

PLAN FOR COMPLIANCE WITH  
COUNCIL OF THE CITY OF NEW ORLEANS  
RESOLUTION R-01-676  
ADOPTING A CODE OF CONDUCT

NOVEMBER 19, 2001

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### **ATTACHMENTS**

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**I. GENERAL PLAN FOR COMPLIANCE**

**A. CITY OF NEW ORLEANS CODE OF CONDUCT**

On October 18, 2001, the Council of the City of New Orleans (“Council”) adopted Resolution R-01-676, titled Resolution Adopting A Code Of Conduct For Entergy New Orleans, Inc. (“Resolution”). The Resolution adopted a Code of Conduct (“Code of Conduct”) applicable to Entergy New Orleans, Inc. (“ENO”) and Entergy Louisiana, Inc. to the extent it operates within the jurisdiction of the Council (“ELI”), for purposes of governing transactions between ENO and ELI and their respective Affiliates.

**B. REQUIREMENT FOR COMPLIANCE PLAN**

Section 24 in the Resolution requires that within thirty (30) days of the adoption of the Resolution, ENO and ELI each shall file its respective plan for compliance with the Code of Conduct for Council approval. Accordingly, this document titled Plan for Compliance with Council of the City of New Orleans Resolution R-01-676 Adopting a Code of Conduct (“Compliance Plan”) has been developed and filed with the Council as a common plan for both ENO and ELI. The Compliance Plan is intended to document the specific plans, processes and mechanisms involved in reasonably assuring compliance with the Code of Conduct. It is the reference source for Code of Conduct compliance when more information is required by employees as well as the reference source for administrative personnel responsible for ensuring implementation of the compliance processes.

ENO submits this Compliance Plan subject to its reservation of rights as set forth hereinbelow. ENO, by submitting this Compliance Plan, does not waive its reservation of rights with respect to issues raised by the Resolution, or any issue that may be raised at the Council relative to this filing, including, but not limited to, any issue addressed in this Compliance Plan.

### **C. COMPLIANCE ROLES AND RESPONSIBILITIES**

The President of Entergy Corporation (“Entergy”), the parent company of ENO and ELI, is the Corporate Compliance Officer with responsibility for overall corporate compliance with applicable laws and regulations, including affiliate rules and codes of conduct put into place by the Entergy operating companies’ regulators. The Corporate Compliance Officer chairs Entergy’s Corporate Compliance Committee, which provides senior management oversight for implementation and enforcement of the overall compliance program. The general oversight enforcement role of the Corporate Compliance Committee is exercised in coordination with the obligations of all officers and employees of Entergy and its Affiliates to follow and enforce the compliance program.

The Vice President, System Regulatory Affairs & Affiliate Rules Compliance is a member of the Corporate Compliance Committee and will directly coordinate compliance with the Code of Conduct. The Affiliate Rules Compliance (“ARC”) Section reports to this Vice President and is responsible for a range of activities aimed at maintaining compliance with the Code of Conduct and this Compliance Plan.

## **D. COMPLIANCE ACTIONS**

It is the responsibility of management to incorporate the Compliance Plan into the corporate philosophy of Entergy and the responsibility of affected employees to understand and comply with the requirements of the Compliance Plan. To assist management and other employees in fulfilling these responsibilities, the following compliance actions will be taken.

### 1. Compliance Training/Communications

ENO and ELI will educate appropriate employees about the contents of the Compliance Plan and its impact on their day-to-day responsibilities. The education process will focus on training and other means of communication. A training coordinator located in the ARC Section will facilitate preparation of training and other educational materials and will verify that the training and educational activities occurred. The ARC Section will have direct responsibility for training and education, and for maintaining records of these activities.

Another key aspect to educating employees on the requirements of the Code of Conduct and this Compliance Plan will be communications. ENO and ELI anticipate the use of internal newsletters and other communications media to ensure employees are informed on the requirements of the Code of Conduct and this Compliance Plan.

### 2. Compliance Systems.

The compliance systems consist of infrastructure-type procedures and safeguards such as those for accounting and information technology systems

discussed in more detail later in this Compliance Plan. Much of the development, implementation and maintenance of the compliance systems is the responsibility of different functional areas and the appropriate functional management.

The ARC Section will be the contact point for issues surrounding the Code of Conduct. As such, the ARC Section will be familiar with the details of the Code of Conduct; will prepare, maintain and update plans for compliance with the Code of Conduct; will develop training materials and educate employees on the Code of Conduct; and will address internal questions regarding the Code of Conduct and this Compliance Plan.

A final key activity is the identification of the circumstances that require updates or modifications to the Compliance Plan. Such may occur if a functional area identifies a needed change to systems or processes. The ARC Section will be responsible for incorporating any changes that are made to the Compliance Plan, and for reporting the changes to the Council and to employees of ENO and ELI, and others acting on behalf of ENO and ELI.

## **II. DETAILED PLANS FOR COMPLIANCE**

### **A. FORMAT**

The remainder of the Compliance Plan is structured to follow in sequence of the sections found in the Code of Conduct approved in the Resolution. Each section in the Code of Conduct is repeated verbatim, and for each a compliance discussion then follows. The discussion provides the activities ENO and ELI will

perform to comply with the given requirement, and, when necessary, ENO's and ELI's understanding of the requirement.

**B. DISCUSSION**

**1. Code of Conduct Section 1**

This Code of Conduct shall apply to ENO, ELI and each the respective Affiliates of each company, as defined herein, to the extent those Affiliates are engaged in the sale of electric, gas, heat, thermal energy or related services.

ENO and ELI acknowledge the above statement regarding the applicability of the Code of Conduct and recognize that the Code of Conduct applies only to the extent of Council regulatory jurisdiction. In particular, and not by way of limitation, ENO and ELI recognize that the Code of Conduct cannot affect or modify obligations or duties under any rule or standard of conduct that may apply under orders or regulations of the Federal Energy Regulatory Commission ("FERC") or the Securities and Exchange Commission ("SEC"). The Code of Conduct applies only to those entities and activities falling under the jurisdiction of the Council in its role as the regulatory body for the City of New Orleans.

**2. Code of Conduct Section 2**

The following definitions shall apply to this Resolution:

**A. Affiliates** of ENO and ELI, as used in this Resolution, means:

(1) any person, corporation, utility , partnership, subsidiary , or any other entity that directly or indirectly owns, controls, or holds with power to vote, 5 percent or more of the

outstanding securities of any other person, including, but not limited to any corporation, partnership, subsidiary, or any division thereof; or

(2) any person, corporation, utility, partnership, subsidiary, or any other entity 5 percent or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specified company; or

(3) any person who is an officer or director of any other person, corporation, partnership, subsidiary, or any division of any company which is an affiliate of ENO or ELI under section (1) of this paragraph; or

(4) any person who, along with another person, is under the common control of a corporation, partnership, subsidiary, holding company, or any division thereof; or

(5) any person or class of persons that the Council determines, after thoughtful consideration and opportunity for comment, to stand in such relation to such other person, including, but not limited to any corporation, partnership, subsidiary, or any division thereof, that there is liable to be such absence of arm's-length bargaining in transactions between them as to make it necessary or appropriate in the public interest or for the protection of ratepayers and consumers that such person be subject to the obligations, duties, and liabilities imposed in this Code of Conduct upon Affiliates or upon ENO with respect to Affiliates.

**B. Competitive Market Participants**, as used in this Resolution, includes, and is not limited to:

(1) marketers, brokers, sellers of electric, gas, heat and thermal energy, and their respective agents;

(2) marketers, brokers, sellers of electric, gas, heat and thermal energy services, and their respective agents

(3) end-users;

(4) utilities; and

(5) all Affiliates as defined herein.



- C. Corporate Support Services**, as used in this Resolution, means services shared by ENO or ELI and an Affiliate of joint corporate oversight, governance, support systems, and personnel. Examples of services that may be shared, include human resources, procurement, information technology, administrative services, real estate services, legal services, accounting, environmental services, research and development, internal audit, community relations, corporate communications, financial services, financial planning and management support, corporate services, corporate secretary, lobbying, and corporate planning.
- D. Proprietary Customer Information**, as used in this Resolution, means any information obtained or compiled by ENO in the normal course of providing electric, gas, heat, or thermal energy service that is specific to an individual customer and related to or derived from the electric, gas, heat, or thermal energy service provided to that customer. Such information includes, but is not limited to: the customer's name, address, account number, type or classification of service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing records, inquiries regarding new service or changes to existing service, whether or not acted upon, or any information the customer expressly requests be kept confidential. Information that is generally publicly available is not considered Proprietary Customer Information for purposes of compliance with this Code of Conduct.

ENO's and ELI's Compliance Plan adopts the above definitions. ENO and ELI have the following comments on selected definitions.

Affiliates. ENO and ELI recognize that the term "Affiliate" is defined to include service companies such as Entergy Services, Inc. ("ESI") and Entergy Operations, Inc. ("EOI"), and that Affiliates are defined to be Competitive Market Participants. ESI and EOI are regulated by the SEC and currently provide Corporate Support Services to the regulated operating companies of Entergy Corporation, including ENO, ELI, the part of ELI outside Council jurisdiction, Entergy Gulf States, Inc., Entergy Arkansas, Inc., and Entergy Mississippi, Inc. (collectively referred to as the Entergy Operating Companies). In Section 22 of

the Code of Conduct, the Council recognized the importance of Corporate Support Services when it stated “[n]othing in this Code of Conduct shall preclude ENO or ELI from providing information as necessary to Entergy Affiliates used to perform Corporate Support Services.” With this provision in mind, ENO and ELI do not interpret the above definitions and their subsequent usage in the Code of Conduct as restricting the interactions between them and ESI or EOI in order to perform and receive Corporate Support Services.

Affiliates. The stated intent for adoption of the Code of Conduct, as expressed in the Resolution, is “to govern transactions of ENO and ELI with any and all of their respective Affiliates” (see final “WHEREAS” clause of Resolution). The expressed intent does not address interactions between ENO and ELI. Because ENO and ELI are under the jurisdiction of the Council in providing regulated services, it would seem to defeat the intent of the Resolution to define ENO as an Affiliate of ELI, or vice versa. Such a definition could prevent the occurrence of certain interactions between ENO and ELI, such as an ELI local office in Algiers accepting payment from a customer served by ENO, an ENO local office employee looking up amounts owed at the request of ELI customer, or a regulated ENO employee communicating with another regulated ELI employee. ENO and ELI do not interpret the Council’s intent as inhibiting the normal business activities of ENO and ELI to this extent. Accordingly, for purposes of the Code of Conduct, ENO and ELI are not considered Affiliates of each other.

Competitive Market Participants. ENO and ELI interpret the definition of Competitive Market Participants to refer only to those entities engaging in activities that are jurisdictional to the Council.

Competitive Market Participants. ENO and ELI interpret the term “utilities” within the definition of Competitive Market Participants to exclude ENO and ELI. To interpret “utilities” to include ENO and ELI, in conjunction with other requirements in the Code of Conduct such as Section 3, could be read to preclude a regulated ENO employee from communicating with another regulated ENO or ELI employee. ENO and ELI do not interpret the Council’s intent as inhibiting the normal business activities of ENO and ELI to this extent.

**3. Code of Conduct Section 3**

ENO and ELI shall each operate in a non-discriminatory fashion when dealing with all Competitive Market Participants, including any Entergy Affiliates, such that all Competitive Market Participants shall have the same access to information, including but not limited to: ENO's and ELI's respective energy purchases, sales, operations, and services, sales or purchase forecasts, general market trends, economic forecasts, regulatory trends, demographics, or technology trends, and customer information on an equal and non discriminatory basis. To ensure equal and non-discriminatory access to information, ENO and ELI shall each post on their respective Internet website any of the above-referenced information that the company provides to an Affiliate. Such posting shall occur simultaneously with the disclosure of the information to an Affiliate.

ENO and ELI will adhere to the above Section. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

As previously discussed, the Council has recognized in the Code of Conduct the importance of Corporate Support Services (see Section 22). ENO and ELI do not interpret the above Section to affect the provision of Corporate

Support Services. To the extent that conflicts exist or arise between the terms and conditions of Section 3 and Section 22 of the Council's Code of Conduct, it is ENO's and ELI's understanding that the terms and conditions of Section 22 govern.

As an example of information that must be shared in order to provide Corporate Support Services, because ENO and ELI operate as a part of an integrated utility system (the Entergy system), it is necessary that they share information not only with themselves but also with ESI and other Entergy Operating Companies. The Entergy Operating Companies must be able to share information in order to perform all activities related to the operation of an integrated utility system, such as the allocation of generation and transmission costs and the joint dispatch of Entergy Operating Company electric generating plants. ENO and ELI interpret the above Section and others such that Entergy Affiliates involved in the provision of such Corporate Support Services can share this type of information without sharing it with all Competitive Market Participants.

Except for information necessary for the provision of Corporate Support Services (including services to permit operation as part of an integrated system), ENO and ELI will not share information referenced in Section 3 with Affiliates unless that information is publicly available or made available to non-affiliates via posting to an external website. The external websites for ENO and ELI are [www.energy-neworleans.com](http://www.energy-neworleans.com) and [www.energy-louisiana.com](http://www.energy-louisiana.com), respectively. ENO and ELI interpret the above requirement such that the posting of

information to an external website may be done prior to its provision to an Affiliate, and such prior posting will satisfy the “posting shall occur simultaneously with” requirement in this Section.

**4. Code of Conduct Section 4**

To the extent that ENO or ELI exercises discretion in its consideration of offers for the sale of forward purchases of electricity, natural gas, heat, thermal energy or related services, ENO and ELI shall exercise this discretion in a non-discriminatory manner to all similarly situated Competitive Market Participants. ENO and ELI each shall maintain a record of instances in which the company exercised its discretion with respect to its consideration of offers for such sales, which record shall be made available to the Council for its review and consideration during any compliance audits to be initiated by the Council from time to time.

Should ENO and ELI exercise discretion in the consideration of offers for the sale of forward purchases of electricity, natural gas, heat, thermal energy or related services (“Forward Purchases”), they will exercise this discretion in a non-discriminatory manner to all similarly situated Competitive Market Participants. ENO and ELI will maintain a record of any such instances in which they exercise discretion and the records will be made available to the Council at its request. Under the Entergy organizational structure, ESI representatives in the energy management organization would make such Forward Purchases on direct behalf of ENO and ELI. This organization is charged with the responsibility to use its discretion in consideration of offers for Forward Purchases in a non-discriminatory manner and to maintain records on the exercise of discretion with respect to the offers. The records shall be maintained using the form found at

Attachment 1 to this Compliance Plan. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

ESI purchases power on behalf of all the Entergy Operating Companies including ENO and ELI with the costs of this power being allocated to the jurisdictional Entergy Operating Companies. ENO and ELI interpret the above Section such that it does not apply to activities such as the purchases of power by ESI on behalf of the Entergy System.

**5. Code of Conduct Section 5**

Neither ENO nor ELI shall represent that, as a result of the affiliation with the utility, its Affiliates or customers of its Affiliates will receive any different treatment by the utility than the treatment the utility provides to other, non-affiliated Competitive Market Participants or their customers.

ENO and ELI will not represent to any party that its Affiliates or customers of its Affiliates will receive any undue preferential treatment. ENO and ELI will not represent to any party that it will engage in transactions with Affiliates under terms and conditions different from those offered to any other party or specified in Council-approved tariffs. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**6. Code of Conduct Section 6**

To the extent there is no discretion in the risk management protocols to be adopted by ENO's or ELI's respective consideration of offers for the sale of forward purchases of electricity, natural gas, heat, thermal energy or related services, ENO and ELI each shall strictly enforce all such provisions of its risk management protocols for all Competitive Market Participants, including any Entergy Affiliates in a uniform manner.

ENO and ELI intend to adhere to the referenced risk management protocols. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**7. Code of Conduct Section 7**

Except for Customer Support Services, transactions between ENO and its Affiliates and between ELI and its Affiliates in excess of \$100,000 shall be limited to tariff products and services, the sale and purchase of goods, property, products or services made generally available by the utility or Affiliate to all Competitive Market Participants through an open, competitive bidding process.

ENO and ELI interpret the above Section to require that all transactions with Affiliates in excess of \$100,000 shall either be done under the terms and conditions of a tariff approved by the appropriate regulatory agency (including the Council) or pursuant to an open, competitive bidding process. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

Further, ENO and ELI consider Corporate Support Services to include transactions between and among Affiliates such as the Entergy Operating Companies, System Energy Resources, Inc., and System Fuels, Inc. made to permit operation of an integrated utility system whose activities and operations are primarily related to the domestic sale of energy at retail. Thus, such transactions are not subject to this Section 7.

**8. Code of Conduct Section 8**

Except when made generally available by ENO or by ELI through an open, competitive bidding process, if ENO or ELI offers a discount or waives all or any part of any other charge or fee to its Affiliates, or offers a

discount or waiver for a transaction in which its Affiliates are involved, ENO or ELI, as the case may be, shall simultaneously make such discount or waiver available to all similarly situated Competitive Market Participants. Neither ENO nor ELI should not use the "similarly situated" qualification to create such a unique discount arrangement with its Affiliates such that no competitor could be considered similarly situated. ENO and ELI each respectively shall document the cost differential underlying the discount to its Affiliates and retain records of such discounts and of the cost differential for review as part of any audit each company's respective compliance with the Code of Conduct, as these audits may be initiated by the Council from time to time.

The process found at Attachment 2 shall be followed in the event ENO or ELI offers a discount or waiver described in Section 8 ("Benefit") to its Affiliate, except when the Benefit is made generally available through an open, competitive bidding process. The process is designed to track any provision of a Benefit. It requires posting of a notice on an external website of the following information, prior to the offering of the Benefit to an Affiliate:

- The name of the Affiliate involved in the transaction;
- The Benefit offered;
- The period for which the Benefit applies;
- Any conditions or requirements applicable to the Benefit and
- Procedure by which any non-affiliate may obtain the same Benefit.

The third party review sub-process described at Attachment 2 shall be followed whereby a third party can request the same Benefit and their request is reviewed for applicability. ENO and ELI shall not enter into an arrangement for a Benefit with an Affiliate that creates a situation so unique that no competitor could be deemed to be similarly situated, and thus could not receive the Benefit.

Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.



As previously discussed, the Council has recognized in the Code of Conduct the importance of Corporate Support Services. ENO and ELI do not interpret the above Section to affect the provision of Corporate Support Services.

**9. Code of Conduct Section 9**

ENO and ELI each respectively shall process all offers for the sale of electricity, natural gas, heat, thermal energy or related services, including any forward purchase of these commodities, in the same manner and within the same time for its Affiliates and for all other Competitive Market Participants and their respective customers.

ENO and ELI Affiliates will not receive any preferential treatment in the processing of offers for the sale of electricity, natural gas, heat, thermal energy or related services including forward purchasing agreements. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**10. Code of Conduct Section 10**

Where competitive bidding is employed, Affiliates of ENO and of ELI must participate in the competitive bidding process during the same period as all other Competitive Market Participants and are prohibited from submitting bidding proposals for consideration after conclusion of the competitive bidding process.

ENO and ELI Affiliates will not receive any preferential treatment in the event a competitive bidding process is employed. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**11. Code of Conduct Section 11**

Neither ENO nor ELI shall not provide any undue preference (including but not limited to terms and conditions of service, pricing, or timing of service) to any Competitive Market Participant, including any Entergy Affiliates or their customers in the provision of services provided by the utility.

ENO and ELI will not provide undue preferential treatment to any Competitive Market Participant, including any Entergy Affiliates, or to customers of their Affiliates. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section. ENO and ELI will not engage in transactions with Affiliates under terms and conditions different from those offered to any other party or specified in Council-approved tariffs. As stated in response to Section 8, the process found in Attachment 2 shall be followed in the event a discount or waiver is offered by ENO and ELI to an Affiliate.

As previously discussed, the Council has recognized in the Code of Conduct the importance of Corporate Support Services. ENO and ELI do not interpret the above Section to affect the provision of Corporate Support Services.

**12. Code of Conduct Section 12**

Neither ENO nor ELI shall condition or tie any service it provides to the provision of service or supply from any other Competitive Market Participant, including any Entergy Affiliates.

ENO and ELI will not condition or tie the provision of tariffed service to any other service unless specifically allowed by an applicable Council-approved tariff. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section. Employees will be instructed never to state or

imply that the taking of any regulated utility service is contingent upon the taking of service from an Affiliate.

**13. Code of Conduct Section 13**

Neither ENO nor ELI shall accept as a condition regarding any purchase of electricity, natural gas, heat, thermal energy or related services the tying of any service from any other Competitive Market Participant, including any Entergy Affiliates.

ENO and ELI will not accept as a condition for the purchase of electricity, natural gas, heat, thermal energy or related services the tying of any service received from another Competitive Market Participant or Entergy Affiliate. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**14. Code of Conduct Section 14**

To the greatest extent possible, while still maintaining benefits for ratepayers and subject to Council approval, ENO's employees and ELI's employees and the employees of their respective Affiliates, must function independently of each other.

To the greatest extent reasonably practicable, ENO and ELI employees will function independently of employees of Affiliates. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

ENO and ELI interpret the above Section such that employees of a service company, such as ESI or EOI, can continue to provide Corporate Support Services to ENO and ELI, including the employee interactions necessary to perform such services. As previously noted, the Council has

recognized in its Code of Conduct the importance of Corporate Support Services and that ENO and ELI and their customers will continue to be allowed to enjoy the benefits associated with sharing Corporate Support Services between and among Affiliates.

**15. Code of Conduct Section 15**

Neither ENO nor ELI shall:

- a. provide leads to its Affiliates;
- b. solicit business on behalf of its Affiliates;
- c. acquire Proprietary Customer information on behalf of or provide Proprietary Customer Information to its Affiliates;
- d. share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its Affiliates;
- e. request authorization from its customers to pass on customer information exclusively to its Affiliates;
- f. give any appearance that it speaks on behalf of its Affiliates or its Affiliates speak on behalf of ENO.

Employees of ENO and ELI and employees of their Affiliates shall adhere to the above stated prohibitions. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section. ENO and ELI interpret the above Section, in conjunction with Section 14, such that they are allowed to participate in such activities as economic development, such that ENO may share economic development related information with other regulated utility companies that are Affiliates of ENO or ELI, and vice versa. A contrary interpretation could possibly be detrimental not only to ENO and ELI but also their customers, the City of New Orleans and the State of Louisiana. Further, many large customers have locations in more than one area served by Entergy

Operating Companies. In some cases a common Entergy customer account representative, employed by ESI, is assigned to such a customer, where the ESI employee represents all Entergy Operating Companies. ENO and ELI believe economic development and customer account management activities are an important Corporate Support Service under the Code of Conduct. ENO and ELI do not interpret the above Section as intending to restrict the provision of this or other Corporate Support Services. Further, to the extent that conflicts exist or arise between the terms and conditions of Section 15 and Section 22 of the Council's Code of Conduct, it is appropriate that the terms and conditions of Section 22 govern in such conflict.

**16. Code of Conduct Section 16**

The books of account and records for the regulated utility services provided by ENO and by ELI to their respective retail electric and gas customers will be maintained separately from any books of accounts and records kept by any Affiliate.

Entergy Corporation's accounting system is comprised of a number of integrated computer systems that track, record, and report all required financial information for all of Entergy Corporation's various entities. Entergy Corporation's computer systems comprise an accounting system that executes standard accounting procedures and functions such as accounts payable, journal entries, customer billings, and payroll, allowing ESI accountants to perform all of the required accounting functions, including project costing and fixed asset accounting and reporting. The accounting system also performs validations of source data and transactions. For example, the procedure known

as a compatibility edit will test for compatibility among accounting code block elements. All of these systems are electronically linked to and summarized in Entergy Corporation's general ledger accounts so that financial statements for each entity, including ENO, may be produced. As a result, Entergy Corporation's accounting system keeps separate books and records for all Affiliates in accordance the above Section.

The books and accounting records of Entergy Corporation and its subsidiaries are maintained in a format that is separated by department, division, and component. The books and records of utility subsidiaries are kept in accordance with the FERC Uniform System of Accounts and Generally Accepted Accounting Principles.

**17. Code of Conduct Section 17**

Except for customer accounting, billing, and collections, ENO and ELI each shall maintain contemporaneous records documenting all tariffed and non-tariffed transactions with their respective Affiliates, including but not limited to, all waivers or tariff or contract provisions and all discounts. ENO and ELI each shall maintain such records for a minimum of three years. However such time may be extended if required by the Councilor any other governmental agency with appropriate jurisdiction. ENO and ELI each shall make such records available for third party review upon 72 hours' notice, or a time mutually agreeable between the parties.

A contemporaneous written record of all ENO and ELI transactions with their Affiliates shall be maintained and archived. These records shall be made available to third parties upon their request. ENO and ELI interpret the above Section such that customer accounting, billing, and collections are considered to

be Corporate Support Services, and that Corporate Support Services are excluded from the above Section.

**18. Code of Conduct Section 18**

ENO and ELI each shall maintain a record of all contracts and related bids of their respective Affiliates and Competitive Market Participants for no less than three years. However such time may be extended if required by the Council or any other governmental agency with appropriate jurisdiction.

ENO and ELI interpret the above Section to apply to contracts and related bids over which the Council has jurisdiction. In particular, all contracts between ENO and ELI and their Affiliates and any other Competitive Market Participants will be in writing and a record will be maintained for no less than three years. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

As previously discussed, the Council has recognized in the Code of Conduct the importance of Corporate Support Services. ENO and ELI do not interpret the above Section to cover the provision of Corporate Support Services.

**19. Code of Conduct Section 19**

Neither ENO nor ELI shall share office space, office equipment, services, and systems with its Affiliates, nor shall ENO or ELI access the computer or information systems of its Affiliates or allow its Affiliates to access its computer or information systems, except to the extent appropriate to perform shared Corporate Support Services. As part of each company's Compliance Plan, ENO and ELI each may propose safeguards and procedures each company would use that would permit the sharing of office space, equipment, services, and systems with an Affiliate while simultaneously precluding the transfer of Proprietary Customer Information or other confidential information to an Affiliate and precluding

the creation of an opportunity for preferential treatment or unfair competitive advantage of an Affiliate ("Sharing Plan").

The following discussion describes safeguards and procedures to be utilized by ENO and ELI to permit certain sharing of office space, equipment, services, and systems with an Affiliate while simultaneously precluding the transfer of Proprietary Customer Information or other confidential information to an Affiliate and precluding the creation of an opportunity for preferential treatment or unfair competitive advantage to an Affiliate ("Sharing Plan").

#### Sharing of Office Space

To the best of the knowledge of ENO and ELI, neither ENO nor ELI share office space with their Affiliates, except as needed for Corporate Support Services. A review of office space will be made and if instances of such sharing are found, ENO and ELI will either amend this Compliance Plan to justify the sharing as part of the Sharing Plan or will terminate the sharing.

#### Sharing of Office Equipment

To the best of the knowledge of ENO and ELI, neither ENO nor ELI directly share office equipment with their Affiliates, except as needed for Corporate Support Services. A review of office equipment will be made and if instances of such sharing are found, ENO and ELI will either amend this Compliance Plan to justify the sharing as part of the Sharing Plan or will terminate the sharing.

#### Sharing of Services

ENO, ELI, and their Affiliates share Corporate Support Services, as is permitted under this Section 19.



## Sharing of Information Technology Systems

To the extent practicable, consistent with providing cost effective customer service, neither ENO nor ELI shall directly share information technology (“IT”) systems (i.e., computer and information systems) with Affiliates. However, some sharing does occur. Most of the shared IT systems within the Entergy system are centralized and are provided to all business units through ESI or through third-party service providers. Where it is appropriate to share such systems, technical security mechanisms will be employed to limit access to be consistent with the Code of Conduct. In those limited instances where technical solutions are not feasible or cost effective, the individuals having such access will be required to sign a formal affidavit acknowledging their understanding of, and compliance with, the requirements of the Code of Conduct. In addition, appropriate IT staff shall be trained and required to comply with the Code of Conduct. As described further below, this type of Sharing Plan will provide adequate safeguards and procedures to preclude the transfer of confidential information and preclude creation of an opportunity for preferential treatment or unfair competitive advantage of an Affiliate.

Entergy’s IT Systems. Entergy’s IT systems can be grouped into three categories: (1) those that support a specific business function, (2) those that support the operation of an integrated utility system, and (3) those that support common corporate business functions.

IT systems specific to a business function are limited to that specific business unit. Thus, no sharing will occur.

IT systems that support integrated utility system operations include customer information system, energy management systems, transmission, distribution and power plant maintenance management systems, power quality systems, and two-way field radio systems. These systems are shared between the ENO and ELI, the other Entergy Operating Companies and Corporate Support Service organizations.

IT systems that support common corporate business functions include human resources systems, finance and accounting systems, e-mail system, Entergy Intranet, network file services, telephone systems, voice response units, and tools used by the IT organization to develop applications and to manage IT operations. These IT systems are centralized and shared with all business units.

The primary reason for sharing systems is that a single shared system is generally less expensive in terms of support staff to implement and to operate and maintain. This lower cost results in a lower cost of service to the customer. In addition, there are business operational efficiencies arising from a single integrated utility system that contribute further cost savings to the customer. In today's business, shared systems can provide timelier, more complete, and more effective customer service. For corporate support systems, in particular the financial systems, some degree of sharing is required to manage the Entergy System business units under the holding company structure.

Security Mechanisms. Entergy employs a wide variety of security mechanisms to ensure the security of its information system assets and to prevent inappropriate external and/or internal access to information. An

individual must have an authorized user ID and password in order to gain access to any of Entergy's information systems. Furthermore, individuals are authorized to access only those application systems required in the performance of their job responsibilities. In most cases, access to information within a specific system is also restricted based on the requirements of the individual's specific job.

Access to the IT systems that support integrated utility system operations will be limited to those Affiliate employees whose job functions require such access. This sharing is needed in order to permit the operation of an integrated utility system, and it is necessary and proper. To eliminate such sharing would be to eliminate the benefits that ENO and ELI receives as part of an integrated system, and would create the need for development of costly stand-alone systems. The benefits that accrue to Affiliates from the sharing of IT systems that support integrated utility system operations are not undue or unfair. Rather, it is a prudent and reasonable sharing that provides a lower cost of service to the end-use customer. Further, costs are allocated among the users to prevent subsidizations. With limited exceptions, affiliates not involved in the provision of regulated utility service do not have access to these systems. In the case of the exceptions, access is limited by means of security controls within the systems so that the non-regulated Affiliate employees can only see data related to their own operations. They are not able to access operational information regarding regulated utility service. The security controls used are exactly the same as are used in those instances where Entergy operates facilities on behalf of both Entergy and a third party with a partial ownership interest. In such cases, the

third party is able to access operational information related to their own operational interest but is prevented from accessing Entergy operational information. In short, Entergy non-regulated Affiliates are treated exactly the same as external third parties in those cases where they have access to shared operational systems.

IT systems that support common corporate business functions are centralized and shared with all business units. These systems are used to provide Corporate Support Services. Some of these systems, such as e-mail and telephone systems, do not contain any information of their own, but are used for general communications between employees and external parties. As a communication tool, they could be used to improperly transfer information. However the danger of such improper transfer is not created by the existence of the shared systems, but rather by abuse of the systems. Any non-shared systems (e.g., a stand-alone e-mail system or stand-alone telephone system) could be subject to the same abuse. The safeguards described elsewhere in this Compliance Plan (such as training) must be used to safeguard against these types abuses. The fact these systems are shared, and Affiliates may obtain benefits of economies of scope and scale, do not provide undue preferential treatment or unfair competitive advantage. Further, costs are allocated among the users to prevent subsidizations.

**20. Code of Conduct Section 20**

ENO and ELI each shall structure its respective operations and transactions in such a manner as to be in complete compliance with the requirements of this Resolution.

ENO and ELI shall structure their operations and transactions to comply with the requirements of the Resolution, as discussed herein. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section. ENO and ELI do not interpret the above Section in such a manner that the legal entity arrangements of the Entergy System will need to be re-structured.

**21. Code of Conduct Section 21**

Nothing in this Resolution is intended to supplant or relieve ENO or ELI of the duty to comply with the requirements, policies, regulations or resolutions of the Council and this Code of Conduct does not supplant or relieve ENO or ELI of the duty to comply with the requirements, policies, regulations or resolutions of the Council or of any State or Federal Regulatory body.

ENO and ELI have no comments with regard to this Section.

**22. Code of Conduct Section 22**

Nothing in this Code of Conduct shall preclude ENO or ELI from providing information as necessary to Entergy Affiliates used to perform Corporate Support Services.

As stated herein, ENO and ELI interpret the Code of Conduct to allow ENO and ELI and their customers to enjoy the benefits of Corporate Support Services and they will transact business with their Affiliates accordingly. To the extent that conflicts exist or arise between the terms and conditions of this

Section 22 and any other provision of the Code of Conduct, it is ENO's and ELI's understanding that the terms and conditions of Section 22 govern.

**23. Code of Conduct Section 23**

ENO and ELI are each hereby ordered to adhere to this Code of Conduct in any and all transactions and relationships with any and all Competitive Market Participants, including all Entergy Affiliates.

ENO and ELI will adhere to the Code of Conduct and this Compliance Plan to the extent of Council regulatory jurisdiction. Appropriate employees of ENO, ELI and ESI will be educated on the requirements of this Section.

**24. Code of Conduct Section 24**

Within thirty (30) days of the adoption of this Resolution by the Council, ENO and ELI each shall file its respective plan for compliance ("Compliance Plan ") with this Code of Conduct for Council approval.

ENO and ELI hereby submit this Compliance Plan in accordance with the above Section.

**25. Code of Conduct Section 25**

In addition to filing a Compliance Plan with the Council, ENO and ELI each also shall respond individually to each the following requests for information:

- a. Identify the corporate position of the individual(s), including title and position description, responsible for updating the information posted on the company's website.
- b. Prior to the Council's adoption of this Code of Conduct, how frequently was the company' s website updated? How frequently will the website be updated to comply with the Code of Conduct adopted herein?

- c. Describe the current physical location of the company's, and all other Entergy Affiliates' places of business, including an explanation of how the companies are sited in proximity to one another.
- d. Describe the extent to which employees are shared between the company and any Affiliate. For each shared employee, provide the employee's title, a description and an explanation of the operational rules which will ensure that the shared employee complies with the Code of Conduct adopted herein.
- e. Provide a detailed organizational chart showing the relationship between and among the company and all other Entergy Affiliates.
- f. Describe the internal rules that will govern operations between and among the company and its Affiliates to ensure that they function independently to the greatest extent possible.

ENO and ELI's responses to the preceding sections are set forth below:

- a. The individual websites for ENO and ELI are updated by the Coordinator of Business Services in the Corporate Communications Department. The Coordinator of Business Services is responsible for the content of all external public websites.
- b. ENO and ELI websites are updated as needed, usually twice a week. The websites will be updated as often as necessary to ensure compliance with the Code of Conduct.
- c. Please see Attachment 3, "Physical Location of Offices of Entergy Affiliates."
- d. ENO and ELI and its Affiliates do not share employees.
- e. Please see Attachment 4 (organizational charts of Entergy Corporation's subsidiaries).
- f. This Compliance Plan, the Council's Code of Conduct, and the 1998 Settlement Agreement describe the rules that will govern operations between and among ENO and ELI and their Affiliates.

**26. Code of Conduct Section 26**

Recognizing that the electric and gas industries are under constant evolution, and recognizing that the Code of Conduct adopted herein has been developed and is appropriate for the current state of the industries, the Council reserves the right to review the appropriateness of this Code of Conduct and ENO's and ELI's respective compliance therewith from time to time, as may be warranted by changes in the way ENO or ELI conducts business and/or changes in the electricity and natural gas industries generally.

ENO and ELI have no comments with regard to this Section.

**27. Code of Conduct Section 27**

Should the Council find ENO or ELI to be deficient in adhering to the Code of Conduct adopted herein, the Council after a hearing, may assess any reasonable penalty it deems appropriate. To the extent necessary to ensure and verify compliance with this Code of Conduct, ENO and ELI shall be subject to audit by the Council, through its Advisors, upon receiving adequate notice from the Council.

ENO and ELI have no comments with regard to this Section.