or, the company that implemented an automated meter reading process in areas where access is difficult?

Entergy is that company. And those creative, results-driven initiatives came from the efforts of you, Entergy utility employees, and employee-based process improvement programs like ECI.

But Entergy has reached a new fork in the road. Ten years ago, we implemented the "Back to Basics" initiative to renew our commitment to our core business. But now we must decide whether we are satisfied with being just one of the best? Or do we have what it takes to actually become the best in our industry?

I believe each employee wants to work for the best company in the industry. So, the leadership team has been working the past few months on a three-year strategic plan that spells out specific areas we must address to reach the level of success this company wants while dealing with the clear challenges before us. Challenges such as slow sales growth, rising costs and the need to increase capacity while updating our aging infrastructure. We must move beyond "Back to the Basics."

We must go "Back to the Future."

We are focusing on six key areas: Safety, Maximize Employee Performance, Customer Strategy, Achieving a More Efficient Business, Regulatory Strategy/Execution and Utility Company Growth.

Two perfect examples of "Back to the Future" projects are the efforts to automate employee data collection for emergency notifications and the automated design tool for new additions to our distribution system. These projects are the kind of efficiencies we are looking for. And, they came from the minds of employees dreaming of a better work place to serve our customers more effectively.

Another example is the ECI program. This program will help maximize employee performance and will support employee-led efforts in our "Back to the Future" initiative.

To execute this plan will require focus and effort on everyone's part and that includes you. We need your help to make this plan become a reality. It needs to be your plan, too. You can start letting us know what we may have missed and help us find ways to accomplish the tasks. More importantly, you can keep focusing on the plan's goals and desired states.

Ladies and gentlemen, it's time to start your engines.

A handwritten signature in black ink that reads "Gary". The signature is stylized with a large, sweeping underline that loops back under the first letter.

Gary Taylor
Group President, Utility Operations

The logo features the words "BACK to the FUTURE" in a bold, black, sans-serif font. The word "to" is in a smaller, lowercase font. A large, thick red arrow curves from the bottom left, pointing towards the word "FUTURE".

UTILITY OPERATIONS: Future Direction

The utility industry and the customers we serve are changing. Technology continues to expand, both affecting our equipment and how we will need to interface with our customers. Employees, customers and shareholders want us to be predictable and do what we say we will do. Unfortunately our service territory is challenged with slowing sales growth and our industry is facing increasing costs. Additionally, we are also faced with the environmental effects of generating power.

Contained within each of the six focus areas are specific critical elements which support the attainment of our 2010 goals. In order to be successful in the future we must:

- Live safe and healthy lives
- Drive continuous improvement as “the way we work”
- Be predictable: “Promises Made Are Promises Kept”
 - Employees
 - Customers
 - Shareholders
- Exceed our customers expectations
- Mitigate an increasing cost structure
- Equip our employees for a changing industry
- Take innovative steps to increase earnings
- Attract our work force of the future
- Improve our customers’ quality of life
 - Positively impact our low income customers
 - Protect the environment for future generations

Our Aspirations

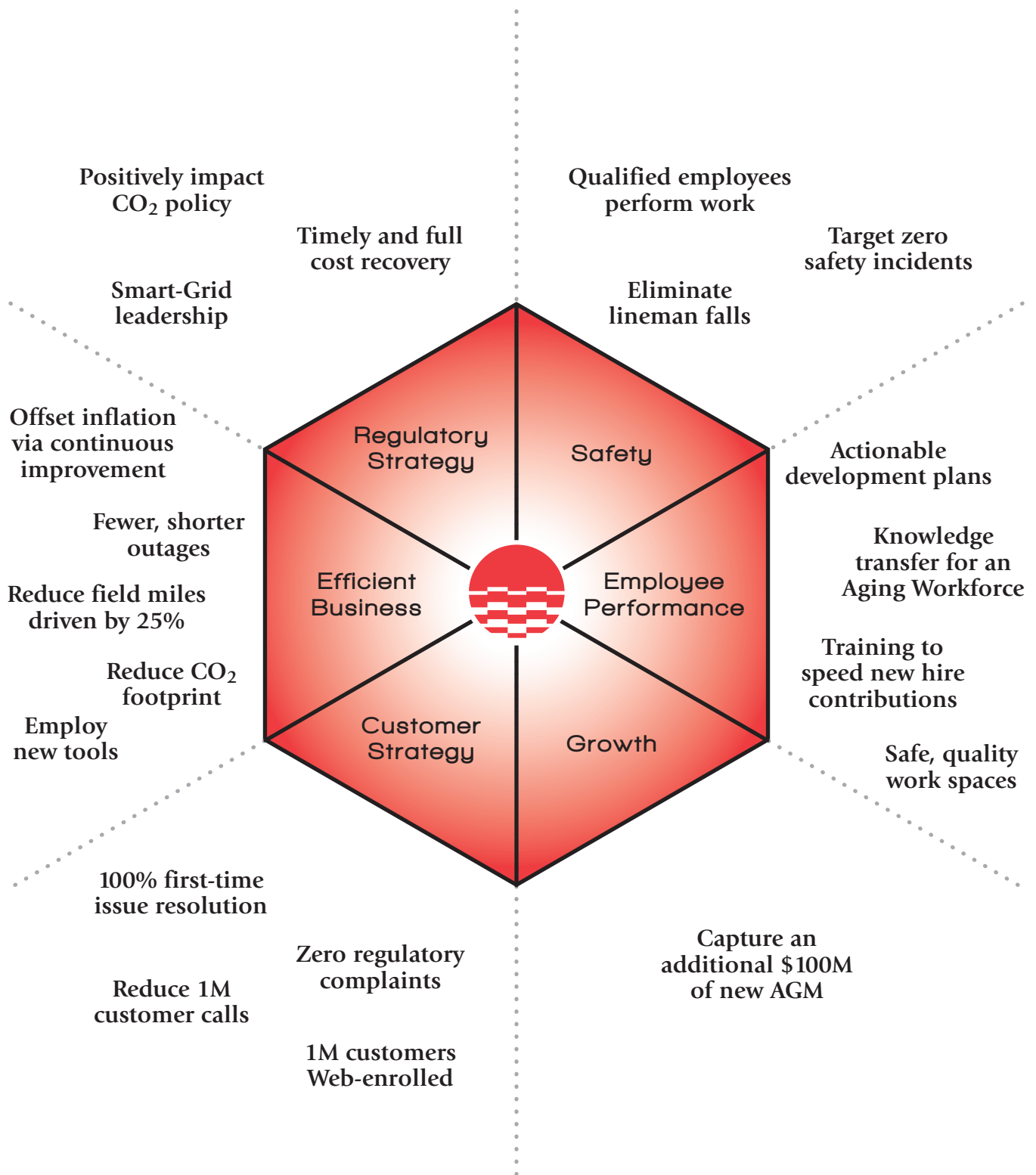
Today, and for the foreseeable future, we face rising costs which are outpacing sales. We are spending more to increase our capacity to serve customers while updating our aging infrastructure. As customer expectations continue to rise, cost pressures could strain our regulatory relationships. Through customer-focused solutions, transforming how we generate and buy power and partnering with business, government and regulators, we can improve the quality of life in the communities we serve while maintaining competitive prices. A strong customer focus with employees as the foundation will help us better utilize our assets and create industry-leading value for our customers, employees and shareholders.

We will focus on the following:

- Human behaviors that minimize exposure and eliminate injury
- An employer of choice in a workforce-constrained industry
- Top quartile in customer satisfaction
- Industry leader in business efficiency
- Financial performance with reduced regulatory risk that grows EPS at 6-8% a year
- Customer focused culture which achieves strong revenue growth

Through these efforts, we will become a leader in the electric and gas utility industry.

Six Focus Areas for 2010 and Beyond...



FOCUS AREA: **Safety**

FOCUS AREA OWNERS: Hugh McDonald | Ronnie Jacob

Utility operations aspires to be a world-class leader in safety performance and provide its employees with a quality, accident-free workplace. Although utility operations has improved its safety performance over the last several years, current safety performance has plateaued and in some cases lost ground.

To develop our **safety** focus area, we must:

- Achieve safety excellence through a “Live Safe and Healthy” way of life
- Establish clear expectations and accountability for safety leadership
- Realize a “Target Zero” safety philosophy
- Institute processes for promoting open communication and for sharing and implementing best practices
- Deliver a best in class training program integrated with human performance tools

By these actions we will establish:

Human behaviors that minimize exposure and eliminate injury.

Critical Elements

In order to achieve our safety goals, and become a world class utility operations group in safety performance, the following outcomes must be realized:

Safety Leadership

Leaders must be passionate about safety, hold themselves accountable for the safety of their employees and hold safety as the highest priority every minute of every day.

Target Zero Philosophy

We must instill a culture where every employee and contractor believes in and achieves “Target Zero.”

Educated Workforce

We must educate employees so they truly understand “why” safe practices and policies need to be followed. An educated workforce is a safe workforce. Employees must use tools to effectively prevent errors. If not, the risk of errors increases.

Hazard Identification/Mitigation

Hazard assessments are a critical tool in the Personal Protective Equipment (PPE) tool bag. We must not only identify the hazard, but also take steps to mitigate or eliminate it.

Contractor Safety

Contractors, as an extension of our work force, must ensure a safe working environment for their employees.

Enhanced Safety Culture

We need a safety culture in which employees are safety committed, not just safety compliant. We expect employees to embrace a “Live Safe and Healthy” attitude.

Inspirational Goals

We will aspire to achieve the following:

- **Target zero employee and contractor safety incidents**
- **Eliminate lineman falls**
- **Only qualified employees perform work**

FOCUS AREA: Maximize Employee Performance

FOCUS AREA OWNERS: Rod West | Jennifer Raeder | Sandy Alstadt

Utility operations' goal is to be an employer of choice — a place where people want to work. Practices, policies, benefits and overall work conditions should successfully attract, retain and motivate talented employees.

To develop our **maximize employee performance** focus area, we must:

- Implement a strategy that addresses the work force of the future
- Establish a training and development program that addresses skill gaps for all employees
- Address engagement gaps identified in employee survey

By these actions we will become:

An employer of choice in a workforce-constrained industry.

Critical Elements

In order to achieve our goal of being an employer of choice in a workforce-constrained industry, the following outcomes must be realized:

Work Force Planning

We must have a cohesive, comprehensive workforce plan, based on the needs of each business unit and the strategic plan for the utility as a whole.

Work Force Recruitment

We must collaborate with government, industry and academic partners to shape the skills of the future work force and to ensure fulfillment of our work force plan.

Technical Skills Training

We must educate employees so they can optimize their effectiveness on the job. An educated work force is a safe, high-performing and quality work force.

Continuous Improvement

We must embed in our culture a systematic approach for achieving continuous improvement that engages all employees and drives us to achieve our goals.

Diversity

We must instill a winning culture by creating an environment that fosters creativity, productivity and mutual respect for all people.

Employee Engagement

Our employees must be energized, involved, empowered and committed to positive actions that position the company for success. They must trust leadership, understand our strategic plan and work to achieve our strategic goals.

Inspirational Goals

We will aspire to achieve the following:

- **Ensure actionable development plans for employees linked to business results**
- **Develop knowledge transfer plans to anticipate an aging workforce**
- **Shorten time to qualify new employees to make positive contributions**
- **Ensure every employee has a safe, quality work space**

FOCUS AREA: Customer Strategy

FOCUS AREA OWNERS: Carolyn Shanks | Laura McManus

Greater customer expectations, higher energy prices, developing technologies and environmental sensitivities drive the need to focus on and provide greater value to customers. The challenge is to continue to live up to increasing customer demands and provide superior customer service that ranks in the top quartile among electric and gas utilities.

To develop our **customer strategy** focus area, we must:

- Be much easier to do business with; customers must perceive they are receiving value and innovative solutions
- Create a multi-channel approach (Web, telephone, mail, face-to-face, etc.) based on the voice of our customer
- Integrate the customer experience into the budgeting process
- Proactively communicate with customers to develop a strong brand position
- Engage employees in a customer-centric focus that becomes part of employee beliefs and behaviors

By these actions, we will establish:

Entergy in the top quartile of customer satisfaction.

Critical Elements

In order to achieve our customer strategy goals and be top quartile in customer satisfaction, the following outcomes must be realized:

Customer-Focused Culture

Implement a “customer-focused” culture change program featuring communication, education and training.

Customer Communications

Build and implement an umbrella campaign to forge stronger customer relationships and understanding through consistent and proactive communications.

Positive Customer Experience

Improve existing capabilities while evaluating future customer experience improvements to enhance the convenience of customer interactions and transactions, expanding current customer interface activities.

Understanding Expectations

Develop a sustained program for mining, collecting and storing “Voice of the Customer” intelligence to strengthen customer/community relationships, make better business decisions and support growth.

Advanced Metering Infrastructure

Evaluate and implement advanced meter infrastructure to improve business operations and the customer experience.

Providing Safe and Reliable Service

Optimize investment on reliability based on customer expectations, regulatory benefit and other measures.

Inspirational Goals

We will aspire to achieve the following:

- **Reduce 1M agent-assisted customer calls**
- **Enroll 1M customers for Web use**
- **Achieve 100% first-time customer issue resolution**
- **Target zero controllable regulatory complaints**

FOCUS AREA: **Efficient Business**

FOCUS AREA OWNERS: Joe Domino | William "Rusty" Burroughs | Greg Grillo

Opportunities exist within utility operations to eliminate waste and deliver efficiency improvements. Employees must be directly involved to drive a culture change where improvement is "the way we work."

To develop our **efficient business** focus area we must:

- Engage all employees in ECI to eliminate waste and implement efficiency improvements
- Improve and map core utility operations processes
- Effectively benchmark and implement best practices to produce desired results
- Use technology to drive business efficiency and customer satisfaction
- Establish metrics and use the measurements to drive changes in performance

By these actions, we will become:

An industry leader in business efficiency and customer satisfaction.

Critical Elements

In order to achieve our efficient business goals and become an industry leader in business efficiency, the following outcomes must be realized:

Elimination of Waste

We must focus on eliminating waste. This will have a profound effect on the quality of service and products we provide to our customers.

Effective and Efficient Processes

We must employ sustainable processes that maximize our effectiveness and efficiency as we conduct our daily business.

Disciplined Resource Allocation

We must adopt a prioritized approach to effective fiscal management of capital and operating resource needs that are aligned across the utility group and support achievement of our financial and operational aspirations.

Continuous Improvement Culture

ECI provides the guidance, structure and tools to enable a culture of continuous improvement. We need employees to provide the inspiration and embrace ECI as "the way we work."

Performance Management

We must establish performance metrics and a continuous review process utilizing standard internal and industry benchmarks that establish appropriate targets to support achievement of our desired industry leader level of performance.

Benchmarking and Best Practices

We must identify, understand and compare the best practices and processes of other industry leaders and seek effective ways to emulate their "best practice" successes.

Inspirational Goals

We will aspire to achieve the following:

- **Reduce field miles driven by 25% to lower costs and emissions and enable higher customer service levels**
- **Ensure all operating practices fully reflect opportunities to reduce CO₂**
- **Target fewer, shorter customer service disruptions**
- **Employ new tools and technologies to gain business efficiencies**
- **Offset labor and material inflation through continuous improvements**

FOCUS AREA: Regulatory Strategy / Execution

FOCUS AREA OWNERS: Phillip May | Jay Lewis

Large investment in utility operations' wires and generation functions are necessary to maintain customers' quality of service and meet growing capacity needs. Specific strategies will secure recovery, minimize rate recovery lag and achieve appropriate risk/reward trade-offs with regard to Entergy's return on equity targets while maintaining competitive prices for our customers.

To develop our **regulatory strategy** focus area, we must:

- Improve processes for aligning capital and O&M with risks/opportunities
- Integrate financial and regulatory models to serve as both strategic and tactical tools
- Establish a successor agreement to meet future planning needs of the utility
- Get formula rate plans/annual earnings reviews approved to reduce regulatory lag
- Streamline rate case processes and cost support to improve regulatory execution
- Develop new utility incentives for cost-savings sharing
- Initiate legislation/policies to expedite recovery for significant projects
- Educate and gain support for the corporation's principles on carbon policy

By these actions, we will achieve:

Financial performance with reduced regulatory risk that grows EPS at 6-8% per year.

Critical Elements

In order to achieve our regulatory goals and reduce regulatory risk, the following outcomes must be realized:

Understanding Industry Trends

We must strive to sharpen our strategies and tactics through an understanding of key industry trends and cutting-edge regulatory policy. These trends will be used to identify risk and opportunities to drive best practices and regulatory execution.

Better Together

In conjunction with the industry trends initiative, we must facilitate inter-jurisdictional information sharing and strategy collaboration to perfect regulatory strategies and tactics that balance risk/reward tradeoffs while achieving our corporate financial aspirations.

Automated Rate Case

We must streamline our processes and seek opportunities to automate our rate case preparation. Our ultimate aim is to increase productivity while ensuring accuracy in a way that leverages our regulatory talent.

Integrated Regulatory and Legislative Strategies

We must leverage our regulatory agenda by further integrating legislative strategies/actions to achieve business results while mitigating risks.

Enhanced Financial Planning

We must join finance to improve the quality and accuracy of the company's business plan, advancing the effectiveness of the plan as a management tool.

Successor "System" Agreement

We must develop a successor to the system agreement that achieves the benefits of coordinated operations while minimizing the litigation that has resulted under the current agreement.

Inspirational Goals

We will aspire to achieve the following:

- **Assure timely, full recovery of invested capital**
- **Position the company to positively effect future CO₂ regulation**
- **Deploy environmentally responsible regulatory and legislative strategies that embrace Smart-Grid technologies and Demand Side Management (DSM)**

FOCUS AREA: Growth

FOCUS AREA OWNERS: Renaë Conley | Ed Melendreras

Entergy faces slowing growth and an increasing cost structure due to its generation fleet and transmission system reaching capacity in many areas. Through customer-focused solutions, power supply portfolio transformation and partnerships with business and government, the company can improve the quality of life in the communities served while keeping prices competitive and growing our business.

To develop our desired **growth** in the business, we must:

- Transform our generation portfolio that benefits customers and earnings growth
- Integrate and align an approach across Entergy to enhance the attraction of new business and existing customer expansion opportunities
- Establish partnerships that increase economic growth by addressing quality of life and business climate issues
- Create a customer-focused environment that supports a portfolio of products and services that optimize the use of our assets

By these actions, we will become:

A customer-focused culture which achieves strong revenue growth.

Critical Elements

In order to achieve our growth goals and ultimately achieve our financial aspirations, the following outcomes must be realized:

Economic Development

We must improve the competitiveness of the states and communities we serve in order to attract new businesses, expand our existing businesses and increase revenues.

Energy Efficiency

We must offer cost-effective programs that reduce the overall cost of meeting our customers' demands for electricity, enhance customer satisfaction and support low-income and sustainable initiatives (environmental, social and financial).

Wholesale Sales

We must develop a regulatory model that allows us to aggressively pursue new and existing wholesale revenues.

Products and Services

We must develop, market and sell products and services that meet customers' needs, optimize our resources and create revenue enhancement.

Competitive Pricing

We will improve our price competitiveness through the transformation of our generation portfolio, energy efficiency, increased economic growth and an integrated and aligned approach to the growth strategy.

Revenue Assurance

We must ensure that we bill and collect all the revenues — metered revenues, unbilled revenues and non-metered revenues (i.e. distribution services, pole attachments and revenues not tied to meter points.)

Inspirational Goals

We will aspire to achieve the following:

- **Capture an additional \$100M of AGM**



THE POWER OF PEOPLESM