

**RESOLUTION**

**NO. R-16-188**

    CITY HALL: May 19, 2016  
**BY: COUNCILMEMBERS WILLIAMS, HEAD, GUNDRY, BROSSETT AND GRAY**

**IN THE MATTER OF EX PARTE APPLICATION OF  
ENTERGY NEW ORLEANS, INC. (ENO)  
TO THE COUNCIL OF THE CITY OF NEW ORLEANS (COUNCIL)  
FOR APPROVAL OF THE FINANCING PLAN TO ISSUE NEW FIRST MORTGAGE  
BONDS (NEW BONDS) (AND OTHER DEBT SECURITIES) AND NEW PREFERRED  
STOCK (NEW PREFERRED)**

**WHEREAS**, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans (Charter), the Council of the City of New Orleans (Council) is the governmental body authorized to exercise regulatory control over the rates, charges, and the general conditions under which electric and gas services are provided in New Orleans; and

**WHEREAS**, Entergy New Orleans, Inc. (ENO) provides electric and gas service to customers in Orleans Parish; and

**WHEREAS**, ENO has filed an application dated March 1, 2016 (Application) for approval pursuant to Section 9(g) of Ordinance No. 6822, C.C.S. (1922), as amended (Settlement Ordinance), at one time or from time to time during the two-year period beginning July 1, 2016 and ending June 30, 2018, to issue New Bonds in one or more new series under and in accordance with ENO's May 1, 1987 Mortgage and Deed of Trust, as amended (Mortgage); other debt securities, either unsecured or secured by New Bonds, in one or more new series, and/or other forms of financing instruments utilized under a second mortgage if created and implemented by ENO (Debt Securities), such that, after giving effect to the issuance of such New Bonds and Debt Securities (and, in the case of debt issued to refinance existing debt, the application of the proceeds thereof), the aggregate principal amount of ENO's long-term debt outstanding shall not exceed

\$600 million; and New Preferred in one or more new series, such that, after giving effect to the issuance of such New Preferred (and, in the case of preferred stock issued to refinance existing preferred stock, the application of the proceeds thereof), the aggregate amount of ENO's preferred stock outstanding shall not exceed \$40 million; and where the amount of outstanding debt shall be calculated without duplication to avoid double-counting; and

**WHEREAS**, the entire Application reads as follows:

March 1, 2016

President and Other Members of the  
Council of the City of New Orleans  
City Hall  
1300 Perdido Street  
New Orleans, Louisiana 70112

Re: Entergy New Orleans, Inc. (ENO) Application (Application) to the Council of the City of New Orleans (Council) for Approval of the Financing Plan to Issue New First Mortgage Bonds (New Bonds) (and other debt securities) and New Preferred Stock (New Preferred)

Ladies and Gentlemen:

### **Synopsis**

- The Council has authority to approve ENO's long-term financings<sup>1</sup> pursuant to Ordinance No. 6822 (1922), as amended (Settlement Ordinance).
- ENO is asking for authority to issue long-term debt, including any financing instruments utilized under a second mortgage if created and implemented by ENO, such that, after giving effect to the issuance of such long-term debt (and, in the case of debt issued to refinance existing debt, the application of the proceeds thereof), the aggregate principal amount of ENO's long-term debt outstanding shall not exceed \$600 million, and/or preferred stock, such that, after giving effect to the issuance of such preferred stock (and, in the case of preferred stock issued to refinance existing preferred stock, the application of the proceeds thereof), the aggregate amount of ENO's preferred stock outstanding shall not exceed \$40 million.
- ENO would sell such securities in one or more offerings at any time and from time to time during the two-year period beginning July 1, 2016 and ending June 30, 2018.

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<sup>1</sup> Per the Settlement Ordinance, long-term financings are those having a maturity greater than twelve months.

- The authorization from the Council for ENO's current financing plan (Council Resolution R-14-280) will expire on July 31, 2016.
- The funds from sales of securities under the new financing plan would be used to pay off and/or refinance existing debt and preferred stock, to acquire property and/or construct and/or improve ENO's facilities, and/or for other corporate purposes permitted by law.
- As of the date of this Application, there are \$226,103,000 aggregate principal amount of ENO first mortgage bonds (Outstanding Bonds) and \$19,779,800 aggregate par value of ENO's preferred stock (Outstanding Preferred) currently outstanding.
- ENO is not required to obtain approval for its financing plan from the Federal Energy Regulatory Commission (FERC) under the Federal Power Act (FPA). However, in order to sell securities, it may be necessary for ENO to file one or more registration statements with the Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended ('33 Act). A copy of each such registration statement, including ENO's currently effective registration statement on Form S-3 (File No. 333-190911-05) enclosed herewith, have been or will be filed with the Council for informational purposes.
- The sale of securities under the new financing plan will not cause the total par value of ENO's outstanding securities in the form of capital stock, funded debt and other evidences of debt having greater than twelve months' maturity, including underlying bonds (less deduction for unamortized discount on said securities, sold with the approval of the Council) to exceed the limitation imposed by Section 9(a) of the Settlement Ordinance. Depending on the terms of the issuance of securities, such issuance could result in a change in rates charged to electric and/or gas customers. Depending on the terms of the issuance of securities, such issuance could result in a change in costs. Depending on the timing of any future rate filing, any change in costs associated with the issuance of securities could be included in such a filing and be factored into any change in rates to electric and/or gas customers resulting from the filing.

## **Introduction**

This Application describes the proposed issuance of certain securities by ENO, and requests that a resolution of the Council (pursuant to Section 9(g), as amended, of the 1922 Settlement Ordinance), authorizing and approving such issuance at any time, and from time to time during the two-year period beginning July 1, 2016 and ending June 30, 2018. This application further requests that such resolution be authorized not later than June 30, 2016. The proceeds of the issuance and sale of such securities will be used for, among other things:

(A) the repayment, at maturity, and the acquisition (and retirement and cancellation), from time to time during the two-year period beginning July 1, 2016 and ending June 30, 2018, in whole or in part, by redemption (subject to any applicable refunding limitations on redemption), sinking fund provision, tender offer, open market or negotiated purchases or otherwise (subject to any applicable limitations and conditions), of all or a portion of one or more series of:

(1) the Outstanding Bonds listed in the following table:

Security Type	Coupon	Principal Amount Outstanding	Maturity Date	First Call Date	Current Price	Call	Total Cost to Redeem
FMB	3.900%	100,000,000	7/1/23	Now	MW (T+.30)		(a)
FMB	5.000%	30,000,000	12/1/52	12/1/17	100.00%		\$30,000,000
FMB	5.100%	25,000,000	12/1/20	Now	MW (T+.35)		(a)
FMB	5.600%	33,276,000	9/1/24	Now	100.00%		\$33,276,000
FMB	5.650%	37,827,000	9/1/29	Now	100.00%		\$37,827,000
<b>Total Amount Outstanding:</b>		<b>226,103,000</b>					

(a) cost to redeem depends on the make-whole premium, which can vary with fluctuations in the Treasury rates.

and (2) the Outstanding Preferred, which is listed in the following table:

Security Type	Dividend Rate	Principal Amount Outstanding	Par Value Per Share	First Call Date	Current Price	Call	Total Cost to Redeem
Preferred Stock	5.56%	6,000,000	\$100	Now	102.59%		\$ 6,155,400
Preferred Stock	4.75%	7,779,800	\$100	Now	105.00%		\$ 8,168,790
Preferred Stock	4.36%	6,000,000	\$100	Now	104.58%		\$ 6,274,800
<b>Total Amount Outstanding:</b>		<b>19,779,800</b>					

(B) the acquisition of property, the construction, completion, extension or improvement of ENO's facilities, the maintenance or improvement of ENO's service, the discharge and/or re-funding of ENO's lawful obligations (including, without limitation, those obligations referenced above); and

(C) any other general corporate purposes permitted by law.

In order to satisfy such requirements, ENO proposes, at any time, and from time to time, during the two-year period beginning July 1, 2016 and ending June 30, 2018, to issue (a) New Bonds in one or more new series; and (b) other ENO debt securities, either unsecured or secured by New Bonds, in one or more new series, and/or other forms of financing instruments utilized under a second mortgage if created and implemented by ENO, such debt securities to include, but not be limited to notes, debentures, credit agreements and other forms of long-term debt instruments (Debt Securities), such that, after giving effect to the issuance of such New Bonds and Debt Securities (and, in the case of debt issued to refinance existing debt, the application of the proceeds thereof), the aggregate principal amount of ENO's long-term debt outstanding shall not exceed \$600 million; and (c) New Preferred, in one or more new series (issuance of which will require amendment of ENO's Amended and Restated Articles of Incorporation (Charter)), such that, after giving effect to the issuance of such New Preferred (and, in the case of New Preferred issued to refinance existing Preferred Stock, the application of the proceeds thereof), the aggregate amount of ENO's Preferred Stock outstanding shall not exceed \$40 million. The issuance(s) of New Bonds, Debt Securities and/or New Preferred are separate transactions and are not contingent upon

one another. These proposed transactions are discussed in greater detail below. ENO's projected capital expenditures for 2016 and 2017 are approximately \$345 million and \$160 million, respectively. ENO's capital expenditures for 2013, 2014 and 2015 totaled \$95.8 million, \$70.9 million, and \$91.9 million, respectively.<sup>2</sup> The projected capital expenditures will be for assets that will have an economic life of more than one year.

With its expected acquisition of a 495 MW power block from the Union Power Station for a purchase price of approximately \$237 million plus transaction costs of approximately \$3.75 million, its recent acquisition of the Algiers assets from Entergy Louisiana for approximately \$88 million and projected resource needs, ENO anticipates an increased need to issue long-term debt to support these increasing capital costs. As a result, ENO requests authority to issue debt such that its debt outstanding at any time shall not to exceed \$600 million, which represents an increase of \$200 million over the outstanding debt authorization of \$400 million currently in effect pursuant to Council Resolution R-14-280.

Although the issuance authority granted under Resolution R-14-280 is effective through July 31, 2016, ENO is submitting this request for authority on March [1], 2016, which is earlier than ENO typically files such requests, in order to support its request that the Council enter an authorizing resolution by June 30, 2016. The above-described acquisitions of the Algiers assets and Union Power Station power block were not specifically contemplated in April 2014 when ENO submitted its request for the current authorization described in Council Resolution R-14-280. Although ENO's current debt authorization (a maximum of \$400 million of long-term debt to be outstanding at any time during the authorization period ending July 31, 2016) is sufficient to finance these acquisitions, the related debt issuances are expected to significantly reduce the current issuance capacity as ENO approaches storm season. In anticipation of the upcoming and future hurricane seasons, ENO requests authorization of the increased debt limitation of \$600 million to be outstanding at any time beginning July 1, 2016 to facilitate prudent levels of liquidity and financial flexibility throughout the 2016 storm season. ENO expects to request future authorization periods to begin on July 1 instead of August 1 to ensure that its financing authorizations are in place in future years throughout the hurricane seasons.

As with the previous Council-authorized issuances of Outstanding Bonds in 1987, 1988, 1993, 1995, 1996, 1998, 2000, 2001, 2002, 2003, 2004, 2005, 2010, 2012 and 2013 (totaling \$760 million, of which \$533.897 million have been redeemed to date), the issuance of securities under the new financing plan will not cause the total par value of ENO's outstanding securities in the form of capital stock, funded debt and other evidences of debt having greater than twelve months' maturity, including underlying bonds (less deduction for unamortized discount on said securities, sold with the approval of the Council), to exceed the limitation imposed by Section 9(a) of the 1922 Settlement Ordinance, as amended. Depending on the terms of the issuance of securities, such issuance could result in a change in rates charged to electric and/or gas customers. Depending on the terms of the issuance of securities, such issuance could result in a change in costs. Depending on the timing of any future rate filing, any change in costs associated with the issuance

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<sup>2</sup> The effect of the Algiers asset acquisition has been applied retrospectively to restate ENO's capital expenditures for 2013 – 2015.

of securities could be included in such a filing and be factored into any change in rates to electric and/or gas customers resulting from the filing.

It is not necessary to file with the FERC an application under Section 204(a) of the FPA for approval of the proposed issuances of the New Bonds, Debt Securities and New Preferred. Such issuances will qualify for exemption from such approval requirements as set forth in Section 204(f) of the FPA. ENO has an effective registration statement under the '33 Act (Registration No. 333-190911-05) on file with the SEC relating to an unlimited aggregate principal amount of New Bonds which registration statement is expected to be effective through August 30, 2016. It will be necessary for ENO to file with the SEC one or more registration statements or amendments to the existing registration statement under the '33 Act and any amendments and exhibits thereto prior to a public offering of any Debt Securities and New Preferred and with respect to any offerings of New Bonds on or after August 31, 2016. A copy of Registration No. 333-169315-06 is being filed herewith and a copy of each such other '33 Act filings will be filed with the Council for informational purposes, pursuant to Section 158-181 *et seq.* of Chapter 158, Article II, Division 4 of the Code of the City of New Orleans, 1995.

### **Issuance of the New Bonds**

The New Bonds will be issued only under ENO's Mortgage and Deed of Trust, dated as of May 1, 1987, to The Bank of New York Mellon, as Trustee, as heretofore supplemented (1987 Mortgage), and as proposed to be further supplemented by additional supplemental indenture(s), each relating to one or more series of New Bonds. Each series of New Bonds will be sold at such prices, will bear interest at such rate(s) and will mature on such date(s) as will be determined at the time of sale, and will mature not later than sixty years from the day of issuance. The New Bonds will rank *pari passu* with all other Outstanding Bonds of ENO. As of the date of this Application, ENO has outstanding \$226,103,000 aggregate principal amount of Outstanding Bonds.

Each series of New Bonds may include provisions for optional and/or mandatory redemption prior to maturity at various redemption prices (percentages of the principal amount or structured to include a make-whole premium) and may include restrictions on redemption for a given number of years. In addition, each series of New Bonds may include provisions for the retirement of all or varying percentages of such series prior to maturity. In each supplemental indenture relating to one or more series of New Bonds, ENO may include covenants that, so long as any New Bonds of such series remain outstanding, ENO will not pay any cash dividends on common stock subsequent to the date of such series of New Bonds (other than certain dividends declared prior to the original issuance of such series) except from credits to retained earnings after such date plus a specified amount, or ENO may determine not to include any such provisions or covenants.

### **Issuance of the Debt Securities**

ENO may also issue other Debt Securities that will be unsecured or will be secured by a New Bond or New Bonds or other collateral and may include securities in the form of remarketed secured notes (Notes). The Notes may be issued under an indenture (to be periodically

supplemented) between ENO and a trust company as trustee under such indenture (Note Trustee). The Notes of each series may be limited to a stated aggregate principal amount although the indenture need not limit the amount of securities that can be issued thereunder and may provide that additional securities of any series may be issued thereunder up to the principal amount that may be authorized from time to time by ENO.

Notes may be secured as to payment of principal, interest and premium, if any, by a New Bond or New Bonds of ENO issued under and secured by the Mortgage, as amended and supplemented by various supplemental indentures and pledged to the Note Trustee for the benefit of the holders of the secured Notes (Secured Notes), and, in such a case, the amount of outstanding debt shall be calculated without duplication to avoid double-counting.

In order to provide additional financing flexibility for ENO, a second mortgage may be created, executed and implemented by ENO with collateral to be specified at that time. In 1987, ENO created and implemented the 1987 Mortgage while ENO's Mortgage and Deed of Trust, dated as of July 1, 1944, as supplemented (1944 Mortgage), was still in effect. The 1944 Mortgage was subsequently satisfied and discharged, and its lien upon the property of ENO was released and canceled. The 1987 Mortgage is the only such mortgage currently in effect.

### **Issuance of the New Preferred**

Each series of the New Preferred will be issued and sold pursuant to an amendment to ENO's Charter. As of the date of this Application, ENO has outstanding \$19,779,800 aggregate par value of Outstanding Preferred.

The price, exclusive of accumulated dividends, to be paid to ENO for each series of New Preferred will be determined at the time of sale and will not be less than par value (on a per share basis) before payment of underwriting fees and commissions.

ENO currently has two classes of Outstanding Preferred, each with a par value of \$100 per share, with a total between the two classes of three series currently issued and outstanding. In order to be able to better respond to market conditions, ENO may determine, upon taking appropriate corporate action and with the consent of its common stockholder, Entergy Corporation, to create one or more new classes of its preferred stock with a par value other than \$100, which class or classes will have the same rank as, and be similar to, the existing classes of Outstanding Preferred, with possible exceptions as to par value, certain variations between the series of such new class or classes and the series of the classes of Outstanding Preferred, and the voting entitlement per share of such new class or classes of preferred stock with a par value other than \$100 in certain circumstances.

The terms of one or more series of New Preferred may include provisions for redemption at various redemption prices and may include restrictions on optional redemption for a given number of years. For any series of New Preferred, ENO may include provisions for a sinking fund designed to retire or redeem annually, commencing a specified number of years after the first day of the calendar month in which such series is issued, at a price per share equal to the par value per share of such series, plus accumulated dividends, a number of shares equal to a given percentage of the total number of shares of such series, with ENO possibly having an option to redeem (or to

make purchases in lieu of redemption) annually an additional number of shares, up to a given percentage of the total number of shares of such series. Any such sinking fund provisions would be designed to redeem all outstanding shares of such series not later than 30 years after the date of original issuance thereof. It is expected that each series of New Preferred would rank *pari passu* with ENO's Outstanding Preferred.

### **Council Approval Requested**

Utilities must continue to maintain financial flexibility and versatility in addition to the traditional and historical methods of utility finance, *i.e.*, the issuance of stocks and bonds. Depending upon the financial needs of a utility, and the market conditions that may exist from time to time, the ability to rapidly issue long-term debt and preferred stock or other financial instruments will benefit utilities, their stockholders and their ratepayers because of the beneficial aspects of responding to changes in financial markets and having more financial options from which to choose.

ENO requests that the Council adopt an approving resolution not later than June 30, 2016, authorizing ENO to issue long-term debt and preferred stock, at any time, and from time to time during the two-year period beginning July 1, 2016 and ending June 30, 2018 on the bases (and subject to the informational filing requirements) set forth above. ENO proposes to use the proceeds of the sale of such securities: (i) in the conduct of its electric and/or gas utility business; (ii) to pay off and/or to refinance its outstanding securities at their stated maturities or due dates; and/or (iii) to repay or to redeem its outstanding securities prior to their stated maturity or due dates. In the event that ENO proposes to construct or otherwise acquire any new generation capacity, repower any existing generation, or undertake transmission unbundling as a result of FERC requirements during the authorization period, and to the extent that ENO would require additional financing that exceeds the authorization requested herein, ENO will file a new application to request authorization to undertake such financing, if necessary.

For the consideration of the Council, a draft resolution authorizing the financing is attached; also attached for convenience is a copy of Council Resolution R-14-280, the most recent financing authorization resolution adopted by the Council, which will expire on July 31, 2016.

Very truly yours,

Charles Rice  
President and Chief Executive Officer  
Enclosures



cc: (w/enclosures)  
Hon. Jared C. Brossett  
Hon. LaToya Cantrell  
Hon. James Austin Gray, III  
Hon. Susan G. Guidry  
Hon. Stacy S. Head  
Hon. Nadine M. Ramsey  
Hon. Jason Williams  
Ms. Lora W. Johnson, Clerk of Council  
Rebecca H. Dietz, Esq., City Attorney  
Ms. Pearlina Thomas, Council Utilities Regulatory Office  
Ms. Evelyn F. Pugh, Council Research Staff  
Clint A. Vince, Esq.  
Presly R. Reed, Jr., Esq.  
Walter J. Wilkerson, Esq.  
Mr. Joseph Vumbaco, PE  
Mr. Errol Smith, CPA  
Mr. J.A. Beatmann, Jr.

and;

**WHEREAS**, the Council's Technical and Legal Advisors have reviewed this Application;

and

**WHEREAS**, it appears that it is beneficial and in the public interest for ENO to have authority, in accordance with the terms of its Application in this matter, to issue and sell or enter into arrangements for the issuance of New Bonds, Debt Securities and/or New Preferred (all of the foregoing being herein individually and collectively referred to as the (Securities), such that, after giving effect to the issuance and sale or entry into arrangements for the issuance of such New Bonds and Debt Securities (and, in the case of debt or preferred stock issued to refinance existing debt or preferred stock, respectively, the application of the proceeds thereof), the aggregate principal amount of ENO's long-term debt outstanding shall not exceed \$600 million and the aggregate amount of ENO's

preferred stock outstanding shall not exceed \$40 million; where the amount of outstanding debt shall be calculated without duplication to avoid double-counting, with such issuances being at market rates and for the following purposes:

- (i) to repay or redeem outstanding securities of ENO upon their stated maturity or due dates;
- (ii) to effect the redemption or acquisition of outstanding securities of ENO prior to their stated maturity or due dates under circumstances in which a reduction in the cost of capital to ENO will result from such redemption or acquisition;
- (iii) to pay the costs and expenses associated with the issuance of the Securities;
- (iv) to conduct the electric and gas utility business of ENO; and/or
- (v) to carry out ENO's other lawful general corporate purposes; and

**WHEREAS**, Louisiana law provides two special methods for a utility to finance the costs, including storm reserve funds, related to responding to major storms, and the details of those methods are set forth at Louisiana Revised Statutes 45:1311-1328 ("Act 55") and at Louisiana Revised Statutes 45:1226-1236 ("Act 64"); and

**WHEREAS, the Council wishes for reasonable action to be taken to maintain the flexibility for the Council to authorize the issuance of any future securitization bonds under the authority of whichever authorizing act it deems may be in the customers' best interest; and**

**WHEREAS**, under the authority granted by Council Resolution R-15-193, ENO, through a special purpose subsidiary under Act 64, issued securitization bonds, the proceeds of which, in part, funded an electric storm recovery reserve such that the initial balances of ENO's electric

storm recovery reserves totaled approximately \$75 million with the intent to provide ENO with liquid funds in the event of certain specifically-defined weather events; and

**WHEREAS**, in the future, the Council also wishes to ensure that any future financing of storm-related costs, including through securitization, is conducted using the method that is expected to be in the customers' best interest;

**WHEREAS**, the matters contained in ENO's Application are within the utility regulatory jurisdiction and franchise authority of the Council; now therefore:

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that all capitalized terms not otherwise defined herein shall have the respective meanings given them in ENO's Application as set forth in the first preamble to this Resolution, and that the Application, as filed with this Council on March 1, 2016, is hereby approved subject to and consistent with the terms and conditions set out therein and the additional conditions set forth in this Resolution; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that, within thirty days after each issuance and sale or entry into arrangements for the issuance by ENO of any New Bonds, Debt Securities or New Preferred under this authorization, ENO shall submit an informational filing to the Council with copies to its Utility Regulatory Advisors containing: a copy of the supplemental indenture, supplemental prospectus, offering memorandum, underwriting agreement, purchase agreement, or other comparable document pursuant to which the Securities that are part of such information filing were issued setting forth details of the issuance and sale or entry into arrangements for the issuance, including the fees and expenses associated therewith; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that, within thirty days after each issuance and sale or entry into arrangements for

the issuance of any Securities under this authorization, ENO shall submit to the Council with copies to its Utility Regulatory Advisors, as part of an informational filing, a certificate of an officer or an assistant officer of ENO that certifies one of the following with respect to the issuance and sale or entry into arrangements for the issuance of such Securities: (i) proceeds of the Securities issued under this authorization were or are to be used to pay off or refinance outstanding securities of ENO and their stated maturity or due dates; or (ii) the proceeds of the Securities issued under this authorization were or are to be used to repay or to redeem existing securities of ENO prior to their stated maturity or due dates and such repayment and/or redemption under this authorization were to result in cost savings or other specified benefits to ENO and, ultimately, its ratepayers, or (iii) the proceeds of the Securities issued under this authorization were or are to be used to conduct the electric and gas utility business of ENO; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that, within thirty days following each issuance and sale or entry into arrangements for issuance and retirement of any Securities under this authorization, ENO shall submit to the Council with copies to its utility Regulatory Advisors, as part of an informational filing, for reporting purposes only, one or more statements and schedules, including supporting calculations, setting forth with respect to the issuance and sale or entry into arrangements for the issuance of such Securities (i) the total estimated impact of such financial securities activity on the revenue requirements of ENO, with assumptions delineated, especially as to rate base, and the result of the calculated impact of such financial securities activity under the delineated assumptions on the ratepayers of ENO; (ii) a schedule setting forth the benefits of ENO's refinancing activities to ENO and its ratepayers, and any and all workpapers necessary to support such schedule of benefits; and (iii) the impact of such financial securities activity on the actual per books capital

structure of ENO before and after such financial securities activity using, for comparison purposes, recent cost-of-capital data (including a comparison of the debt-to-equity ratio of ENO and the impact on the weighted cost of capital of ENO), including any and all workpapers supportive thereof; and, in connection with any base rate or Formula Rate Plan proceeding, the applicable test year for which occurs during the two-year authorization period granted hereby, ENO shall likewise reflect the effect of such financial securities activity in the appropriate test period through its original filing or subsequent *pro forma* adjustment; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that the Securities to be issued and sold will not, absent a rate proceeding (including any Formula Rate Plan Proceeding) before the Council, cause any increase or decrease in the rates charged to electric and/or gas customers and that the effects of any change in the level or cost of debt resulting from the requested authorization will be reflected in any future ENO filings of its electric or gas base rates which utilize as test years 2016, 2017, and/or 2018; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that ENO shall file with the Council with copies to its Utility Regulatory Advisors a copy of any Registration Statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 with respect to the offer and sale of Securities; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that this Resolution does not authorize ENO to issue any Securities to offset potential rate base that may be stranded as a result of any competition in the electric and gas utility market, nor does it constitute a determination by the Council in any way whatsoever as to the recovery or non-recovery in rates of any investment in utility rate base assets financed by the proceeds of the issuance of such Securities; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that this Resolution does not authorize ENO to issue any Securities for the purposes of mergers and divestitures unless authorized by the Council pursuant to the Charter, specifically Chapter 158 of the New Orleans, La. Code of Ordinances.

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that the Council directs ENO to take reasonable actions to ensure that the method used to finance future storm-related costs is one that is in the customers' best interest; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that, to the extent reasonably possible considering the magnitude and all other circumstances of future storms, ENO is directed to confer with the Council's utility Regulatory Advisors in the aftermath of the storm regarding 1) why liquid funds readily available to ENO may be inadequate and 2) the anticipated and appropriate financing methods that may be used to pay for storm-related costs in excess of available liquid funds to ensure that the customers' best interest is protected; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that the Council will provide for expedited treatment of a request from ENO for additional authorization to issue and sell securities occasioned by the occurrence of a catastrophic event such as a hurricane or a national or an economic emergency; and

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS** that the Council, recognizing the need for assurance as to the use of the proceeds from the Securities authorized herein, may deem it necessary, within the context of the Council's ratemaking jurisdiction over ENO, to timely examine, review and make any necessary

adjustments, allowances or disallowances reflecting any such financing activities authorized herein.

**THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:**

**YEAS:**

**NAYS:**

**ABSENT:**

**AND THE RESOLUTION WAS ADOPTED.**