

1 **AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN**
2 **THE CITY OF NEW ORLEANS**
3 **AND**
4 **SULLIVAN & WORCESTER, LLP**

5
6 **THIS AGREEMENT** is made and entered into as of the 1st day of January 2005 by and
7 between the City of New Orleans, herein represented by Eddie L. Sapir, President of the Council of
8 the City of New Orleans (hereinafter referred to as "City"), and the law firm of Sullivan &
9 Worcester, LLP (herein after referred to as "Contractor").

10 **WITNESSETH**

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

14 **WHEREAS**, pursuant to Rule 45, the City Council adopted Motion M-04-301, directing the
15 Council staff to issue a Request for Qualifications to initiate a competitive selection process to obtain
16 consultants with expertise essential to assisting the Council in effectuating its regulatory authority
17 over electric and gas utilities in New Orleans; and

18 **WHEREAS**, a Request for Qualifications relative to electric and gas regulatory services was
19 issued on June 11, 2004; and

20 **WHEREAS**, responses to the Request for Qualifications were reviewed by the Staff
21 Selection Review Committee and on August 10, 2004, the Council Utilities Committee interviewed
22 the finalists in the competitive selection process and made a recommendation to the Council; and

1 **WHEREAS**, by Motion M-04-803 the City Council approved the recommendation of the
2 Council Utilities Committee that the firm of Sullivan and Worcester, LLP be retained to provide
3 utility consulting services in the area of the Council's electric and gas regulatory responsibility; and

4 **WHEREAS**, the Council by Motion M-05-96 authorized the President of the Council to
5 sign a professional service contract with the firm of Sullivan and Worcester, LLP for the contract
6 amount as specified herein; and

7 **WHEREAS**, the firm of Sullivan and Worcester, LLP is herein represented by Clinton A.
8 Vince, Esq., Shareholder Partner as authorized by letter to enter into agreement on behalf of the firm
9 of Sullivan and Worcester, LLP.

10 **NOW, THEREFORE**, the City of New Orleans and the firm of Sullivan and Worcester,
11 LLP for the consideration, and under conditions set forth, do agree as follows:

12 **I. SCOPE OF SERVICES.**

13 **A. Contractor Agrees To:**

14 Provide advice, counsel and representation to the City Council as Special Counsel to the
15 Council and provide legal and related consulting services to the Council in all local,
16 state and federal regulatory matters in respect to the electric and natural gas utilities
17 providing services in New Orleans, including but not limited to Entergy, its unregulated
18 subsidiaries and its regulated operating subsidiaries; Entergy Louisiana, Inc; and Entergy
19 New Orleans, Inc.; as may be required from time to time by the City Council, and its
20 staff.

21 **B. The City Agrees To:**

- 22 1. Provide contract administration through the City Council Utilities Regulatory
23 Office.

1 2. Provide access to records, documents and other information as may be required.
2 Additional support and information may be directed to the Council Utilities
3 Regulatory Office.

4 **II. COMPENSATION:**

5 The compensation to be paid for services rendered will be at the hourly billing rate of:

6 Partners	up to \$400.000 per hour
7 Of Counsel	up to \$370.00 per hour
8 Senior Associate	up to \$315.00 per hour
9 Junior Associate	up to \$225.00 per hour
10 Other Professional	up to \$135.00 per hour

11 The compensation to be paid to the firm of Sullivan and Worcester, LLP for such services
12 shall not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000.00) . If there are
13 any necessary and ordinary expenses attached to the work of the firm of Sullivan and
14 Worcester, LLP these expenses, in addition to the fees outlined above, shall be reimbursable
15 by the City but the total amount of such expenses and fees shall not exceed Two Million Five
16 Hundred Thousand Dollars (\$2,500,000.00). The firm of Sullivan and Worcester, LLP shall
17 submit to the City a detailed monthly invoice for payment of services provided. This
18 agreement is contingent upon the appropriation and allocation of funds by the City of New
19 Orleans.

1 **III. PAYMENT:**

2 Payment under this agreement shall be made pursuant to detailed monthly invoices submitted
3 by the firm, subject to review and approval by the City for payment. Upon authorization
4 through the City Council Utilities Regulatory Office such invoices may be submitted to the
5 Finance Department for payment by the City or, alternatively, when such invoices would be
6 reimbursable by a utility subject to regulation under Section 3-130 of the Home Rule Charter
7 and reimbursable pursuant to Section 3-130 (5) of the Home Rule Charter, the City Council
8 Utilities Regulatory Office may submit such invoices for payment to such regulated utility
9 company. Payments in the name of the firm under this provision shall then be sent to the
10 Council Utilities Regulatory Office which shall immediately forward such authorized
11 payment to the firm. The Council Utilities Regulatory Office shall maintain records of such
12 payments which shall be public records and shall also forward copies of such records as
13 required to the CAO and Department of Finance. Such payments, when made by such utility
14 company through the City Council's Utilities Regulatory Office shall fully discharge the
15 City's obligation for such payment under this contract and be included in and applied to the
16 maximum compensation limits of this contract. Pursuant to Motion M-05-96 such payments
17 shall be recoverable as regulatory expense by such utility in the same manner as
18 reimbursements to the City for such payments pursuant to Section 3-130 (5) of the Home
19 Rule Charter.

20 **IV. EQUAL EMPLOYMENT OPPORTUNITY:**

21 In all hiring or employment made possible by or resulting from this Contract, there (1) will
22 not be any discrimination against any employee or applicant for employment because of race,
23 color, religion, gender, age, gender, physical or mental disability, national origin, sexual

1 orientation, creed, culture, or ancestry, and (2) where applicable, affirmative action will be
2 taken to ensure that the Contractor's employees are treated during employment without
3 regard to their race, color, religion, gender, age, physical or mental disability, national
4 origin, sexual orientation, creed, culture, or ancestry. This requirement shall apply to, but
5 not be limited to the following: employment, upgrading, demotion, or transfer; recruitment
6 or recruitment advertising; layoff or termination; rates of pay or other forms of
7 compensation; and selection for training, including apprenticeship. All solicitations or
8 advertisements for employees shall state that all qualified applicants will receive
9 consideration for employment without regard to race, color, religion, gender, age, physical
10 or mental disability, national origin, sexual orientation, creed, culture, or ancestry.

11 **V. ASSIGNABILITY:**

12 The Contractor shall not assign any interest in this Contract, and shall not transfer
13 any interest in the same without prior written consent of the City of New Orleans.

14 **VI. CONFLICT OF INTEREST:**

15 In the interest of ensuring that efforts of the Contractor do not conflict with the interest of the
16 City, and in recognition of Contractor's professional responsibility to the City, the
17 Contractor agrees to decline any offer of employment if its independent, professional work
18 on behalf of the City is likely to be adversely affected by the acceptance of such employment.

19 The initial determination of such a possibility rests with the Contractor. It is incumbent upon
20 the Contractor to notify the City and provide full disclosure of the possible effects of such
21 employment on the Contractor's independent, professional work in behalf of the City. Final
22 decision on any disputed offers of other employment for the Contractor shall rest with the
23 City.

1 **VII. INDEMNIFICATION:**

2 The Contractor shall indemnify and save harmless the City of New Orleans against any and
3 all claims, demands, suits, judgments of sum of money to any party accruing against the City
4 for loss of life or injury or damage to persons or property growing out of, resulting from, or
5 by reason of any act of omission of the operation of the Contractor, his agents, servants or
6 employees while engaged in or about or in connection with the discharge or performance of
7 the services to be done or performed by the Contractor hereunder, and shall also hold the
8 City harmless from any and all claims and/or liens for labor, services, or materials furnished
9 to the Contractor in connection with the performance of its obligation under this Agreement.

10 **VIII. ACKNOWLEDGMENT OF EXCLUSION OF WORKER'S COMPENSATION**
11 **COVERAGE:**

12 The Contractor herein expressly agrees and acknowledges that it is an independent
13 Contractor as defined in R. S. 23:1021 (6) and as such, it is expressly agreed and understood
14 between the parties hereto, in entering into this professional services contract, that the City
15 of New Orleans shall not be liable to the Contractor for any benefits or coverage as provided
16 by the Worker's Compensation Law of the State of Louisiana, and further, under the
17 provisions of R.S. 23:1034 anyone employed by the Contractor shall not be considered an
18 employee of the City for the purpose of Worker's Compensation Coverage.

19 **IX. ACKNOWLEDGMENT OF EXCLUSION OF UNEMPLOYMENT**
20 **COMPENSATION COVERAGE:**

21 The Contractor herein expressly declares and acknowledges that it is an independent
22 contractor and as such is being hired by the City under this contract of hire as noted and
23 defined in R.S. 23:1472 (E); and, therefore, it is expressly declared and understood between
24 the parties hereto, in entering into this professional services contract or contract for hire, and

1 in connection with unemployment compensation in coverage only, that:

2 A. The Contractor has been and will be free from any control or direction by the City,
3 over the performance of the services covered by this contract; and

4 B. Service(s) to be rendered by the Contractor are outside the normal course and scope
5 of the City's usual business; and

6 C. The Contractor has been independently engaged in performing services listed
7 herein prior to the date of this contract .

8 Consequently, neither the Contractor nor anyone employed by the Contractor shall be
9 considered an employee of the City for the purpose of unemployment compensation
10 coverage, the same being hereby expressly waived and excluded by the parties hereto.

11 **X. WAIVER OF SICK AND ANNUAL LEAVE BENEFITS:**

12 It is expressly agreed to and understood between the parties entering into this professional
13 services contract that the Contractor, acting as an independent agent, and its agents assigned
14 and employees shall not receive any sick and annual leave benefits from the City of New
15 Orleans.

16 **XI. JURISDICTION:**

17 The undersigned Contractor does further hereby consent and yield to the jurisdiction of the
18 State Civil Courts of the Parish of Orleans and does hereby formally waive any pleas of
19 jurisdiction on account of residence elsewhere of the undersigned Contractor.

20 **XII. DURATION OF AGREEMENT:**

21 The services to be provided under the terms of this Agreement shall begin on November 1,
22 2005 and shall end no later than December 31, 2005. It is understood and acknowledged by
23 all signators to this Agreement that work described under these terms is to be accomplished
24 during the time period specified herein. The terms, conditions and duration of this contract

1 may be modified by an executed, written amendment to this contract.

2 **XIII. EXTENSION:**

3 This agreement may be extended at the option of the City, provided that funds are allocated
4 by the Council of the City of New Orleans and the extensions of the agreement facilities the
5 continuity of services provided herein. This agreement may be extended by the City on an
6 annual basis for no longer than three additional one year periods.

7 **XIV. CANCELLATION:**

8 Either party of this contract may terminate the contract at any time during the term
9 of the contract by giving the other party written notice of said intention to terminate
10 at least thirty (30) days before the date of termination.

11 **XV. SOLICITATION:**

12 The Contractor has not employed or retained any company or person, other than a bona fide
13 employee working solely for him, to solicit or secure the subject contract. The Contractor
14 has not paid or agreed to pay any person, other than a bona fide employee working from him,
15 any fee, commission, percentage, gift, or any other or consideration contingent upon or
16 resulting from the subject contract.

17 **XVI. SEVERABILITY:**

18 In the event a Court of competent jurisdiction finds any clause or provisions pertaining to the
19 retention of Contractor invalid, unless said Court expressly states otherwise, said findings
20 shall not affect Contractor's right to continue providing utility-related legal services to the
21 City with respect to any clause or provision not found to be invalid.

1 For the consideration and under the conditions set forth above, the Contractor has agreed to
2 perform the specified services for the City of New Orleans.

3 **IN WITNESS WHEREOF:**

4 ATTEST

CITY COUNCIL

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Eddie L. Sapir
City Council President

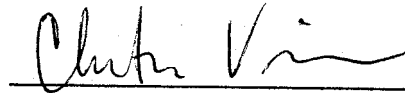
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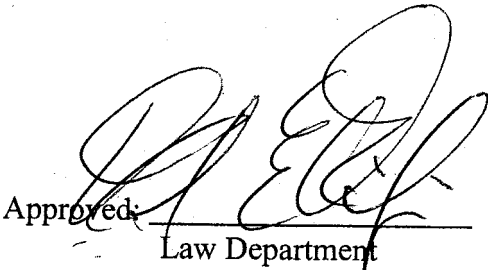
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14 Anjanette Millidge

Sullivan and Worcester, LLP

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17 Mary H Coleman

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By: Clinton Vince, Esq.
Shareholder, Partner

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28 Approved: _____
29 Law Department

1666 K Street, N.W.
Washington, D.C. 20006

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Federal ID Number

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AMENDMENT TO
AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
THE CITY OF NEW ORLEANS
AND
SULLIVAN & WORCESTER, LLP

THIS AGREEMENT is made and entered into as of the 27th day of September 2005 by and between the City of New Orleans, herein represented by Oliver M. Thomas, Jr. President of the Council of the City of New Orleans (hereinafter referred to as "City"), and the law firm of Sullivan & Worcester, LLP (herein after referred to as "Contractor").

WITNESSETH

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

WHEREAS, pursuant to Motions M-04-803 and M-05-96, after competitive selection, the City Council authorized a contract with the Law Firm of Sullivan & Worcester, LLP to act as special counsel to the City Council in electric and gas regulatory matters; and

WHEREAS, pursuant to Resolution R-05-U6, the President of the Council is hereby authorized to sign contract amendment with Sullivan & Worcester, LLP increasing the maximum compensation under such contract by 2.0 Million (\$2,000,000.00); and

WHEREAS, all parties to the agreements dated January 1, 2005 desire to amend the agreement and have the necessary authority to do so.

1 **THEREFORE, IT IS HEREBY AGREED:**


2 To increase the maximum compensation payable under the terms of this agreement by 2.0 Million
3 (\$2,000,000.00) thereby increasing the amount on line 12 and line 16 of page 3 of the Agreement
4 dated January 1, 2005, for the firm of Sullivan and Worcester, LLP. Beginning at line 11 of page
5 3 of the following language shall be inserted: The maximum compensation to be paid to the firm
6 of Sullivan & Worcester, LLP for such services shall not exceed Four Million Five Hundred Dollars
7 (\$4,500,000.00). If there are any necessary and ordinary expense attached to the work of the firm
8 of Sullivan & Worcester, LLP these expenses in addition to the fees outlined above, shall be
9 reimbursable by the City but the total amount of such expenses and fees shall not exceed Four
10 Million Five hundred Thousand Dollars (\$4,500,000.00). The firm of Sullivan and Worcester, LLP
11 shall submit to the City a detailed monthly invoice for payment of services provided. This agreement
12 is contingent up the appropriation and allocation of funds by the City of New Orleans.

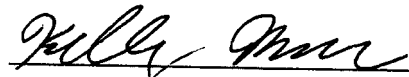

13 **IN WITNESS WHEREOF:**

14 ATTEST

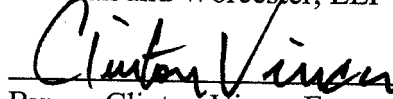
CITY COUNCIL

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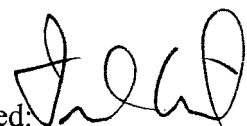

Oliver M. Thomas, Jr.
City Council President

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Sullivan and Worcester, LLP


By: Clinton Vince, Esq.
Shareholder, Partner

1666 K Street, N.W.
Washington, D.C. 20006

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31 Approved: _____
32 Law Department

04-2387531
Federal ID Number

RESOLUTION
R-05-116

CITY HALL: Sept. 27, 05

BY: COUNCILMEMBERS SAPIR, WILLARD-LEWIS, RATTI AND GILL PRATT

RESOLUTION AUTHORIZING EMERGENCY UTILITY RESTORATION EFFORTS

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

WHEREAS, Entergy New Orleans ("ENO") provides gas services to all of New Orleans and electric services to all of New Orleans except the Fifteenth Ward ("Algiers"); and

WHEREAS, on August 29, 2005, Hurricane Katrina, a category 4 storm with sustained winds of 140 miles per hour came ashore from the Gulf of Mexico near the City of New Orleans, resulting in the breach of the City's floodwalls of its levee system and flooding of substantial portions of the City; and

WHEREAS, the combined effects of the storm and the breached floodwalls significantly damaged major portions of ENO's utility infrastructure, such that virtually 100 percent of ENO's customers were without power for a period in excess of one week and substantial portions more will continue to be without power for an indefinite time; and

WHEREAS, on September 8, 2005, in the wake of the catastrophic damage to the City of New Orleans by Hurricane Katrina and the resulting widespread loss of life and grievous injury to health and property, the Council unanimously adopted Resolution R-05-Katrina 1, in

which the Council declared that an emergency exists and waived the requirements of Section 3-112 of the City Charter pertaining to procedure; and

WHEREAS, substantial efforts will be required to rebuild the City of New Orleans and that such rebuilding will require as a starting point, the rebuilding and/or replacement of significant portions of ENO's utility infrastructure; and

WHEREAS, pursuant to Motions M-04-803 and M-05-96, after competitive selection authorized a contract with the Law Firm of Sullivan & Worcester LLP, to act as special counsel to the City Council in electric and gas regulatory matters; effective January 1, 2005; and

WHEREAS, the effects of Hurricane Katrina were unforeseen at the time that the January 1, 2005 contract was executed such that regulatory advice and legal counsel related to rebuilding and/or replacing ENO's distribution system after Hurricane Katrina was not contemplated when the Council entered into such contract; and

WHEREAS, the Council will require regulatory advice and legal counsel regarding the regulatory and other approvals necessary to support the rebuilding and/or replacement of ENO's distribution; now, therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that:

1. The contract between the City of New Orleans and Sullivan & Worcester LLP is hereby amended to increase the maximum compensation payable under the terms thereof by \$2.0 million thereby increasing the amount on line 12 and line 16 of page 3 of the Agreement dated January 1, 2005.

2. Beginning at line 11 of page 3 the following language shall be inserted: "The maximum compensation to be paid to the firm of Sullivan & Worcester LLP for such services shall not exceed Four Million Five Hundred Thousand Dollars (\$4,500,000.00). If there are any

necessary and ordinary expenses attached to the work of the firm of Sullivan & Worcester LLP these expenses, in addition to the fees outlined above, shall be reimbursable by the City but the total amount of such expenses and fees shall not exceed Four Million Five Hundred Thousand Dollars (\$4,500,000.00). The firm of Sullivan & Worcester LLP shall submit to the City a detailed monthly invoice for payment of services provided. This agreement is contingent upon the appropriation and allocation of funds by the City of New Orleans.”

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

YEAS: Batt, Clarkson, Gill Pratt, Hedge-Morrell, Sapir, Thomas, Willard-Lewis - 7

NAYS: 0

ABSENT: 0

THE RESOLUTION WAS ADOPTED.

1 AMENDMENT TO
2 AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
3 THE CITY OF NEW ORLEANS
4 AND
5 SULLIVAN & WORCESTER, LLP
6

7 THIS AGREEMENT is made and entered into as of the 1st January 2006 by and between
8 the City of New Orleans, herein represented by Oliver M. Thomas, Jr. President of the Council of the
9 City of New Orleans (hereinafter referred to as "City"), and the law firm of Sullivan & Worcester,
10 LLP (herein after referred to as "Contractor").

11 WITNESSETH

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

15 WHEREAS, pursuant to Motions M-04-803 and M-05-96, after competitive selection, the
16 City Council authorized a contract with the Law Firm of Sullivan & Worcester, LLP to act as special
17 counsel to the City Council in electric and gas regulatory matters; and

18 WHEREAS, the Council desires to authorize a contract amendment and extension with
19 Sullivan & Worcester, LLP to assist in meeting the Council's regulatory responsibility to the City
20 and its ratepayers; and

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2. To change the termination date of the agreement by deleting the date, " December 31,
2005", on line 22 of page 7 of 9 and inserting in lieu thereof, the date "December 31,
2006.

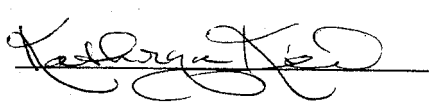
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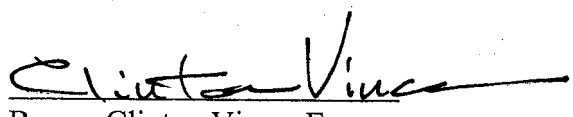
CITY COUNCIL



Oliver M. Thomas, Jr.
City Council President

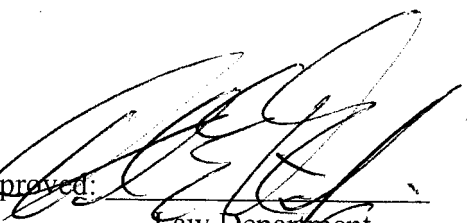


Sullivan and Worcester, LLP



By: Clinton Vince, Esq.
Shareholder, Partner

1666 K Street, N.W.
Washington, D.C. 20006

Approved: 
Law Department

04-2387531
Federal ID Number

1 **WHEREAS**, by Motion M-07-100 the President of the Council is hereby authorized to sign
2 a contract amendment with Sullivan and Worcester, LLP, extending the contract through 2007 and
3 increasing the maximum compensation under such contract; now, therefore

4 **WHEREAS**, all parties to the agreements dated January 1, 2005 desire to amend the
5 agreement and have the necessary authority to do so.

6 **THEREFORE, IT IS HEREBY AGREED:**

- 7 1. To increase the maximum compensation payable under the terms of this agreement
8 by 2.1 Million (\$2,100,000.00) thereby increasing the amount on line 12 and line 16
9 of page 3 of the Agreement dated January 1, 2005, for the firm of Sullivan and
10 Worcester, LLP. Beginning at line 11 of page 3 of the following language shall be
11 inserted: The maximum compensation to be paid to the firm of Sullivan &
12 Worcester, LLP for such services shall not exceed Nine Million Five Hundred
13 Thousand Dollars (\$9,500,000.00). If there are any necessary and ordinary expense
14 attached to the work of the firm of Sullivan & Worcester, LLP these expenses in
15 addition to the fees outlined above, shall be reimbursable by the City but the total
16 amount of such expenses and fees shall not exceed Nine Million Five Three Hundred
17 Thousand Dollars (\$9,500,000.00). The firm of Sullivan and Worcester, LLP shall
18 submit to the City a detailed monthly invoice for payment of services provided. This
19 agreement is contingent up the appropriation and allocation of funds by the City of
20 New Orleans.


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2. To change the termination date of the agreement by deleting the date, " December 31, 2006", on line 22 of page 7 of 9 and inserting in lieu thereof, the date "December 31, 2007".

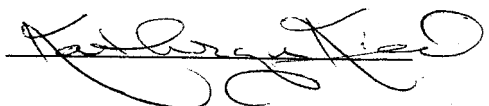
IN WITNESS WHEREOF:

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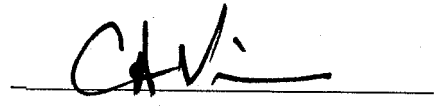
CITY COUNCIL



Oliver M. Thomas, Jr.
City Council President




Sullivan and Worcester, LLP



By: Clinton Vince, Esq.
Shareholder, Partner

1666 K Street, N.W.
Washington, D.C. 20006

Approved: 
Law Department

04-2387531

Federal ID Number

1 3. It is further agreed that the agreement is hereby amended to provide as follows:

2 "Pursuant to Chapter 2, Article XVIII of the City Code relative to the Office of
3 Inspector General, the contractor understands and will abide by all provisions of
4 Chapter 2 of the City Code."

5 4. The contract amendment shall reflect revised firm hourly billing rates unchanged
6 since 2005, as follows:

7	Managing Partners up to	\$450.00 per hour
8	Partners up to	\$440.00 per hour
9	Counsel and Of Counsel up to	\$410.00 per hour
10	Associates up to	\$315.00 per hour
11	Other Professionals up to	\$135.00 per hour

12 **IN WITNESS WHEREOF:**

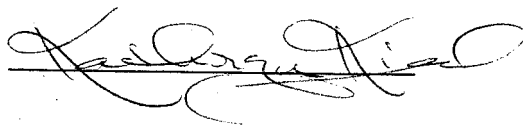
13 ATTEST

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CITY COUNCIL




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16 Arnie Fielkow
17 City Council President

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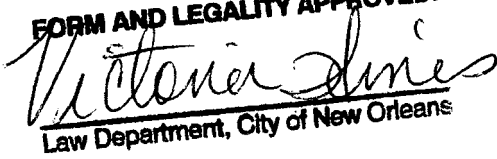
Sullivan and Worcester, LLP

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21 By: Clinton Vince, Esq.
22 Shareholder,

23 **FORM AND LEGALITY APPROVED:**

24 
25 Law Department, City of New Orleans
26

Partner

1666 K Street, N.W.
Washington, D.C. 20006

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28 Approved: _____

04-2387531

Federal ID Number

**MOTION
M-08-56**

CITY HALL: February 7, 2008

**BY: COUNCILMEMBERS ^{for} 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 Law Firm of Sullivan & Worcester, LLP to continue act as special counsel 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 the Law Firm of Sullivan & Worcester LLP to act as special counsel 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, Sullivan & Worcester has continued to provide the Council and New Orleans ratepayers with excellent regulatory advice, legal counsel, and ratepayer protection in matters before the Council, the Federal Energy Regulatory Commission and local, state and

federal courts as evidenced by the many successful and often landmark victories achieved in late 2006 and throughout 2007; and

WHEREAS, over the 15 months ending with December 2007, Sullivan & Worcester has assisted the Council in its extraordinary effort to address the devastation caused by Hurricane Katrina and the levee failures, the worst disaster in U.S. history, and protect New Orleans ratepayers from the potentially unprecedented costs of rebuilding the City's electricity and gas infrastructure; and

WHEREAS, immediately prior to Hurricane Katrina, Entergy New Orleans ("ENO") had relatively low utility rates in contrast to the 1980's and earlier periods when rates in the City were among the highest on the Entergy system; and

WHEREAS, the low rates enjoyed by ENO ratepayers prior to the evacuation of the City were the result of the Council's June 2003 Global Settlement Agreement which, as of June 2007, has accrued over \$200 million in utility fuel savings for New Orleans ratepayers; and

WHEREAS, despite ENO's significant rate increase requests in June 2006, Sullivan & Worcester carried out the Council's commitment to New Orleans residents that Entergy would not place the financial burden solely on its ratepayers; and

WHEREAS, in October of 2006, after intense negotiations, led by Sullivan & Worcester, the Council, its Advisors, ENO, the Alliance for Affordable Energy and other parties negotiated a landmark settlement that reduced the proposed rate hikes to a single-digit percentage and avoided potentially catastrophic rate increases. The Settlement Agreement also provided nearly two and one-half years of rate stability and required ENO to provide the City with a low-cost power supply contract specifically designed to reduce its dependence on the high-cost Michoud plant during high-demand summer months; and

WHEREAS, Sullivan & Worcester negotiated a \$75 million reduction of ENO's request to create a \$150 million storm reserve to allow ENO to build a cushion that could be used in the event of another major disaster but still attract investment. By spreading out a smaller \$75 million storm reserve over a ten-year period, Sullivan & Worcester successfully negotiated protection against future catastrophic storm events while easing the financial impact on ratepayers; and

WHEREAS, on October 27, 2006, the Council adopted Resolution R-06-459 approving the Agreement in Principle which also included two other significant provisions: (1) that ENO would file a plan of reconstruction for its damaged gas system with the Council by July 1, 2007 and (2) that ENO would file a Base Rate case on or before July 31, 2008; and

WHEREAS, Sullivan & Worcester advised the Council to certify ENO's storm costs and the Louisiana Recovery Authority's disbursement of almost \$200 million in CDBG funds thereby ensuring ENO's substantial storm cost recovery without the need to further burden New Orleans ratepayers; and

WHEREAS, due, in part, to ENO's receipt of CDBG funding, on Tuesday, May 8, 2007, roughly a year and a half after Hurricanes Katrina and Rita ravaged the Gulf Coast and the levees failed, a federal judge's ruling cleared the final hurdle for ENO to emerge from Chapter 11 bankruptcy without imposing the virtually unbearable burden on New Orleans ratepayers; and

WHEREAS, while working diligently to protect ratepayers from having to pay the lion's share of ENO's storm recovery costs, Sullivan & Worcester continued to address the many traditional regulatory issues that are necessary to protect ratepayers and to ensure quality utility service at just and reasonable rates. Among the other regulatory successes in 2007 that Sullivan & Worcester helped deliver on the Council's behalf were:

1. The complete re-examination of the Service Regulations for both ENO and Entergy Louisiana, LLC ("ELL") and the development of a proposal to amend Article VIII of the City Code with the goal of establishing a transparent, customer friendly, independent and expeditious Customer Dispute Resolution process, which would work in conjunction with the newly revised Service Regulations;
2. The development of Net Metering rules that allow interested citizens to obtain a portion of their electric needs from certain renewable energy sources such as solar or wind energy; and
3. The successful urging of ENO to seek a greater share of its Joint Account Purchases of lower cost power to alleviate ratepayer over reliance on more expensive and less efficient generation from the Michoud generation plant;
4. The initiation of a docket to consider an Incremental Cost Standard designed to ensure the elimination of double recovery of storm cost by ENO;
5. The establishment of a local investigation into issues related to the notice of Withdrawal of Entergy Arkansas, Inc. from the Entergy System Agreement that New Orleans ratepayers have been making a substantial financial contribution to for over 50 years;
6. The initiation of a local investigation regarding the impact of ENO's Long-term and Short-term Power Supply and Supply Planning Process on New Orleans ratepayers;
7. The encouragement of the Louisiana Congressional delegation to protect LIHEAP funding against proposed reductions;
8. The initiation of a local investigation regarding the impact of planned procurement and construction of new high cost Nuclear Generation capacity on the City and Its Ratepayers;

9. The recommendation that the Council adopt a Resolution in support of an amendment of the Stafford Act;

10. The recommendation that the Council adopt a Resolution directing ENG to make new Compliance Filing with respect to Market Street Property;

11. The initiation of a local proceeding regarding the appropriate level of 2008 Bandwidth Remedy Payments to ELL- Algiers ratepayers; and

12. The informal investigation and evaluation of selected Energy Policy recommendations from the "Energy Hawk" report and the development of a viable Energy Efficiency Program designed to assist ratepayers as they rebuild and renovate their homes in the manner consistent with the Council's Resolution expressing its commitment to Energy efficiency and conservation; and

WHEREAS, in addition to the very full set of local issues and matters, Sullivan & Worcester has also been active addressing an increasing number of proceedings before the FERC. The proceedings include litigated hearings involving complex issues that potentially have significantly dire impacts on the Council's ability to exercise its Home Rule Charter obligations to ensure just and reasonable rates without encroachment from FERC as well as major cost issues that could increase rates for New Orleans ratepayers; and

WHEREAS, in 2007, Sullivan & Worcester's federal trial team intervened in the following six cases before the FERC that were either successfully resolved or dismissed without any adverse impact on New Orleans' ratepayers or the Council's regulatory jurisdiction: (1) Entergy System Resource Case, Docket No. EL07-48-000; (2) LPSC Arkansas Complaint, Docket No. EL07-25-000, (3) MSS-3 Allocation Between Retail Jurisdictions Case, Docket No. ER07-683-000; (4) EGSI Jurisdictional Split Case; (5) MSS-3 Amendment – Property Under

Capital Lease; and (6) MSS-3 Amendment – Gains and Losses from Fuel Hedging; and

WHEREAS, the Council has intervened in additional cases which have continued into 2008 and will require the participation by Sullivan & Worcester on the Council's behalf. Those cases are: (1) the *Interruptible Load Case*, Docket No. EL00-66-000; (2) the *Arkansas PSC Prudence Complaint*, Docket No. EL06-76-000; (3) the *Louisiana PSC - Interruptible Load and Vidalia Complaint*, Docket No. EL07-52-000; (4) the *MSS-3 Amendment – Labor Ratios, etc.*, Docket No. ER07-682-000; (5) the *MSS-3 Amendment – Storm Cost Accruals*, Docket No. ER07-985-000; (6) the *Entergy Dynegy-Calcasieu Plant Case*, Docket No. EC07-70-000; and (7) the *Louisiana PSC SO2 Complaint*, Docket No. EL06-78-000; and

WHEREAS, Sullivan & Worcester will be required to commit substantial resources in the first *Annual Bandwidth Remedy Filing*, Docket No. ER07-956-000. This proceeding is extremely significant for New Orleans because it has the potential to set precedent that will be applied in all of Entergy's subsequent annual compliance bandwidth remedy filings. This case is also vitally important because of the potential that the Council's ability to review or disallow costs in ENO local, retail rate cases may be restricted if FERC decides that retail regulator must pass through FERC's cost determinations regardless of the views taken by local regulator. A hearing has been scheduled to begin in May of 2008 and a final FERC decision is not likely until 2009; and

WHEREAS, Sullivan & Worcester represents the Council as an intervener in two major cases that are on appeal before the United States Court of Appeals, D.C. Circuit that have continued into 2008. In the *Rough Production Cost Equalization Case*, Docket No. EL01-88-000, the Advisors continue to protect New Orleans ratepayers in the federal court involving the FERC's decisions which approved a "bandwidth remedy" to ensure no single jurisdiction bears a

disproportionate share of Entergy System production costs. The Council intervened in the appeal to ensure that the costs of ELL's Vidalia plant are not allocated to New Orleans ratepayers. Similarly, in the *Power Purchase Agreement Cases*, Docket No. ER03-54, the FERC issued its final order on rehearing on April 5, 2007, affirming its support for the terms reached under the 2003 settlement between Entergy and the Council. We are now awaiting an order from the Court establishing the briefing schedule; and

WHEREAS, as calendar year 2008 begins, the Council is committed to move forward with numerous issues and cases, both local and before FERC, such as:

1. The Base Rate case that ENO is required to file on or before July 31, 2008, and evaluation of effectiveness, costs, and benefits associated with the Customer Complaint and Dispute Resolution Process.
2. The implementation of a viable, appropriately-sized, and results-driven energy efficiency program consistent with national "best practices" for programs, administration and funding as a central component of a comprehensive energy policy for the City;
3. The analyses of the 2007 bandwidth remedy payments for ELL – Algiers customers;
4. The continued investigation of impact of Entergy Arkansas' withdrawal from the System Agreement, along with the recent notice of withdrawal by Entergy Mississippi, Inc. and the likely discussions surrounding the development of a new or modified System Agreement;
5. Continued monitoring of ENO's power supply plans, in particular those that may address the need to reduce ENO's Fuel Adjustment Clause ("FAC");
6. Evaluation of ENO's meter access pilot program;
7. Analyze and evaluate ENO's biannual Peak Day Gas Forecast filing;
8. Ensure that ENO's Annual Natural Gas Hedging Program meets the goal of mitigating

natural gas price volatility during the winter months and protects ratepayer interests;

9. Monitor ENO's Quarterly Reports filed on its gas storage program and ensure that ENO's gas storage program inures to the benefit of City ratepayers;

10. Continue to defend the Council's ratemaking authority which has been challenged in the Lowenburg litigation; and

11. Continue to defend the Council's ratemaking authority which has been challenged in the Gordon Appeal;

12. Continue the investigation into the impact of ELL's and Entergy Gulf States, Inc.'s ("EGSP") potential procurement and construction of new high-cost nuclear generation capacity on the City and its ratepayers;

13. Continue the investigation of ENO's power supply and power supply planning process;

14. Ensure ENO's compliance with the requirements of Resolution R-06-222 which include the demonstration of how the Market Street transaction, as finalized by ENO, holds ENO's retail customers harmless;

15. Monitor and evaluate the implementation of ENO's plans to refurbish its damaged natural gas infrastructure;

16. Continue the evaluation of all of ENO's storm cost recovery filings and ensure that ENO properly credits all storm recovery proceeds to the benefit of New Orleans ratepayers;

17. Continue the effort to amend the Stafford Act; 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, 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 Law Firm of Sullivan & Worcester, LLP 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 Law Firm of Sullivan & Worcester, LLP extending the contract through 2008 and increasing the maximum compensation under such contract up to \$2,800,000.

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 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 amendment shall reflect revised firm hourly billing rates unchanged since 2005, as follows:

Managing Partners up to	\$450.00 per hour
Partners up to	\$440.00 per hour
Counsel and Of Counsel up to	\$410.00 per hour
Associates up to	\$315.00 per hour
Other Professionals up to	\$135.00 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 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

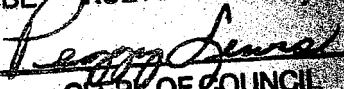
NAYS: 0

ABSENT: 0

AND THE MOTION WAS ADOPTED.

g:ACCUTIL\MOTIONS2008\08-SULLIVAN

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY


CLERK OF COUNCIL