

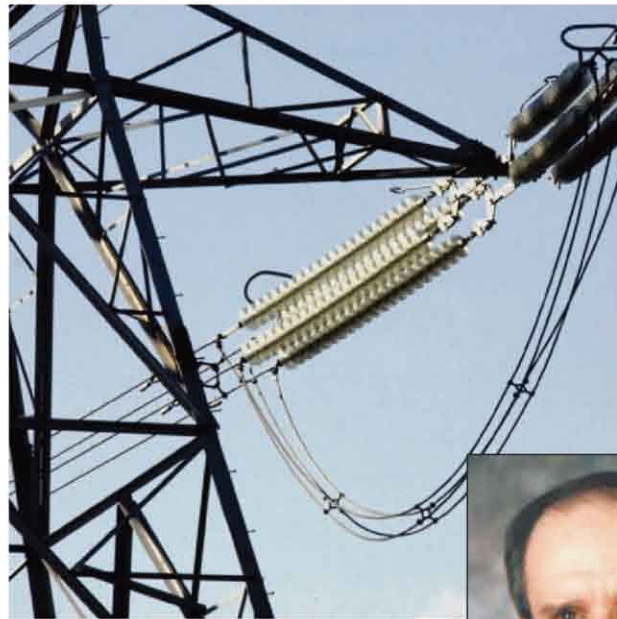
Powering the Future

Entergy Texas CEO Joe Domino

Meeting the energy needs of Southeast Texas today and in the years to come is an essential task for Entergy Texas, the corporation that supplies most of the electricity generated in the region to meet the needs of residential and business consumers.

Joe Domino started as planning engineer in 1970 with Gulf States Utilities – which merged with Entergy in 1994 – and has been president and CEO of Entergy Texas since 1998. He spoke to the Business Journal about the recent Entergy Texas proposal to become a member of the Midwest Independent Transmission System Operator (MISO), one of the largest regional transmission organizations (RTO) in the United States.

—James Shannon



Joe Domino

Let's start with the basics. What's an RTO?

James, before I answer your first question, I'd like your readers to know that we spend a lot of time thinking about meeting the energy demands of our customers. For more than a decade, Entergy has been considering more cost efficient options to move massive amounts of power around our region. A number of years ago, with the encouragement of the federal government, regional transmission organizations came into being to more efficiently manage the flow of electricity on the high voltage lines over large, well-defined geographic areas. Entergy now is proposing to turn over the day-to-day control and operation of its transmission system to one of these capable, independent third-party operators.

Why is Entergy proposing to join MISO?

We considered several options, but after careful analysis concluded MISO offers Entergy customers greater reliability and value. We estimate Entergy customers will save \$1.4 billion over the next 10 years with about \$200 million flowing back to customers here in Southeast Texas.

Explain how Entergy Texas customers will save money.

Much of the benefit will come from production cost savings. By this I mean lower fuel expenses required to produce electricity. MISO has what's known as a Day 2 market. The market operates much like a stock exchange, with market participants establishing a price for electricity by matching supply and demand. This is clearly one of those rare instances where big-

ger is better and the benefits of Entergy's participation in a much larger electricity market will flow back to our customers in Southeast Texas.

You talked about reliability. How will joining MISO improve service and reliability?

Membership in MISO will provide Entergy customers access to power plants throughout the Midwest and a wide diversity of plentiful fuel sources from coal to natural gas and renewables, like wind power. MISO presently serves many utilities, large and small, in 13 U.S. states and the Canadian province of Manitoba.

Now when it comes to service, let me make one thing clear. Entergy Texas will continue to own and be responsible for maintaining its transmission lines. The same is true of our distribution lines running through our cities and rural areas. Make no mistake — when the "lights go out," we will have the same responsibility and commitment as we do today to restore your power just as quickly and safely as possible.

What if we experience another hurricane?

That's a great question. Entergy Texas will deploy all available and essential resources to get the region back on its feet. We will not hesitate to bring in 10,000 or more linemen and support crews as we did

following Hurricanes Rita and Ike. MISO, with its expertise in obtaining power and routing along the path of least congestion, will only enhance our overall storm restoration and recovery efforts.

What's the timeline for joining MISO?

We are looking at joining MISO during the later part of 2013. Prior to this, we must submit what's known as a Change of Control filing with the Public Utility Commission of Texas. At the end of the day, no matter the outcome, the retail rates of Entergy Texas and its sister utility companies in Arkansas, Louisiana and Mississippi will remain fully regulated by our state public utility commissions. Eventually, the proposal will make its way to Washington, D.C. and be carefully considered by the Federal Energy Regulatory Commission.

Is everyone in favor of Entergy joining MISO?

As you can imagine, anything that changes the way we operate today in such a fundamental way requires a lot of careful study and deliberation. We are hopeful that after Entergy and MISO have opportunities to present

the facts to our regulators and other stakeholders, a solid consensus will emerge that membership in MISO is the best way to provide the most reliable power at the lowest reasonable cost.

Joe, you've done a good job breaking this down for our readers. In short, can you summarize the benefits of joining MISO?

Joining MISO, one of the largest and most successful regional transmission organizations in the United States, really comes down to three things for our residential, commercial and industrial customers: increased reliability, lower costs and greater access to a more diverse supply of electricity. MISO brings more options, more infrastructure, more efficiency and more experience that will enhance our electric supply. We believe it is the smart choice for Entergy's customers. ■