

ENTERGY NEW ORLEANS, INC.
GAS SERVICE

RIDER SCHEDULE PGA-3

Effective: October 27, 2005
Filed: August 25, 2005
Supersedes: PGA Effective 9/28/05
Schedule Consists of: Three Sheets Plus
Attachment A

PURCHASED GAS ADJUSTMENT RIDER SCHEDULE

I. GENERAL

A. PURPOSE

This Purchased Gas Adjustment ("Rider PGA") defines the procedure by which Entergy New Orleans, Inc. ("ENO" or "Company") shall recover its cost of gas as those costs are set out in Attachment A to this Rider PGA ("Cost of Gas"). Rider PGA shall apply in accordance with the provisions of Section I.B below to all gas service billed under the Rate Schedules, whether metered or unmetered, subject to the jurisdiction of the Council of the City of New Orleans ("Council").

B. PURCHASED GAS ADJUSTMENT RATES

The monthly rates associated with the Purchased Gas Adjustment ("Purchased Gas Adjustment Rates") shall be set forth in Attachment A Page 1 Section 4 to this Rider PGA. The Purchased Gas Adjustment Rates shall be determined in accordance with the provisions of Sections II and III of this Rider PGA. The Purchased Gas Adjustment Rates shall be applied as set out in Attachment A Page 1 Section 4 to this Rider PGA. The Non-LM PGA shall be applicable to all rate schedules, excluding the LM rate schedule. The LM PGA shall be applicable to the LM rate schedule only.

1. COMPONENTS OF THE NON-LM PGA RATES AND THE LM PGA RATES

- a. The Non-LM Purchased Gas Adjustment Rates shall contain three components; 1) a Commodity component, 2) a Demand Charge component, and 3) a Surcharge component.
 - i. The Commodity component shall include all variable costs described in Section II.1. below, which are eligible for recovery.
 - ii. The Demand Charge component shall include all monthly fixed charges described in Section II.1. below, which are eligible for recovery. The Demand Charge is determined as described in Section II and Section III. A. 4 below.
 - iii. The Surcharge component shall be determined as described in Section II and Section III. D. below.
- b. The LM Purchased Gas Adjustment Rates shall contain two components; 1) a Gas Rate component, and 2) a Surcharge component.
 - i. The Commodity component shall include all variable costs and monthly fixed charges described in Section II.1. below, which are eligible for recovery.
 - ii. The Surcharge component shall be determined as described in Section II and Section III. D. below.

- c. ALLOCATION OF COMMODITY COSTS AND FIXED COSTS BETWEEN THE NON-LM PGA AND THE LM PGA.
 - i. Monthly variable costs are to be allocated ratably based on the quantity of gas purchased for the LM and Non-LM PGA as required by Council Resolution R-00-650.
 - ii. Monthly fixed charges are to be allocated 2.456% to the LM PGA and 97.544% to the Non-LM PGA as required by Council Resolution R-00-650.

II. MONTHLY PURCHASED GAS ADJUSTMENT FILING

On or before the first billing cycle of each month following the effective date hereof, the Company shall file a monthly Purchased Gas Adjustment Filing with the Council. The monthly Purchased Gas Adjustment Filing shall include the monthly Purchased Gas Adjustment Rates, as set out in Attachment A Page 1 Section 4, and as determined by application of the formula set out in Attachment A Pages 1 through 5 to this Rider PGA ("Purchased Gas Adjustment Rate Formula"). Each Purchased Gas Adjustment 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 Purchased Gas Adjustment Rates.

1. The following costs are eligible for recovery:
 - a. Current charges directly associated with transportation service provided by an interstate or intrastate pipeline. Includes the reservation (demand), variable (commodity) and fuel retention charges associated with physically delivering gas to ENO's citygate(s) or to an off-system contract storage facility. Also includes Gas Research Institute ("GRI") and Annual Charge Adjustment ("ACA") surcharges imposed by the FERC.
 - b. Current charges directly associated with storage service provided by an interstate or intrastate pipeline (contract storage). Includes deliverability (reservation and/or demand), capacity, injection and withdrawal and storage loss charges. Storage deliverability (demand) and capacity charges are recoverable over the course of the year in the same manner as other pipeline reservation, demand or capacity charges. Volumetric injection, withdrawal and storage loss charges are to be included as an element of the costs of gas in storage and recovered when the gas is withdrawn from storage. Similarly, the gas supply commodity costs associated with the gas injected into storage are only eligible for inclusion in the PGA when the supplies are withdrawn from storage.
 - c. Current charges directly associated with gathering or processing service provided by an entity other than the gas utility.
 - d. Current charges directly associated with sales and/or transportation service provided by an interstate or intrastate pipeline. Includes, demand, reservation, capacity and commodity charges.
 - e. Current charges for commodity supplies of natural gas or liquefied gas obtained from producers, brokers or marketers, or other suppliers at the point of title transfer to the gas utility.
 - f. Current gas supplier reservation, demand and capacity charges for supplies of natural gas or liquefied gas obtained from producers, brokers, marketers or other suppliers.

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- g. On-system lost and unaccounted-for and company use gas ("LUFG") associated with serving PGA sales customers.
- h. Refunds and credits associated with transportation storage or sales services previously purchased to serve PGA sales customers and included in PGA rates.
- i. Prudently incurred costs associated with, or resulting from, various financial instruments purchased by ENO to stabilize PGA rates. Includes, but is not limited to, the transactions costs associated with the purchase of futures contracts and options.

III. METHODOLOGIES

A. BILLING MONTH ESTIMATED COSTS AND SALES

1. Projected monthly purchased gas cost is the result of multiplying the forecasted quantity of gas expected to be purchased during the billing month by the Gas supply commodity costs projections, as described in paragraph 3 below.
 - a. The gas sales forecast will be determined based upon a minimum of five years of weather-normalized historical sales data, which forecast will be updated semi-annually.
 - b. The quantity of gas forecasted to be purchased shall be the weather-normalized gas sales forecast multiplied by one plus the three year average of the Lost and Unaccounted For Gas ("L&UFG") factor applicable to PGA sales, as the three year average L&UFG factor applicable to PGA sales is reported in the most recent Annual Report filed by ENO.
 - c. LM monthly sales forecast used in the LM and non-LM PGA shall be the average monthly use for the most recent five years of actual, non-weather adjusted sales, *i.e.* the five year average of each January, February, March, etc.
2. Interstate pipeline charges should be based on the most recent FERC-approved rates.
3. Gas supply commodity costs projections should be based on the actual price of the supply, if known. If actual prices for certain purchases are not known (as with spot market purchases or purchases with prices based on a published index), gas supply commodity costs projections for these purchases should reflect the closing New York Mercantile Exchange ("NYMEX") index price(s) for the applicable billing month as of the dates provided in advance by ENO to the Council. For each billing month, ENO shall include with its PGA Filing, a copy of the document that shows the actual NYMEX closing price utilized in calculation of the billing month PGA.

4. The demand charge component included in each monthly Non-LM PGA shall be the result of dividing the actual non-LM demand charges incurred during the twelve months ending with the operating month by the actual Non-LM sales during the twelve months ending with the operating month. The operating month shall be the second month prior to the billing month (*i.e.*, for the billing month of June the operating month would April).

B. OVER / UNDER RECOVERY

The Purchased Gas Adjustment Filing should include an over / under recovery computation to provide a true-up of the Cost of Gas to actual Rider PGA revenues. This computation shall be made in accordance with Attachment A, Pages 2 and 3 to this Rider PGA.

C. CARRYING CHARGES ON OVER / UNDER RECOVERY

The over / under recovery computation shall include interest on the average of the balances existing at the beginning and end of the 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.

D. CALCULATION OF SURCHARGE FOR OVER/UNDER RECOVERY

1. The difference between the cost of gas purchased for the PGA during the operating month and the PGA revenue collected during the operating month shall be charged to the Over/Under Account.
2. Interest shall accrue in the Over/Under Account as described in paragraph C above.
3. The Surcharge applicable to the PGA in a billing month shall be the result of dividing the balance in the Over/Under Account at the end of the operating month by the PGA sales for the twelve months ending with the operating month.
4. All as shown by the formulae contained on Attachment A pages 2 and 3.

IV. CORRECTION OF ERRORS IN PRIOR PERIODS

ENO is obligated to correct filing errors in prior period Purchased Gas Adjustment 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 Cost of Gas. 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. ANNUAL REPORT

ENO will provide to the Council an Annual Gas Filing in connection with its PGA on or before September 1 of each year based upon operations as of the close of business of the immediately preceding June 30th. Such Annual Gas Filing will include the information as set forth in Section 10 of the Agreement In Principle Regarding Purchase Gas Adjustment Mechanism dated May 4, 2005, as required by Council Resolution R-04-779.

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VI. TERM

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

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

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Effective: 10/27/2005
Filed: 8/25/2005

ENTERGY NEW ORLEANS, INC.
PURCHASED GAS ADJUSTMENT RATE FORMULA

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

LINE NO	DESCRIPTION	REFERENCE	
SECTION 1			
PURCHASED GAS RATES FOR BILLING MONTH			
1	Commodity Rate for All Rate Schedules in Billing Month Excluding Rate Schedule LM	Attachment A: P5 , L9	_____/MCF
2	Gas Rate for Rate Schedule LM in Billing Month	Attachment A: P5 , L19	_____/MCF
SECTION 2			
DEMAND CHARGE RATE FOR BILLING MONTH			
3	Demand Charge Rate for All Rate Schedules Excluding Rate Schedule LM Sales	Attachment A: P5, L11	_____/MCF
SECTION 3			
(OVER) / UNDER SURCHARGE RATES FOR BILLING MONTH			
4	(Over) / Under Surcharge Rate for All Rate Schedules Excluding Rate Schedule LM Sales	Attachment A: P2, L14	_____/MCF
5	(Over) / Under Surcharge Rate for Rate Schedule LM Sales	Attachment A: P3, L13	_____/MCF
SECTION 4			
PURCHASED GAS ADJUSTMENT RATES FOR BILLING MONTH			
6	Purchased Gas Rate for All Rate Schedules Excluding Rate Schedule LM	L1 + L3 + L4	_____/MCF
7	Purchased Gas Rate for Rate Schedule LM	L2 + L5	_____/MCF

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Filed:

10/27/2005
8/25/2005

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			
INTEREST FOR (OVER)/UNDER BALANCE FOR ALL RATE SCHEDULES EXCLUDING RATE SCHEDULE LM			
1	Beginning-of-Month (Over)/Under Balance from Operations Month	Attachment A P2 L4 of Prior Month Filing	_____
2	End-of-Month Cumulative (Over)/Under Balance from Operations Month Before Interest	L1 + L13	_____
3	Interest on Average of Beginning-of-Month and End-of-Month Cumulative (Over)/Under Balance from Operations Month	$((L1 + L2) / 2) * (\text{Prime Rate} / 12)$	_____
4	End-of-Month Cumulative (Over)/Under Balance from Operations Month	L2 + L3	_____
SECTION 2			
SURCHARGE FOR ALL RATE SCHEDULES EXCLUDING RATE SCHEDULE LM			
5	Sales for 12 Months Ending with Operations Month	(WP2 L1)	_____ MCF
6	Cost of Gas for Purchased Gas Adjustment	Attachment A: P4 L8	_____
7	Sales for Purchased Gas Adjustment in Operations Month	(WP2 L2)	_____ MCF
8	Commodity Gas Rate Applied in Operations Month	Attachment A: P1 L1 of Operations Month Filing	_____ \$/MCF
9	Demand Charge Rate Applied in Operations Month	Attachment A: P1 L3 of Operations Month Filing	_____ \$/MCF
10	Surcharge Rate Applied in Operations Month	Attachment A: P1 L4 of Operations Month Filing	_____ \$/MCF
11	Total Gas Rate Applied in Operations Month	L8 + L9 + L10	_____ \$/MCF
12	Collections from Sales in Operations Month	L7 * L11	_____
13	(Over) / Under for Operations Month	L6 - L12	_____
14	(Over) / Under Surcharge Rate for All Sales in Billing Month Excluding Rate Schedule LM Sales	L4 / L5	_____

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Effective:

10/27/2005

Filed:

8/25/2005

ENTERGY NEW ORLEANS, INC.
SURCHARGE FOR (OVER) / UNDER BILLING RECOVERY - RATE SCHEDULE LM

Data Based on Operations Month of

Applied to Bill in the Month of

LINE NO	DESCRIPTION	REFERENCE	
SECTION 1			
INTEREST FOR (OVER)/UNDER BALANCE FOR RATE SCHEDULE LM			
1	Beginning-of-Month (Over)/Under Balance from Operations Month	Attachment A P3 L4 of Prior Month Filing	_____
2	End-of-Month Cumulative (Over)/Under Balance from Operations Month Before Interest	L1 + L12	_____
3	Interest on Average of Beginning-of-Month and End-of-Month Cumulative (Over)/Under Balance from Operations Month	$((L1 + L2) / 2) * (\text{Prime Rate} / 12)$	_____
4	End-of-Month Cumulative (Over)/Under Balance from Operations Month	L2 + L3	_____
SECTION 4			
SURCHARGE FOR RATE SCHEDULE LM			
5	Sales for 12 Months Ending with Operations Month	(WP2 L1)	_____ MCF
6	Cost of Gas for Purchased Gas Adjustment	Attachment A: P4 L16	_____
7	Sales for Purchased Gas Adjustment in Operations Month	(WP2 L2)	_____ MCF
8	Gas Rate Applied in Operations Month	Attachment A: P1 L2 of Operations Month Filing	_____ \$/MCF
9	Surcharge Rate Applied in Operations Month	Attachment A: P1 L5 of Operations Month Filing	_____ \$/MCF
10	Total Gas Rate Applied in Operations Month	L8 + L9	_____ \$/MCF
11	Collections from Sales in Operations Month	L7 * L10	_____
12	(Over) / Under for Operations Month	L6 - L11	_____
13	(Over) / Under Surcharge Rate for Rate Schedule LM Sales in Billing Month	L4 / L5	_____

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Filed:

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ENTERGY NEW ORLEANS, INC.
ACTUAL COSTS FOR OPERATION MONTH

Data Based on Operations Month of

Applied to Bill in the Month of

LINE NO	DESCRIPTION	REFERENCE	
SECTION 1			
COSTS FOR ALL RATE SCHEDULES EXCLUDING RATE SCHEDULE LM ⁽¹⁾			
1	Commodity Cost of Gas Purchases in Operations Month	(WP2 L3)	_____
2	Hedging Results in Operations Month	(WP2 L6)	_____
3	Storage Withdrawals in Operations Month	(WP2 L7)	_____
4	Prior Period Adjustments	(WP2 L4)	_____
5	Demand Charges for Gas Purchases in Operations Month (97.544% of Fixed Charges per Resolution R-00-650)	(WP2 L8)	_____
6	Credits Per Resolution R-92-111	(WP2 L9)	_____
7	Other Costs Includable in the PGA	(WP2 L11)	_____
8	Cost of Gas for Purchased Gas Adjustment	L1 + L2 + L3 + L4 + L5 + L6 + L7	_____
SECTION 2			
COSTS FOR RATE SCHEDULE LM ⁽¹⁾			
9	Commodity Cost of Gas Purchases in Operations Month	(WP2 L3)	_____
10	Hedging Results in Operations Month	(WP2 L6)	_____
11	Storage Withdrawals in Operations Month	(WP2 L7)	_____
12	Prior Period Adjustments	(WP2 L4)	_____
13	Demand Charges for Gas Purchases in Operations Month (2.456% of Fixed Charges per Resolution R-00-650)	(WP2 L8)	_____
14	Credits Per Resolution R-92-111 and Resolution R-98-721	(WP2 L9)	_____
15	Other Costs Authorized for Inclusion in the PGA	(WP2 L11)	_____
16	Cost of Gas for Purchased Gas Adjustment	L9 + L10 + L11 + L12 + L13 + L14 + L15	_____

(1) Costs/Credits other than fixed charges for gas purchases are allocated on a sales basis between "All Rate Schedules - Excluding Rate Schedule LM" and "Rate Schedule LM". Demand Charges shall include all monthly fixed charges including but not limited to Demand, Reservation and Capacity Charges.

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ENTERGY NEW ORLEANS, INC.
BILLING MONTH ESTIMATED COSTS AND SALES

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

LINE NO	DESCRIPTION	REFERENCE		
SECTION 1				
PURCHASES				
1	MCF Purchases In Billing Month	(WP4)		MCF
SECTION 2				
ESTIMATED SALES AND COSTS FOR ALL RATE SCHEDULES EXCLUDING RATE SCHEDULE LM ⁽¹⁾				
2	MCF Sales in Billing Month	(WP1 L1)		MCF
3	Sales for 12 Months Ending with Operations Month	(WP2 L1)		MCF
4	Commodity Cost of Gas Purchases in Billing Month	(WP1 L2)		
5	Hedging Results in Billing Month	(WP1 L3)		
6	Storage Withdrawals in Billing Month	(WP1 L4)		
7	Credits Per Resolution R-92-111 in Billing Month	(WP1 L6)		
8	Cost of Commodity Gas for Purchased Gas Adjustment in Billing Month	L4 + L5 + L6 + L7		
9	Commodity Rate for All Rate Schedules in Billing Month Excluding Rate Schedule LM	L8 / L2		\$/MCF
10	Demand Charges for Gas Purchases for 12 months ending with Operations Month (97.544% of Demand Charges per Resolution R-00-650)	(WP3.2 L14)		
11	Demand Charge Rate for All Rate Schedules in Billing Month Excluding Rate Schedule LM	L10 / L3		\$/MCF
SECTION 3				
ESTIMATED SALES AND COSTS FOR RATE SCHEDULE LM ⁽¹⁾				
12	MCF Sales in Billing Month	(WP1 L1)		MCF
13	Commodity Cost of Gas Purchases in Billing Month	(WP1 L2)		
14	Hedging Results in Billing Month	(WP1 L3)		
15	Storage Withdrawals in Billing Month	(WP1 L4)		
16	Demand Charges for Gas Purchases in Billing Month (2.456% of Demand Charges per Resolution R-00-650)	(WP1 L5)		
17	Credits Per Resolution R-92-111 in Billing Month	(WP1 L6)		
18	Cost of Gas for Purchased Gas Adjustment in Billing Month	L13 + L14 +L15+L16+L17		
19	Gas Rate for Rate Schedule LM in Billing Month	L18 / L12		\$/MCF

(1) Costs/Credits other than fixed charges for gas purchases are allocated on a sales basis between "All Rate Schedules - Excluding Rate Schedule LM" and "Rate Schedule LM". Demand Charges shall include all monthly fixed charges including but not limited to Demand, Reservation and Capacity Charges