RESOLUTION
R-09-136

CITY HALL: APRIL 2, 2009

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

IN THE MATTER OF ENTERGY NEW ORLEANS, INC.'S APPLICATION OF ENTERGY NEW ORLEANS, INC. FOR A CHANGE IN ELECTRIC AND GAS RATES PURSUANT TO COUNCIL RESOLUTION R-06-459
DOCKET NO. UD-08-03

RESOLUTION AND ORDER APPROVING AGREEMENT IN PRINCIPLE

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 with the power of supervision, regulation and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Entergy New Orleans, Inc. ("ENO" or "Company") is a public utility providing electric service to all of New Orleans, except the Fifteenth Ward ("Algiers"), and gas service to all of New Orleans; and

WHEREAS, Entergy Louisiana, LLC ("ELL") provides electric service to the Algiers section of New Orleans; and

WHEREAS, on October 27, 2006, the Council adopted Resolution R-06-459 which approved the Agreement in Principle reached between ENO and its Advisors settling and otherwise resolving the issues in Dockets No. UD-01--04, UD-03-01, UD-06-01 and UD-06-02; and

WHEREAS, Resolution R-06-459, directed that on or before July 31, 2008, ENO shall file a Period I and Period II Base Rate Case using the 12 months ended December 2007 as the Period I test year and the 12 months ended December 2008 as the Period II test year, and the Council's Advisors shall recommend a procedural schedule that will permit a decision by the Council on the merits of ENO's Base Rate Case filing within eight months of the date of the filing; and

WHEREAS, the Council further directed that ENO's Base Rate Case filing shall be based upon sound regulatory principles embodied in the conduct of a cost of service study and include, among other things:

a. consideration of ENO's costs, service levels, and reliability pre- and post-Katrina, and the extent to which ENO's expenses reasonably can be reduced consistent with a changed customer base to achieve a balancing of ratepayer and Company interests, and consistent with sound utility practices; and

b. a class cost allocation and rate design study (to reflect post-Katrina characteristics of its customer class make-up, consumption patterns, including interruptibility of load, and cost causation) with the aim of reflecting post-Katrina conditions on the ENO system using both a Period I and Period II format; and

c. the specific accounting treatment utilized in its Period I and Period II filings with respect to the receipt of insurance proceeds, deferred taxes, Community Development Block Grants ("CDBG") and tax loss carry forwards; and

d. the development of appropriate customer service charges based on accepted cost-of-service regulatory principles; and

WHEREAS, on July 31, 2008, the Company made an initial filing of its *Application of Entergy New Orleans, Inc. For a Change in Electric and Gas Rates Pursuant to Resolution R-06-459* ("Application"), with supporting testimony and exhibits. The filing included ENO's request for a change in electric and gas rates and new rate schedules applicable to electric and gas service. The Company proposed to reduce electric bills by approximately $23 million: $12.3 million in the form of revenue excess reallocated to generate an equivalent reduction in the Fuel Adjustment Clause ("FAC") and approximately $10.6 million in the form of a permanent recovery credit or 6.15% as a line-item reduction on customer bills. The Company also proposed to design rates to reflect a gas base rate increase of $9.1 million, including changes in the customer charge applicable to all rate schedules; and

WHEREAS, on September 15, 2008, ENO made a revised filing that did not affect its earlier requested rate action; and

WHEREAS, on November 13, 2008, ENO notified the parties that ENO would be revising the rate actions it requested in this proceeding due to an oversight in the preparation of the Period II cost of service studies; and

WHEREAS, according to ENO, in the 2008 financial forecast (Period II), ENO included the Storm Reserve Rider revenue and the corresponding storm reserve rider expense. This expense was recorded to Account 925 – Injuries and Damages in the 2008 financial forecast with $5.85 million allocated to the electric product line and $650,000 allocated to the gas product line. In preparation of ENO's base rate cost of service study, ENO eliminated the revenues associated with the Storm Reserve Rider, but inadvertently failed to exclude the corresponding expense that had been included in Account 925. ENO corrected this oversight by eliminating this expense from the cost of service and corresponding revenue requirement. This correction would result in an additional base rate reduction of $5.85 million to the electric product line and $650,000 less in base rate increase to the gas product line; and

WHEREAS, according to ENO, correcting this error, ENO's Period II Electric Cost of Service study demonstrated a revenue excess (rate decrease) of $18.209 million on an annual basis instead of the $12.3 million initially requested by ENO. Likewise, ENO's Period II Gas Cost of Service demonstrated a revenue deficiency of $8.449 million on an annual basis instead of $9.1 million initially requested by ENO. Accordingly, ENO requested that the Council order the realignment of approximately $18.209 million of Grand Gulf non-fuel costs from the fuel adjustment clause to electric base rates. In addition, Entergy New Orleans requested that the Council increase gas base rates by $8.449 million on an annual basis instead of $9.1 million; and

Procedural Orders

WHEREAS, on August 7, 2008, in Resolution R-08-451 (As Amended), the Council adopted its initial Procedural Order which set forth the procedural rules that would govern its consideration of the Company's Application; and

WHEREAS, in its initial Procedural Order, among other things, the Council established a docket for the consideration of the Company's Application, appointed the Honorable Jeffrey Gulin its hearing officer to preside over the proceedings in the docket, established delays to allow interested parties an opportunity to intervene in the proceedings, set guidelines for discovery, and assigned a date by which the record of the proceedings in the docket had to be certified to the Council; and

WHEREAS, on September 18, 2008, the Council adopted Resolution R-08-473, which supplemented its initial Procedural Order, extended the discovery period, allowed for depositions, established dates for the filing of testimony and the evidentiary hearing, and granted

ENO's request that it be allowed to provide a 9-month update of its actual per book accounting data concurrent with the filing of the Company's 3rd Quarter earnings report; and

WHEREAS, pursuant to joint requests of the parties and in accordance with the Council's Procedural Orders, the Hearing Officer issued two orders modifying the Council's Procedural Orders, the first dated December 31, 2008, and the second dated February 20, 2009; and

Parties

WHEREAS, in addition to the Company and the Council's Advisors, the parties in this proceeding included the New Orleans Sewerage and Water Board ("S&WB"), the New Orleans Business Energy Council ("NOBEC"), Air Products and Chemicals, Inc. ("Air Products"), and the Alliance for Affordable Energy ("Alliance"), all of whom actively participated in the docket through written discovery, depositions and/or by submitting written testimony; and

WHEREAS, several of the parties in this proceeding served numerous discovery requests on ENO. NOBEC, including Lockheed Martin Space Systems Company, The Folger Coffee Company, and United States Gypsum, issued nine (9) sets of data requests in this proceeding which identified several areas of ratemaking concerns; and

WHEREAS, NOBEC, S&WB, Air Products, and the Advisors filed Direct Testimony on November 17, 2008 and Redirect Testimony on January 16, 2009 outlining, in detail, their positions on numerous aspects of Entergy New Orleans, Inc.'s application and recommending various ratemaking adjustments; and

WHEREAS, the Alliance also filed Redirect Testimony on January 16, 2009 focusing on energy efficiency and the Energy Smart New Orleans Plan ("Energy Smart"); and

WHEREAS, the evidentiary hearing in this docket was set for April 2-8, 2009, however prior to the completion of depositions and other discovery, the Company and the Council's

Advisors, after extended negotiations, reached an Agreement in Principle that the Advisors and all of the Intervenors, namely, the S&WB, NOBEC, Air Products, and the Alliance, are recommending as being in the public interest and constituting a reasonable basis upon which to settle the issues in Docket No. UD-08-03; and

WHEREAS, although the agreement in principal in this proceeding is considered a "black box" settlement, Air Products, the Alliance, NOBEC and S&WB identified a variety of issues in this proceeding that, in fact, contributed to the mutual agreement between the parties herein; and

WHEREAS, on March 25, 2009, ENO filed the Agreement in Principle ("Agreement") with the Council, signed by the Company, the Council's Advisors, S&WB, NOBEC, Air Products and the Alliance recommending that ENO's electric and natural gas base rates be adjusted from the levels set by the Council in Resolution R-06-459; and

WHEREAS, a copy of the Agreement in Principle is appended hereto; and

WHEREAS, the Agreement in Principle itself should be consulted for a full and complete understanding of the rights and obligations contained therein; and

WHEREAS, a brief overview of the principal terms and conditions of the Agreement in Principle can be summarized as follows:

(1) The Agreement reduces electric and gas bills to customers by a combined total of $30.309 million annually. This reduction in total rates includes a modest increase in gas rates but a substantial <u>decrease</u> in electric rates that more than offsets the gas increase;

(2) The total electric rate reduction is $35.259 million and includes $3.1 million dedicated to the Energy Smart New Orleans initiative;

(3) The Agreement will move an additional $55.366 million of non-fuel costs associated with the operation of Grand Gulf from the Fuel Adjustment Clause ("FAC") to electric base rates with a corresponding base rate increase effective for bills rendered on and after the first billing cycle of June 2009;

(4) The full re-alignment of Grand Gulf non-fuel costs and the electric rate reduction of $35.259 million described in sub-paragraph (2) will result in an annual electric base rate increase of $55.366 million and an off-setting annual reduction of $90.625 million of Grand Gulf non-fuel costs from the FAC, resulting in a net reduction of $35.259 million annually on a total Company basis;

(5) The Agreement provides the Company with an opportunity to earn a fair and reasonable rate of return. The new Rate of Return on Equity ("ROE") will be 11.1% for electric operations and 10.75% for gas operations;

(6) The Agreement in Principle establishes a Formula Rate Plan ("FRP") for both electric and gas service;

(7) The Agreement establishes an energy efficiency program based upon significant input from and involvement of many community stakeholders;

(8) The Agreement establishes a right of first refusal for ENO to participate in up to 20%, through ownership or contract, in an electric generation facility that may be constructed or repowered in the Amite South Region in the next approximately 6½ years;

(9) The Agreement also provides for the re-funding of ENO's Storm Reserve Rider, which is an important tool in protecting the ratepayers from damage due to catastrophic storms;

(10) The Agreement also institutes improvements to the bill design in order to provide customers with clearer and more informative data regarding their utility usage;

(11) The minimum bill provided for in the Company's Electric Residential Rate Schedule will be replaced with a customer charge equal to the current minimum bill rate of $8.07; and

WHEREAS, the Agreement in Principle is expressly contingent on, among other terms and conditions, the Company obtaining approval from its Board of Directors and the Council adopting a Resolution approving the Agreement in Principle; and

WHEREAS, on March 24, 2009, ENO's Board of Directors approved the Agreement in Principle; and

WHEREAS, in response to numerous complaints and questions to the Council regarding information on the bills that ENO sends to customers each month, the Advisors and community representatives met with ENO to discuss potential redesigns to improve the bills. These discussions resulted in two options that were presented to the Council for approval subject to reactions and comments from several customer focus groups regarding the alternative redesigned bills. With the benefit of the report on the focus groups' reactions and comments, the Company and the Advisors now recommend the preferred bill design be approved and implemented in conjunction with the Council's consideration of the Agreement in Principle. Accordingly, we find that the proposed bill design will provide customers with a better understanding of the various cost components of utility service and help ratepayers see their current and historical energy usage.

WHEREAS, the Council commends ENO, S&WB, NOBEC, Air Products, the Alliance and the Council Advisors for their effort to devise the settlement in this proceeding; and

WHEREAS, on the basis of the record before the Council and the unanimous support of the Intervenors and the reasons set forth below, the Council wishes to approve this Agreement in Principle; now, therefore:

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS THAT:

1. The Agreement in Principle submitted by ENO on March 25, 2009 in Docket No. UD-08-03 is supported by the Council's Advisors, NOBEC, S&WB, Air Products and the Alliance, and on the basis of the record before us, we find that it is just, reasonable and in the public interest. Accordingly, the Agreement in Principle is accepted without modification for the following reasons, at a minimum.

Rate Benefits

First, the Agreement reduces electric and gas bills to customers by a combined total of $30.309 million annually. The total electric rate reduction is $35.259 million and includes $3.1 million dedicated to the Energy Smart New Orleans initiative. Although this reduction in total rates includes a modest increase in gas rates, the Agreement provides for a substantial <u>decrease</u> in electric rates that more than offsets the gas increase. Based on the 2008 test year fuel costs and excluding the effects of the Storm Reserve Rider, the Agreement would reduce typical residential bills by approximately 4%.

Second, the Agreement will also move an additional $55.366 million of non-fuel costs associated with the operation of Grand Gulf from the FAC to electric base rates with a corresponding base rate increase effective for bills rendered on and after the first billing cycle of June 2009. In addition to moving the $55.366 million in revenues, this change in rates accomplishes the long awaited return of approximately $90.625 million of Grand Gulf non-fuel costs out of the FAC and back into electric base rates. This eliminates a significant concern of the Council and many electric ratepayers that the FAC was much too large as compared to the base rate component of monthly bills. Although our initial decision to move the Grand Gulf non-fuel charges to the FAC was approved in 2006 to ensure ENO's survival after Hurricane Katrina, with the increase in ENO's electric customer base as a result in the growth in the population of the City of New Orleans and in light of the electric rate reduction that we are authorizing in this proceeding, now, in our view, is the best foreseeable opportunity to return the Grand Gulf non-fuel charges to base rates.

ENO's Financial Health & Regulatory Oversight

Third, designating 11.10% as the ROE midpoint for ENO's electric operations and 10.75% as the ROE midpoint for ENO's gas operations is consistent with the Council's obligation to authorize rates for ENO that are just and reasonable and to maintain ENO's financial health so that it can attract necessary capital to do business. The U.S. Supreme Court cases Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923), and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944) require utility regulators to authorize a rate of return on common equity that will (1) fairly compensate capital invested in the utility; (2) enable the utility to offer a return adequate to attract new capital on reasonable terms; and (3) maintain the utility's financial health. The Council finds that the proposed changes in rates provide ENO with sufficient earnings to continue improvement of its financial health in the immediate future without imposing an undue burden on ratepayers.

Fourth, beginning in 2010, ENO will be subject to FRPs for both electric ("EFRP") and Gas ("GFRP") operations. The FRPs allow the Council to annually review the Company's earnings and costs while providing a measure of rate stability. The FRPs readjust ENO's rates if it earns above or below a set bandwidth around the authorized ROEs for electric and gas operations. Additionally, the FRPs will operate in a similar manner as the FRP's that the Council approved in Resolution R-03-272 and were used for ratemaking purposes from 2004 through 2006. Unlike the earlier versions, the proposed FRPs have incorporated specific improvements to streamline the FRP process.

The EFRP will utilize an ROE of 11.10% that will act as the authorized midpoint within a narrow bandwidth of 10.70 % to 11.50 %. Except for changes to reflect (a) costs associated with lost contribution to fixed costs and incentives due to the implementation of energy efficiency program(s), (b) incremental capacity/resource costs or (c) "Extraordinary Costs", as that term is defined in Section III.A, III.D, and III.E of the EFRP, no change in electric base rates will occur if ENO's actual "test year" or earned ROE falls within the +/- 0.40%.

Under ENO's EFRP, in the event that it is determined that ENO's ROE is more than 11.50%, during an evaluation period, an adjustment would be made to ENO's base rates for the ensuing effective period so as to allow the Company to earn revenue in an amount equivalent to an ROE of 11.10%. In the event that it was determined during an evaluation period that ENO's ROE was less than 10.70%, an adjustment would be made to ENO's base rates for the ensuing effective period so as to allow the Company to earn revenue in an amount equivalent to ENO's mid-point ROE of 11.10%.

The proposed GFRP will operate in a similar manner and would allow ENO to earn an ROE within a bandwidth of 10.25% to 11.25% with a mid-point target ROE of 10.75%.

Pursuant to the terms of the Settlement Offer, the proposed EFRP and GFRP would only be in effect for three years, unless extended by the Council and the Company. The sunset provision provides protection for ratepayers in that it provides an opportunity for the Council to review the ratemaking process in light of current economic, financial, regulatory, and Company conditions and to set rates that are appropriate.

Energy Conservation and Energy Efficiency

Fifth, the Agreement provides for the establishment and implementation of appropriate demand-side management programs to be known as Energy Smart to be implemented in Council Docket No. UD-08-02. Energy Smart will include: (1) a viable, sustainable energy efficiency program; (2) imposition of appropriate goals for reduction in energy consumption upon the Company; and (3) implementation of corresponding incentive mechanisms for the utility to develop and implement energy efficiency and conservation programs to meet such goals. The process and the underlying programs agreed to in the Agreement in Principle are based upon the significant input from and involvement of many community stakeholders.

Among the many terms and conditions agreed upon by ENO, the Alliance and the Advisors along with the other Intervenors, the Agreement provides that: (1) the Company, subject to Council approval, will design, select and implement, either itself or through contractors, demand side programs which are to benefit all customer classes that support such programs through their electric rates; (2) the Council will authorize as part of this settlement a sustainable funding source from rates at a level of no less than $3.1 million per year to be used in the funding of all costs associated with Energy Smart unless otherwise specified in the Agreement; (3) the Council will conduct an annual review of the programs to determine if ENO has met Council-approved energy savings goals and targets; (4) ENO will use a Third-Party Administrator to implement most of the cost-beneficial energy conservation and efficiency programs approved by the Council in Docket UD-08-02; and (5) among the program offerings under consideration will be a weatherization program for low income customers and a domestic solar water heating program; the Company shall have the ability to recover its lost contribution to fixed costs in a timely fashion through the operation of the EFRP and will have the opportunity to earn incentives based on its performance and implementation of the demand-side programs.

The Council in Resolution R-07-600 asserted its commitment to energy efficiency and the development of a viable energy efficiency program in Orleans Parish. In Council Resolution R-08-366, the Council found that the Energy Smart Plan, a consensus plan developed by a widespread community stakeholder group, will promote and facilitate increased energy efficiency and conservation and foster the development of an energy efficiency industry in the City of New Orleans and is a reasonable and necessary exercise of the Council's regulatory authority and its police power to regulate and ensure the public welfare within the City of New Orleans and is in the public interest. We also note that the implementation of the Energy Smart Plan addresses the Council's desire to have one unified energy conservation program available to customers in the Company's service area.

Accordingly, the Agreement in Principle addresses a long-held and important policy objective of this Council -- to dramatically improve energy conservation and energy efficiency in New Orleans. Energy Smart is a landmark step in achieving that objective.

Generation Resource

Sixth, the Agreement establishes a right of first refusal for ENO to participate in up to 20%, through ownership or contract, of an electric generation facility that may be constructed or repowered in the Amite South Region in the next five or six years. The Agreement in Principle establishes a right of first refusal for ENO to obtain electric generation from an electric generation facility that may be constructed in the Amite South Region in the next 6 ½ years. The Amite South planning region of the Entergy System includes metropolitan New Orleans. Transmission constraints in the region require the Entergy System to operate units at ENO's Michoud facility to provide load-following capability and voltage support. The ability to displace the operation of the older, less efficient Michoud facility by adding a newer, more efficient facility to ENO's resource portfolio would result in lower energy costs. Additionally, the new facility would provide for additional operational flexibility and long-term system reliability.

Storm Cost Reserve and Recovery

Seventh, the Agreement also provides for the re-funding of ENO's Storm Reserve Rider, which helps protect ratepayers from the financial effects resulting from damage due to catastrophic storms such as Hurricanes Katrina and Rita. In fact, the Storm Reserve Rider has already benefited ratepayers as it was used to absorb some of the storm restoration and repair cost resulting from Hurricanes Ike and Gustav.

With regard to Hurricanes Katrina and Rita storm costs, the Agreement provides that the Council's auditors shall provide final audit certifications of ENO's previously submitted storm-related costs no later than September 30, 2009. Any future reimbursement of Hurricanes Katrina and Rita-related storm costs from the Louisiana Office of Community Development shall be credited to customers through the electric and gas formula rate plans. The Agreement also provides certainty for ENO and its customers on how ENO is to recover an estimated $32 million, subject to an audit by the Council's Advisors, in storm costs related to Hurricanes Gustav and Ike. The Agreement generally provides that non-capital storm costs will be recovered through the Storm Reserve Rider without an increase in base rates and that capital storm costs will be addressed in the FRP review in 2010.

Avoidance of Litigation

Eighth, the Agreement in Principle is a negotiated resolution of three major issues before the Council involving a rate application, the potential development of new generation resources and the establishment of an energy efficiency program. Each of these issues involves important policy issues and large sums of money and presents the very real prospect of extensive litigation before the Council, which likely would have been expensive and time-consuming. The Agreement in Principle avoids such litigation and permits the Council, its Advisors and the parties to focus their efforts on other pressing matters concerning the provision of reliable and affordable utility service in New Orleans.

Unanimous Agreement

Ninth, the Agreement in Principle is supported or not opposed by all the active parties to these proceedings. The Council expresses its gratitude to and commends ENO, the Council's Advisors, S&WB, NOBEC, Air Products and the Alliance for their hard work, cooperativeness and willingness to act in the best interests of the people and businesses of New Orleans in order to facilitate just, reasonable and affordable rates and utility services.

BE IT FURTHER RESOLVED that the rates changes to be implemented pursuant to the Council's approval of the Agreement in Principle shall become effective for the Company's first billing cycle in June 2009.

BE IT FURTHER RESOLVED that in conjunction with the rate actions described above and specifically set forth in the Agreement in Principle, ENO shall institute the accounting provisions specifically set forth in Exhibit 6 of the Agreement in Principle.

BE IT FURTHER RESOLVED that the Council concurs with the proposed change in the Company's accounting for the fuel component of unbilled revenues which involves recording unbilled accounts receivable based on applicable rates excluding the fuel surcharge, and transferring the fuel component embedded in unbilled accounts receivable at the date of the change to the deferred fuel asset/liability account as set forth in the Agreement in Principle.

BE IT FURTHER RESOLVED that ENO and the Council agree to enter into and file a joint motion to stay ENO's appeal of Council Resolution R-06-89 currently pending before the Civil District Court for the Parish of Orleans. Nothing contained in the motion shall serve as an impediment to either party's ability to unilaterally request that the stay be lifted at any time.

BE IT FURTHER RESOLVED that the Company shall implement the new bill design concurrent with the change in rates approved by the Council in its ordering resolution.

BE IT FURTHER RESOLVED that within thirty (30) days of the adoption of this resolution, the Company shall make a compliance filing reflecting the changes in rates ordered herein.

For the foregoing reasons, the Agreement in Principle is **APPROVED.**

THE FOREGOING RESOLUTION 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 RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

[signature]

CLERK OF COUNCIL

ATTACHMENT TO RESOLUTION R-09-136

Entergy

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Tracie L. Boutte
Vice President
Regulatory & Governmental Affairs

March 25, 2009

Mrs. Peggy Lewis
Clerk of Council
Council of the City of New Orleans
1300 Perdido Street
New Orleans, LA 70112

Re: *In Re: Application of Entergy New Orleans for a Change in Electric and Gas Rates Pursuant to Council Resolution R-06-459, Docket No. UD-08-03*

Dear Mrs. Lewis:

Entergy New Orleans, Inc. (the "Company") submits herewith an original and three (3) copies of: (1) *Agreement in Principle* relative to the above-referenced electric and gas rate proceedings and (2) the *Unanimous Consent of the Board of Directors of Entergy New Orleans* approving same. This agreement reflects a settlement and accommodation of the signatories, which include all of the intervening parties to this proceeding, New Orleans Business Energy Council, Air Products and Chemicals, Inc., the Sewerage & Water Board of New Orleans and the Alliance for Affordable Energy.

The Company respectfully requests that you file the original and two copies of the above-referenced documents into the recovery of this proceeding and return a conformed copy of same to the undersigned.

Thanking you for your attention to this matter, I am

Sincerely,

Tracie L. Boutte

Tracie L. Boutte

cc: Official Service List

APPLICATION OF ENTERGY NEW ORLEANS, INC. FOR
A CHANGE IN ELECTRIC AND GAS RATES
PURSUANT TO COUNCIL RESOLUTION R-06-459

UTILITY DOCKET NO. UD-08-03

2009 AGREEMENT IN PRINCIPLE

BACKGROUND

Recognizing that as a result of Hurricane Katrina and the flooding of substantial portions of the City resulting from failure of the levees, major portions of the City and Entergy New Orleans, Inc.'s ("ENO's") utility infrastructure were significantly damaged; and

Recognizing that in order to address the many challenges facing the City and ENO, the Council of the City of New Orleans ("Council") in its role as the regulator of ENO adopted numerous resolutions to aid the restoration of utility service and while ensuring that ratepayers received safe and reliable service at the lowest reasonable costs under the circumstances; and

Recognizing that the 2006 Agreement in Principle approved by the Council in Resolution R-06-459 ("2006 Agreement in Principle"), which, among other things, resolved the Company's formula rate plan filings, addressed ENO's request to recover Hurricanes Katrina and Rita storm costs and established a storm reserve fund for future catastrophic storm events, and provided ENO with an opportunity to reestablish its financial footing and emerge from bankruptcy; and

Recognizing that the 2006 Agreement in Principle required ENO to file a depreciation study with the Council on or before May 1, 2008, as well as a full cost of service study (base rate case) with the Council on or before July 31, 2008, which base rate case would include cost of service studies based on both a historical and a projected test year and a class cost allocation and rate design study with the aim of reflecting post-Katrina conditions on the ENO system, as well as the development of appropriate customer service charges based upon sound, accepted cost-of-service regulatory principles; and

Recognizing that on or about July 31, 2008, ENO submitted to the Council its Application for a Change in Electric and Gas Rates pursuant to Council Resolution R-06-459, which was assigned Council utility docket number UD-08-03; and

Recognizing that this proceeding is the Company's first comprehensive base rate case since 2003 and since it emerged from bankruptcy after the devastating effects of Hurricane Katrina; and

Recognizing that ENO continues to operate with a significantly diminished customer base. As of December 2008, the Company provided electric service to approximately 140,000 retail electric customers (approximately 74% of its pre-Katrina customer base and load) and approximately 92,000 retail gas customers (approximately 64% of ENO's pre-Katrina customer base, but only 63% of the corresponding pre-Katrina gas sales); and

Recognizing that ENO faces unique financial challenges, such as the still-recovering local economy, tenuous storm protection systems, and ENO's relatively small service territory, customer base, equity capital base and risk profile; and,

Recognizing that to date, the Company has received approximately $180.8 million in CDBG reimbursement from the Louisiana Office of Community Development ("LA OCD") to apply toward mitigation of storm restoration costs to be incurred by ENO's customers, leaving $19.2 million outstanding for reimbursement of storm costs; and,

Recognizing that as of April 2008, ENO had received approximately $124.3 million in insurance proceeds related to Hurricanes Katrina and Rita storm damage, approximately $91.6 million is earmarked for the rebuilding of ENO's gas system; and,

Recognizing that in 2008, based on its most recent estimates, ENO has incurred approximately $25-30 million in storm costs related to Hurricane Gustav and an additional $3-5 million related to Hurricane Ike. Of that amount, approximately $10 million of non-capital storm costs related to Hurricanes Gustav and Ike have been offset by funds collected through ENO's existing storm reserve rider; and,

Recognizing that the high price of natural gas that, until recently, has affected the cost of energy and purchased power recovered from ENO customers and the collection of non-fuel costs associated with Grand Gulf capacity through the ENO's Fuel Adjustment Clause ("FAC") have exerted significant pressure on the FAC charged to electric customers; and,

Recognizing that various factors can drive the need for new investment in energy supply resources, and that integrated resource planning, including the development of demand-side resources, is a necessary component of future utility operations; and,

Recognizing that ENO has a need for long-term, efficient, load-following capability to maintain system reliability and to meet its native load requirements; and,

Recognizing that current low gas prices presented a short-term opportunity to lock-in the fuel costs of the Michoud generation facility for the summer of 2009, which financial hedge was entered pursuant to the direction of the Chair of the Utility Committee and was finalized on March 17, 2009; and ,

Recognizing that the rate reductions to be accomplished through this Agreement in Principle would result in savings to ENO's customers; and,

Recognizing that realignment of approximately $90.6 million of Grand Gulf non-fuel costs from the ENO's Fuel Adjustment Clause to base rates will reduce charges passed on to customers through the FAC; and,

Recognizing the adoption of Formula Rate Plans for a period of three years protects the interests of New Orleans ratepayers by providing the Company with an opportunity to achieve financial health and stability through generally accepted ratemaking mechanisms, including establishing a return on equity that appropriately reflects the Company's risk profile, while at the same time providing for a streamlined annual review by the Council of the Company's earned return on equity, as defined in the Formula Rate Plans; and

Recognizing that cooperation between the Council and ENO to facilitate the establishment and implementation of appropriate demand-side management programs (which programs should include: 1) a viable, sustainable energy efficiency program; 2) imposition of appropriate goals for reduction in energy consumption upon the utility; and 3) implementation of corresponding mechanisms to incent the utility to develop and implement DSM programs to meet such goals) are in the public interest; and,

Recognizing that the implementation of successful demand-side management ("DSM") resources will not completely displace ENO's long-term need for supply-side resources or eliminate ENO's need to add long-term, efficient, load-following capability to its resource portfolio to meet its native load, and that a right of first refusal to participate in up to twenty percent (20%) of a single self-build or long-term/life of unit, combined cycle gas turbine resource which may be pursued by the Entergy System for the Amite South region, through a competitive procurement process, may be an appropriate means of meeting this resource need; therefore,

The signatories to this Agreement in Principle hereby agree to the following provisions, terms, and conditions:

1. ENO plans to present and recommend the adoption of this Agreement in Principle to its Board of Directors. The Council's Advisors plan to present and recommend adoption of this Agreement in Principle to the City Council. This Agreement in Principle is non-binding, and cannot be implemented without (1) ENO obtaining approval from its Board of Directors and (2) the Council adopting a Resolution implementing the terms of this Agreement in Principle.

PROSPECTIVE BASE RATES RESULTING FROM RATE CASE

Total Electric Bill Reduction of Approximately $35 Million

2. With respect to electric operations, effective for bills rendered on and after the first billing cycle of the month of June 2009, ENO will realign a total of $35.259 million of non-fuel costs associated with the operation of Grand Gulf Nuclear Station ("Grand Gulf") from the FAC to electric base rates without a corresponding increase in electric base rates. This will result in a total rate reduction of $35.259 million.

3. To accomplish this change in rates, ENO will recognize a revenue excess of $6.45 million in addition to the $18.209 million, previously recognized by ENO in its application for a change in rates, for a total revenue excess of $24.659 million. This amount takes into account a $2.5 million reduction of an expense that was characterized in ENO's filing as energy efficiency expenses for 2008 (and recorded in Account 930.2), which was to be borne by the shareholder as described in Resolution R-07-629, dated December 20, 2007. Rather than recognize an electric base rate decrease, ENO will realign $24.659 million of non-fuel costs associated with the operation of Grand Gulf from the FAC to electric base rates, without a corresponding increase in base rates.

4. In addition, the reduction discussed in Paragraph (2) above, takes into account that the Recovery Credit Rider will terminate. In its place, ENO will realign $10.6 million of non-fuel costs associated with the operation of Grand Gulf from the FAC to electric base rates effective for bills rendered on and after the first billing cycle of June 2009, without a corresponding increase in base rates.

5. The above reduction also takes into account a $3.1 million addition in revenue requirement for an energy efficiency program(s) that will be included in electric base rates ("Energy Smart Plan Funds"). The calculations reflected in the affected base rate schedules are based on inclusion of 1 Mil per kWh applied to actual 2008 sales, with a $100 per month cap to SE rate schedule accounts and a $200 per month cap to LE, LE-HLF, LIS, EIS and HV rate schedule accounts in accordance with Exhibit 1, attached hereto.

   a. ENO shall account for the Energy Smart Plan Funds in a designated sub-account under FERC Account 253 – Other Deferred Credits ("Energy Smart Plan Fund Sub-account"). Each month beginning July 2009, ENO will debit FERC Sub-account 930.2 – Miscellaneous General Expense and will credit the amount of approximately $258,333, which shall be the monthly amount deemed to have been collected from customers for the energy efficiency programs as a result of the 1 Mil per kWh charge. These funds will be deposited into an interest bearing account, which shall earn interest at market rates commensurate with the magnitude of the amount invested. Interest earned on unexpended funds shall be credited to this designated subaccount and shall be available to fund Energy Efficiency programs. ENO shall account for disbursement from the Energy Smart Plan Fund Sub-account 253, so that external costs and internal costs can be identified and reported on a timely *(i.e.,* monthly) basis.

   b. At any given time, the Company will have no obligation to disburse or expend more than the actual balance of the Energy Efficiency Fund Sub-account in support of Energy Efficiency programs.

   c. The credit balance in this sub-account, if one should exist, shall not be considered a component of rate base. Neither shall any balance form the basis of an adjustment to the Company's capital structure.

6. Also, ENO will realign an additional $55.366 million of non-fuel costs associated with the operation of Grand Gulf from the FAC to electric base rates with a corresponding base rate increase effective for bills rendered on and after the first billing cycle of June 2009. Cumulative with the re-alignment revenues described in Paragraph 2, this change in rates accomplishes the full re-alignment of approximately $90.625 million of Grand Gulf Capacity costs out of the FAC into electric base rates, as per Exhibit 2, attached hereto. The full re-alignment of Grand Gulf Capacity costs and the actions described in Paragraphs 2 and 3 will result in an annual electric base rate increase of $55.366 million and an off-setting annual reduction of $90.625 million of Grand Gulf capacity costs from the FAC; resulting in a net reduction of $35.259 million annually on a total Company basis. Based on the 2008 test year fuel costs and the exclusion of the storm reserve rider, this option would reduce residential typical bills by approximately 4%. Corresponding changes to the FAC will be reflected on rate schedules as described in Exhibits 3 and 4, both of which are attached hereto.

7. Electric base rates will be adjusted to meet the revenue requirement by the rate schedule shown in Exhibit 2 and become effective with the first billing cycle of June 2009. The Residential rate schedule minimum bill will be replaced with a customer charge equal to the current minimum bill rate of $8.07.

8. The Storm Reserve Rider will be reset to collect the amount of storm reserve authorized in Paragraph 15 of the 2006 Agreement in Principle approved in Council Resolution R-06-459 to correspond on a percentage basis with the ultimate level of base rates implemented as a result of this proceeding.

9. Rate Schedule SC-1 shall be terminated effective with the first billing cycle of June 2009.

Gas Base Rate Increase of $4.95 Million

10. With respect to gas operations, effective for bills rendered on and after the first billing cycle of the month of June 2009, ENO will implement a $4.95 million gas base rate increase in the manner set forth on Exhibit 5, attached hereto.

11. The customer charge for all gas rate schedules except residential and small general service will be adjusted based on the unit cost results as shown in Exhibit 5. The residential customer charge will be $10.50 per month. The customer charge for Small General Gas Service (Schedule SG) will be $14.70 per month. Upon implementation of the rates resulting from the 2011 GFRP, the customer charge for the residential gas rate schedule shall be increased to $13.08 per month with the appropriate, revenue-neutral adjustment of the volumetric commodity charge amount and the customer charge for Small General Service Schedule SG shall be increased to $21.40 per month with the appropriate, revenue-neutral adjustment of the volumetric commodity charge amount.

12. In the determination of the Gas business' earned return on equity, commencing with Test Year 2009 and the subsequent application of the Gas Formula Rate Plan ("GFRP"), one-hundred percent (100%) of the NJ customers' margin contributions, computed on the basis of the Company's present methodology (*i.e.*, total NJ revenue minus the actual NJ fuel cost as shown on the revenue books of the Company, inclusive of its present margin calculation, which utilizes unitized charges per CCF for all consumption up to 45,000 CCF/month/customer and the unitized charge per CCF for all amounts in excess of 45,000 CCF per month per customer) will be added to the GFRP revenues to account for the NJ customers' margin contribution.

13. The Storm Reserve Rider will be reset to collect the amount of storm reserve authorized in Paragraph 15 of the 2006 Agreement in Principle approved in Council Resolution R-06-459 to correspond on a percentage basis with the ultimate level of base rates implemented as a result of this proceeding.

Fuel Adjustment Clause

14. Electric Rate Schedule LIS will not have a separate FAC rate but rather will have the Transmission Service Voltage level rate.

Return on Equity and Accounting

15. The Return on Common Equity for ENO's electric operations shall be 11.10%. The Return on Common Equity for ENO's gas operations shall be 10.75%.

16. In conjunction with the rate actions described above, the accounting and/or ratemaking treatments reflected on Exhibit 6, attached hereto, shall apply.

17. Any final order of the Council approving this settlement will include the Council's concurrence with a proposed change in the Company's accounting for the fuel component of unbilled revenues. This proposed change involves recording unbilled accounts receivable based on applicable rates excluding the fuel surcharge, and transferring the fuel component embedded in unbilled accounts receivable at the date of the change to the deferred fuel asset/liability account. This component of deferred fuel will not be included in the current monthly calculation of recoverable fuel costs to be included in current fuel filings, but will represent the basis for recovery of unbilled fuel in the event that the fuel clause is discontinued, or in the event of some other change in Council approved regulatory practice.

Miscellaneous Electric and Gas Rate Schedule Changes

18. The new electric rate offering for DataLink advanced web-based metering for non-residential electric customers shall be approved and implemented with the first billing cycle of June 2009.

19. The changes to Schedule MES-3 (Miscellaneous Electric Service) and Schedule MGS-3 (Miscellaneous Gas Service) proposed in the July 31, 2008 direct testimony of Company witness Melonie P. Hall in this proceeding are approved and shall be implemented effective with the first billing cycle of June 2009, except that the applicable rate of interest for customer deposits shall be determined annually based upon the then-effective Louisiana Judicial Rate of Interest as specified in Louisiana Revised Statues RS 13:4202.

Changes in Electric and Gas Bill Design

20. Concurrent with the approval of the settlement in this Docket by the Council, the Council will approve a new bill redesign for electric and gas customers, which is to be implemented by ENO concurrent with the change in rates approved by the Council in its ordering resolution.

HURRICANE KATRINA STORM COST CERTIFICATION

21. The Council's auditors shall provide final audit certifications of ENO's previously submitted Hurricane Katrina and Rita storm-related costs no later than September 30, 2009.

22. The Company will supply the Council's Advisors copies of all claims for reimbursement of storm costs related to Hurricanes Katrina and Rita submitted to the Louisiana Office of Community Development ("LA OCD"). Any future reimbursement of Hurricane Katrina-and Rita-related storm costs from the LA OCD shall be credited to customers through the electric and gas formula rate plans. Upon receipt of such reimbursement, this benefit to customers will be accomplished as a reduction to plant-in-service account 101 (electric) and

plant-in-service account 118 (gas) related to Hurricane Katrina and Rita costs included in this filing. Depreciation expense will be calculated to reflect the reduction of depreciable property on a prospective basis.

FORMULA RATE PLANS

23. Beginning with the year 2010, ENO will be subject to Formula Rate Plans ("FRPs") for both Electric ("EFRP") and Gas ("GFRP") operations.

24. The term of the EFRP and GFRP will be for 3 years beginning in 2010 with first filing due on or before May 31, 2010.

25. The evaluation period for each of the FRPs will be the immediately prior calendar year (*e.g.*, the evaluation period for the 2010 filing will be the period January 1, 2009 – December 31, 2009).

26. After a 75-day review period by all parties and a 25-day dispute resolution period, FRP rate changes will be implemented using specific EFRP and GFRP rate riders for the period on or after the first billing cycle in October. Any unresolved disputes will be subject to Council ruling.

27. The midpoint allowed Rate of Return ("ROR") on rate base for Electric and Gas operations will be based upon Total Company actual embedded fixed capital costs and actual capital structure ratios as of the end of the evaluation period. The capital structure ratios and cost rates will be adjusted for projected refinancing activity and for the exclusion of Affiliate notes arising in connection with ENO's exit from bankruptcy. The Return on Equity ("ROE") component of the ROR on rate base will be as defined below separately for Electric and Gas operations.

28. The design of the EFRP shall be in accordance with Exhibit 7, attached hereto, and the design of the GFRP shall be in accordance with Exhibit 8, attached hereto.

29. The EFRP and GFRP riders will include permitted Evaluation period ratemaking adjustments as shown on Attachment C of the EFRP and GFRP tariffs.

Specific Terms of the EFRP

30. The midpoint Return on Equity (ROE) for the EFRP shall be set at 11.10% with a +/- bandwidth of 0.40%.

31. ENO has the ability to earn within the bandwidth of 10.70 % to 11.50 % for electric operations without any change in rates and before (exclusive of) consideration of a) costs associated with lost contribution to fixed costs and incentives due to the implementation of energy efficiency program(s), b) incremental capacity/resource costs or c) Extraordinary Costs, as defined in Section III.A, III.D, and III.E of the EFRP.

32. Electric earnings above the 11.50 % upper bandwidth will result in prospective rate decreases using the EFRP rider schedule based upon the midpoint ROE of 11.10 % (i.e., reset to the midpoint).

33. Electric earnings below the 10.70 % lower bandwidth will result in prospective rate increase using the EFRP rider based upon the midpoint ROE of 11.10 % (i.e., reset to the midpoint).

Specific Terms of the GFRP

34. The midpoint Return on Equity (ROE) for the GFRP shall be set at 10.75% with a +/- bandwidth of 0.50%.

35. ENO has the ability to earn within the bandwidth of 10.25% to 11.25% for Gas operations without any change in rates before consideration of extraordinary costs as defined in Section III.A of the GFRP.

36. Gas earnings above the 11.25% upper bandwidth will result in rate decreases using the GFRP rider schedule based upon the mid-point target ROE of 10.75% (i.e., reset to the midpoint).

37. Gas earnings below the 10.25% lower bandwidth will result in rate increase using the GFRP rider based upon the mid-point target ROE of 10.75% (i.e., reset to the midpoint).

AUDIT OF HURRICANE GUSTAV/IKE COSTS

38. The Council's Advisors shall conduct an audit of ENO's Hurricane Gustav/Ike storm costs. In connection with this audit, ENO shall furnish such cost data as required, including all supporting data, to the Council's Advisors on or before May 31, 2009. Preliminary audit findings shall be presented to the Company and the Council by October 31, 2009 as follows:

a. ENO shall include the capital costs incurred as a result of Hurricane Gustav/Ike in Account 186 as of the date when base rates set forth herein become effective. These capital costs, including carrying costs, shall be transferred to ENO's rate base as Plant in Service at 12/31/2009, included in ENO's initial annual FRP Evaluation Period filings and shall be recovered through base rates set in that proceeding. While these costs are in Account 186, ENO shall accrue carrying charges on these costs until ENO begins recovering such costs through base rates. Such carrying costs shall be computed using ENO's 2009 weighted average cost of capital or "WACC" as authorized in this Docket.

b. ENO shall exclude the non-capital direct labor including associated labor loading from the actual amount of Gustav/Ike costs being sought for cost recovery.[1] The Company's continued use of Storm Reserve Accounting will be approved by the Council in any final order approving this settlement for use during the three-year FRP period.

c. To the extent that it is determined that any cost included in the audit findings are not storm-related costs, but rather are costs of normal ongoing operations, ENO shall be

[1] At January 31, 2009, such costs represented approximately $1.161 million of the total Gustav/Ike storm related costs of approximately $32.004 million, but are subject to the final classification of same by the Company in its May 31, 2009 filing referenced herein.

entitled to seek recovery of any prudently incurred costs as normal capital in the 2010 FRP filing.

d. No carrying charges will be allowed on Deferred Operating and Maintenance ("O&M") costs associated with the amounts of Gustav/Ike O&M costs being sought for cost recovery by ENO.

39. ENO shall continue the draw down of the Storm Reserve Account in 2009 until the total Gustav/Ike Deferred O&M actual costs have been recovered. Upon completion of the draw down, ENO is to file with the Council a certification, complete with a detailed schedule, of the draw down amounts.

ENERGY CONSERVATION AND DSM PROGRAMS

40. Council Resolution R-07-600 asserted the Council's commitment to energy efficiency and the development of a viable energy efficiency program in Orleans Parish. Council Resolution R-08-366 found that the Energy Smart Plan was a consensus plan developed by a widespread community stakeholder group. Council Resolution R-08-601 directed the Company to set aside for future use in the Energy Smart Plan approximately $1,855,000 in an interest bearing regulatory liability account. In furtherance of the implementation of the Energy Smart Plan and consideration of the Council's desire to have one unified energy conservation program available to customers in the Company's service area, the following process is established by the parties to this settlement to govern the principles to be used in Council Docket No. UD-08-02 in the evaluation, design, implementation, delivery, measurement and associated cost recovery for all DSM/energy conservation programs to be considered for final Council approval.

41. The name of the collection of programs approved by the Council in Docket UD-08-02 shall be the Energy Smart New Orleans Plan ("Energy Smart Plan").

42. In addition to the initial "seed money" of approximately $1,855,000 presently available for use in the delivery and implementation of residential energy conservation programs by virtue of Council Resolution R-08-601, the Council will authorize as part of this settlement a sustainable funding source from rates at a level of no less than $3.1 million per year ("Energy Smart Plan Funds"), which is to be used in the funding of all costs associated with the design, development, administration, implementation, and delivery of the Energy Smart New Orleans Plan unless otherwise specified herein.

43. All programs approved by the Council, with the exception of low income weatherization and domestic solar water heating programs, prior to implementation, must be determined to be cost-effective under the industry accepted testing criteria of the Total Resource Cost ("TRC") Test and the Program Administrator Cost ("PAC") Test as defined in the California Standard Practice Manual, "Economic Analysis of Demand-Side Programs and Projects," October 2001.

44. The Advisors to the Council will collaborate with the Company in the further evaluation of the general concepts identified by the Council in Resolutions R-07-600 and R-08-366 for the Company's program evaluation, design and integration into the DSM/energy conservation

programs previously developed by Company in Docket UD-08-02 for potential aggregation, as appropriate, into a unified program, namely, the Energy Smart Plan.

45. The Company proposes the inclusion of domestic solar water heating as a component of its energy efficiency programs presented to the Council for inclusion in its Energy Smart programs.

In addition, with the approval of the Council, the Company will commission a 12-month study of residential and commercial solar PV applications to provide information on the benefits, costs and overall performance specific to the New Orleans area associated with these applications. The Company plans to utilize the services of an independent third party to help conduct the study which will include the sub-metering and monitoring of selected existing or planned PV applications. The sites for this study may include the NIKE solar schools project, the Make It Right Homes in the 9th Ward or other applications to be identified.

46. The Company will be held to the achievement of specific DSM and energy conservation goals and targets for any programs approved by the Council in Council Docket UD-08-02 employing the following criteria:

a. The Company will be held to goals/targets only for programs selected and administered by the Company and as finally approved by the Council in Docket UD-08-02. An annual review of whether the Company has attained the targets/goals established by the Council within a 12-month review period (to be defined), evaluation of the appropriateness of goals/ targets for the prospective 12-month review period and, if necessary, adjustment of the stated goals/targets, shall be accomplished through a sub-docket of the Council in Docket UD-08-02.

b. The Company will design, select and implement either itself or through contractors, and with the approval of the Council, demand side programs which are to benefit all customer classes that support such programs through their electric rates. In the Council's determination of whether a program, or a component of a program, is to be administered and implemented by the Company or a third party, the following criteria are to be considered:

1. Cost effectiveness of such action.

2. The maintenance of customer commercially sensitive or confidential information.

3. Feasibility (demand response, time of use rates, AC cycling).

4. Other criteria that may be identified by the Company and determined appropriate by the Council.

c. The Company shall have the ability to recover its lost contribution to fixed costs in a timely fashion. Such recovery shall be accomplished as described in Attachment G of EFRP Exhibit 7.

d. The Company will have the opportunity to earn incentives based on its performance and implementation/execution of programs to partially mitigate the disincentives associated with demand side investment when compared to supply side alternatives as illustrated in Attachment H of EFRP Exhibit 7.

e. The Company shall utilize deemed savings as verified appropriate by the Council (with appropriate monitoring and verification in support thereof) to measure the effects of the Energy Smart Plan's programs and in determining whether it has met or exceeded its goals/targets.

47. DSM/EE targets should be set based on approved funding levels and based on a set of specific approved programs with calculated deemed savings and estimated market participants for those designed programs. Such targets shall be established by the Council in its order in Council Docket UD-08-02 and will be reviewed annually to account for changes in funding, program design and market conditions as described in Section 46.a. above.

48. Within ninety (90) days of the approval of this settlement by the Council, the Company shall file in Docket UD-08-02 a list of recommended programs, complete with sufficient detail to enable the Council to evaluate the cost-effectiveness and energy and demand savings associated with same for implementation in the area where the Company provides electric service in no less detail than that provided in Discovery Responses of the Company of December 23, 2008 in Council Docket UD-08-02 and such other information as may be deemed relevant by the Council.

49. Except for the programs identified for implementation by the Company that meet the criteria established in Paragraph 46.b herein, the Company shall implement DSM programs through a Third Party Program Administrator ("TPA"). Within sixty days of the Council's approval of the programs in Docket UD-08-02, the Company shall issue a Request for Proposals (RFP) for selection of the TPA to administer and implement the Energy Smart Plan. The Advisors to the Council will collaborate with the Company in the development of reasonable criteria for the selection of the TPA. However, the final determination of the criteria to be used in the RFP for selection of the TPA shall reside with the Company. It is the intent of the parties hereto that the process outlined below be followed to ensure the Company's selection of a qualified TPA through a fair, transparent process that will also promote establishment of a relationship between the Company and the TPA that will achieve the mutual objective of the Council and the Company that the Company meet or exceed the goals/targets for DSM to be established in Council Docket UD-08-02.

a. Such RFP shall incorporate all Company standard business terms and conditions for wide solicitation for the services of a TPA to oversee the finalization of program designs, implementation, delivery, measurement and administration of the Energy Smart Plan. Additionally, the RFP shall include a description of the methodology by which the proposals will be evaluated by the Company. The methodology shall, at a minimum, specify that in order to be eligible to serve as TPA of the Energy Smart Plan, a qualified bidder must be able to satisfy the reasonable criteria set forth in the RFP.

b. An Independent Third Party RFP Monitor, of national repute and experience, ("Independent Monitor" or "IM") shall be selected by the Council to independently oversee all aspects of the Company's solicitation of interest and administration of the RFP bidding process. The selected IM shall have had no other business relationship with the Company or any of its affiliates within the last five years, other than having served as an IM in another competitive selection process. No intervenor or other party that has participated in the development of the Energy Smart Plan or these proceedings, including Council Docket UD-08-02, will be eligible to serve as the IM of the RFP process. The IM shall coordinate with, and report its findings, including whether the Company has made its selection of the TPA based upon the criteria set forth in the RFP or an acceptable deviation therefrom, to the Council and the Company as provided for herein. Such findings shall be subject to appropriate confidentiality protections. The cost of the IM and TPA, including the process to select the TPA, constitute administrative costs and, if mutual agreement is reached between the Company and the Council regarding the selection of the TPA, such costs shall be included within the total program costs and included as a recoverable expense to be covered by the Energy Smart Plan Funds. However, if mutual agreement between the Company and the Council regarding the selection of the TPA is not reached, recovery of these administrative costs shall be as set forth in Paragraph 49.g. below.

c. Upon receipt of the RFP responses, the Company shall evaluate same employing the criteria established and set forth in the RFP to determine the most cost-effective and qualified respondents to serve as TPA and employ the following process:

1. The Company shall determine the most qualified respondents. Thereafter, the Company will enter into contractual negotiations with the bidder that the Company has determined in its discretion to be the top respondent to serve as the TPA based upon its evaluation processes. Should negotiations be unsuccessful with the initial respondent selected by the Company, then the Company will proceed to negotiate with the next most-qualified respondent based upon its evaluation criteria. This process will be repeated until negotiations are successful or the Company determines that it is necessary and appropriate to re-issue the RFP.

2. To the extent negotiations with the preferred respondent are successful, the Company shall submit to the Council, in writing, the results of its pending contract and complete details relating to the winning bidder as set forth in paragraph 49.d below.

d. The Independent Monitor shall file into the record of Council Docket UD-08-02 its report on the RFP selection process and the Company's negotiation process with the Council within thirty (30) days of conclusion of such RFP. Concurrently and in the same docket, the Company shall file a report with the Council identifying the Company's choice for TPA. These reports shall be subject to appropriate confidentiality protections.

e. The Council will consider the report of the Independent Monitor and the appropriateness of the Company's selection. Only if there is mutual agreement and assent by the Company and the Council on the selection of the TPA shall a contract be entered into between the Company and the TPA. Within sixty (60) days of the receipt of the IM's report and the Company's selection of the TPA, the Council will notify the Company, whether the Council approves/or accepts the report of the IM and assents or objects to Company's selection of the TPA.

f. If the Council objects to the Company's selection of the TPA, the Company shall have the discretion to either: 1) select an alternative from the top bidders identified through the process described in paragraph 49.c.1 above; or 2) if the Company determines such process would attract additional proposals, repeat its RFP process to identify alternative qualified bidders and present its alternative selection to the Council for assent.

g. If mutual assent is not reached between the Council and the Company regarding selection of the TPA, upon confirmation by the IM that the Company has made its selection of the TPA based upon the reasonable criteria set forth in the RFP, or an acceptable deviation therefrom, all reasonable costs incurred by the Company in the RFP process and in connection with the selection of the TPA shall be deemed by the Council as prudently incurred and appropriate for recovery through the formula rate plan as normal O&M (non-Energy Smart Plan Funds). In the event the IM does not confirm that the Company's selection of the TPA was based on the criteria set forth in the RFP or an acceptable deviation therefrom, the Company shall have the opportunity to demonstrate the prudency of such costs for recovery through rates and there shall be no presumption of imprudence.

h. Unless otherwise mutually agreed upon by the Company and the Council, if after the Company's submission of three (3) candidates for TPA the Company and the Council cannot agree on a TPA that is mutually acceptable to both parties, ENO's obligations hereunder with respect to the Energy Smart Plan shall be terminated, except as set forth in Paragraphs 5.a. though 5.c. above. ENO shall maintain the Energy Smart Plan Funds until such time as a final order of the Council directs how, when and to whom the funds should be disbursed.

50. The cost of finalized program design, implementation, delivery, measurement of the benefits, and the costs of administration associated with the Energy Smart Plan's programs by the TPA, including the cost of retaining the IM, shall be limited to those funds so established to be collected in rates as authorized by the Council in this settlement, including those provided for by virtue of Resolution R-08-601.

51. Unless otherwise approved by the Council and agreed upon by the Company, the collection of, funding of, billing of, and/or participation in energy efficiency programs set forth by the Energy Smart Plan's initiatives shall cease concurrent with the term of the proposed EFRP. The Company shall then cease to include such treatment of the Energy Smart Plan for regulatory purposes as outlined in the settlement agreement and EFRP.

52. In the event of a catastrophic event (hurricane, etc.), the Council and the Company reserve the right to cease the collection of, funding of, billing of, incentives and lost contribution to fixed costs associated therewith, and/or participation in the Energy Smart Plan's programs after due notice is given.

53. Should monies from external sources, including funds that may be made available through the American Recovery and Reinvestment Act of 2009, be received or made available to fund demand side/energy efficiency programs for ENO's customers, the Council may establish a sub-docket to consider whether Energy Smart Programs are duplicative to such programs and whether the Energy Smart Plan should be altered, modified, or suspended in favor of such alternatives. If the Council should suspend the Energy Smart Plan, appropriate for considering in the established sub-docket would be whether any unused amounts held by the Company for the Energy Smart Plan should be refunded to customers and the appropriate corresponding modifications made to the EFRP. The amount to be refunded shall be determined so that the Company is reimbursed for all expenditures and any remaining liabilities related to the Energy Smart Plan.

RIGHT OF FIRST REFUSAL FOR RESOURCE IN AMITE SOUTH

54. (a) If and only if the Entergy System[2] either (1) pursues a self-build combined cycle gas turbine ("CCGT") or repowering a resource located within the Amite South region, or (2) procures a long-term/life of unit CCGT resource located within the Amite South region, the selection of which alternative results from a Request for Proposal ("RFP") process (or other competitive solicitation process designed to solicit offers), Entergy New Orleans, Inc. ("ENO") shall have a right of first refusal to own or purchase up to 20% of the capacity (and associated energy) of one of either of such resources. This right of first refusal was unanimously approved by the Entergy Operating Committee on March 10, 2009. ENO shall have the right to exercise its right of first refusal if and when the resource is actually selected through the RFP process and prior to the execution of commercial agreements to effectuate the transaction. This right of first refusal shall expire no later than December 31, 2015. The form of ENO's participation in the construction/acquisition of the resource described above shall be determined by the participating Companies at the time of the transaction. If the Council approves ENO's exercise of this right of first refusal as compared to reasonable demand-side opportunities, ENO's exercise of its right of first refusal shall be deemed prudent by the Council. If Council approval prior to the exercise of the right of first refusal by ENO is requested by ENO, the Council shall review and issue its decision with respect to prudence prior to the exercise of the right of first refusal by ENO.

(b) The level and form of ENO's participation in the Entergy System's construction/acquisition of the resource described above shall be subject to the receipt of any applicable approvals by the Federal Energy Regulatory Commission ("FERC"). The Council agrees to support ENO in defending the allocation described hereinabove in any regulatory or other forum in which the allocation may be challenged.

55. Subject to appropriate market conditions, on or before September 30, 2009, a RFP (or other competitive solicitation process designed to solicit offers) for a long-term CCGT resource shall be initiated ("2009 Amite South RFP"). The 2009 Amite South RFP would include a solicitation for a long-term/life of unit, core dispatchable resource that would limit the need to operate the Michoud generating station in the Amite South region of the Entergy System, and which RFP would include an evaluation, consistent with prudent utility practice, of a self-build CCGT or repowering resource option in the Amite South region.

56. The terms of the 2009 Amite South RFP, including the form of the products requested, shall be reviewed with the Advisors to the Council prior to the issuance of the final RFP. The results of the final evaluation of the RFP proposals shall be reviewed with the Advisors to the Council for informational purposes. The reviews by the Advisors to the City Council are not intended to suggest an oversight role for the RFP, it being understood that such RFPs will be conducted under the oversight of an independent monitor subject to the oversight and approval of the Entergy Operating Committee and subsequent approval by the FERC for any proposals selected from an RFP that may be allocated to Entergy New Orleans, Inc.

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[2] The Entergy System consists of the regulated Entergy Operating Companies: Entergy New Orleans, Inc.; Entergy Louisiana, L.L.C.; Entergy Gulf States Louisiana, Inc.; Entergy Mississippi, Inc.; Entergy Arkansas, Inc.; and Entergy Texas, Inc.

57. ENO and the Council agree to enter into and file a joint motion to stay ENO's appeal of Council Resolution R-06-89 currently pending before the Civil District Court for the Parish of Orleans. Nothing contained in the motion shall serve as an impediment to either party's ability to unilaterally request that the stay be lifted at any time.

TREATMENT OF RESOLUTION R-86-112 ACCUMULATED LIABILITY

58. A final order by the Council on the settlement shall include an ordering provision that the Company is to cease to accrue for 2009, and in subsequent years, the annual $250,000 liability in Account 930.2 Miscellaneous General Expense related to its obligation in Council Resolution R-86-112. The order will also direct the Company to reverse the accrued liability of $632,000 to O&M expense.

MISCELLANEOUS PROVISIONS

59. The Executive Summary attached hereto is not a part of this Agreement in Principle. Should there be any conflict between the Executive Summary and this Agreement in Principle, the Agreement in Principle controls.

60. The headings to the respective sections, parts, and paragraphs of this Agreement in Principle are inserted for convenience and are neither to be taken to be any part of the provisions of this Agreement in Principle nor to control or affect the meaning, construction, or effect of the same.

61. This Agreement in Principle reflects a compromise, settlement and accommodation among the signatories and the terms and conditions herein are interdependent. All actions by the signatories contemplated or required by this Agreement in Principle are conditioned upon the entry of the Council of a resolution consistent with the terms of this Agreement in Principle.

62. Except as otherwise expressly provided for herein, no party shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking or other legal principle or policy, and nothing in this Agreement in Principle should be considered precedent for ratemaking, legal or policy purposes.

AGREED TO BY THE FOLLOWING SIGNATORIES:

ADVISORS TO THE COUNCIL OF THE CITY OF NEW ORLEANS

BY: CAV DATE: 3/24/09
Clinton A. Vince

ENTERGY NEW OREANS, INC.

BY: [signature] DATE: 3-24-2009
Roderick K. West
President & CEO

SUPPORT ☒ NON-OPPOSITION ☐

ALLIANCE FOR AFFORDABLE ENERGY

BY: Karen F. Wimpelberg
Karen Wimpelberg

DATE: 3/25/09

SUPPORT □ **NON-OPPOSITION** □

AIR PRODUCTS & CHEMICALS, INC.

BY: ______________________
Ernest L. Edwards

DATE: 3/24/09

Privileged and Confidential
For Purposes of Settlement Discussions Only – Council
Docket UD-08-03
DO NOT DISSEMINATE

SUPPORT X **NON-OPPOSITION** ☐

SEWERAGE & WATER BOARD OF NEW ORLEANS

BY: John H. Chavanne DATE: 3/23/2009
~~John~~ H. Chavanne or Brian Ferrara

SUPPORT ☒ **NON-OPPOSITION** ☐

NEW ORLEANS BUSINESS ENERGY COUNCIL

BY: ______________________
J.A. Beatmann, Jr.

DATE: March 25, 2009

Energy Smart Revenues	
Customer Class Rate Schedules	
ENO Rate Schedule	**Amount [1]**
RES	$1,495,499
MMRA	$16,908
SE	$594,320
MMNR	$68,324
LE	$428,522
LE-HLF	$400,327
HV	$4,800
LIS	$2,400
EIS	$2,400
MB	$36,933
SL	$1,232
All Others [2]	$68,087
TOTAL	**$3,119,752**
[1] Dollars assumes monthly cap of $100 for SE and $200 for LE, LE-HLF, EIS, HV and LIS rate schedules	
[2] Includes ODSL, ONW, TS, and SMS	

ENTERGY NEW ORLEANS, INC.
SUMMARY OF IMPACT OF PROPOSED ELECTRIC RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008

FULL RE-ALIGNMENT OF GRAND GULF CAPACITY COSTS

			PRESENT						PROPOSED					CHANGE FROM PRESENT TO PROPOSED TOTAL	
LINE NO	RATE CLASS	Average # of Customers	BASE RATE REVENUE ADJUSTED	RECOVERY CREDIT REVENUE	STORM RESERVE REVENUE	FUEL REVENUE ADJUSTED	TOTAL REVENUE ADJUSTED (1)	BASE RATE REVENUE	RECOVERY CREDIT REVENUE	STORM RESERVE REVENUE	FUEL REVENUE ADJUSTED	TOTAL PROPOSED REVENUE (1)	AMOUNT	%
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n) = (m) - (h)	(o) = (n) / (h)
1	RESIDENTIAL SERVICE	130,879	$79,749,124	($4,908,240)	$2,904,862	$102,684,792	$182,633,916	$102,790,473	$0	$2,389,467	$72,555,333	$175,345,606	($7,288,110)	-3.98%
2	MASTER METERED RESIDENTIAL APTS	8	$641,595	($39,488)	$23,370	$953,510	$1,595,106	$827,132	$0	$19,228	$679,921	$1,507,053	($88,052)	-5.52%
3	SMALL ELECTRIC SERVICE	14,601	$31,802,167	($1,957,296)	$1,156,384	$41,664,180	$73,356,347	$40,969,176	$0	$952,369	$29,243,557	$70,212,733	($3,143,614)	-4.29%
4	MUNICIPAL BUILDINGS	294	$1,747,906	($107,677)	$63,666	$2,581,345	$4,329,253	$2,252,933	$0	$52,372	$1,791,904	$4,044,837	($284,416)	-6.57%
5	LARGE ELECTRIC	549	$27,012,587	($1,662,517)	$983,633	$45,777,860	$72,790,476	$34,801,461	$0	$808,995	$31,923,662	$66,725,143	($6,065,333)	-8.33%
6	LARGE ELECTRIC HIGH LOAD FACTOR	285	$30,943,453	($2,396,814)	$1,418,515	$79,982,616	$110,928,069	$50,112,076	$0	$1,164,905	$56,267,842	$108,379,918	($12,546,151)	-10.55%
7	MASTER METERED NON-RESIDENTIAL	10	$2,544,166	($156,563)	$92,671	$4,670,556	$7,214,724	$3,278,827	$0	$76,220	$3,222,381	$6,501,208	($713,516)	-9.89%
8	HIGH VOLTAGE	2	$4,677,338	($287,871)	$170,372	$11,341,899	$16,019,237	$6,029,091	$0	$140,152	$7,867,982	$13,897,073	($2,122,164)	-13.25%
9	EXPERIMENTAL INTERRUPTIBLE	1	$232,403	($14,303)	$8,465	$1,063,300	$1,205,703	$299,635	$0	$6,966	$752,606	$1,052,241	($243,462)	-18.79%
10	LARGE INTERRUPTIBLE	1	$4,513,502	($277,788)	$164,404	$14,617,563	$19,131,065	$4,569,442	$0	$109,686	$11,857,663	$16,447,105	($2,683,960)	-14.03%
11	OUTDOOR DIRECTIONAL SECURITY LIGHTING	206	$1,656,954	($101,979)	$60,353	$935,304	$2,592,258	$2,135,321	$0	$49,637	$648,526	$2,783,847	$191,589	7.39%
12	OUTDOOR NIGHT WATCHMAN	24	$47,842	($2,944)	$1,743	$24,036	$71,880	$61,648	$0	$1,433	$16,677	$78,325	$6,445	8.97%
13	STREET LIGHTING	2	$2,490,361	($153,272)	$90,711	$3,379,499	$5,869,860	$3,209,879	$0	$74,817	$2,333,827	$5,543,706	($326,154)	-5.56%
14	TRAFFIC SIGNAL LIGHTING	372	$62,820	($3,867)	$2,288	$80,502	$143,322	$80,977	$0	$1,882	$55,291	$136,268	($7,054)	-4.92%
15	TOTAL RETAIL	147,294	$196,122,220	($12,070,539)	$7,143,749	$309,846,995	$505,969,215	$261,438,071	$0	$5,844,928	$219,217,191	$470,655,262	($35,313,953)	-6.98%

16	Proposed fuel revenue modified to reflect 90.6M of Grand Gulf moving out of the FAC (Col. l - g)	($90,629,004)
17	Base rates re-alignment plus $55.3M (col. i - d)	$55,315,851
18	Recovery Credit reduced to 0	$0
19	Storm Reserve reset resulting in a reduction	$0
20	Sum of changes	($35,313,953)
21	The Residential rate includes an $8.07 customer charge	
22	Base rates were designed on an equal percentage except LIS.	
23	$75000 LIS BASE RATE INCREASE. Delta spread to all other rate classes.	

NOTES
(1) EXCLUDES STORM RESERVE REVENUES
RECOVERY CREDIT IS ACCOUNTED FOR IN THE CALCULATION OF THE TOTAL
SETTLEMENT DECREASE IN REVENUE OF $35,300,000 ($1MM+$10.6MM + $18.2MM+ $12MM LESS
THE ENERGY SMART FUNDING OF $3.1MM AND THE ADJUSTMENT FROM GAS OF $3.4MM).

ENTERGY NEW ORLEANS, INC.
ELECTRIC SERVICE

RIDER SCHEDULE FAC-3

Effective:
Filed:
Supersedes: FAC-2 filed 8/25/05
Schedule Consists of: One Sheet Plus Attachment A

FUEL ADJUSTMENT CLAUSE

I. GENERAL

A. PURPOSE

This Fuel Adjustment Clause ("Rider FAC") defines the procedure by which Entergy New Orleans, Inc. ("ENO" or "Company") shall recover its net fuel, purchased energy and capacity costs in accordance with the provisions of Section III of this Rider FAC. Rider FAC shall apply in accordance with the provisions of Section I.B below to electric service billed under certain rate schedules and/or rider schedules, whether metered or unmetered, subject to the jurisdiction of the Council of the City of New Orleans ("Council").

B. FUEL ADJUSTMENT CLAUSE RATES

The monthly rates associated with the Fuel Adjustment Clause ("Fuel Adjustment Clause Rates") shall be set forth in Attachment A, Section 4, Page 1 of 4, to this Rider FAC. The Fuel Adjustment Clause Rates shall be determined in accordance with the provisions of Sections II and III of this Rider FAC. The Fuel Adjustment Clause Rates shall be applied in accordance with the provisions set out in Attachment A to this Rider FAC. However, if any of the Fuel Adjustment Clause Rates are expected to be more than twenty five (25) percent higher than the rate charged in the previous month, the Company has the obligation to notify the Council within ten (10) days prior to the first billing cycle in which the Fuel Adjustment Clause Rates will be charged.

II. MONTHLY FUEL ADJUSTMENT CLAUSE FILING

On or before the first billing cycle of each month beginning in May 2009, the Company shall file a monthly Fuel Adjustment Clause Filing with the Council. The monthly Fuel Adjustment Clause Filing shall include the monthly Fuel Adjustment Clause Rates as determined by application of the formula set out in Attachment A to this Rider FAC. Each Fuel Adjustment Clause Filing shall be filed with the Council and shall be accompanied by a set of workpapers sufficient to document fully the calculations of the redetermined Fuel Adjustment Clause Rates.

III. METHODOLOGIES

A. FUEL RATES

The fuel rates shall be determined as set forth in Attachment A, Section 1, Page 1 of 4, to this Rider FAC.

(Continued on reverse side)

B. CAPACITY RATES

The capacity rates shall be determined as set forth in Attachment A, Section 1, Page 3 of 4, to this Rider FAC.

C. OVER / UNDER RECOVERY

The Fuel Adjustment Clause Filing should include an over / under recovery computation to provide a true-up of Fuel Costs to actual Rider FAC revenues. This computation should be made in accordance with Attachment A, Page 2 of 4 to this Rider FAC.

D. CARRYING CHARGES ON OVER / UNDER RECOVERY

The over / under recovery computation should include interest on the average of the balances existing at the beginning and end of the current operating month. The interest rate to be utilized is the prime bank lending rate as published in the Wall Street Journal on the last business day of each month.

IV. CORRECTION OF ERRORS IN PRIOR PERIODS

ENO is obligated to correct filing errors in prior period Fuel Adjustment Clause Filings. Filing errors are differentiated from vendor invoice errors or changes that occur on a continuing basis that are simply corrected in the then-current operating month's fuel costs. Filing errors in prior period filings must be described and quantified in a supplemental report in the current operating month filing. Correction of the errors will be through an addition or subtraction to the cumulative over / under recovery balance absent other direction from the Council. The correction of the error should include interest from the effective date of the error through the effective date of the correction pursuant to Section III B above.

V. TERM

This Rider FAC shall remain in effect until modified or terminated in accordance with the provisions of this Rider FAC or applicable regulations or laws. Nothing herein shall prevent the Council or the Company from proposing elimination of this Rider FAC at any time in the manner provided by law.

Nothing contained in this Rider FAC shall limit the right of any party to file an appeal as provided by law.

Schedule FAC
Attachment A

ENTERGY NEW ORLEANS, INC.
FUEL ADJUSTMENT CLAUSE RATE FORMULA

Data Based on Operations Month of ____________

Applied to Bill in the Month of ____________

LINE NO	DESCRIPTION	REFERENCE		
SECTION 1	**FUEL RATES**			
1	Actual Fuel and Purchased Power Energy Costs for Operations Month - Per Books	Attachment A; P2, L9	____________	
1a	kWh Sales for Operations Month	Attachment A; P3, L9	____________ kWh	
1b	Fuel Rate	L1/ L1a	____________ /kWh	
2	Non-Transmission Service Level Voltage Loss Factor	Attachment A: P4, L5	____________	
3	Fuel Rate per kWh Delivered for Non-Transmission Service Voltage Level Sales In Billing Month	L1b * L2		____________ /kWh
4	Transmission Service Level Voltage Loss Factor	Attachment A: P4, L6	____________	
5	Fuel Rate per kWh Delivered for Transmission Service Voltage Level Sales In Billing Month Excluding Rate Schedule EIS Available and Off-Peak kWh Sales in Billing Month	L1b * L4		____________ /kWh
6	Fuel Rate per kWh Delivered for Rate Schedule EIS Available and Off-Peak kWh Sales In Billing Month	L5 * 1.3		____________ /kWh
SECTION 2	**CAPACITY RATES**			
7	Capacity Rate for All kWh Sales in Billing Month Excluding Rate Schedule EIS Available and Off-Peak kWh Sales	Attachment A: P3, L10		____________ /kWh
8	Capacity Rate for Rate Schedule EIS Available and Off-Peak kWh Sales in Billing Month	Attachment A: P3, L11		____________ /kWh
SECTION 3	**(OVER) / UNDER SURCHARGE RATE**			
9	(Over) / Under Surcharge Rate for All kWh Sales In Billing Month	Attachment A: P2, L16		____________ /kWh
SECTION 4	**FUEL ADJUSTMENT CLAUSE RATES**			
	Fuel Adjustment Clause Rate in Billing Month for:			
10	Non-Transmission Service Voltage Level kWh Sales	L3 + L7 + L9		____________ /kWh
11	Transmission Service Voltage Level Sales Excluding Rate Schedule EIS Available and Off-Peak kWh Sales	L5 + L7 + L9		____________ /kWh
12	Rate Schedule EIS Available and Off-Peak kWh Sales	L6 + L8 + L9		____________ /kWh

Schedule FAC
Attachment A

ENTERGY NEW ORLEANS, INC.

SURCHARGE FOR (OVER) / UNDER BILLING RECOVERY

Data Based on Operations Month of ________________

Applied to Bill in the Month of ________________

LINE NO	DESCRIPTION	REFERENCE		
SECTION 1	**FUEL ADJUSTMENT REVENUE**			
1	Non-Transmission Service Voltage Level Sales for Operations Month		________ kWh	
2	Transmission Service Voltage Level Sales for Operations Month Excluding Rate Schedule and EIS Available and Off-Peak kWh Sales		________ kWh	
3	Rate Schedule EIS Available and Off-Peak kWh Sales for Operations Month		________ kWh	
4	Fuel Adjustment Clause Rate for Non-Transmission Service Voltage Level Sales in Operations Month	Attachment A Page 1 of Operations Month Filing	________ /kWh	
5	Fuel Adjustment Clause Rate for Transmission Service Voltage Level Sales in Operations Month Excluding Rate Schedule EIS Available and Off-Peak kWh Sales	Attachment A Page 1 of Operations Month Filing	________ /kWh	
6	Fuel Adjustment Clause Rate for Rate Schedule EIS Available and Off-Peak kWh Sales in Operations Month	Attachment A Page 1 of Operations Month Filing	________ /kWh	
7	Fuel Adjustment Revenue for Operations Month	(L1 * L4) + (L2 * L5) + (L3 * L6)		________
SECTION 2	**CUMULATIVE (OVER) / UNDER COLLECTION**			
8	Cumulative (Over) / Under Collection from Previous Month	Attachment A: P2 L14 of Previous Month Filing	________	
9	Actual Fuel and Purchased Power Energy Costs for Operations Month - Per Books		________	
10	Capacity Cost for Operations Month	Attachment A: P3, L8	________	
11	Fuel Adjustment Revenue for Operations Month	L7	________	
12	Prior period adjustments and associated interest		________	
13	Interest on Average of Beginning-of-Month and End-of-Month Cumulative (Over) / Under Balances for Operations Month	((L8 + (L8 + L9+ L10 - L11 +L12)) / 2) * ((Prime Rate) / 12) (See Note)	________	
14	Cumulative (Over) / Under for Operations Month	L8 + L9 + L10 - L11 + L12 + L13		________
SECTION 3	**(OVER) / UNDER SURCHARGE RATE**			
15	Sales for 12 Months Ending With Operations Month		________ kWh	
16	(Over) / Under Surcharge Rate for All kWh Sales in Billing Month	L14/L15		________ /kWh

Note: Prime Rate on the last business day of June 2008 as stated in the Wall Street Journal was ____%

Schedule FAC
Attachment A

ENTERGY NEW ORLEANS, INC.
CAPACITY COST

Data Based on Operations Month of ________________
Applied to Bill in the Month of ________________

LINE NO	DESCRIPTION	REFERENCE		
SECTION 1		CAPACITY COST		
1	Actual Capacity Cost of New Resource Plan		________	
2	Plus Reserve Equalization in Account 555		________	
3	Less Reserve Equalization in Account 447		________	
4	Plus Non-Energy Costs in FERC Accounts 501 and 547 costs (SFI Period Costs on SFI Invoice)		________	
5	Plus Call Options Premium in Account 555		________	
6	Plus Actual Grand Gulf Non-Fuel Costs for Operations Month		________	
7	Less Grand Gulf Non-Fuel Costs in Base Rates		________	
8	Capacity Cost for Operations Month	L1+L2-L3+L4+L5+L6-L7	________	
9	kWh Sales for Operations Month		________ kWh	
10	Capacity Rate for All kWh Sales in Billing Month Excluding Rate Schedule EIS Available and Off-Peak kWh Sales	L8 / L9		________ /kWh
11	Capacity Rate for Rate Schedule EIS Available and Off-Peak kWh Sales in Billing Month	L10 * 1.3		________ /kWh

Schedule FAC
Attachment A

ENTERGY NEW ORLEANS, INC.
LOSS FACTORS

Data Based on Operations Month of ______________

Applied to Bill in the Month of ______________

LINE NO	DESCRIPTION	REFERENCE		
SECTION 1		**SALES AND INPUT**		
1	Non-Transmission Service Voltage Level Sales for 12 Months Ending with Operations Month		______________ kWh	
2	Net Area Input for 12 Months Ending with Operations Month		______________ kWh	
3	Transmission Service Voltage Level Sales for 12 Months Ending with Operations Month Adjusted to Input Level		______________ kWh	
4	Net Area Input for Non-Transmission Service Voltage Level for 12 Months Ending with Operations Month	L2 - L3		______________ kWh
SECTION 2		**LOSS FACTORS**		
5	Non-Transmission Service Level Voltage Loss Factor	L4 / L1		______________
6	Transmission Service Level Voltage Loss Factor			______________

ENTERGY NEW ORLEANS, INC.
SUMMARY OF IMPACT OF PROPOSED GAS RATES
FOR TWELVE MONTHS ENDING DECEMBER 31, 2008

			PRESENT PRO FORMED REVENUE				PROPOSED				CHANGE	
Line No.	RATE	AVERAGE NUMBER OF CUSTOMER	BASE	STORM RESERVE REVENUE	PURCHASED GAS ADJUSTMENT	TOTAL (1)	BASE	STORM RESERVE REVENUE	PURCHASED GAS ADJUSTMENT	TOTAL (1)	AMOUNT	%
1	RESIDENTIAL	92,569	$19,982,150	$445,902	$34,257,107	$54,239,257	$24,374,114	$417,236	$34,257,107	$58,631,221	$4,391,964	8.097%
2	SMALL GENERAL	5,289	$5,815,106	$129,764	$11,672,152	$17,487,258	$5,814,739	$99,637	$11,672,152	$17,486,891	-$367	-0.002%
3	LARGE GENERAL	86	$5,188,490	$115,781	$16,976,758	$22,165,248	$5,188,694	$88,820	$16,976,758	$22,165,452	$204	0.001%
4	SMALL MUNICIPAL	210	$279,208	$6,231	$626,998	$906,206	$318,618	$5,454	$626,998	$945,616	$39,410	4.349%
5	LARGE MUNICIPAL	1	$1,732,739	$38,666	$12,794,464	$14,527,203	$2,253,065	$38,568	$12,794,464	$15,047,529	$520,326	3.582%
6	TOTAL	98,175	$32,997,693	$736,344	$76,327,479	$109,325,172	$37,949,230	$649,615	$76,327,479	$114,276,709	$4,951,537	4.529%

Base rates lcreased by $4.95MM.
All rate schedules applied customer charges based on the unit cost study except schedule RES which is $10.50 and schedule SG which is $14.70.

(1) Excludes storm reserve revenue.

	Present Cust. Charge	Proposed Cust. Charge
RESIDENTIAL	$ 8.00	$10.50
SMALL GENERAL	$ 8.00	$14.70
LARGE GENERAL	$ 316.00	$112.58
SMALL MUNICIPAL	$ 8.00	$41.65
LARGE MUNICIPAL	$ 3,616.68	$531.95

	Present	Proposed	Change	Percent
RESIDENTIAL @ 50 ccf	$79.52	$84.09	$4.57	5.75%

ACCOUNTING TREATMENT

a. ENO will continue to use its existing electric depreciation rates.

b. ENO will implement the new gas depreciation rates set forth in Exhibit BWC-2 to the Direct Testimony of Brian W. Caldwell filed in Council Docket No. UD-08-03.

c. ENO will flow through over a period of ten years the Hurricane Katrina NOL carryback refund based on the actual balance of the accumulated deferred income taxes ("ADIT") remaining in Account 282469 (Repairs) and Account 283531 (Casualty Loss) at December 31, 2008. To achieve this result, ENO will reclassify such ADIT as a regulatory liability, which will be amortized over ten years commencing on June 1, 2009. In future rate proceedings during the existence of the regulatory liability, the amortization will be treated as an offset to the electric revenue requirement as recommended by the Advisors in the Direct Testimony of Mr. George Mathai. Also, the rate base amount of the regulatory liability shall be $22.897 million, which is the average of the initial unamortized balance of the regulatory liability calculated using a mid-year convention. See Attachment 1 to this Exhibit "NOL Carryback Rate Base Reduction" for the calculation of the rate base amount.

Notwithstanding any other language contained herein, the provisions of this paragraph shall have precedential effect with respect to the Hurricane Katrina NOL carryback, and no party shall have the right to contest the treatment of the Hurricane Katrina NOL carryback in any subsequent proceeding.

d. Of the $36,227,204 Total Company Re-Organization Costs, $10,500,000, of which $6,423,261 is related to electric operations and $4,076,739 is related to gas operations, is deemed to be reasonable and prudent and shall be included in ENO's rate base and recovered from ENO's customers. ENO will amortize the $10,500,000 of Re-Organization Costs over fifteen (15) years, which amortization period shall commence when base rates set forth herein become effective.

Notwithstanding any other language contained herein, the provisions of this paragraph shall have precedential effect, and no party shall have the right to contest ENO's treatment of the remaining Re-Organization Costs in any subsequent proceeding.

e. Effective June 1, 2009, the Market Street Gain of $9,522,000 that resides in Account 254 "Other Regulatory Liability" will be credited to Account 107 in compliance with Paragraph 4 of Council Resolution R-06-222. Such treatment resolves all disputes regarding ENO's compliance with R-06-222, dated May 25, 2006. Notwithstanding any other language contained herein, the provisions of this paragraph shall have precedential effect, and no party shall have the right to contest ENO's treatment of the gain on the sale of the Market Street Property in any subsequent proceeding.

f. ENO shall reclassify its Hurricane Katrina and Rita electric capital expenditures of approximately $51.854 million from Account 186 Miscellaneous Deferred Debits to Account 101 Electric Plant in Service. ENO shall reclassify its Hurricane Katrina and Rita gas capital expenditures of approximately $5.347 million from Account 186 Miscellaneous Deferred

ACCOUNTING TREATMENT

Debits to Account 118 Gas Plant in Service. These amounts represent the estimated balances as of May 31, 2009 and include the 12/31/2008 Period II balances plus 5 months (January 2009 through May 2009) of carrying charges.

g. Subject to the provisions of Section III in the Offer of Settlement, ENO shall include the capital costs incurred as a result of the Hurricane Gustav/Ike in Account 186 as of the date when base rates set forth herein become effective. These capital costs, including carrying costs, shall be included in ENO's rate base as plant in service in ENO's initial annual FRP Evaluation Period filings and shall be recovered through base rates set in that proceeding.

   While these costs are in Account 186, ENO shall accrue carrying charges on these costs until ENO begins recovering such costs through base rates. Such carrying costs shall be computed using ENO's 2009 WACC as determined in this Docket.

h. ENO shall remove from Account 228.1 approximately $14.194 million in costs related to minimum bill credits plus other non-Cindy costs included in the Storm Reserve account 228.10.

i. In addition, the following regulatory assets shall be established as of the date when base rates set forth herein become effective. These regulatory assets shall be included in rate base and shall have the amortization periods identified below, which shall commence when base rates set forth herein become effective.

   - Tropical Storm Cindy costs (total cost of approximately $2.119 million) – five (5) years
   - Hurricane Katrina and Rita Electric Deferred O&M (total cost of approximately $19.825 million) – seven (7) years (See Note 1 below)
   - Unrecovered General Plant (total cost of approximately $5.778 million for Electric and negative $0.026 million for Gas) – ten (10) years
   - Hurricane Katrina and Rita Gas Deferred O&M (total cost of approximately $9.814 million) – seven (7) years (See Note 1 below)
   - Non-Storm Costs as per Paragraph 22 of the 2006 AIP – five (5) years (See Note 2 below)

j. The amortization rate applicable to plant recorded to Account 383 Computer Software shall be 20%. (See Note 3 below)

NOTES:

1. The estimated balance is as of May 31, 2009 and includes the 12/31/2008 Period II balance plus 5 months (January 2009 through May 2009) of carrying charges.

ACCOUNTING TREATMENT

2. Non-Storm Costs as per Paragraph 22 of the 2006 AIP are quantified on page AJ09-4 of Volume 8 of the Company's filing. The total cost is approximately $0.401 million.

3. The amortization rate applicable to plant recorded to Account 383 Computer Software requires specification in an order by the Council in this Docket. See page AJ04-5 of Volume 8 of Company's filing. The total is approximately $0.872 million.

ACCOUNTING TREATMENT

Amortization of Regulatory Credit due to NOL Carryback Treatment

NOL Tax Carry Back Tax Refunds	Electric	
ADIT Balance Per BWC-16	58,026,695	
Adjustment for ADIT Turnaround	(12,231,879)	
Balance to Amortize	45,794,816	
Amortization Period (Years)	10	
Annual Amortization	4,579,482	
	Amortization	Unamortized Balance
Year 1	4,579,482	43,505,075
Year 2	4,579,482	38,925,594
Year 3	4,579,482	34,346,112
Year 4	4,579,482	29,766,630
Year 5	4,579,482	25,187,149
Year 6	4,579,482	20,607,667
Year 7	4,579,482	16,028,186
Year 8	4,579,482	11,448,704
Year 9	4,579,482	6,869,222
Year 10	4,579,482	2,289,741
		(22,897,408)

		Dr	Cr
Accumulated Deferred Income Taxes	282	16,893,493	
Accumulated Deferred Income Taxes	283	28,901,323	
Provision for Deferred Income Taxes - CR	411.1		45,794,816
Provision for Deferred Income Taxes	410.1	45,794,816	
Other Regulatory Liabilities	254		45,794,816

To Record a Regulatory Credit to Reflect Regulatory Treatment of the Unamortized Balance of CDBG ADIT and Casualty Loss ADIT due to the Hurricane Katrina NOL Carryback Federal Income Tax Refund

		Dr	Cr
Other Regulatory Liabilities	254	4,579,482	
Provision for Deferred Income Taxes - CR	411.1		4,579,482

EXHIBIT 7

ENTERGY NEW ORLEANS, INC.
ELECTRIC SERVICE

RIDER SCHEDULE EFRP-___

Effective:
Filed:
Supersedes:
Schedule Consists of: Two Sheets Plus Attachments A - F

ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE

I. GENERAL

This Electric Formula Rate Plan Rider Schedule EFRP-__ ("Rider EFRP") defines the procedure by which the rates contained in the Entergy New Orleans, Inc. ("ENO" or "Company") electric rate schedules designated in Attachment A to this Rider EFRP ("Rate Schedules") may be periodically adjusted. Rider EFRP shall apply in accordance with the provisions of Section II.A below to all electric service billed under the Rate Schedules, whether metered or unmetered, and subject to the jurisdiction of the Council of the City of New Orleans ("CNO" or "Council").

II. APPLICATION AND REDETERMINATION PROCEDURE

A. RATE ADJUSTMENT

The adjustments to the Company's rates set forth in Attachment A to this Rider EFRP ("Rate Adjustments") shall be added to the rates set out in the monthly bills in accordance with the Company's Rate Schedules. The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW

1. FILING DATE

On or before May 31 of each year, beginning in 2010, ENO shall file a report with the Council containing an evaluation of the Company's earnings for the immediately preceding calendar year prepared in accordance with the provisions of Section II.C below ("Evaluation Report"). A revised Attachment A shall be included in each such filing containing the Company's proposed revised Rate Adjustments determined in accordance with the provisions of Section II.C below.

2. REVIEW PERIOD

The Council's Advisors ("Advisors") and all intervenors ("Intervenors"), which together with ENO shall be referred to hereinafter, collectively, as the "Parties," shall receive a copy at the time it is filed with the Council of each Evaluation Report filing together with all subsequent filings in the related proceeding. All Intervenors in Docket UD-08-03 shall be recipients of each such Evaluation Report filing. At the time each such Evaluation Report is filed, ENO shall provide all Parties with workpapers supporting the data and calculations reflected in the Evaluation Report. The Parties may request such clarification and additional supporting data as each deems necessary and within the scope of normal discovery to adequately review the Evaluation Report and ENO's proposed revised Rate Adjustments. ENO shall provide such clarifications and additional supporting data sought by the other Parties within fifteen (15) days for each and every request.

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The Parties shall then have until August 15 of the filing year or 75 days after filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of Section II.C below. If any of the Parties should detect an error(s) (as distinguished from a regulatory issue(s)) in the application of the principles and procedures contained in Section II.C below, such error(s) shall be formally communicated in writing to the Company and/or other Parties by August 15 of the filing year. Each such indicated error shall include documentation of the proposed correction. The Company shall then have twenty-five (25) days to review any proposed corrections, to work with the other Parties to resolve any differences and to file a revised Attachment A containing Rate Adjustments reflecting all corrections upon which the Parties agree. The Company shall provide the other Parties with appropriate work papers supporting any revisions made to the Rate Adjustments initially filed.

Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions of Section II.B.3 below, the Rate Adjustments initially filed under the provisions of Section II.B.1 above, or such corrected Rate Adjustments as may be determined pursuant to the terms of this Section II.B.2, shall become effective for bills rendered on and after the first billing cycle for the following month of October ("October Adjustment"). Those Rate Adjustments shall then remain in effect until changed pursuant to the provisions of this Rider EFRP.

3. **RESOLUTION OF DISPUTED ISSUES**

In the event there is a dispute regarding any Evaluation Report, the Parties shall work together in good faith to resolve such dispute. If the Parties are unable to resolve the dispute by the end of the twenty-five (25) day period provided for in Section II.B.2 above, revised Rate Adjustments reflecting all revisions to the initially filed Rate Adjustments on which the Parties agree shall become effective as provided for in Section II.B.2 above. Any disputed issues shall be submitted to the Council for the setting of an Administrative Hearing before its designated Hearing Officer and a subsequent Resolution of the Council pursuant to the provisions of the Home Rule Charter.

If the Council's final ruling on any disputed issues requires changes to the October Adjustment referenced in Paragraph II.B.2 above, the Company shall file a revised Attachment A ("Final Adjustment") containing such further modified Rate Adjustments within fifteen (15) days after receiving the Council's order resolving the dispute. The Company shall provide a copy of the filing to the Council together with appropriate supporting documentation. Such modified Rate Adjustments shall then be implemented with the first billing cycle of the month after the date of the ruling if the ruling is received by the 5th day of the month, otherwise, the modified Rate Adjustments shall then be implemented with the first billing cycle of the second subsequent month after the date of the ruling and shall remain in effect until superseded by Rate Adjustments established in accordance with the provisions of this Rider EFRP.

Within 60 days after receipt of the Council's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at a Council mandated rate of interest. Such refund/surcharge amount shall be based on customers' revenue from the first billing cycle of October of the filing year through the last date the interim Rate Adjustments were billed. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Council..

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ENTERGY NEW ORLEANS, INC.
ELECTRIC SERVICE

RIDER SCHEDULE EFRP-__

Effective:
Filed:
Supersedes:
Schedule Consists of: Two Sheets Plus Attachments A - F

ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

1. DEFINITION OF TERMS

a. EVALUATION PERIOD
The Evaluation Period shall be the twelve month period ended December 31 of the calendar year immediately preceding the filing. All data utilized in each Evaluation Report shall be based on actual results for the Evaluation Period as recorded as electric operations on the Company's books in accordance with the Uniform System of Accounts or such other documentation as may be appropriate.

b. EARNED RATE OF RETURN ON COMMON EQUITY
The Earned Return on Common Equity ("EROE") for any Evaluation Period shall be determined in accordance with the EROE Formula set out in Attachment B. The EROE determination shall reflect the Evaluation Period adjustments set out in Attachment C.

c. BENCHMARK RATE OF RETURN ON RATE BASE
The Benchmark Rate of Return on Rate Base ("BRORB") shall be determined in accordance with the BRORB formula set out in Attachment D. The BRORB is the composite weighted embedded cost of capital reflecting the Company's annualized costs of Long-term Debt, Preferred Stock, and Common Equity as of the end of the Evaluation Period. The Debt, Preferred Stock and Equity capitalization ratios, as set out in Attachment D, shall be the actual equity capitalization ratio as of December 31 of the calendar year immediately preceding the filing adjusted for financing activity and the exclusion of Affiliate notes arising in connection with ENO's exit from bankruptcy.

d. EVALUATION PERIOD COST RATE FOR COMMON EQUITY
The Evaluation Period Cost Rate for Common Equity ("EPCOE") is the Company's cost rate for common equity applicable to the Evaluation Period. The EPCOE value applicable for each Evaluation Period shall be determined in accordance with Attachment E.

e. ANNUALIZED EVALUATION PERIOD EFRP REVENUE
The Annualized Evaluation Period EFRP Revenue is the Rider EFRP Rider Rate Adjustment (Final Adjustment) in effect at the end of the Evaluation Period multiplied times the applicable Evaluation Period Billing Revenues.

f. TOTAL RIDER EFRP REVENUE
The Total Rider EFRP Revenue is the Annualized Evaluation Period EFRP Revenue plus the reduction/increase in Rider EFRP Revenue as calculated in Attachment F.

g. RATE OF RETURN ON COMMON EQUITY BANDWIDTH
The Rate of Return on Common Equity Bandwidth ("Bandwidth") shall be an Upper Band equal to the EPCOE plus 0.40% (40 basis points) and a Lower Band equal to the EPCOE minus 0.40% (40 basis points).

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2. **TOTAL RIDER EFRP REVENUE**

In each Evaluation Period, the Total Rider EFRP Revenue level shall be determined using the Rider EFRP Revenue Redetermination Formula set out in Attachment F, which reflects the following rules:

a. If the EROE is less than the Lower Band, the ROE Adjustment shall be equal to the EPCOE minus the EROE.

b. If the EROE is greater than the Upper Band the ROE Adjustment shall be equal to the EPCOE minus the EROE.

c. There shall be no change in Rider FRP Revenue level for the Evaluation Period if the EROE is less than or equal to the Upper Band and greater than or equal to the Lower Band.

d. A change in the Rider FRP Revenue level shall not be made unless it changes the EROE for the Evaluation Period by more than 0.05% (5 basis points).

3. **RIDER EFRP REVENUE ALLOCATION**

The Total Rider EFRP Revenue, as determined under the provisions of Section II.C.2, will be allocated to each applicable rate schedule based on an equal percentage of base rate revenue. This percentage will be developed by dividing the Total Rider EFRP Revenue by the total applicable base rate revenue, calculated pursuant to Attachment B.

4. **RATE ADJUSTMENT REDETERMINATION**

All applicable retail rate and rider schedules on file with the Council will be adjusted through Rider Schedule EFRP__ by the percentage as determined under Section II.C.3.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST CHANGES

It is recognized that from time to time ENO may experience extraordinary increases or decreases in costs that occur as a result of actions, events, or circumstances beyond the control of the Company. Such costs may significantly increase or decrease the Company's revenue requirements and, thereby, require rate changes that this Rider EFRP is not designed to address. Should ENO experience such an extraordinary cost increase or decrease, excluding costs recovered via the Fuel Adjustment Clause, having an annual revenue requirement impact exceeding $2 million on a total electric Company basis then either the Company or the Council may initiate a proceeding to consider a pass-through of such extraordinary cost increase or decrease.

B. SPECIAL RATE FILINGS

The Company is experiencing a changing business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this Rider shall be interpreted as preventing the Company from proposing, or requiring the Council to approve, any revisions to existing rate schedules or implement new rate schedules as may be appropriate. Any such rate changes shall be filed with the Council and evaluated in accordance with the rules and procedures then in effect.

ENTERGY NEW ORLEANS, INC. ELECTRIC SERVICE RIDER SCHEDULE EFRP-__	Effective: Filed: Supersedes: Schedule Consists of: Two Sheets Plus Attachments A - F

ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE

C. FORCE MAJEURE

In addition to the rights of ENO under this Rider, or as provided by law, to make a filing for the pass-through of costs outside the provisions of the Rider FRP, if any event or events beyond the reasonable control of ENO including natural disaster, damage or unforeseeable loss of generating capacity, changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and orders or acts of civil or military authority, cause increased costs to ENO or result in a deficiency of revenues to ENO which is not readily capable of being addressed in a timely manner under this Rider FRP, ENO may file for rate or other relief outside the provisions of the Rider FRP. Such request shall be considered by the Council in accordance with applicable law governing such filings.

D. ADDITIONAL PURCHASED CAPACITY

1. APPROVED ADDITIONAL CAPACITY PURCHASE

Except as otherwise provided in the Agreement in Principle in Docket UD-08-03, ENO shall be allowed to recover fully through this Rider FRP consistent with Section II.C.2, the revenue requirement associated with purchased capacity costs in excess of the amounts in base rates as approved by the Council. Such new capacity costs shall include:

(1) approval of a new purchase capacity agreement, or
(2) approval of the recovery of previously deferred capacity costs.

In the event the Company adds to its resources by means of a capacity and/or capacity and energy purchase and in the event that such new resource is used to provide capacity to the Company on or before the first billing cycle for the month of October of a filing year and the Council has approved the incurrence of such costs and their level, then the Company may include all capacity costs related to such resource under this Section III.D.1 as a cost, so that, at the time that new rates take effect with the first billing cycle for the month of October, those new rates will reflect the capacity costs that are represented by such generating resource.

2. PURCHASED CAPACITY COST ADJUSTMENTS

The Rider FRP shall be adjusted on an interim basis for:

(1) the expiration of a purchase capacity agreement previously recovered through Rider FRP, or
(2) the completion of the recovery of previously deferred capacity costs.

3. PURCHASED CAPACITY COST TRUE-UP ADJUSTMENTS

The revenue requirement associated with the purchased capacity costs that are billed to ENO pursuant to a cost of service agreement or tariff and recovered via this Rider pursuant to Section III.D shall be compared to the actual cost of such capacity. Any difference between the revenue requirement of the capacity costs used to determine the level of this Rider during

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the Evaluation Period and the revenue requirement associated with the actual capacity cost during the Evaluation Period shall be included in the Evaluation Report as part of the Additional Purchased Capacity Revenue Requirement in the next Rider FRP Revenue Requirement Redetermination Formula as set out in Attachment F.

E. ENERGY EFFICIENCY PROGRAM

1. LOST CONTRIBUTION TO FIXED COSTS

ENO shall include in its annual Evaluation Report filing an estimate of Lost Contribution to Fixed Costs in the year of the filing (i.e. the filing year). For example, in the 2010 Evaluation Report filing (evaluation period 2009), an estimate will be made of the lost Contribution to Fixed Costs expected to occur from energy efficiency programs in 2010. This amount will be reflected in the EFRP rider outside the ROE dead band. Such Lost Contribution to Fixed Costs shall be recorded in FERC Account 182.3 Other Regulatory Assets. In the subsequent annual Evaluation Report filing, such filing year estimates will be trued up to the actual Lost Contribution to Fixed Costs occurring in the Evaluation Period. Any differential between the actual and the estimated Lost Contribution to Fixed Costs shall be reflected as an adjustment to the incremental Estimate of Lost Contribution to Fixed Costs in that subsequent period. After the true-up of Lost Contribution to Fixed Costs for a specific period, the amount in Account 182.3 attributable to that period will be reset..

The estimate of Lost Contribution to Fixed Costs for a filing year shall be the product of the Company's Adjusted Gross Margin per kilowatt-hour (AGM per KWH) multiplied by the deemed savings from estimated program participants. This amount shall only be the incremental amount related to the programs and incremental penetrations estimated to occur in the filing year.

Actual Lost Contribution to Fixed Costs for an evaluation period shall be the product of the Company's adjusted gross margin per kilowatt-hour multiplied by the deemed savings from actual program participants The deemed savings will be based on the projected savings in kilowatt-hours used in determining the cost effectiveness of each energy efficiency program as approved by the Council. Attachment G contains an example of the calculations required by this provision.

2. ENERGY EFFICIENCY INCENTIVE MECHANISM

ENO shall include in its annual Evaluation Report filing (i.e. the filing year) an incentive amount based upon actual KWH savings calculated using deemed savings achieved in the Evaluation.Period as compared to the Council approved energy efficiency performance targets for the Evaluation Period. This incentive amount will be reflected in the EFRP outside the ROE dead band. The incentive amount will be determined for example in 2011 based upon the actual achievement of KWH savings vs. 2010 targets.

A tax adjusted Return on Equity (ROE) applied to the equity component of rate base of between 0% and .30% ROE will be recognized in the EFRP rider outside the bandwidth mechanism based upon the percentage achievement of Council approved targeted savings. The incentive is based upon goal achievement on a sliding scale beginning at 75% achievement (ROE of +0.04%) to a maximum of 125 % achievement (capped ROE of +0.30%). 100% achievement of targeted goals results 0.25% in ROE incentive in the EFRP. An example of the amount of incentive is calculated pursuant to Attachment H.

ENTERGY NEW ORLEANS, INC.
ELECTRIC SERVICE

RIDER SCHEDULE EFRP-__

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ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE

IV. EFFECTIVE DATE AND TERM

Rider EFRP shall continue in effect for three years with annual Evaluation Report filings to be made on or before May 31 of 2010, 2011 and 2012 for the Evaluation Periods 2009, 2010, and 2011, respectively. The Rate Adjustments, resulting from the May 31, 2012 Filing shall continue in effect until such time as new rates become effective pursuant to a final Council order

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ENTERGY NEW ORLEANS, INC.
ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE EFRP -_
FOR THE PERIOD ENDED DECEMBER 31, 200X

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	Ratemaking Adjustments for Evaluation Report Based on Test Year 2010 and 2011
	Reclassifications
	Out-of-Period Items
	Other
11	Benchmark Rate of Return on Rate Base
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ATTACHMENT A

ENTERGY NEW ORLEANS, INC.
ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE EFRP-__
RATE ADJUSTMENTS

The following Rate Adjustments will be applied to the rates set out in the monthly bills of Entergy New Orleans, Inc.'s ("ENO") Rate Schedules identified below, or such additional rate schedules of ENO subject to the Electric Formula Rate Plan Rider Schedule EFRP__ that may become effective. The Rate Adjustments shall be effective for bills rendered on and after the first billing cycle of October of the filing year.

The Net Monthly Bill calculated pursuant to each applicable retail rate schedule* and rider schedule* on file with the City Council of the City of New Orleans will be adjusted monthly by a percentage of **X.XXXX%** before application of the monthly fuel adjustment except this Rider will not apply to the following:

*Excluded Schedules: AFC-Additional Facilities Charge Rider, PPS-2-Purchased Power Service, SMS-2-Standby Maintenance Service, FAC-Fuel Adjustment Charge, R-8- Summary Billing Rider, MES-Miscellaneous Service Schedules, R-3-Retail Rate Adder Rider, EOBP-Electric Optional Billing Plan, EPAD-Electric Pick a Date Rider, EOES-Extension of Electric Service, ESRES- Electric Storm Rider, and RPCEA-Rough Production Cost Equalization Rider.

Base rates producing FRP percent increases or decreases will based on Exhibit 2, Column I to the Agreement in Principle in Docket UD-08-03.

EXHIBIT 7

Attachment B

Line No.	ENTERGY NEW ORLEANS, INC. – ELECTRIC EARNED RATE OF RETURN ON COMMON EQUITY FORMULA Description		Adjusted Amount
	TOTAL COMPANY		
1	RATE BASE	P 2, L23	
2	BENCHMARK RATE OF RETURN ON RATE BASE	Att D, L 4, Col D	
3	REQUIRED OPERATING INCOME	L 1 * L 2	
4	NET UTILITY OPERATING INCOME	P 3, L 25	
5	OPERATING INCOME DEFICIENCY/(EXCESS)	L 3 - L 4	
6	REVENUE CONVERSION FACTOR (1)		
7	REVENUE DEFICIENCY/(EXCESS)	L 5 * L 6	
8	PRESENT RATE REVENUES ULTIMATE CUSTOMERS	P 3, L 1	
9	REVENUE REQUIREMENT	L 7 + L 8	
10	PRESENT RATE REVENUES	P 3, L 1	
11	REVENUE DEFICIENCY/(EXCESS)	L 9 - L 10	
12	REVENUE CONVERSION FACTOR (1)		
13	OPERATING INCOME DEFICIENCY/(EXCESS)	L 11/L 12	
14	NOL CARRYBACK REFUND AMORTIZATION	P 3, L 26	
15	OPERATING INCOME DEFICIENCY/(EXCESS) AFTER NOL CARRYBACK REFUND AMORTIZATION	L 13 - L 14	
16	RATE BASE	P 2, L 23	
17	COMMON EQUITY DEFICIENCY/(EXCESS)	L 15/L 16	
18	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	Att D, L 3, Col D	
19	WEIGHTED EARNED COMMON EQUITY RATE (%)	L 18 - L 17	
20	COMMON EQUITY RATIO (%)	Att D, L 3, Col B	
21	EARNED RATE OF RETURN ON COMMON EQUITY (%)	L 19 /L 20	

Notes:

(1) Revenue Conversion Factor = 1 / [(1 - Composite Tax Rate) * (1 – Bad Debt)]

Attachment B

ENTERGY NEW ORLEANS, INC. – ELECTRIC
RATE BASE (A)

Line No.	Description	Per Books	Adjustments (B)	Adjusted Amount
1	PLANT IN SERVICE			
2	ACCUMULATED DEPRECIATION			
3	**NET UTILITY PLANT** (L1+ L2)			
4	PLANT HELD FOR FUTURE USE			
5	CONSTRUCTION WORK IN PROGRESS (C)			
6	MATERIALS AND SUPPLIES (D)			
7	PREPAYMENTS (D)			
8	CASH WORKING CAPITAL (E)			
9	PROVISION FOR INJURIES & DAMAGES RESERVE (D)			
10	INVESTMENT IN SFI (D)			
12	CUSTOMER ADVANCES			
13	CUSTOMER DEPOSITS			
14	ACCUMULATED DEFERRED INCOME TAXES			
15	ACCUMULATED DEFERRED ITC - PRE-1971			
6	OTHER (F)(G)			
17	NOL CARRYBACK REFUND			
18	NET UNAMORTIZED TROPICAL STORM CINDY COSTS			
19	NET UNAMORTIZED KATRINA & RITA DEFERRED O&M			
20	NET UNAMORTIZED UNRECOVERED GENERAL PLANT			
21	NET UNAMORTIZED NON-STORM COSTS			
22	PENSION LIABILITY RATE BASE EXCL SFAS 158			
23	**RATE BASE** (L3 + Sum of L4 through L22)			

Notes:
- (A) Ending balances are to be utilized except where otherwise noted
- (B) Adjustments as set out in Attachment C to this rider EFRP
- (C) Amount not subject to AFUDC accrual
- (D) 13-month average balances
- (E) Cash Working Capital is deemed to be zero.
- (F) Other items included pursuant to Section 6 of Attachment C
- (G) Beginning & Ending or 13-mos average as more appropriate

Attachment B

ENTERGY NEW ORLEANS, INC. – ELECTRIC
OPERATING INCOME

Line No.	Description	Per Books	Adjustments (A)	Adjusted Amount
	REVENUES			
1	SALES TO ULTIMATE CUSTOMERS			
2	EPP & SYSTEM SALES			
3	OTHER ELECTRIC REVENUE			
4	TOTAL OPERATING REVENUES (Sum of L1 through L3)			
	EXPENSES			
	ELECTRIC O&M			
5	PRODUCTION			
6	TRANSMISSION			
	DISTRIBUTION			
	CUSTOMER ACCOUNTING			
9	CUSTOMER SERVICE & INFORMATION			
10	SALES			
11	ADMINISTRATIVE & GENERAL			
12	TOTAL ELECTRIC O&M EXPENSES (Sum of L5 through L11)			
13	GAIN FROM DISPOSITION OF ALLOWANCES			
14	REGULATORY DEBITS & CREDITS (B)			
15	DEPRECIATION & AMORTIZATION EXPENSES			
16	INTEREST ON CUSTOMER DEPOSITS			
17	TAXES OTHER THAN INCOME			
18	STATE INCOME TAX			
19	FEDERAL INCOME TAX			
20	PROV DEF INC TAX - STATE – NET			
21	PROV DEF INC TAX - FED – NET			
22	INVESTMENT TAX CREDIT-NET			
23	OTHER (C)			
24	TOTAL UTILITY OPERATING EXPENSES (L12 + Sum of L13 through L23)			
25	NET UTILITY OPERATING INCOME (L4 – L24)			
26	NOL CARRYBACK REFUND AMORTIZATION			

Notes:
(A) Adjustments defined in Attachment C
(B) Including, but not limited to, the amortization of regulatory assets and liabilities established in the Agreement in Principle in UD-08-03.
(C) Other items included pursuant to Section 6 of Attachment C

Attachment B

ENTERGY NEW ORLEANS, INC. – ELECTRIC
NCOME TAX

Line No.	Description	Reference	Per Books	Adjustments (A)	Adjusted Amount
1	TOTAL OPERATING REVENUES	P 3, L 4			
2	TOTAL O&M EXPENSE	P 3, L 12			
3	GAIN FROM DISPOSITION OF ALLOWANCES	P 3, L 13			
4	REGULATORY DEBITS & CREDITS)	P 3, L 14			
5	DEPRECIATION & AMORTIZATION EXPENSE	P 3, L 15			
6	INTEREST ON CUSTOMER DEPOSITS	P 3, L 16			
7	TAXES OTHER THAN INCOME	P 3, L 17			
8	NET INCOME BEFORE INCOME TAXES	L 1- Sum of L 2 through L 7			
9	ADJUSTMENTS TO NET INCOME BEFORE TAXES				
10	TAXABLE INCOME	L 8 + L 9			
	COMPUTATION OF STATE INCOME TAX				
11	STATE TAXABLE INCOME	L 10			
12	STATE ADJUSTMENTS				
13	TOTAL STATE TAXABLE INCOME	Sum of L 11 through L 12			
14	STATE INCOME TAX BEFORE ADJUSTMENTS (B)	L 13*Eff. Tax Rate			
15	ADJUSTMENTS TO STATE TAX				
16	**STATE INCOME TAX**	L 14 + L 15			
	COMPUTATION OF FEDERAL INCOME TAX				
17	TAXABLE INCOME	L 10			
18	STATE INCOME TAX	L 14 as deduction			
19	FEDERAL ADJUSTMENTS				
20	TOTAL FEDERAL TAXABLE INCOME	Sum of L 17 through L 19			
21	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (B)	L 20* Eff. Tax Rate			
22	ADJUSTMENTS TO FEDERAL TAX				
23	**FEDERAL INCOME TAX**	L 21+L 22			

Notes:
(A) Adjustments as defined in Attachment C
(B) The Tax Rate in effect at the time the Evaluation Report is filed shall be utilized.

EXHIBIT 7

Attachment C

ENTERGY NEW ORLEANS, INC.

EVALUATION PERIOD ADJUSTMENTS

The actual (per book) data for each Evaluation Period, as reflected in Attachment B, shall be adjusted to reflect the following:

1 **Rate Annualization Adjustment**

A) Present base rate revenue shall be adjusted to reflect, on an annualized basis, the Rate Adjustment in effect at the end of the Evaluation Period under this Rider EFRP.

B) The rate base, revenue and expense effects associated with any riders, or other rate mechanisms, that ENO may have in effect during the Evaluation Period which recover specific costs are to be eliminated.

2 **Interest Synchronization**

All Evaluation Period Interest expenses are to be eliminated and replaced with an imputed interest expense amount equal to the Evaluation Period rate base multiplied by the weighted embedded cost of debt for the Evaluation Period determined in accordance with Attachment D.

3 **Income Taxes**

All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, 3) provisions for deferred income tax (debit and credit), and 4) accumulated provision for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

A) Effects associated with other adjustments set out in this Attachment C shall similarly and consistently be adjusted;

B) All effects associated with the difference in the timing of transactions, where the underlying timing difference is eliminated, shall also be eliminated;

C) The corporate state and federal income tax laws legally in effect on the date an Evaluation Report is filed under this EFRP Rider shall be reflected in the calculation of all income tax amounts; and

D) Tax effects normally excluded for ratemaking purposes shall be eliminated.

4 **Ratemaking Adjustments for Evaluation Report Based on Test Year 2009**

A) Present base rate revenue shall be adjusted to reflect, on an annualized basis, the rate actions set forth in the Agreement in Principle in UD-08-03.

B) The offset to the electric revenue requirement resulting from flow through of Hurricane Katrina Carryback Refund shall be annualized, and the associated regulatory liability shall be adjusted to the amount agreed to for ratemaking purposes as specified in the attachments to the Agreement in Principle in Docket UD-08-03.

C) The amortization of Account 301 Organization Costs shall be annualized.

D) The depreciation of Hurricane Katrina and Rita capital expenditures shall be annualized.

E) The amortization of Tropical Storm Cindy Costs shall be annualized.

F) The amortization of Hurricane Katrina and Rita Deferred O&M shall be annualized.

G) The amortization of Unrecovered General Plant shall be annualized.

H) The amortization of Non-Storm Costs included in Docket UD-08-03 as per Paragraph 22 of the 2006 Agreement in Principle shall be annualized.

I) All prudently incurred capital expenditures found not to be related to Hurricane Gustav/Ike in the audit of Hurricane Gustav/Ike costs shall be treated and recovered as plant in service.

J) All non-capital charges found not to be related to Hurricane Gustav/Ike in the audit of Hurricane Gustav/Ike costs shall be removed. All fully-loaded, direct labor (i.e., straight time labor) associated with non-capital activities related to Hurricane Gustav/Ike shall be removed.

K) The reversal of the Resolution R-86-112 Accumulated Liability shall be removed from O&M expense.

L) Deferred purchased capacity costs will be adjusted.

M) Additional purchased capacity costs will be annualized.

N) Extraordinary Cost Changes

O) Energy Efficiency Lost Contribution Adjustment as per Sec III.D

5 **Ratemaking Adjustments for Evaluation Reports Based on Test Year 2010 and 2011**

A) Offset to the electric revenue requirement resulting from flow through of Hurricane Katrina Carryback Refund and adjustment of the associated regulatory liability to the amount agreed to for ratemaking purposes.

B) Deferred purchased capacity costs will be adjusted.

C) Additional purchased capacity costs will be annualized.

D) Extraordinary Cost Changes

E) Energy Efficiency Lost Contribution Adjustment as per Sec III.D

F) Energy Efficiency Incentive Mechanism as per Sec III.D

Reclassifications

A) Revenues associated with ENO's rates in the CNO Retail Jurisdiction, but included in Other Electric Revenue on a per book basis (Attachment B, Page 3, Line 3) shall be reclassified as rate schedule revenue.

B) Costs not allowable for ratemaking purposes shall be removed by adjustment from the Evaluation Period cost data. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the Evaluation Period cost data through appropriate reclassification adjustments. These adjustments shall include, but are not limited to: 1) the reclassification of below-the-line interest expense associated with customer deposits as interest on customer deposits expense, and 2) interest income related to System Fuels, Inc.

7 **Out-of-Period Items**

Expenses and revenues recorded in any Evaluation Period that are related to transactions occurring prior to the Evaluation Period used in the first Filing shall be eliminated by adjustment from the Evaluation Period cost data. This shall include any associated tax adjustments.

8 **Other**

In addition to Adjustments 1 through 7 above, there may, from time-to-time, be special costs or rate effects that occur during an Evaluation Period that require adjustments of the Evaluation Period cost data. Nothing in this Rider EFRP shall preclude any Party from proposing such adjustments.

EXHIBIT 7

Attachment D

ENTERGY NEW ORLEANS, INC.

BENCHMARK RATE OF RETURN ON RATE BASE

	Description	(A) Capital Amount (1) ($)	(B) Capital Ratio (%)	(C) Cost Rate (2) (%)	(D) Benchmark Rate of Return on Rate Base (3)
1	LONG-TERM DEBT				
2	PREFERRED EQUITY				
3	COMMON EQUITY				
4	TOTAL		100%		

Notes:

(1) Amounts at the end of the Evaluation Period as adjusted for refinancing activities. All Long-Term Debt issues shall reflect the balance net of a) unamortized debt discount, premium, and expense; b) gain or loss on reacquired debt; and c) any adjustments required per Attachment C. All Preferred Stock issues shall reflect the balance net of discount, premium and capital stock expense. The Affiliate Notes shall be excluded from the calculation of the BRORB.

(2) Annualized cost of Long-Term Debt and Preferred Equity at the end of the Evaluation Period divided by the corresponding Capital Amount. The Long-Term Debt Cost Rates shall include a) annualized amortization of debt discount, premium, and expense; b) annualized gain or loss on reacquired debt; and c) any adjustments required per Attachment C. The Common Equity Cost Rate shall be the Evaluation Period Cost Rate for Common Equity (EPCOE) determined in accordance with Attachment E.

(3) The components of the BRORB column are the corresponding Cost Rates multiplied by the associated Capital Ratio. The BRORB is the sum of the components so determined and expressed as a % to two decimal places (XX.XX%).

EXHIBIT 7

Attachment E

ENTERGY NEW ORLEANS, INC.

EVALUATION PERIOD COST RATE FOR COMMON EQUITY PROCEDURE

EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The EPCOE applicable for any Evaluation Report pursuant to this Rider EFRP shall be 11.10%.

EXHIBIT 7

Attachment F

ENTERGY NEW ORLEANS, INC. – ELECTRIC
RIDER EFRP REVENUE REDETERMINATION FORMULA

SECTION 1 BANDWIDTH CHECK

Line No.	DESCRIPTION	REFERENCE	
1	Earned Rate of Return on Common Equity ("EROE")	Attachment B, P 1, L 21	
2	Evaluation Period Cost Rate for Common Equity ("EPCOE")	Per Attachment E	
3	Upper Band	L 2 + 0.40%	
4	Lower Band	L 2 - 0.40%	
5	ROE Adjustment (3)	If L1 < L4, then L2 - L1; If L1 > L3, then L2 - L1) but no adjustment if L1 ≥ L 4 and L1 ≤ L3	

SECTION 2 ROE BAND RATE ADJUSTMENT

Line No.	DESCRIPTION	REFERENCE		
6	ROE Adjustment	Per L 5 (3)		
7	Common Equity Capital Ratio	Attachment D, L 3, Col B		
8	Rate Base	Attachment B, P 1, L 1		
9	Revenue Conversion Factor	Attachment B, P 1, L 6		
10	Total Change in Rider EFRP Revenue(3)	L6 * L7 * L8 * L9		

SECTION 3 TOTAL BAND RATE ADJUSTMENT

Line No.	DESCRIPTION	REFERENCE	
11	Annualized Evaluation Period EFRP Revenue (1)	See Note 1	
12	(Reduction)/Increase in Rider FRP Revenue	L 10	
13	Extraordinary Cost Change Revenue Requirement	Per Sec. III.A of the Tariff	
14	Additional Purchased Capacity Revenue Requirement	Per Sec. III.D of the Tariff	
15	Energy Efficiency Lost Contribution/Incentive Mechanism	Per Sec. III.E of the Tariff	
16	Total Rider EFRP Revenue (2)	L 11 + L 12 + L 13 + L 14 + L 15	

Note:

(1) Rider EFRP Rate Adjustments in effect at the end of the applicable Evaluation Period multiplied by the applicable Evaluation Period billing revenues.

(2) The Total Rider EFRP Revenue reflects the total credit or surcharge to be applied to customer bills based on the results of the Rider EFRP Redeterminatio[n] Formula

(3) If L 5 < 0.05% and L 5 > -0.05%, then L 5 equal to zero.

EXHIBIT 7

Attachment G
Example of Estimate of Lost Contribution to Fixed Costs due to Energy Efficiency in FRP

Assume: May 2010 EFRP Filing-initial filing
Calendar 2009 Evaluation period
EFRP Rider Effective October 2010 through September 2011
May 2011 EFRP Filing-True up/new estimate of incremental Lost Contribution
AGM/kWh = $0.04

1) Determine Estimate of Incremental 2010 Lost Contribution for May 2010 EFRP Filing [3,000,000 KWH X $0.04 AGM per kWh][1]	$120,000
2) 2010 Lost Contribution Estimate for May 2010 EFRP filing	$120,000
3) Actual Lost Contribution related to 2010 [2,500,000 KWH X $0.04 per kWh][2]	$100,000
4) 2010 Lost Contribution True-up for May 2011 EFRP Filing [2010 Estimate – 2010 actual][3]	$20,000
5) Determine Estimate of Incremental 2011 Lost Contribution for May 2011 EFRP Filing [3,200,000 X $.04 AGM per kWh][4]	$ 128,000
ss 2010 Lost Contribution True-up[5]	($ 20,000)
et 2011 Incremental 2011 Lost Contribution for 2011 EFRP Filing	$108,000

[1] deemed savings from estimated program participants times AGM per kWh ,where AGM is average base rates
deemed savings from actual program participants times AGM per kWh
2010 Estimated lost contribution of $120,000 less actual of $100,000
[4] 2011 incremental deemed savings from estimated program participants times AGM per kWh
[5] Line 4

EXHIBIT 7

Attachment H
Illustrative Example of DSM Incentive Calculation

To determine annual incentive in the filing year based on achievement of deemed savings kWh goals set in the evaluation period.

The incentive is calculated as shown below:

Equity Rate Base x ROE Incentive x Tax Factor

The incentives will be calculated based on the following sliding scale:

% DSM Goal Achieved	ENO ROE Incentive %
<75%	0.000%
75%	0.040%
80%	0.080%
85%	0.120%
90%	0.160%
95%	0.200%
100%	**0.250%**
105%	0.260%
110%	0.270%
115%	0.280%
120%	0.290%
125%	0.300%
>125%	0.300%

Based on a sliding scale shown in the table below, at 75% of goal, ENO earns a 0.04% ROE incentive, at 100% of goal, ENO earns a 0.25% incentive and at 125% of goal or greater, the incentive is capped at 0.3% ROE adder.

A sample calculation using the following assumptions is shown below:
Equity portion of Rate base = $168,000,000
Tax Factor = 1.62%
Target KWh savings = 10,000,000
Actual KWh savings = 9,000,000

KWh goal achieved = 90% = 1 - (10,000,000 – 9,000,000)/ 10,000,000
At 90% of Goal, ROE Incentive = 0.16% (based on table above)

[ROE Incentive = $168,000,000 x 0.16% x 1.62 = $435,456]

1) % DSM Goal Achieved = Ratio of KWh goal achieved to target kWh
2) ENO is eligible for an ROE incentive adder if the Company achieves 75% of its kWh savings goal. The ROE adder will increase as the percentage of achievement versus target increase along a sliding scale to a maximum of 0.3% ROE

EXHIBIT 8

ENTERGY NEW ORLEANS, INC. GAS SERVICE RIDER SCHEDULE GFRP-__	Effective: Filed: Supersedes: Schedule Consist of: Three Sheets Plus Attachments A - F

GAS FORMULA RATE PLAN RIDER SCHEDULE

I. GENERAL

This Gas Formula Rate Plan Rider Schedule GFRP-__ ("Rider GFRP") defines the procedure by which the rates contained in the Entergy New Orleans, Inc. ("ENO" or "Company") gas rate schedules designated in Attachment A to this Rider GFRP ("Rate Schedules") may be periodically adjusted. Rider GFRP shall apply in accordance with the provisions of Section II.A below to all gas service billed under the Rate Schedules, whether metered or unmetered, and subject to the jurisdiction of the Council of the City of New Orleans ("CNO" or "Council").

II. APPLICATION AND REDETERMINATION PROCEDURE

A. RATE ADJUSTMENT

The adjustments to the Company's rates set forth in Attachment A to this Rider GFRP ("Rate Adjustments") shall be added to the rates set out in the monthly bills in accordance with the Company's Rate Schedules. The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW

1. FILING DATE

On or before May 31 of each year, beginning in 2010, ENO shall file a report with the Council containing an evaluation of the Company's earnings for the immediately preceding calendar year prepared in accordance with the provisions of Section II.C below ("Evaluation Report"). A revised Attachment A shall be included in each such Filing containing the Company's proposed revised Rate Adjustments determined in accordance with the provisions of Section II.C below.

2. REVIEW PERIOD

The Council's Advisors ("Advisors") and all intervenors ("Intervenors"), which together with ENO shall be referred to hereinafter, collectively, as the "Parties," shall receive a copy at the time it is filed with the Council of each Evaluation Report together with all subsequent filings in the related proceeding. All Intervenors in Docket UD-08-03 shall be recipients of each such Evaluation Report filing. At the time each such Evaluation Report is filed, ENO shall provide all Parties with workpapers supporting the data and calculations reflected in the Evaluation Report. The Parties may request such clarification and additional supporting data as each deems necessary and within the scope of normal discovery to adequately review the Evaluation Report and ENO's proposed revised Rate Adjustments. ENO shall provide such clarifications and additional supporting data sought by the other Parties within ten (15) days for each and every request.

(Continued on reverse side)

The Parties shall then have until August 15 of the filing year or 75 days after the filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of Section II.C below. If any of the Parties should detect an error(s) (as distinguished from a regulatory issue(s)) in the application of the principles and procedures contained in Section II.C below, such error(s) shall be formally communicated in writing to the Company and/or other Parties by August 15 of the filing year. Each such indicated error shall include documentation of the proposed correction. The Company shall then have twenty-five (25) days to review any proposed corrections, to work with the other Parties to resolve any differences and to file a revised Attachment A containing Rate Adjustments reflecting all corrections upon which the Parties agree. The Company shall provide the other Parties with appropriate work papers supporting any revisions made to the Rate Adjustments initially filed.

Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions of Section II.B.3 below, the Rate Adjustments initially filed under the provisions of Section II.B.1 above, or such corrected Rate Adjustments as may be determined pursuant to the terms of this Section II.B.2, shall become effective for bills rendered on and after the first billing cycle for the following month of October ("October Adjustment"). Those Rate Adjustments shall then remain in effect until changed pursuant to the provisions of this Rider GFRP.

3. **RESOLUTION OF DISPUTED ISSUES**

In the event there is a dispute regarding any Evaluation Report, the Parties shall work together in good faith to resolve such dispute. If the Parties are unable to resolve the dispute by the end of the twenty-five (25) day period provided for in Section II.B.2 above, revised Rate Adjustments reflecting all revisions to the initially filed Rate Adjustments on which the Parties agree shall become effective as provided for in Section II.B.2 above. Any disputed issues shall be submitted to the Council for the setting of an Administrative Hearing before its designated Hearing Officer and a subsequent Resolution of the Council pursuant to the provisions of the Home Rule Charter.

If the Council's final ruling on any disputed issues requires changes to the October Adjustment referenced in Paragraph II.B.2 above, the Company shall file a revised Attachment A ("Final Adjustment") containing such further modified Rate Adjustments within fifteen (15) days after receiving the Council's order resolving the dispute. The Company shall provide a copy of the filing to the Council together with appropriate supporting documentation. Such modified Rate Adjustments shall then be implemented with the first billing cycle of the month after the date of the ruling if the ruling is received by the 5th day of the month, otherwise, the modified Rate Adjustments shall then be implemented with the first billing cycle of the second subsequent month after the date of the ruling and shall remain in effect until superseded by Rate Adjustments established in accordance with the provisions of this Rider GFRP.

Within 60 days after receipt of the Council's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at a Council mandated rate of interest. Such refund/surcharge amount shall be based on customers' revenue from the first billing cycle of October of the filing year through the last date the interim Rate Adjustments were billed. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Council.

 (Continued on next page)

GAS FORMULA RATE PLAN RIDER SCHEDULE

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

1. DEFINITION OF TERMS

a. **EVALUATION PERIOD**
The Evaluation Period shall be the twelve month period ended December 31 of the calendar year immediately preceding the filing. All data utilized in each Evaluation Report shall be based on actual results for the Evaluation Period as recorded as gas operations on the Company's books in accordance with the Uniform System of Accounts or such other documentation as may be appropriate.

b. **EARNED RATE OF RETURN ON COMMON EQUITY**
The Earned Return on Common Equity ("EROE") for any Evaluation Period shall be determined in accordance with the EROE formula set out in Attachment B. The EROE determination shall reflect the Evaluation Period adjustments set out in Attachment C.

c. **BENCHMARK RATE OF RETURN ON RATE BASE**
The Benchmark Rate of Return on Rate Base ("BRORB") shall be determined in accordance with the BRORB formula set out in Attachment D. The BRORB is the composite weighted embedded cost of capital reflecting the Company's annualized costs of Long-term Debt, Preferred Stock, and Common Equity as of the end of the Evaluation Period. The Debt ,Preferred Stock and Equity capitalization ratios, as set out in Attachment D, shall be the actual equity capitalization ratio as of December 31 of the calendar year immediately preceding the filing adjusted for financing activity and the exclusion of Affiliate notes arising in connection with ENO's exit from bankruptcy.

d. **EVALUATION PERIOD COST RATE FOR COMMON EQUITY**
The Evaluation Period Cost Rate for Common Equity ("EPCOE") is the Company's cost rate for common equity applicable to the Evaluation Period. The EPCOE value applicable for each Evaluation Period shall be determined in accordance with Attachment E.

e. **ANNUALIZED EVALUATION PERIOD GFRP REVENUE**
The Annualized Evaluation Period GFRP Revenue is the Rider GFRP Rider Rate Adjustment (Final Adjustment) in effect at the end of the Evaluation Period multiplied times the applicable Evaluation Period Billing Revenues.

f. **TOTAL RIDER GFRP REVENUE**
The Total Rider GFRP Revenue is the Annualized Evaluation Period GFRP Revenue plus the reduction/increase in Rider GFRP Revenue as calculated in Attachment F.

g. **RATE OF RETURN ON COMMON EQUITY BANDWIDTH**
The Rate of Return on Common Equity Bandwidth ("Bandwidth") shall be an Upper Band equal to the EPCOE plus 0.50% (50 basis points) and a Lower Band equal to the EPCOE minus 0.50% (50 basis points).

(Continued on reverse side)

2. TOTAL RIDER GFRP REVENUE

In each Evaluation Period, the Total Rider GFRP Revenue level shall be determined using the Rider GFRP Revenue Redetermination Formula set out in Attachment F, which reflects the following rules:

a. If the EROE is less than the Lower Band, the ROE Adjustment shall be equal to the EPCOE minus the EROE.

b. If the EROE is greater than the Upper Band the ROE Adjustment shall be equal to the EPCOE minus the EROE.

c. There shall be no change in Rider FRP Revenue level for the Evaluation Period if the EROE is less than or equal to the Upper Band and greater than or equal to the Lower Band.

d. A change in the Rider FRP Revenue level shall not be made unless it changes the EROE for the Evaluation Period by more than 0.05% (5 basis points).

3. RIDER GFRP REVENUE ALLOCATION

The Total Rider GFRP Revenue, as determined under the provisions of Section II.C.2, will be allocated to each applicable rate schedule based on an equal percentage of base rate revenue. This percentage will be developed by dividing the Total Rider GFRP Revenue by the total applicable base rate revenue, calculated pursuant to Attachment B.

4. RATE ADJUSTMENT REDETERMINATION

All applicable retail rate and rider schedules on file with the Council will be adjusted through Rider Schedule GFRP__ by the percentage as determined under Section II.C.3.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST CHANGES

It is recognized that from time to time ENO may experience extraordinary increases or decreases in costs that occur as a result of actions, events, or circumstances beyond the control of the Company. Such costs may significantly increase or decrease the Company's revenue requirements and, thereby, require rate changes that this Rider GFRP is not designed to address. Should ENO experience such an extraordinary cost increase or decrease having an annual revenue requirement impact exceeding $0.750 million on a total gas Company basis, then either the Company or the Council may initiate a proceeding to consider a pass-through of such extraordinary cost increase or decrease.

 (Continued on next page)

GAS FORMULA RATE PLAN RIDER SCHEDULE

B. SPECIAL RATE FILINGS

The Company is experiencing a changing business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this Rider shall be interpreted as preventing the Company from proposing, or requiring the Council to approve, any revisions to existing rate schedules or implement new rate schedules as may be appropriate. Any such rate changes shall be filed with the Council and evaluated in accordance with the rules and procedures then in effect.

C. FORCE MAJEURE

In addition to the rights of ENO under this Rider, or as provided by law, to make a filing for the pass-through of costs outside the provisions of the Rider FRP, if any event or events beyond the reasonable control of ENO including natural disaster, damage or unforeseeable loss of generating capacity, changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and orders or acts of civil or military authority, cause increased costs to ENO or result in a deficiency of revenues to ENO which is not readily capable of being addressed in a timely manner under this Rider FRP, ENO may file for rate or other relief outside the provisions of the Rider FRP. Such request shall be considered by the Council in accordance with applicable law governing such filings.

IV. EFFECTIVE DATE AND TERM

Rider GFRP shall continue in effect for three years with annual Evaluation Report filings to be made on or before May 31 of 2010, 2011, and 2012 for the test years 2009, 2010, and 2011, respectively. The Rate Adjustments resulting from the May 31, 2012 Filing shall continue in effect until such time as new rates become effective pursuant to a final Council order.

ENTERGY NEW ORLEANS, INC.
GAS FORMULA RATE PLAN
FOR THE PERIOD ENDED DECEMBER 31, 200X

TABLE OF CONTENTS to EVALUATION REPORT & WORKPAPERS

 (Continued on next page)

ATTACHMENT A

ENTERGY NEW ORLEANS, INC.
GAS FORMULA RATE PLAN RIDER SCHEDULE GFRP-2
RATE ADJUSTMENTS

The following Rate Adjustments will be applied to the rates set out in the monthly bills of Entergy New Orleans, Inc.'s ("ENO") Rate Schedules identified below, or such additional rate schedules of ENO subject to the Gas Formula Rate Plan Rider Schedule GFRP-2 that may become effective, but not including special contracts that do not specifically provide for the application of the Rider GFRP-2. The Rate Adjustments shall be effective for bills rendered on and after the first billing cycle of October of the filing year.

The Net Monthly Bill calculated pursuant to each applicable retail rate schedule* on file with the City Council of the City of New Orleans will be adjusted monthly by a percentage of **X.XXXX%** before application of the monthly purchase gas adjustment except this Rider will not apply to the following:

*Excluded Schedules: MGS-Gas Miscellaneous Rate Schedule, GR-1- Retail Rate Adder Rider, PGA-Purchased Gas Adjustment, GOBP-Gas Optional Billing Plan, GPAD-Gas Pick a Date, EOGS-Extension of Gas Service, and GSRES-Gas Storm Reserve Rider.

Base rates producing FRP percent increases or decreases will be based upon Exhibit 5, Column I to the Agreement in Principle in Docket UD-08-03.

Attachment B

Exhibit 8

ENTERGY NEW ORLEANS, INC. – GAS
EARNED RATE OF RETURN ON COMMON EQUITY FORMULA

Line No.	Description		Adjusted Amount
	TOTAL COMPANY		
1	RATE BASE	P 2, L 18	
2	BENCHMARK RATE OF RETURN ON RATE BASE	Att D, L 4, Col D	
3	REQUIRED OPERATING INCOME	L 1 * L 2	
4	NET UTILITY OPERATING INCOME	P 3, L 24	
5	OPERATING INCOME DEFICIENCY/(EXCESS)	L 3 - L 4	
6	REVENUE CONVERSION FACTOR (1)		
7	REVENUE DEFICIENCY/(EXCESS)	L 5 * L 6	
	PRESENT RATE REVENUES		
8	ULTIMATE CUSTOMERS	P 3, L 1	
9	REVENUE REQUIREMENT	L 7 + L 8	
10	PRESENT RATE REVENUES	P 3, L 1	
11	REVENUE DEFICIENCY/(EXCESS)	L 9 - L 10	
12	REVENUE CONVERSION FACTOR (1)		
13	OPERATING INCOME DEFICIENCY/(EXCESS)	L 11/L 12	
14	RATE BASE	P 2, L 18	
15	COMMON EQUITY DEFICIENCY/(EXCESS)	L 13/L 14	
16	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	Att D, L 3, Col D	
17	WEIGHTED EARNED COMMON EQUITY RATE (%)	L 16 - L 15	
18	COMMON EQUITY RATIO (%)	Att D, L 3, Col B	
19	EARNED RATE OF RETURN ON COMMON EQUITY (%)	L 17/L 18	

Notes:

(1) Revenue Conversion Factor = 1 / [(1 - Composite Tax Rate) * (1 - Bad Debt)]

 (Continued on next page)

Attachment B

ENTERGY NEW ORLEANS, INC. - GAS RATE BASE (A)				
Line No.	**Description**	**Per Books**	**Adjustments (B)**	**Adjusted Amount**
1	PLANT IN SERVICE			
2	ACCUMULATED DEPRECIATION			
3	**NET UTILITY PLANT** (L 1+L 2)			
4	PLANT HELD FOR FUTURE USE			
5	CONSTRUCTION WORK IN PROGRESS (C)			
6	MATERIALS AND SUPPLIES (D)			
7	PREPAYMENTS (D)			
8	CUSTOMER ADVANCES			
9	CUSTOMER DEPOSITS			
10	PROVISION FOR INJURIES & DAMAGES RESERVE (D)			
11	GAS STORED UNDERGROUND (D)			
12	ACCUMULATED DEFERRED INCOME TAXES			
13	ACCUMULATED DEFERRED ITC PRE-1971-NET			
14	CASH WORKING CAPITAL (E)			
15	OTHER (F) (G)			
16	NET UNAMORTIZED HURRICANE KATRINA & RITA DEFERRED O&M			
17	PENSION LIABILITY EXCLUDING SFAS 158			
18	**RATE BASE** (L3 + Sum of L4 through L17)			

Notes:

(A) Ending balances are to be utilized except where otherwise noted
(B) Adjustments as set out in Attachment C to this rider GFRP
(C) Amount not subject to AFUDC accrual
(D) 13-month average balances
(E) Cash Working Capital is deemed to be zero.
(F) Other items included pursuant to Section 6 of Attachment C
(G) Beginning & Ending or 13-mos average as more appropriate

Attachment B

ENTERGY NEW ORLEANS, INC. - GAS OPERATING INCOME				
Line No.	**Description**	**Per Books**	**Adjustments (A)**	**Adjusted Amount**
	REVENUES			
1	SALES TO ULTIMATE CUSTOMERS			
2	OTHER GAS REVENUE			
3	TOTAL OPERATING REVENUES (L 1 + L 2)			
	EXPENSES			
	GAS O&M			
4	PRODUCTION – GAS PURCHASES			
5	TRANSMISSION			
6	DISTRIBUTION			
7	CUSTOMER ACCOUNTING			
8	CUSTOMER SERVICE & INFORMATION			
9	SALES			
10	ADMINISTRATIVE & GENERAL			
11	TOTAL GAS O&M EXPENSES (Sum of L 4 through L 10)			
12	GAIN FROM DISPOSITION OF ALLOWANCES			
13	REGULATORY DEBITS & CREDITS (C)			
14	DEPRECIATION & AMORTIZATION EXPENSES			
15	INTEREST ON CUSTOMER DEPOSITS			
16	TAXES OTHER THAN INCOME			
17	STATE INCOME TAX			
18	FEDERAL INCOME TAX			
19	PROV DEF INC TAX - STATE – NET			
20	PROV DEF INC TAX - FED – NET			
21	INVESTMENT TAX CREDIT			
22	OTHER (B)			
23	TOTAL UTILITY OPERATING EXPENSES (L11 + Sum of L12 through L22)			
24	**NET UTILITY OPERATING INCOME** (L 3 - L 23)			

Notes:
(A) Adjustments defined in Attachment C
(B) Other items included pursuant to Section 6 of Attachment C
(C) Including, but not limited to, the amortization of regulatory assets and liabilities established in the Agreement in Principle in UD-08-03.

 (Continued on next page)

Attachment B

ENTERGY NEW ORLEANS, INC. - GAS INCOME TAX					
Line No.	**Description**	**Reference**	**Per Books**	**Adjustments (A)**	**Adjusted Amount**
1	TOTAL OPERATING REVENUES	P 3, L 4			
2	TOTAL O&M EXPENSE	P 3, L 12			
3	GAIN FROM DISPOSITION OF ALLOWANCES	P 3, L 13			
4	REGULATORY DEBITS & CREDITS	P 3, L 14			
5	DEPRECIATION & AMORTIZATION EXPENSE	P 3, L 15			
6	INTEREST ON CUSTOMER DEPOSITS	P 3, L 16			
7	TAXES OTHER THAN INCOME	P 3, L 17			
8	NET INCOME BEFORE INCOME TAXES	L 1 - Sum of L 2 through L 7			
9	ADJUSTMENTS TO NET INCOME BEFORE TAXES				
10	TAXABLE INCOME	L 8 + L 9			
	COMPUTATION OF STATE INCOME TAX				
11	STATE TAXABLE INCOME	L 10			
12	STATE ADJUSTMENTS				
13	TOTAL STATE TAXABLE INCOME	Sum of L 11 through L 12			
14	STATE INCOME TAX BEFORE ADJUSTMENTS (B)	L 13*Eff. Tax Rate			
15	ADJUSTMENTS TO STATE TAX				
16	**STATE INCOME TAX**	L 14 + L 15			
	COMPUTATION OF FEDERAL INCOME TAX				
17	TAXABLE INCOME	L 10			
18	STATE INCOME TAX	L 14 as deduction			
19	FEDERAL ADJUSTMENTS				
20	TOTAL FEDERAL TAXABLE INCOME	Sum of L 17 through L 19			
21	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (B)	L 20* Eff. Tax Rate			
22	ADJUSTMENTS TO FEDERAL TAX				
23	**FEDERAL INCOME TAX**	L 21+ L 22			

Notes:
(A) Adjustments as defined in Attachment C
(B) The Tax Rate in effect at the time the Evaluation Report is filed shall be utilized.

Exhibit 8

Attachment C

ENTERGY NEW ORLEANS, INC.

EVALUATION PERIOD ADJUSTMENTS

The actual (per book) data for each Evaluation Period, as reflected in Attachment B, shall be adjusted to reflect the following:

1. **Rate Annualization Adjustment**

   A) Present base rate revenue shall be adjusted to reflect, on an annualized basis, the Rate Adjustment in effect at the end of the Evaluation Period under this Rider GFRP.

   B) The rate base, revenue and expense effects associated with any riders, or other rate mechanisms, that ENO may have in effect during the Evaluation Period, which recover specific costs are to be eliminated.

2. **Interest Synchronization**

   All Evaluation Period interest expenses are to be eliminated and replaced with an imputed interest expense amount equal to the Evaluation Period rate base multiplied by the weighted embedded cost of debt for the Evaluation Period determined in accordance with Attachment D.

3. **Income Taxes**

   All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, 3) provisions for deferred income tax (debit and credit), and 4) accumulated provision for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

   A) Effects associated with other adjustments set out in this Attachment C shall similarly and consistently be adjusted;

   B) All effects associated with the difference in the timing of transactions, where the underlying timing difference is eliminated, shall also be eliminated;

   C) The corporate state and federal income tax laws legally in effect on the date an Evaluation Report is filed under this GFRP Rider shall be reflected in the calculation of all income tax amounts; and

   D) Tax effects normally excluded for ratemaking purposes shall be eliminated.

4. **Ratemaking Adjustments for Evaluation Report Based on Test Year 2009**

   A) Present base rate revenue shall be adjusted to reflect, on an annualized basis, the rate actions set forth in the Agreement in Principle in UD-08-03 including an appropriate adjustment for NJ margins.

   B) The depreciation of Gas Plant in Service shall be annualized.

   C) The amortization of Account 301 Organization Costs shall be annualized.

   D) The amortization of Hurricane Katrina and Rita Deferred O&M shall be annualized.

   E) All non-capital charges found not to be related to Hurricane Gustav/Ike in the audit of Hurricane Gustav/Ike costs shall be removed. All fully-loaded, direct labor (i.e., straight time labor) associated with non-capital activities related to Hurricane Gustav/Ike shall be removed.

   F) Extraordinary Cost Change

5. **Ratemaking Adjustments for Evaluation Report Based on Test Years 2010 and 2011**

   A) Extraordinary Cost Change

6. **Reclassifications**

 (Continued on next page)

Costs not allowable for ratemaking purposes shall be removed by adjustment from the Evaluation Period cost data. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the Evaluation Period cost data through appropriate reclassification adjustments. These adjustments shall include, but are not limited to the reclassification of below-the-line interest expense associated with customer deposits as interest on customer deposits expense.

7. Out-of-Period Items

Expenses and revenues recorded in any Evaluation Period that are related to transactions occurring prior to the Evaluation Period used in the first Evaluation Report shall be eliminated by adjustment from the Evaluation Period cost data. This shall include any associated tax adjustments.

8. Other

In addition to Adjustments 1 through 7 above, there may, from time-to-time, be special costs or rate effects that occur during an Evaluation Period that require adjustments of the Evaluation Period cost data. Nothing in this Rider GFRP shall preclude any Party from proposing such adjustments.

Attachment D

ENTERGY NEW ORLEANS, INC.

BENCHMARK RATE OF RETURN ON RATE BASE

	Description	(A) Capital Amount (1) ($)	(B) Capital Ratio (%)	(C) Cost Rate (2) (%)	(D) Benchmark Rate of Return on Rate Base(3)
1	LONG-TERM DEBT				
2	PREFERRED EQUITY				
3	COMMON EQUITY				
4	TOTAL		100.%		

Notes:

(1) Amounts at the end of the Evaluation Period as adjusted for refinancing activities. All Long-Term Debt issues shall reflect the balance net of a) unamortized debt discount, premium, and expense; b) gain or loss on reacquired debt; and c) any adjustments required per Attachment C. All Preferred Stock issues shall reflect the balance net of discount, premium and capital stock expense. The Affiliate Notes shall be excluded from the calculation of the BRORB.

(2) Annualized cost of Long-Term Debt and Preferred Equity at the end of the Evaluation Period divided by the corresponding Capital Amount. The Long-Term Debt Cost Rates shall include a) annualized amortization of debt discount, premium, and expense; b) annualized gain or loss on reacquired debt; and c) any adjustments required per Attachment C. The Common Equity Cost Rate shall be the Evaluation Period Cost Rate for Common Equity (EPCOE) determined in accordance with Attachment E.

(3) The components of the BRORB column are the corresponding Cost Rates multiplied by the associated Capital Ratio. The BRORB is the sum of the components so determined and expressed as a % to two decimal places (XX.XX%).

 (Continued on next page)

Attachment E

ENTERGY NEW ORLEANS, INC.

EVALUATION PERIOD COST RATE FOR COMMON EQUITY PROCEDURE

EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The EPCOE applicable for any Evaluation Report pursuant to this Rider GFRP shall be 10.75%.

Exhibit 8

Attachment F

ENTERGY NEW ORLEANS, INC. - GAS
RIDER GFRP REVENUE REDETERMINATION FORMULA

SECTION 1

BANDWIDTH CHECK

Line No.	DESCRIPTION	REFERENCE	
1	Earned Rate of Return on Common Equity ("EROE")	Attachment B, P 1, L 19	
2	Evaluation Period Cost Rate for Common Equity ("EPCOE")	Developed per Attachment E	
3	Upper Band ROE	L 2 + 50 basis points	
4	Lower Band ROE	L 2 – 50 basis points	

SECTION 2

ROE BAND RATE ADJUSTMENT

Line No.	DESCRIPTION	REFERENCE	
5	Earned Rate of Return on Common Equity	L 1	
6	ROE Adjustment if Earnings Above Upper Band ROE(1)	If L1 > L3, then Adjustment = L2 - L1	
7	ROE Adjustment if Earnings Below Lower Band ROE (1)	If L1 < L4, Adjustment = (L2 - L1).	
8	Common Equity Capital Ratio	Attachment D, L3, Column B	
9	Rate Base	Attachment B, P1, L1	
10	Revenue Conversion Factor	Attachment B, P1, L 6	
11	Total Change in Rider GFRP Revenue	(L6 or L7) * L8 * L9 * L10	

SECTION 3

TOTAL BAND RATE ADJUSTMENT

Line No.	DESCRIPTION	REFERENCE	
12	Annualized Evaluation Period GFRP Revenue (2)		
13	Change in Rider GFRP Revenue	L11	
14	Extraordinary Cost Change Revenue Requirement	Per Sec. III.A of the Tariff	
15	Total Rider GFRP Revenue (3)	L12 + L13 + L14	

Note:

(1) Assumes L6, or L7, is > 0.05% or < -0.05%, otherwise zero.

(2) Rider GFRP Rate Adjustments in effect at the end of the applicable Evaluation Period multiplied by the applicable Evaluation Period revenues.

(3) The Total Rider GFRP Revenue reflects the total credit or surcharge to be applied to customer bills based on the results of the Rider GFRP Redetermination Formula.

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UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
ENTERGY NEW ORLEANS, INC.
Effective Date: March 24, 2009

The undersigned, being all the directors of Entergy New Orleans, Inc., a Louisiana corporation (the "Company"), do hereby waive all notice and the holding of a meeting and, pursuant to the provisions of La. R.S. 12:81C(9), do hereby take the following actions without a meeting and consent to such actions by our execution of this consent, intending it to have the same force and effect as a unanimous vote at a meeting:

WHEREAS, there has been presented to this Board of Directors a form of the Agreement in Principle concerning the Company's 2009 Application for Change in Electric and Gas Rates, which said form shall be attached hereto and filed with the records of the Board of Directors; and

WHEREAS, this Board of Directors has determined that the aforementioned Agreement in Principle is in the best interest of the Company;

NOW, THEREFORE, be it

RESOLVED, that the form, terms and provisions of the Agreement in Principle are hereby approved in all respects and that the President and Chief Executive Officer, any Executive Vice President, any Senior Vice President, and any Vice President of the Company be, and each of them hereby is, authorized, empowered, and directed to execute and to deliver for, in the name of, and on behalf of the Company the Agreement in Principle substantially in the respective form thereof presented to this Board of Directors, which such changes as the officer executing the same shall deem in his absolute discretion to be appropriate, his approval of such changes to be evident by his execution thereof; and further

RESOLVED, that the President and Chief Executive Officer, any Executive Vice President, any Senior Vice President, and any Vice President of the Company be, and each of them hereby is authorized, empowered, and directed to execute and to deliver for, in the name of, and on behalf of the Company such certificates, instruments and other documents to do or cause to be done such other acts and things as in their absolute discretion may be necessary or appropriate to carry out and effectuate the foregoing resolution and to consummate the transactions contemplated thereby.

Attachments: Key Provisions of the 2009 Agreement in Principle
Form of 2009 Agreement in Principle

Signature Page Follows

UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
ENTERGY NEW ORLEANS, INC.
Effective Date: March 24, 2009

Directors:
Roderick K. West
Tracie L. Boutte
Sherri L. Winslow
Gary Taylor

Roderick K. West

Tracie L. Boutte

Sherri L. Winslow

Gary J. Taylor