

**Offer of Settlement
of
Entergy New Orleans, Inc.**

**Electric & Gas
2011 Formula Rate Plan Filings**

Council Docket No. UD-08-03

September 22, 2011

Review of ENO's 2011 FORMULA RATE PLAN FILINGS

- ENO Submitted Their 2011 Electric and Gas FRP Filings on May 26, 2011, pursuant to Council Resolution R-09-136.
- ENO Filed Requesting:
 - An Electric Base Rate Reduction of \$11,055,152
 - A Gas Base Rate Reduction of \$1,112,927
- The Technical Advisors Submitted Their Review of ENO's FRP Filings, Complete with the Findings of the Council's Accounting Firms' Audit, on August 15th.
 - The Council's Accounting Advisors Audited Costs Included in ENO's Filings Related to Charges ENO Receives From Entergy Affiliated Companies, Most Notably Entergy Services, Inc.

Review of ENO's 2011 FORMULA RATE PLAN FILINGS

- Advisors' Evaluation Report Recommended an Additional Reductions Electric and Gas Rates.

- Electric Reduction of \$3,724,000 for a Total Electric Rate Reduction of \$14,779,000.
- Gas Reduction of \$1,253,000 for a Total Gas Rate Reduction of \$2,366,000.

- No Other Parties Submitted Reviews of ENO's Filing.
- From August 25th through September 19, 2011 the Advisors and ENO Exchanged Settlement Offers.

FRP SETTLEMENT AGREEMENT

- The Settlement Agreement Reached September 19, 2011 Settles ENO's FRP Filings for 2011 Resulting in the Following Rate Changes Effective October 1st, 2011:

- \$13,084,000 Base Rate Reduction for Electric Customers
- \$1,566,000 Base Rate Reduction for Gas Customers

- Also Settles All Outstanding Issues in Council Docket No. UD-11-02, Wherein ENO was Seeking to Recover From Electric Ratepayers an Additional \$3,400,000 Attributable to Prior Federal Energy Regulatory Commission Opinion Nos. 485 and 485-A.

SUMMARY OF 2011 FRP SETTLEMENT

Revenue Requirement Reduction

| | <i>Electric</i> | <i>Gas</i> | <i>Total Company</i> |
|--|-----------------------|----------------------|-----------------------|
| ENO FRP Filing of May 26 th | (\$11,055,000) | (\$1,113,000) | (\$12,168,000) |
| <i>Adjustments per Settlement</i> | | | |
| Additional Revenue Reductions Amounts | (\$2,029,000) | (\$454,000) | (\$2,483,000) |
| <i>Total Settlement Agreement Rate Reductions</i> | (\$13,084,000) | (\$1,567,000) | (\$14,651,000) |

- **Reduces ENO's Claim in Docket No. UD-11-02 by (\$900,000) to \$2,500,000.**
 - Amount to be Collected Over Twelve Months in Fuel Adjustment Charge (FAC)

REVENUE REDUCTION IMPACT PER CUSTOMER

Revenue Reduction per Customer

| | <i>Residential</i> | <i>Commercial</i> | <i>Industrial</i> | <i>Governmental & Other</i> |
|--|--------------------|-------------------|-------------------|---------------------------------|
| Electric Revenue Reduction per Customer | (\$41.55) | (\$333.58) | (\$347.36) | (\$883.16) |
| Gas Revenue Reduction per Customer | (\$10.92) | (\$66.88) | (\$584.19) | (\$451.37) |

IMPACT ON ELECTRIC CUSTOMERS

Total Estimated Monthly Bill

| Rate Class | Residential (Summer) | Change (%) | Commercial | Change (%) | Industrial | Change (%) |
|--------------------------|-------------------------|----------------|--------------------|----------------|----------------------|----------------|
| Typical Usage | 1,000 kWh | - | 10 kW 1,825 kWh | - | 250 kW 91,250 kWh | - |
| Existing Bill | \$95.09 | - | \$193.85 | - | \$7,121.17 | - |
| Settlement Agreement | \$92.96 | (2.24%) | \$189.31 | (2.34%) | \$6,974.61 | (2.06%) |
| Total Bill Effect | (\$2.13) | (2.24%) | (\$4.54) | (2.34%) | (\$146.56) | (2.06%) |

IMPACT ON GAS CUSTOMERS

Total Estimated Monthly Bill

| Rate Class | <i>Residential</i> | <i>Change (%)</i> | <i>Commercial</i> | <i>Change (%)</i> |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|
| Typical Usage | 50 CCF | - | 200 CCF | - |
| Existing Bill | \$58.41 | - | \$227.05 | - |
| <i>Settlement Agreement</i> | \$57.38 | (1.80%) | \$223.16 | (1.70%) |
| Total Bill Effect | (\$1.03) | (1.80%) | (\$3.89) | (1.70%) |