Entergy expects workforce reduction

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New Orleans-based Entergy Corp. expects an undetermined number of layoffs to result from efforts to increase efficiency, the company said Tuesday after releasing second-quarter earnings estimates.

In an earnings forecast that’s less than half what it was a year ago, Entergy, the largest corporation based in Louisiana, said its second-quarter results will include expenses associated with its “human capital management strategic imperative.”

In response to questions about that imperative and potential layoffs, the company issued a statement.

“We have a number of companywide strategic imperatives underway examining how we meet both the challenges and opportunities of today’s business realities,” company spokesman Chanel Lagarde said in the brief statement.

“One specific initiative is focused on finding ways to increase efficiencies in all parts of our business.

“We do expect workforce reductions to be one result of this initiative.”

The company said it does not have “final specifics at this time regarding who or how many employees will be affected.”

Entergy has been working to get regulatory approval to sell its 15,400 miles of high-voltage transmission lines and substations to ITC Holdings Corp. Once the $1.8 billion deal goes through, local regulators will turn over most of their oversight authority to federal regulators.

In addition, Entergy will join the 13-state Midwest Independent Transmission System Operator Inc., based in Carmel, Ind. Midwest Independent will manage the transmission lines. Entergy says the move will save customers more than $1.4 billion over the next decade.

The company’s earnings forecast Tuesday noted expenses associated with the proposed spinoff and merger of Entergy’s electric transmission business affected the second quarters of 2012 and 2013.

It also cited expenses associated with “the implementation of the human capital management strategic imperative.”
Entergy said its second-quarter profit also was hit by substantially higher income taxes on its utility segment.

Entergy estimated its second-quarter earnings at 91 cents per share compared with $2.06 a year earlier.

Entergy noted that for the same period last year, the company and the Internal Revenue Service worked out an agreement on financing storm costs in Louisiana, which reduced the company’s tax bill for that quarter.

The estimated 91 cents in per-share earnings this year are well below the $1.38 per share projected for the second quarter by Wall Street analysts surveyed by Thomson Reuters.

Entergy said it still expects 2013 earnings in the range of $4.60 to $5.40 per share.

Entergy will report second-quarter earnings results before the stock market opens on July 30.