NO. M-08-57

BY: COUNCILMEMBERS MIDURA, 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-04-803, after competitive selection, the City Council authorized retention of the 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-04-803 and the terms of the Request For Qualifications issued on June 11, 2004, the Council is authorized to renew and extend its existing contract with Legend Consulting Group Limited to provide consulting services to the City Council in electric and gas utility regulatory matters; and

WHEREAS, by Motion M-04-803 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, in budget year 2007 Legend Consulting Group Limited (“Legend”), the City Council’s Consulting Engineer and Chief Technical Advisor to the Council on regulatory matters, was instrumental in, and the lead engineering 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 jurisdiction and the Council’s activities at the Federal Energy Regulatory Commission (“FERC”) including, among other things; and:

1. the investigation, evaluation, analysis and recommended procedural changes and remedial action by ENO in the rectification of numerous “no or poor gas” customer service complaints relating to resumption of gas service to returning customers in New Orleans; and

2. the drafting, development and implementation of Net Metering Rules and Regulations, including technical specifications and requirements for connection, culminating in the Council’s adoption of Resolutions R-07-132 and R-07-221 implementing Net Metering in Orleans Parish; and

3.technical, financial, and economic analyses and evaluations, including negotiating assistance and strategy to the Council’s Bankruptcy Counsel, culminating in ENO’s successful emergence from bankruptcy; and

4. as an architect and negotiator of the Council’s 2006 successful rate settlement with ENO embodied in Resolution R-06-459, the purchase by ENO of a 50 MW load following product for June through September to assist in mitigating high fuel costs in ENO’s FAC resulting in up to $3,000,000 in direct savings to ratepayers; and

5. the development and analysis of numerous solutions to operating practices of ENO in its implementation of its FAC and the requirement for ENO to increase its Joint Account Purchases to the appropriate level resulting in $2,600,000 per month in savings to New Orleans’ ratepayers; and

6. developer of a complete overhaul of ENO’s and ELL’s Customer Service Regulations, design and development of a customer friendly dispute resolution process, development of customer informational brochures and related complaint forms, and the selection and training of an independent third party hearing officer culminating in the adoption by the Council of Resolution R-07-428 implementing the Customer Bill of Rights, New Service Regulations for ENO and ELL, and a Formal Customer Complaint Process; and

7. conduct engineering, economic and financial analyses and report to the Council on ENO’s March 2008 annual filing regarding the balance in its Storm Reserve Fund Escrow Account of: (1) collections, principal, interest, and disbursements made and (2) the aggregate amount of costs ENO has incurred for the restoration of service as a result of triggering weather events; and

8. conduct engineering and economic analyses and evaluate ESI’s June 2008 filing of its Production Cost Remedy Payments pursuant to FERC Docket No. EL01-88-000 including allocations of such payments or receipts to the ratepayers of ENO and ELL in Algiers; and

9. evaluate and recommend to the Council specific cost recovery proposals associated with ENO’s first quarter 2008 filing regarding costs incurred by it associated with its formal complaint process costs incurred pursuant to Resolution R-07-428; and

10. in addition to those matters it has already completed in 2008 related to ENO’s recent initiation of a Storm Cost Recovery Credit in the amount of $10,675,000, and the initiation in Algiers of a one time credit on ratepayers’ bills in April of this year of $966,000.

11. continue to evaluate and assist the Council in “no or poor gas reports,” electric and gas service issues and complaints by ENO customers as they return to inhabit various portions of the City; and

WHEREAS, according to the “City of New Orleans Report on Outside Services for the quarter ending December 31, 2007” submitted by Tracie Boutte on January 30, 2008 states that ENO spent $8,981,436.59 on legal, accounting, and other outside services in addition to their existing in-house legal, accounting, and other resources; and

WHEREAS, according to the “City of New Orleans Report on Outside Services for the quarter ending December 31, 2007” submitted by T. Michael Twomey on January 30, 2008

states that ELL spent $7,062,130.48 on legal, accounting, and other outside services in addition to their existing in-house legal, accounting, and other resources; and

WHEREAS, in approving these contract extensions and amendments, the 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, over the next two years the Council fully intends to undertake a thorough analysis of the allocation of its utility regulation resources to ensure that these resources are used in a cost-effective manner that protects the interest of rate payers; and

WHEREAS, the Council will evaluate and incorporate recommendations of such analysis into the next RFQ process, as appropriate; and

WHEREAS, given the immediate needs of this Council relative to its regulatory responsibility the Council desires to authorize an appropriate contract and/or contract amendment(s) 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 contract amendment with the

Firm of Legend Consulting Group Limited extending the contract through 2008 and increasing the maximum compensation under such contract up to $1,950,000.00.

BE IT FURTHER MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the contract amendment shall add a statement that pursuant to Chapter 2, Article XVIII of the City Code relative to the office of Inspector General that the contract understands and will abide by all provisions of that Chapter.

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 and/or contract amendment(s) 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, Head, Hedge-Morrell,

Midura, Willard-Lewis - 7

NAYS: 0

ABSENT: 0

AND THE MOTION WAS ADOPTED.