

AN ECONOMIC IMPACT ANALYSIS OF ENTERGY OPERATIONS IN MISSISSIPPI

2012

Prepared by



Global Strategies Inc.

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INTRODUCTION

This analysis was prepared for Entergy Mississippi, Inc. by Global Strategies, Inc., an economic development and organizational consulting firm based in Mississippi.

GSI provides consulting services to private, public and non-profit organizations in the areas of organization, management and economic development. GSI's client base consists of organizations doing business in a wide array of functional areas including economic development, transportation, education, health care, human services, manufacturing, utilities, facilities and grounds management, law enforcement and public financial management. The company's principals have directly and effectively managed change and overall operations in a number of dynamic organizations, some with staffing levels in excess of 3,000 employees and annual budgets of \$200 million to more than \$1 billion dollars.

The company's president, Michael D. Larsen, served as chief administrative officer with the Mississippi Development Authority for 13 years. Larsen's background includes extensive post-graduate training in organization management and economic development from the Duke Institute of Policy Sciences, the IBM Business Institute, the Executive Development Institute at Mississippi State University and the Economic Development Institute.

SCOPE OF STUDY

GSI was requested to quantify the statewide economic impact of Entergy operations in Mississippi. Entergy Mississippi, a subsidiary of Entergy Corporation, provides power to more than 435,000 customers in 45 of Mississippi's 82 counties. In addition, the company's national headquarters for its nuclear and transmission operations are also based in Mississippi. Since spending has been relatively consistent in recent years, 2010 was used as the base for this analysis. **Financial and operations data for the 2010 fiscal year formed the primary source information for this analysis.**

METHOD OF ESTIMATION

The results presented in this report are produced with a form of economic modeling known as Input-Output analysis. This study used an I/O modeling program called IMPLAN. Used by more than 2,000 public and private institutions, IMPLAN is a widely employed and accepted regional economic analysis software for predicting economic impacts. In this form of modeling, historical economic data are used to identify patterns of expenditures among various segments of industry, government and consumers. Application of these patterns through a mathematical model produces an estimate of how an input of money in one area of the economy can propagate through time and space. The key benefit of a carefully constructed I/O model is that it captures not merely the original expenditure (such as a firm hiring ten new employees), but also how the effect of that expenditure is multiplied as it triggers additional spending (buying a house, eating at restaurants, paying taxes, etc.).

Entergy Mississippi provided Global Strategies with requested information including (but not limited to) payroll and benefits, O&M expenses, sales and use taxes, franchise fees, property taxes, public utility regulatory taxes and capital expenditures. Employee data including volunteer programs, expenses and community involvement were also a part of the analysis.

The numbers in this report are estimates. As with any estimation procedure, there are both assumptions and input data required to make a model feasible. The quality of the resulting estimates is limited by the viability of the assumptions and the quality of the input data. The I/O framework employed in this analysis has been widely accepted and used. I/O analysis, when carefully executed and interpreted, can be a very useful tool for defining the economic structure of a state, examining the interdependencies among industries, and forecasting economic outcomes.

COMPANY OVERVIEW

Entergy Mississippi, Inc.

A subsidiary of Entergy Corporation, Entergy Mississippi, Inc. is the largest private utility in the state. Entergy is a regulated utility that provides generation, transmission and distribution of electric power. Entergy Mississippi has provided electric service for nearly 90 years. The company's customers receive safe, reliable electrical power and benefit from some of the lowest rates in the entire country. Entergy Mississippi currently generates electricity from a diverse fuel mix. Four of the company's power plants are designed to generate electricity from natural gas, and three of them can use fuel oil (refer to Exhibit 2). Nuclear energy accounts for 26 percent of Entergy Mississippi's fuel mix, and Grand Gulf Nuclear Station produces nearly a quarter of the electricity provided to customers. Mississippi also supplements its generating capacity from a coal-fired plant, located in Arkansas, that is partially owned by the Mississippi company.

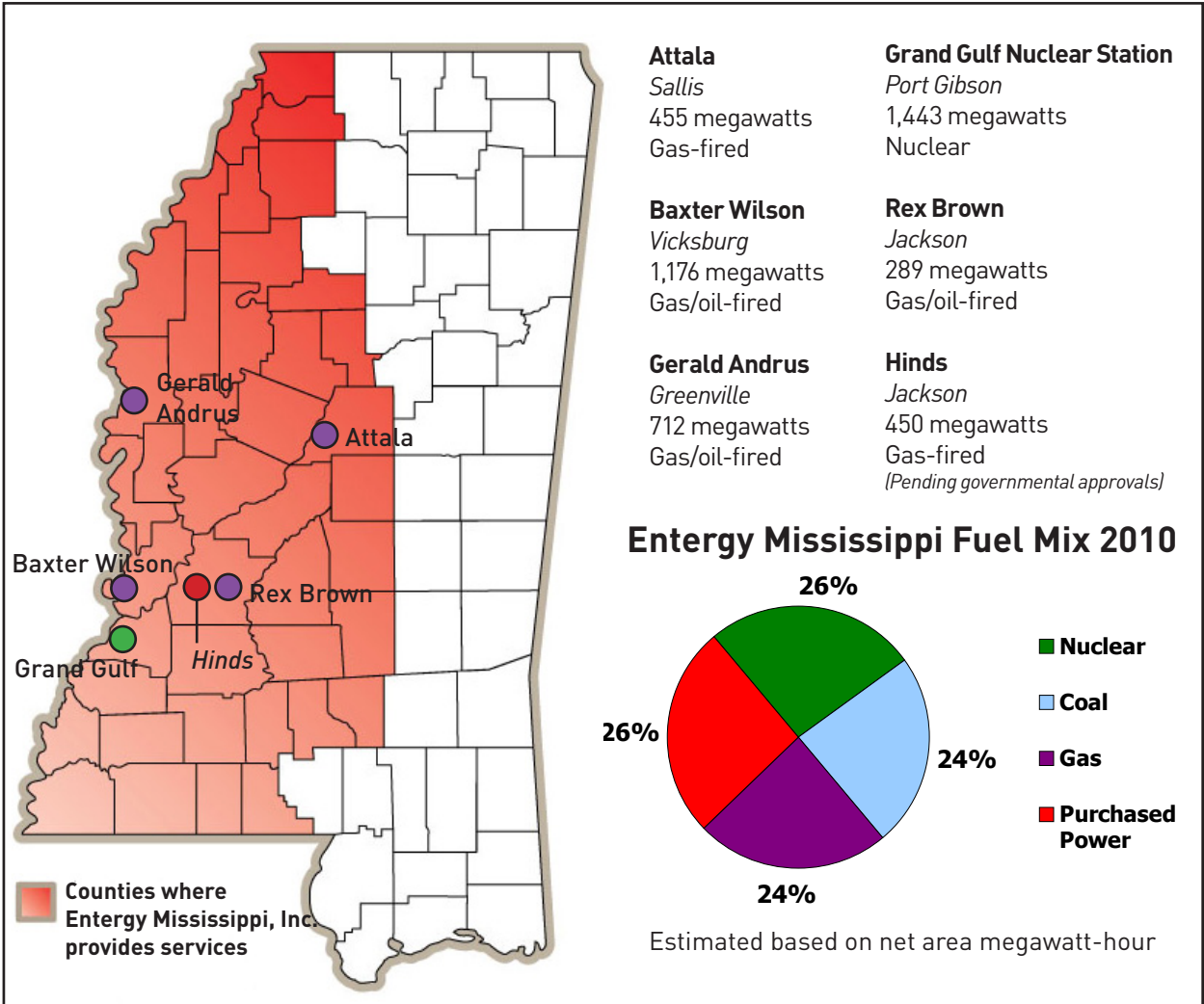


Exhibit 2

Entergy's diverse fuel mix enables the company to provide its customers with safe, reliable electricity at an affordable price. According to the U.S. Department of Energy, Entergy Mississippi's residential rates are 29 percent below the national average and 18 percent below the state average. These low rates not only allow Entergy customers to have more available income for other necessities like food and gasoline, but they also give Mississippi an advantage in competing for economic development projects.

Entergy Mississippi's parent company is a Fortune 500 company headquartered in New Orleans, Entergy Corporation. Entergy is an integrated energy company engaged primarily in electric power production and retail electric distribution operations. Its five utility companies deliver electricity to about 2.7 million customers in portions of Arkansas, Louisiana, Mississippi and Texas, a region Entergy has served for more than 70 years. With approximately 14,700 employees overall, Entergy represents a major economic and social force. Entergy owns and operates power plants with approximately 30,000 megawatts of electric generating capacity. Entergy has annual revenues of more than \$11 billion.

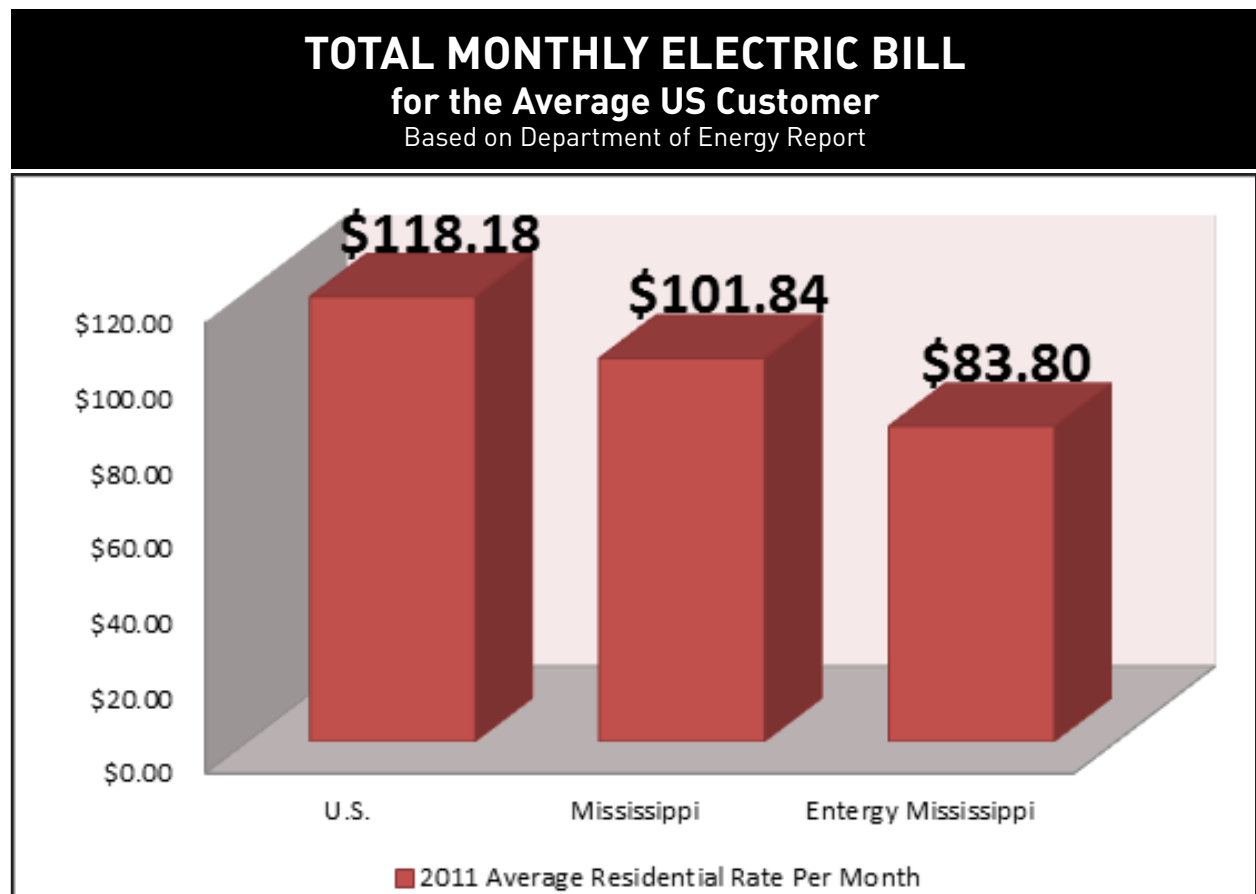


Exhibit 3

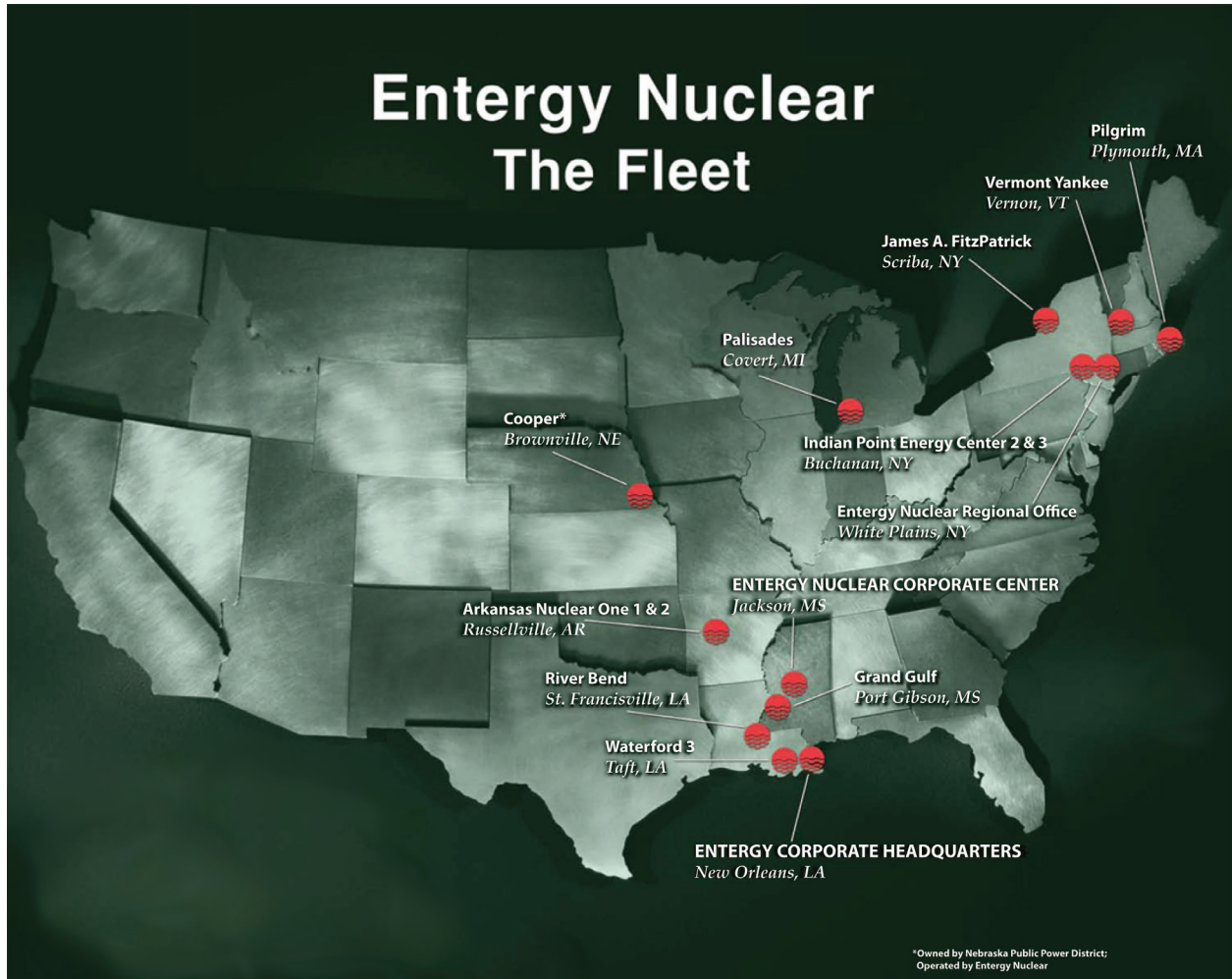


Exhibit 4

Mississippi: Nuclear and Transmission Headquarters

Entergy Nuclear’s national headquarters office is located in Jackson, Mississippi. Approximately 280 employees consisting of engineers, executives and other professional staff work at this facility. Entergy operates and owns nuclear power plants in New York, Massachusetts, Michigan, Vermont, Arkansas, Louisiana and Mississippi and has a management contract with Cooper Nuclear Station in Nebraska. These plants produce more than 10,000 megawatts of nuclear power, making Entergy one of the nation’s leading nuclear generators. (refer to Exhibit 4).

Entergy’s transmission system headquarters facility is also in Jackson. Approximately 130 employees work at the facility. The transmission system moves high voltage electric power across an interconnected grid of wires and substations. The system moves power from generating plants to distribution points for delivery to wholesale customers and cooperatives as well as to approximately 2.7 million retail customers of Entergy Arkansas, Inc., Entergy Louisiana, L.L.C., Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

Entergy Headquarters in Jackson, Mississippi



Entergy Mississippi Headquarters 308 E. Pearl Street, Jackson, MS

- Employs approximately 500 people
- Provides electric service across 23,400 square miles
- Serves 435,000 customers in 45 counties
- Operates 53 facilities throughout service area including customer service centers, regional offices and distribution operations.



Entergy Nuclear Headquarters 1340 Echelon Parkway, Jackson, MS

- Employs approximately 280 employees at the facility
- Owns and operates nuclear plants with more than 10,000 megawatts of nuclear power, making it one of the nation's leading nuclear generators
- Operates 11 nuclear reactors at nine sites in New York, Massachusetts, Michigan, Vermont, Arkansas, Louisiana and Mississippi with the capacity to generate more than 9,200 megawatts of electricity.



Entergy Transmission Headquarters 6540 Watkins Drive, Jackson, MS

- Employs approximately 130 employees at the facility
- Owns and operates 15,500-plus miles of inter-connected lines; approximately 1,300 substations; serves six operating companies
- Capable of delivering approximately 23,000 megawatts of power to customers across a 114,000 square mile area.

Entergy's Mississippi Assets

Entergy Mississippi currently owns and operates all of the following transmission, distribution and generation assets:

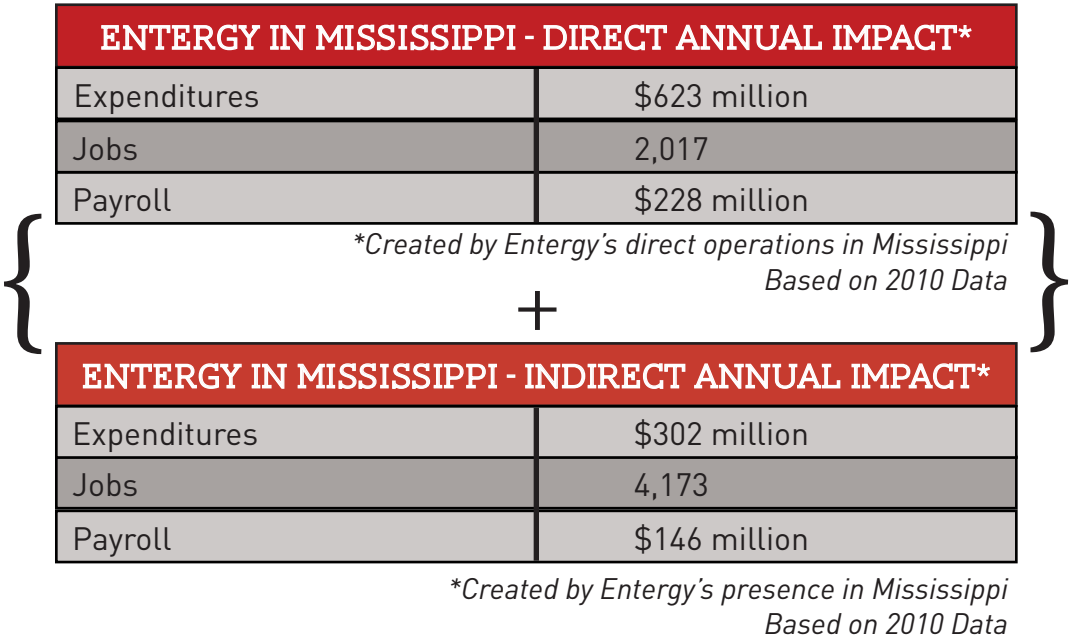
- 440,000 utility distribution poles
If laid end-to-end, the poles would stretch from Jackson, Mississippi to Los Angeles and back.
- 18,013 miles of distribution lines
- 2,800 miles of transmission lines
Combined 20,800 miles of distribution and transmission lines is approximately the equivalent of the distance from Mississippi to Australia and back.
- 291 substations
- 4 fossil burning plants
- 1 nuclear plant
The largest single-unit nuclear reactor in the U.S.

ECONOMIC IMPACT ANALYSIS

Annual economic impact - Entergy in Mississippi

Entergy is one of Mississippi’s largest taxpayers paying more than \$100 million in state and local taxes. In addition to taxes, Entergy has both a direct and indirect effect on Mississippi’s economy. Each dollar spent directly by Entergy ripples through the state’s economy, triggering employment, new income, production and spending. This indirect spending as calculated by the IMPLAN model results in a total economic impact that is greater than the direct amount spent by Entergy.

The following charts examine the annual direct and indirect economic impact by Entergy to the state’s economy. The company makes total direct expenditures of \$623 million annually. It directly employs more than 2,000 people with an annual payroll of \$228 million. The influx of these dollars into Mississippi’s economy generates an annual economic impact of \$925 million, 6,190 jobs with an annual payroll of \$374 million and annual tax revenues of \$162 million (federal, state and local).



ENTERGY IN MISSISSIPPI - ANNUAL ECONOMIC IMPACT*	
Total Economic Impact	\$925 million
Total Jobs	6,190
Total Payroll	\$374 million
Tax Revenues	\$162 million

*Created by Entergy’s combined direct operations and presence in Mississippi
Based on 2010 Data

EVERY BUSINESS SECTOR BENEFITS

Virtually every business sector in Mississippi benefits from the infusion of dollars into the economy by Entergy as illustrated by the following chart.

ESTIMATED IMPACTS ON ECONOMIC OUTPUT BY INDUSTRY IN MISSISSIPPI ATTRIBUTABLE TO ENTERGY	
Total Impact	\$925,056,649
Utilities	\$419,997,777
Construction	\$213,981,079
Real Estate & Rental	\$46,934,773
Health & Social Services	\$36,380,608
Retail Trade	\$30,058,795
Finance & Insurance	\$26,556,000
Professional – Scientific & Tech Services	\$24,296,893
Manufacturing	\$23,587,859
Accommodation & Food Services	\$17,266,777
Wholesale Trade	\$16,157,297
Other Services	\$14,843,710
Transportation & Warehousing	\$14,318,277
Information	\$12,941,185
Administrative & Waste services	\$8,302,995
Public Education(Government)	\$6,279,502
Arts – Entertainment & Recreation	\$5,076,637
Educational Services	\$2,976,371
Management of Companies	\$2,328,628
Agriculture, Forestry, Fish & Hunting	\$1,473,410
Mining	\$1,298,076

Based on 2010 Data

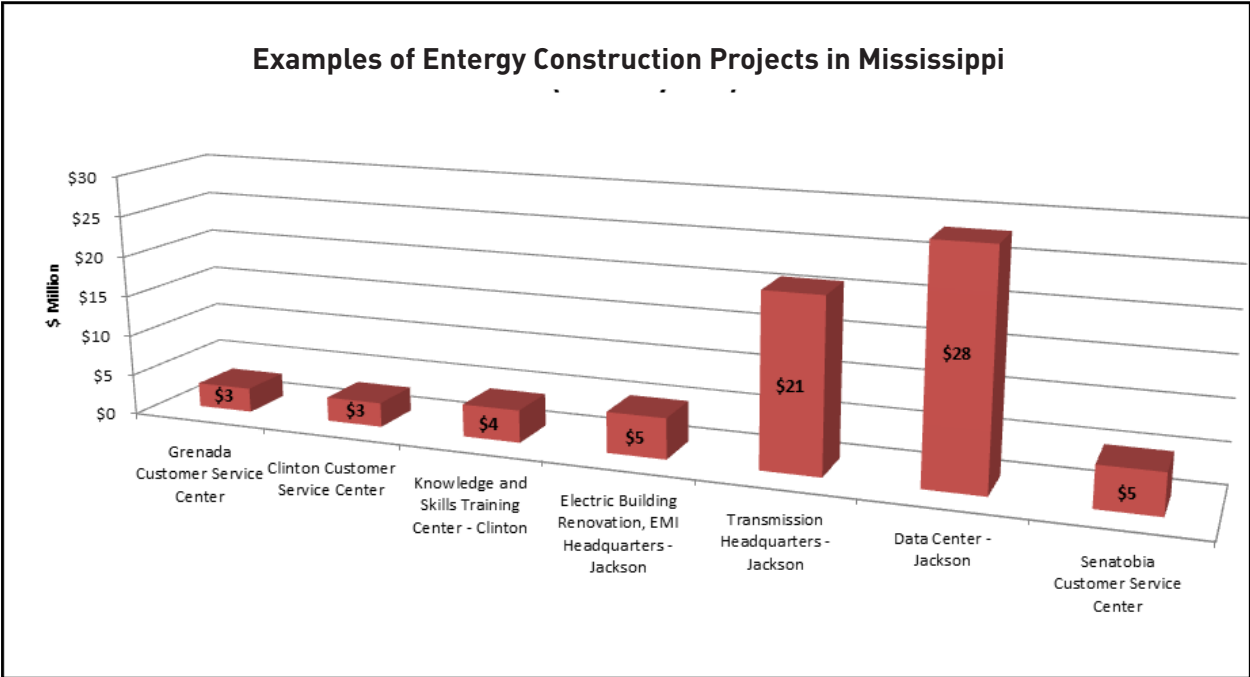
ECONOMIC IMPACT OF CAPITAL INVESTMENT

Entergy has and will continue to make major capital investments in facilities and equipment needed to provide reliable, cost effective service to its residential and commercial customers in Mississippi. These time-limited construction projects create a powerful economic boost to Mississippi over their lifespan. During the past year, capital investments made by Entergy created an economic impact of \$322 million and 2,395 jobs. For the most recent five-year period, the economic impact of capital investments was \$972 million with 7,530 jobs created.

ENTERGY IN MISSISSIPPI ECONOMIC IMPACT OF CAPITAL INVESTMENT - 5 YRS	
Economic Impact	\$972 million
Jobs	7,530

Based on 2006 - 2010 Data

To provide an example of the type of construction projects Entergy has conducted across the state, below is a summary of large real estate investments made by the company over the last 10 years.

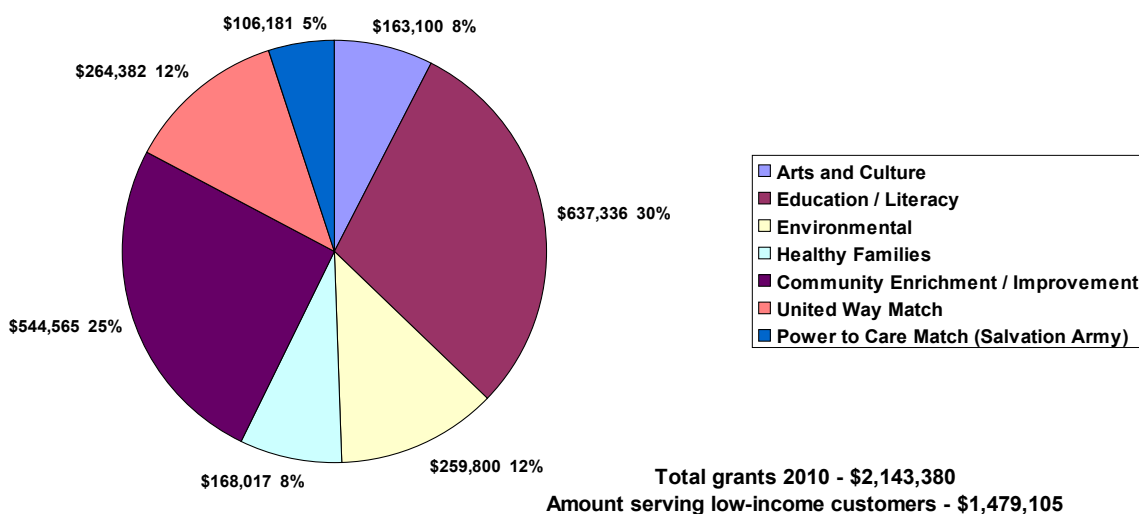


In 2011, Entergy began an upgrade at its Grand Gulf Nuclear Station in Port Gibson, Mississippi. With the Nuclear Regulatory Commission’s approval, Grand Gulf is positioned to become the largest single-unit nuclear reactor in the country. This project provides an economic impact to Claiborne, Warren and Adams counties, and the state as a whole, that continues to grow.

Entergy Mississippi has invested more than \$149.9 million in upgrades to its distribution and transmission system over the last five years. These improvements include 49 miles of new transmission lines, 103 miles of existing lines across the state that have been upgraded to increase capacity, three new substations to provide additional load serving capability, and adding or upgrading equipment in 30 substations. This is important to customers because it provides increased reliability, capacity for economic development growth, and the ability for flexible use of the generation resources on the grid.

Community Investment

Entergy actively supports and invests in community-based organizations, charities, events and activities in Mississippi. The company’s stated goals are strengthening education, community development, the environment and assisting low-income, elderly and disabled customers. In 2010, employees logged 7,250 hours of community service and \$2.1 million in charitable contributions was directly invested in Mississippi communities. This investment generated an economic impact of \$4 million and more than 60 jobs.



ENTERGY AND ECONOMIC DEVELOPMENT

Entergy Mississippi maintains a small staff of highly trained economic development professionals who work behind the scenes to attract new businesses and support expansion of existing industries in Mississippi. In addition, Entergy Mississippi spends approximately \$2 million annually on economic development in the state. Entergy Mississippi has consistently ranked as a leader in economic development efforts in recent years. During the past five years, Entergy Mississippi assisted with the location and expansion of corporate facilities in Mississippi that generated 14,588 new jobs. During the past two years alone, corporate locations and expansions assisted by Entergy Mississippi have resulted in capital investment of almost \$1 billion. Readers of this report should understand that the economic impact associated with these activities is over and above the annual economic impact of \$925 million reported previously for Entergy operations in Mississippi.

CONCLUSION

Entergy - Economic Power for Mississippi

The presence of electric power in our lives today largely goes unnoticed - and the same could be said for the economic power provided by Entergy in Mississippi. Entergy's importance to Mississippi's economy has largely gone unnoticed next to the likes of other major industry in the state. However, Entergy's role is more significant than many realize.

- Entergy's total economic impact on Mississippi reaches almost \$1 billion - one of the largest such impacts in Mississippi.
- Entergy is one of the state's largest private employers with 2,000 employees and credit for the creation of another 4,000 indirect jobs from the company's activities in Mississippi.
- Over the last five years, the company's many construction projects in Mississippi - ranging from building customer service centers, distribution and transmission upgrades and renovating facilities - have yielded more than \$972 million in economic impact. This number will be even greater once the Grand Gulf Nuclear Plant upgrade impact is finalized.
- Entergy's decision to headquarter the operations of 11 nuclear power plants in the U.S. and one of the Southeast's largest transmission systems in Jackson gives the state national bragging rights and has made the state's metro area a hub for engineering talent from across the country.
- Entergy's \$2 million in philanthropy and community investments in Mississippi in 2010 alone created 60 jobs and an economic impact of \$4 million. However, beyond those statistics, the location of several of the state's most poverty-stricken areas within Entergy's service area, make the company's corporate giving and low-income assistance programs even more critical to Mississippi.
- Entergy's diverse fuel mix and efficient operations have lowered its residential, commercial and industrial electricity rates in Mississippi well below the state and U.S. averages. When households and commercial businesses need less of their income to pay their electricity bills, they have more income available to purchase additional goods and services and employ more people; and when electricity rates in Entergy's service area are made more competitive with those in surrounding states, it makes Mississippi a desirable location for industrial prospects looking to site facilities and create jobs.
- Research of Entergy's activities in Mississippi paints a picture of an investor-owned utility that not only lights up the homes and businesses of almost 500,000 Mississippians, but lights up the entire Mississippi economy as well.