

ENTERGY CORP /DE/
Form 425
July 10, 2013

Texas Coalition of Cities
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Subject Company: Entergy Corporation

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Safe Harbor Language & Legal Disclosure

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ITC Forward-Looking Information

This document and the exhibits hereto contain certain statements that describe ITC Holdings Corp. (ITC) management 's beliefs about future business conditions and prospects, growth opportunities and the outlook for ITC 's business, including ITC 's business in the transmission industry based upon information currently available. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Wherever possible, ITC has identified these forward-looking statements by v

anticipates, believes, intends, estimates, expects, projects and similar phrases. These forward-looking statements are based on assumptions ITC management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which may cause ITC's actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among other things, (a) the risks and uncertainties disclosed in ITC's most recent Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the "SEC") from time to time and (b) the transactional factors (in addition to others described elsewhere in this document, in the prospectus included in the registration statement on Form S-4 that was filed by ITC with the SEC in connection with the proposed transactions): (i) risks inherent in the contemplated transaction, including: (A) failure to obtain regulatory approvals necessary to consummate the transaction or to obtain regulatory approvals on the terms; (B) the ability to obtain the required financings; (C) delays in consummating the transaction or the failure to consummate the transactions; and (D) exceeding the expected costs of the transactions; (ii) legislative and regulatory actions, and (iii) conditions in the markets during the periods covered by the forward-looking statements.

Because ITC's forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond ITC's control or are subject to change, actual results could be materially different from those expressed in, or implied by, any or all of ITC's forward-looking statements may turn out to be wrong. They speak only as of the date made and can be affected by changes in ITC's business or by known or unknown risks and uncertainties. Many factors mentioned in this document and the exhibits hereto, including annual and quarterly reports will be important in determining future results. Consequently, ITC cannot assure you that ITC's estimates and forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as otherwise stated, ITC undertakes no obligation to publicly update any of ITC's forward-looking or other statements, whether as a result of new information, future events, or otherwise.

The transaction is subject to certain conditions precedent, including regulatory approvals and the availability of financing. ITC cannot give any assurance that the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which the transactions will be consummated.

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Entergy Forward-Looking Information

In this communication, and from time to time, Entergy makes certain forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. Except to the extent required by the federal securities laws, Entergy undertakes no obligation to 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 expected.

in the forward-looking statements, including (i) those factors discussed in Entergy's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings made by Entergy with the SEC; (ii) the following transactional factors (in addition to those described elsewhere in this communication, in the prospectus included in the registration statement on Form S-4 that was filed with the SEC in connection with the proposed transactions) involving risks inherent in the contemplated transaction, including: (1) failure of its shareholders to recognize the expected benefits of the transaction, (2) failure to obtain regulatory approvals necessary to consummate the transaction or to obtain regulatory approvals on favorable terms, (3) the ability of Entergy, Mid South TransCo LLC ("TransCo") to obtain the required financings, (4) delays in consummating the transaction or the failure to consummate the transaction, and (5) exceeding the expected costs of the transaction; (iii) legislative and regulatory actions; and (iv) conditions of the capital markets during the period covered by the forward-looking statements. The transaction is subject to certain conditions precedent, including regulatory approvals and the availability of financing. Entergy cannot provide any assurance that the transaction or any of the proposed transactions related thereto will be consummated. Entergy can give no assurances as to the terms on which such transactions will be consummated.

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Additional Information and Where to Find It

ITC filed a registration statement on Form S-4 (Registration No. 333-184073) with the SEC registering the offer and sale of stock to be issued to Entergy shareholders in connection with the proposed transactions. This registration statement was declared effective by the SEC on February 25, 2013. ITC shareholders are urged to read the prospectus included in the ITC registration statement and other relevant documents because they contain important information about TransCo and the proposed transactions. In addition, Tra

registration statement with the SEC registering the offer and sale of TransCo common units to be issued to Entergy shareholders with the proposed transactions. Entergy shareholders are urged to read the prospectus included in the ITC registration statement and prospectus to be included in the TransCo registration statement (when available) and any other relevant documents, because they contain important information about ITC, TransCo and the proposed transactions. The registration statements, prospectuses 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. 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 (363-3727) or upon written request to ITC Holdings Corp., Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000.

Benefits of the ITC/ETI Transaction
Recognized by Coalition's Consultant

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Increased transmission investment in ETI service area

Results
in
improved
reliability,

reduced
transmission
congestion
and
resulting
costs, and improved access to markets for ETI customers
Independent ownership of transmission eliminates any perception of bias in
transmission planning and operation
Increased service quality due to ITC's singular focus
on transmission

Expected to provide benefits through improved reliability and reduced cost of
operations
Lower interest cost on debt due to the financial strength and credit quality of ITC
ITC's increased buying power
ITC's sound storm response

ITC/Entergy Amended Proposed Commitments
ETI
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Actual
WACC
Effects
means
the

difference
in
EOC
retail
WACC
as
of
December
5,
2011
and
actual
ITC

WACC applied to the ITC Rate Base and adjusted for each EOC retail impact only

Requires ITC and Entergy to demonstrate that the annual benefits
of the
transaction exceed the annual Actual WACC Effects* of ITC ownership

Customers continue to receive rate mitigation until such time as
the annual
benefits
of
ITC s
ownership
(as
determined
through
independent
3
rd
party
assessment) exceeds the annual WACC effects

Fundamental shift in rate mitigation construct to ensure customer protection

ITC and Entergy bear risk until benefits of ITC ownership are calculated and
demonstrated

Must deliver tangible and quantifiable benefits

Rate Mitigation Plan

Annual rate mitigation funds for first 5 years is based on estimated retail WACC effects

ETI: \$77 million (combination of wholesale rebates, retail bill credits and net avoided costs associated with Entergy System Agreement Transmission Equalization Payments)

Additional rate mitigation over first 3 years to offset the timing effects of moving

from a historical test year to a forward looking test year

ETI: \$13.1 million

Benefit test will be conducted in year 5

If the annual benefits under ITC ownership exceeds the annual Actual WACC Effects, rate mitigation ceases

If annual benefits under ITC ownership are less than annual Actual WACC Effects, rate mitigation continues until such time as annual benefits exceed the annual Actual WACC effects

Future rate mitigation will reflect the portion of the WACC effects not offset by the benefits achieved under ITC ownership

Entergy's
responsibility

for
sharing

in
rate
mitigation

ceases

at
end

of
year

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ETI

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ETI

Rate Mitigation Plan (cont.)

If at the end of year 5, the annual benefits of ITC ownership are not found to exceed the annual Actual WACC Effects, ITC will perform subsequent benefits test(s) for any annual period, at its discretion

If annual WACC effects exceeds annual benefits in any measurement period, a true-up calculation will be made

Additional rate mitigation will be provided if actual Annual WACC Effects less demonstrated annual benefits exceed rate mitigation provided

Other commitments and conditions to address transmission planning, jurisdictional oversight, regulatory relations, information requests and other identified concerns of the parties

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Three Components of Benefits Test:
ITC/Entergy Amended Proposed Commitments
Benefits Test
Improved
System
Performance
Improved
System

Economics
Not Readily
Quantifiable
Benefits
<=45%
weight
No limitation
=10%
weight
Outage Frequency
Outage Duration
Asset Care Plan
Congestion and Fuel Savings
Reduction in Operating Reserves
Reduction in Reserve Margin
Reduction in T-Line Losses
Storm Hardening
Economic Development
Jobs
Community partner
Increased load serving capability
Reduced CO2 emissions
Etc .
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ERSC (or successor) and ITC will mutually agree on the selection
of independent
3
rd
party evaluator to conduct Benefits Test

Independent
3

rd
party
evaluator
will
conduct
Benefits
Test
in
year
5

ITC will submit results of Benefits Test to each jurisdiction

If annual benefit calculation exceeds annual Actual WACC Effects, rate mitigation ends

If annual benefit calculation is less than annual Actual WACC Effects, rate mitigation of the WACC effects continues (net of the percentage of annual Actual WACC Effects offset in the benefit calculation)

ITC may conduct additional Benefits Test(s) for any future annual period in order to demonstrate that annual benefits exceed annual WACC effects

If met, rate mitigation would cease

If not met, rate mitigation of the WACC effects continues (net of the percentage of annual Actual WACC Effects offset in the last benefit calculation)

ITC/Entergy Amended Proposed Commitments

Benefits Test

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ITC/Entergy Amended Proposed Commitments

Other

Commitment to securitize storm costs above
\$100 million

Joint ITC and Entergy storm plans,
vegetation management plans, and storm
drills

Most Favored Nations Clause

ITC will operate in full compliance with all applicable legal and regulatory requirements

Access to ITC books and records

Designated ITC representative

Commitment to review any future rate filings in advance with PUCT

Funding of necessary PUCT litigation expenses to participate in ITC related matters

Abide by all applicable MISO conditions, subject to certain restrictions

Open, transparent, information sharing on capital investment program and rate posting

Solicit input and collaborate with PUCT on future transmission needs

Abide by state certification and siting authority

Submit report on transmission system needs, including congestion study

Commitment to local presence, use of local workforce, and civic and charitable support

No recovery of Goodwill

No recovery of ITC transaction costs, unless approved by FERC

No recovery of Entergy incremental costs associated with transaction

PUCT will determine ratemaking mechanism for ETI's recovery of ITC costs

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ITC/Entergy Amended Proposed Commitments
Addresses Key Stakeholder Concerns

The settlement proposal protects customers through ongoing rate mitigation and true-up until such time there is a demonstration of benefits under ITC ownership, validated by an independent 3rd party

Customers will achieve and realize system performance improvements, improved system economics and other not easily quantifiable benefits

ITC and Entergy committed to ensuring joint coordination and response to catastrophic events

Jurisdiction continues to have extensive participation, review and authority, including participation in ITC's and MISO's planning processes, siting authority, service quality requirements

ITC commitments demonstrate its dedication to work with all stakeholders
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ITC Corporate Responsibility
Looking Forward
To Joining The Texas Business Community
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Health & Wellness

Disaster Relief Support

Employee-sponsored Casual for
the Cause
Charitable giving program

Education

Environmental Stewardship

Social Services
Community relations
Environmental Stewardship
Partnerships:

U.S.
Environmental
Protection
Agency
(EPA)

SF
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Team
Leadership
Award

U.S.
Fish
and
Wildlife
Service

Invasive
species
control
(Phragmites)

Arbor
Day
Foundation

Tree
Line
USA
Utility

Michigan
Department
of
Environmental
Quality

Clean
Corporate
Citizen
Award

Wildlife
Habitat
Council,
Michigan

Wildlife
at
Work
Certification

Kansas Department of Wildlife and Parks

Governor s
Excellence
Award

presented
to
ITC
Midwest
by
Iowa s
Dept.
National
Resources

Through local government and community relations efforts, we dedicate donations that make an impact, supporting communities with sponsorships and donations

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Questions?