NO. M-09-674

(AS CORRECTED)

BY: COUNCILMEMBERS CARTER, HEDGE-MORRELL AND WILLARD-LEWIS

WHEREAS, pursuant to Section 3-130 of the Home Rule Charter of the City of New Orleans, the New

Orleans City Council exercises powers of supervision, regulation, and control over electric and gas utilities providing service in the City; and

WHEREAS, to address the complex legal and technical issues necessary to properly meet its responsibility, the Council has selected consulting firms as advisors, in accordance with the competitive selection process required by the Home Rule Charter and established by Council Rule 45; and

WHEREAS, by Motion M-09-645, after competitive selection, the City Council authorized retention of

Legend Consulting Group Limited to continue to provide consulting services to the City Council in

electric and gas utility regulatory matters; and

WHEREAS, by Motion M-09-645 and the terms of the Request For Qualifications issued on September 4,

2009 and reissued on October 20, 2009, the Council is authorized to enter into a contract with Legend

Consulting Group Limited to provide consulting services to the City Council in electric and gas utility

regulatory matters renewable on an annual basis for a total period of up to two years; and

WHEREAS, by Motion M-09-645 the Council further authorized negotiation of contracts with a scope of

work consistent with the request for qualifications and the Council’s electric and gas Utility regulatory

needs with each of the firms to be retained by the Council; and

WHEREAS, for budget year 2009 Legend Consulting Group Limited (“Legend”), the City Council’s

Consulting Engineer and Chief Technical Advisor to the Council on all regulatory matters, was instrumental in and the lead consultant on numerous matters in the Council’s regulation of Entergy New Orleans, Inc. (“ENO”) and Entergy Louisiana, LLC (“ELL”) both in the Council’s local regulatory jurisdiction and in the Council’s activities before the Federal Energy Regulatory Commission (“FERC”) including, among other things:

1. Bi-monthly reporting to the Council on the evaluation of ENO’s monthly No or Poor Gas Call Reports

(“NOPGR”) required pursuant to Council Resolution R-07-01, as supplemented by Council Resolution

R-08-290, resulting in the reduction in the average service restoration time from 7.4 hours to 6.1 hours

for the 2008/2009 winter heating season.

2. Preparation and submittal to Council monthly Residential Bill Comparisons for ENO, ELL and

various cities throughout Louisiana and the United States as a measure of competitiveness of ENO and

ELL electric and gas retail rates.

3. Analysis, evaluation and reporting to the Council on ENO and ELL’s quarterly compliance filings

pursuant to Council Resolution R-07-428 regarding ENO and ELL’s revised customer service regulations

and dispute resolution process.

4. Review, analysis, evaluation and reporting to the Council on the potential rate implications in

ELL- Algiers on ELL’s Waterford Nuclear Unit’s replacement of certain nuclear plant components and

related cost recovery impact on Algiers’ ratepayers.

5. Review, analysis, evaluation and reporting to the Council on suspension (and subsequent cancellation)

by ELL in the repowering of Little Gypsy Unit Three and attendant cost recovery impacts for the

ELL-Algiers jurisdiction of the Council.

6. Review, evaluation, analysis and reporting to the Council on ENO’s Cyber Security Standards

Compliance with the North American Electric Reliability Corporation cyber security standards embodied

in FERC Order No. 706 and evaluation of ENO’s subsequent report to the Council regarding such

compliance.

7. Provide analyses and litigation support in numerous matters before the FERC in FERC Dockets

ER08-1056, ER09-636, EL08-51, ER08-1057, ER09-833, EL09-50, ER09- 1224, EL09-61, EL09-43,

EL00-66, and ER10-48.

8. The conduct of analysis, recommendations and reporting to the Council monthly on ENO’s Fuel

Adjustment (“FAC”) and Purchased Gas Adjustment (“PGA”) Clauses related to: (i) consumer

complaints, (ii) level of charge, (iii) causal factors associated with the monthly charge, (iv) amounts in

over/under accounts associated with capping of the FAC, and (v) alternative capping methodologies.

9. Development of draft letters for the Committee Chair on numerous reliability, customer service,

and regulatory compliance matters for submittal to ENO and ELL.

10. Review, analysis, evaluation and reporting to the Council on ENO’s quarterly gas storage physical

hedge program pursuant to Council Resolution R-91-102

11. Development of a report to the Council on the implications of the LPSC’s adoption of

an Environmental Adjustment Clause for implementation in ELL’s rates and the corresponding potential

affects in the ELL-Algiers jurisdiction.

12. Review, analysis and development of a report to the

Council on the differences in the funding of future storm reserve amounts between the

securitization approach employed by the LPSC and the ratepayer funding approach employed by the

Council as a result of Council Resolution R-06-459 and the resultant benefits to Orleans Parish ratepayers

from the Council’s adopted methodology.

13. Review, analysis, evaluation and the development of a

report to the Council on Entergy Services Inc.’s 2009

Filings before the FERC on the 2009 remedy payments and receipts among the Entergy Operating

Companies (as

required by FERC Opinions 480 and 480-A) and the effects on ENO and ELL-Algiers’ ratepayers.

14. Review, analysis, evaluation and development of a

report to the Council on ELL-Algiers’ compliance filing with Council in the return to ratepayers of

$3,133,867 of 2008 remedy receipts pursuant to FERC Opinions 480 and 480-A.

15. Assistance to the Council and its legal counsel on all

matters related to Entergy Arkansas Inc.’s (“EAI”) and

Entergy Mississippi, Inc.’s (“EMI”) withdrawal from the Entergy System Agreement including: (i)

the effects of such actions on ENO and New Orleans’ ratepayers, (ii) approaches to a successor

agreement, (iii) alternative provisions of a successor agreement, (iv) evaluation of ENO’s supply

approaches absent a successor agreement, and (v) participation in numerous meetings on the subject.

16. Development of a report to Council on ENO’s failure to

comply with the requirements of Council Resolution R- 08-324 with regards to Entergy Thermal,

LLC’s franchise and potential for transference of fixed

costs from Entergy Thermal customers to New

Orleans’ ratepayers.

17. Negotiation, and development of the 2009 Agreement in

Principle in the settlement of Council Docket UD-08-03

including all rate, cost of service, cost of capital,

revenue requirement, income tax, deferred accounting

treatments, Energy Smart funding and its future procedural process, future generating

resource requirements, appropriate return on equity for ENO’s gas and electric operations, and the

design and development of ENO’s gas and electric formula rate plans that resulted in the reduction of

electric and gas bills by a combined total of $30,309,000 annually.

18. Review, evaluation, analysis and development of direct and surrebuttal testimony in ENO’s rate case

filing in Council Docket UD-08-03 including: (i) development of discovery requests, (ii) development of issues in the docket, (iii) assistance to the Council’s legal counsel in preparation of deposition issues and questions and participation in the deposition of ENO witnesses, and (iv) sponsoring of expert testimony in the proceeding, as well as a new FAC and a mechanism for the permanent funding of the Council’s

Energy Smart Plan.

19. Investigation, analysis and reporting to the Council on numerous customer complaints on power

outages in the Orleans Parish jurisdiction.

20. Development of a Council issued RFQ and associated

documents for use by the Council in soliciting the

services of an Independent Monitor to oversee ENO’s

selection of a Third Party Administrator (“TPA”) in the administration, implementation and delivery of

the Energy Smart energy efficiency programs.

21. Provision of expert testimony and assistance to the

Council’s legal counsel in FERC Docket No. ER07-956

regarding the just and reasonableness of ESI’s

proposed production costs and their allocations among

the Entergy Operating Companies including the

proper accounting for Storm Costs.

22. Attendance, monitoring and the development of reports to the Council on Entergy’s quarterly

earnings teleconferences and evaluation of impacts on the future rates, charges and reliability of service

in Orleans Parish.

23. Development of a report and analysis to the Council on

Entergy’s River Bend Nuclear Unit No. 3 and potential rate effects in Orleans Parish for the ELL-Algiers

jurisdiction.

24. Review, analysis and development of Council Resolution R-09-483 regarding ENO’s Application for

Approval of

Programs to be Included in the Energy Smart New Orleans Plan and Related Approvals filed pursuant to

Resolution R-09-136.

25. Review,analysis, evaluation and development of a

report to the Council regarding ENO’s compliance filing in Council Docket No. UD-08-02 on its

schedule of Energy Smart Demand and Energy Savings.

26. Participation and assistance to the Council’s

Accounting Advisors in the conduct of an audit and certification of ENO’s Hurricane Katrina and Rita

Katrina storm related costs for the period of January 1, 2007 – March 31, 2009 in the amount of

$73,966,000.

27. The conduct and development of a Regulatory Audit of ENO’s Hurricanes Gustav and Ike storm

related costs and appropriate regulatory accounting of same in ENO’s 2010 FRP filing.

28. The attendance at and participation in meetings and

reporting to the Council on numerous matters relating to Entergy’s Independent Coordinator of

Transmission (“ICT”) including: ongoing review and evaluation of: (i) ICT Quarterly and Annual

Performance Reports, and other ICT Staff Reports, (ii) Stakeholder Policy Committee Meetings, (iii)

ongoing activities of the ICT Near Term Transmission Issues Working Group; (iv) ongoing activities of the

ICT Long Term Transmission Issues Working Group; (v) ongoing activities of the Entergy’s Weekly

Procurement Process Issues Working Group; (vi) evaluation of the ICT’s Strategic Transmission

ExpansionPlan; (vii) ongoing activities of the ICT’s Rate Pancaking Task Force; (viii) review and evaluation

of the ICT’s annual Base Plan and Entergy’s Annual Transmission Construction Plan, and (ix) participation

in the ICT’s annual Transmission Summit meeting.

29. The attendance at and participation meetings with the FERC staff on the status of Entergy’s ICT

performance.

30. Review and evaluation of Entergy FERC filings in FERC

Docket No.EL08-1065 and participation in related FERC

proceedings concerning ICT matters including

development of recommendations of Council positions for filing with the FERC.

31. The attendance at and participation in meetings concerning the formation and ongoing development

of the Entergy Regional State Committee (“ERSC”),

including: (i) the development of ERSC bylaws and voting procedures; and (ii) development of

assumptions and a scope of work for the performance of a Cost Benefit Analysis (“CBA”) of Entergy’s

membership in the Southwest Power Pool Regional Transmission

Organization (“SPP RTO”).

32. Development of revisions to the City of New Orleans Net Energy Metering Rules for compliance

with applicable Louisiana statutes.

WHEREAS, for budget year 2010, Legend will be required in the Council’s local jurisdiction and in the

Council’s activities before the Federal Energy Regulatory Commission (“FERC”) to, among other things:

1. Attend and participate in meetings and reporting to the Council on numerous matters relating to

Entergy’s Independent Coordinator of Transmission including: ongoing review and evaluation of: (i) ICT

Quarterly and Annual Performance Reports, and other ICT Staff Reports, (ii) Stakeholder Policy

Committee Meetings, (iii) ongoing activities of the ICT Near Term Transmission Issues Working Group;

(iv) ongoing activities of the ICT Long Term Transmission Issues Working Group; (v) ongoing activities of

the Entergy’s Weekly Procurement Process Issues Working Group; (vi) evaluation of the ICT’s Strategic

Transmission Expansion Plan; (vii) ongoing activities of the ICT’s Rate Pancaking Task Force; (viii) review

and evaluation of the ICT’s Annual Base Plan and Entergy’s Annual Transmission Construction Plan, and

(ix) participation in the ICT’s Annual Transmission Summit meeting.

2. Provide assistance to the Council’s legal counsel in numerous matters before the FERC, including

the potential sponsorship of expert testimony, as appropriate, in FERC Docket Nos. ER07-956,

ER-08-1056, ER09-1224, EL08-50, ER-09-636, EL-09-61, EL09-50, ER05-1065 and related appeals in

the federal jurisdiction.

3. The attendance at and participation in meetings with the FERC staff on the status of Entergy’s

ICT performance.

4. Finalization of Hurricanes Gustav and Ike Regulatory Audit matters, including the potential

sponsorship of expert testimony in ENO’s 2010 FRP Filing regarding the appropriate treatment of such

costs and amounts disallowed as non incremental Storm Costs.

5. Review and evaluation of ENO’s modified gas system rebuild plans filed with the Council in 2009 and

a continuation of the monitoring of the ENO gas system rebuild and its incremental effects on New

Orleans ratepayers.

6. Pursuant to Resolution R-08-290, ENO is to provide monthly reports regarding no or poor gas

(“NOPG”) service calls related to natural gas service disruptions and complaints for the period of

October 2009 through March 2010. Legend will continue to review and evaluate and assist the Council in

NOPG, and other electric and gas service issues and complaints by ENO customers.

7. Review and evaluation of ENO’s TPA selection process, Energy Smart implementation plans and

relatedmatters to assure prudent implementation by ENO of the Council’s approved Energy Smart

Programs.

8. Assistance to the Council in the evaluation and remedying of customer service complaints.

9. Review and evaluation of Entergy Thermal, LLC’s

expansion of facilities in the CBD.

10. Continue to lead the evaluation, examination, and analysis of any 2010 Remedy Receipts for ENO and

ELL- Algiers due to the 2009 production cost equalization of FERC Opinion Nos. 480 and 480-A, FERC

Docket No. EL01-88-000 and ESI’s Filing with FERC in 2010.

11. On November 19, 2009 FERC issued an order in Docket No. ER09-636 accepting the cancellation of

EAI’s and EMI’s participation in the System Agreement. The order further found that there are no

continuing obligations on behalf of the withdrawing

companies to the remaining Operating Companies who are parties to the System Agreement. Legend

will continue to assist the Council’s legal counsel in any requests for rehearing and participation in any

such rehearing. Furthermore, Legend will develop discovery and analysis in Council Docket UD-07-03

regarding the potential development of a new system agreement by ESI in lieu of the withdrawal of EAI

and EMI and continue to provide litigation assistance to the Council’s legal counsel, including the

provision of expert testimony support, as appropriate in the various federal and local dockets.

12. Provide assistance to the Council’s legal counsel, including engineering-economic evaluation and

expert testimony as necessary, in Council Docket UD-08-02 regarding the establishment of integrated

resource planning components and reporting requirements for ENO.

13. Pursuant to Resolution R-08-452, ENO is to file an

informational filing within thirty days of each issuance and sale by ENO of any New Bonds,

Debt Securities, New Preferred or Preferred Securities.

Legend will lead the review, examination, and

evaluation of ENO’s Informational Filing to the extent one is filed and report its findings to Council.

14. Pursuant to Resolution R-08-324, ENO is required to file an annual report relative to Entergy

Thermal, L.L.C. Legend will lead the review, evaluation and analyses of ENO’s Annual report and will

report to the Council its findings.

15. Review and evaluation of Entergy FERC filings in FERC

Docket No. EL08-1065 and participation in related FERC

proceedings concerning ICT matters including development of recommendations of Council positions for

filing with the FERC.

16. The attendance at and participation in meetings concerning the ongoing development of the

Entergy Regional State Committee, including: (i) development of assumptions and a scope of work for

the performance of a Cost Benefit Analysis of Entergy’s membership in the Southwest Power Pool

Regional Transmission Organization; (ii) review of proposals and recommendation of a third party

consultant for performance of the CBA; (iii) evaluation of the results of the Cost Benefit Analysis; (iv)

development of policy provisions for an enhanced Entergy ICT as an

alternative to Entergy membership in the SPP RTO; (v)

evaluation of Entergy’s enhanced ICT proposal and (vi)

development of policy positions and recommendations for the Council concerning ERSC voting matters.

17. Review and evaluate the ENO’s selection of an Amite South region Combined Cycle Gas Turbine

(“CCGT”) resource as a result of the Summer 2009 Request For Proposals (“RFP”) for Long-Term

Supply-Side Resources or in the alternate a self build CCGT resource in the Amite South region pursuant

to ENO’s right of first refusal for up to 20 percent of the selected resource.

18. Review and evaluate the technical details, associated rate schedules, and cost recovery related to

ENO’s anticipated application before the council for implementation of ENO’s proposed Advanced

Metering Infrastructure (“AMI”) project which is supported in part by a U.S. Department of Energy

Smart Grid Investment Grant.

19. ELL has filed before the LPSC an application requesting authorization to cancel the Little Gypsy Unit

3 Repowering Project and recovery through rates of the actual costs incurred for the project which total

approximately $209 million. To the extent that ELL files a similar request before the Council for recovery

of a portion of these costs in Algiers it will be necessary to evaluate the application and allocation of

costs to ELL-Algiers as well

as the associated rate treatment.

20. Evaluate ENO’s EFRP and GFRP filings anticipated in

May 2010 pursuant to the rate settlement in Council Docket UD-08-03. Concurrently, it will be

necessary to evaluate the performance of ENO’s Energy Smart program savings and potentially adjust

program savings targets based on data obtained from the programs implemented.

21. Review and evaluation of ENO Net Metering Tariffs and

Interconnection filings with the Council.

22. Preparation and submittal to Council monthly Residential Bill Comparisons for ENO, ELL and

various cities throughout Louisiana and the United States as a measure of competitiveness of ENO and

ELL electric and gas retail rates.

23. The conduct of analysis, recommendations and reporting to the Council monthly on ENO’s Fuel

Adjustment and Purchased Gas Adjustment Clauses related to: (i) consumer complaints, (ii) level of

charge, (iii) causal factors associated with the monthly charge, (iv) amounts in over/under accounts

associated with capping of the FAC, and (v) alternative capping methodologies as required.

24. Attendance, monitoring and reporting to the Council on

Entergy’s quarterly earnings teleconferences and

evaluation of impacts on the future rates, charges and

reliability of service in Orleans Parish.

25. Evaluation, analysis and development of a report to the Council on ENO’s bi-annual 2010-2011

Design Day Peak Demand Report and its attendant cost impact on New Orleans gas ratepayers.

26. Review, analysis, evaluation and development of a

Report to the Council on ENO’s compliance filing relating to its Annual Gas System Report pursuant

to Resolutions R-05-518 and R-06-401.

27. Provide analyses, litigation support and expert testimony at FERC as required related to the 2009

production cost equalization of FERC Opinion Nos. 480 and 480-A, FERC Docket No. EL01-88-000 and

ESI’s Filing with FERC in 2010.

WHEREAS, in approving this contractthe New Orleans City Council is conscious of its responsibility to

pursue its regulatory responsibility over gas and electric utilities in a cost-effective manner which

nonetheless does not compromise the interests of ratepayers in the high stakes proceedings and others

matters which the Council must address on behalf of the City and its ratepayers; and

WHEREAS, given the continuing needs of this Council relative to its regulatory responsibility the Council

desires to authorize an appropriate contract with the Firm of Legend Consulting Group Limited to assist

in meeting the Council’s regulatory responsibility to the City and its ratepayers; now, therefore

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the President of the Council

is hereby requested and authorized to sign a new contract with Legend Consulting Group Limited t

o provide consulting services to the City Council for a maximum compensation under such contract up to

One Million Nine Hundred Five Thousand Dollars ($1,905,000.00).

BE IT FURTHER MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the contract shall

contain a statement that pursuant to Chapter 2, Article XVIII of the City Code relative to the office of

Inspector General that the contractor understands and will abide by all provisions of that Chapter.

BE IT FURTHER MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the contract shall

reflect firm hourly billing rates as follows:

Managing Partner up to $325.00 per hour

Partner/Executive Consultants up to $305.00 per hour

Senior Consultants up to $270.00 per hour

Supervisor Engineer Analyst. up to $235.00 per hour

Senior Engineer/Analyst Economist up to $210.00 per hour

Engineer/Analyst Economist. up to $185.00 per hour

BE IT FURTHER MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that such contract

may include provisions allowing the option of direct payment of invoices by utilities regulated by the Council pursuant to Section 3-130 of the Home Rule Charter, provided such payments have been approved by the City, after the City’s review and forwarding of such invoices for payment, and further that such invoices, if paid the by the City, would be reimbursable by such utility pursuant to Section 3-130 (5) of the Home Rule Charter. Such payments shall be recoverable as a regulatory expense by such utility in the same manner as reimbursements to the City for such payments.

BE IT FURTHER MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the contract shall

be circulated in accordance with normal process and the City Council Rules.

THE FOREGOING MOTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION

THEREOF AND RESULTED AS FOLLOWS:

YEAS: Carter, Clarkson, Fielkow, Hedge-Morrell,

Willard-Lewis - 5

NAYS: Midura - 1

ABSENT: Head (Temporarily Out of Chamber) - 1

AND THE MOTION, AS AMENDED, WAS ADOPTED.