

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Union Electric Company,)
Complainant)
)
v.)
)
Entergy Arkansas, Inc. and)
Entergy Services, Inc..)
Respondents)

Docket No. EL08-60000

FILED
OFFICE OF THE
SECRETARY
2008 APR 30 P 2:51
FEDERAL ENERGY REGULATORY COMMISSION

COMPLAINT OF UNION ELECTRIC COMPANY
AGAINST ENTERGY ARKANSAS, INC.
AND ENTERGY SERVICES, INC.

Pursuant to sections 206 and 309 of the Federal Power Act ("FPA"), 16 U.S.C. §§ 824e and 825h, and section 206 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") regulations issued thereunder, 18 C.F.R. § 385.206, Union Electric Company (d/b/a AmerenUE or "AmerenUE") hereby files this complaint ("Complaint") against Entergy Arkansas, Inc. ("EAI") and Entergy Services, Inc. ("Entergy Services" and, collectively, "Respondents"). In this Complaint, AmerenUE seeks an order from the Commission compelling EAI and Entergy Services to adhere to the rates, terms and conditions of the "Service Agreement between Entergy Arkansas, Inc. and Union Electric Company d/b/a AmerenUE" ("Service Agreement"), dated April 1, 1999, which is an existing, Commission-approved long-term power supply agreement, and to stop assessing AmerenUE a charge that is in violation of the Service Agreement and the filed rate doctrine.¹ AmerenUE further requests that the Commission

¹ In support of this complaint, AmerenUE is providing as Exhibit I hereto the affidavit of Mr. Shawn E. Schukar ("Schukar Affidavit"). Mr. Schukar is Vice President, Strategic Initiatives of Ameren Services Company ("Ameren Services"). Ameren Services provides shared services and support for the

require Respondents to provide AmerenUE with refunds, including interest calculated pursuant to 18 C.F.R. § 35.19a, for all overcollections under the Service Agreement. AmerenUE states that as of the date of this Complaint, EAI has collected approximately \$14.5 million without interest from AmerenUE in violation of the Service Agreement and the filed rate doctrine. Finally, this Complaint raises issues similar to those pending in *Energy Services Co.*, Docket No. ER07-956, a proceeding that involves EAI and to which AmerenUE is a party, and issues that may be raised in any proceedings resulting from the remand order in the No. 05-1462 Decision.² AmerenUE therefore requests that the Commission either hold this Complaint in abeyance until it issues an order in the Docket No. ER07-956 proceeding addressing these issues on the merits, or order consolidation of this Complaint, the Docket No. ER07-956 proceeding, and any related proceeding on remand.

I. BACKGROUND.

A. Description Of The Parties.

1. AmerenUE.

AmerenUE is a subsidiary of Ameren that provides wholesale and electric retail service to approximately 1.2 million customers located primarily in central and eastern Missouri. Along with certain affiliates, AmerenUE is a transmission-owning member of the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"), a Commission-recognized regional transmission organization. AmerenUE meets its load service obligations through a variety of resources, including its own generation, other

subsidiaries of Ameren Corporation ("Ameren"), including AmerenUE. A copy of the Service Agreement is included as Attachment 1 to the Schukar Affidavit.

² See Part I.C.1 *supra*.

suppliers and power purchased through the Midwest ISO's Day 2 energy markets. AmerenUE's purchases from other suppliers include purchases from EAI under the Service Agreement.

2. EAI and Entergy Services.

EAI is a public utility operating company and subsidiary of Entergy Corporation ("Entergy") that provides wholesale and electric retail service to approximately 679,000 customers located primarily in Arkansas, and that serves customers located elsewhere. Entergy Services is also an Entergy subsidiary that provides management, administrative, accounting, legal, engineering and other services to other Entergy subsidiaries. While Entergy Services is not a party to the Service Agreement, it is named as a respondent in this Complaint because of the support services it provides to EAI, and because it is EAI's designated representative on the Commission's listing of corporate officials (*available at* <http://www.ferc.gov/docs-filing/corp-off/electric.asp#e>).

B. The Service Agreement.

The Service Agreement is a long-term power sales agreement between AmerenUE and EAI that commenced April 1, 1999 and is to terminate no earlier than December 31, 2008. Service Agreement, Section 1. Thereafter, the Service Agreement is to remain in place for successive annual terms until terminated by either party upon 60 months notice. *Id.* EAI has provided AmerenUE with the 60-month notification, and the Service Agreement will terminate on August 25, 2009.

The Service Agreement calls for EAI to provide AmerenUE with 165 MW of capacity at the White Bluff Steam Electric Station ("White Bluff") 500 kV transmission bus, or at another generation bus if capacity from White Bluff is not available. *Id.* Section 2.3. The Service Agreement establishes a fixed monthly charge of \$11.25/kW-

month for capacity. *Id.* Section 4.2. The Service Agreement also establishes a formulaic Fuel and Purchased Energy Rate ("FPER") that includes only certain specified components. *Id.* Section 4.3 and Appendix A; *see also infra* Part II.A.1. The Service Agreement also provides that the monthly energy to be applied to the FPER shall be the total energy scheduled under the Service Agreement at the White Bluff 500 kV transmission bus.

On July 5, 2007, EAI sent AmerenUE an invoice for \$6,278,144.31 for amounts it claimed were due under the Service Agreement for service provided during the month of June 2007. Approximately \$2 million of this amount represented an allocation to AmerenUE of certain rough production cost equalization payments ("Equalization Payments") made by EAI to the other Entergy Operating Companies ("EOCs").³ This allocated portion of the Equalization Payment costs was assessed to AmerenUE through the FPER component of the bill, even though the Equalization Payment costs are not purchased energy expenses as the plain language of the FPER requires. EAI has issued additional monthly invoices in the periods of August 2007 through January 2008 (covering service for the months of July 2007 through December 2007) in which it also sought to recover through each invoice approximately \$2 million in Equalization Payment costs.⁴ While these invoices do not sufficiently break out the FPER costs in a manner that allows AmerenUE to determine the exact amount of the Equalization Payment costs reflected in these invoices, based on an examination of the invoices issued prior to July 2007 and usage during the relevant months, AmerenUE estimates that

³ In addition to EAI, the EOCs include Entergy Gulf States, Inc., Entergy Louisiana LLC, Entergy Mississippi, Inc., and Entergy New Orleans, Inc.

⁴ Copies of these invoices are attached as Attachment 3 to Mr. Schukar's affidavit.

Respondents have billed AmerenUE approximately \$14.5 million in Equalization Payment costs during this period. Schukar Affidavit at P 7. The Respondents' efforts to recover these charges are improper and unlawful, and those efforts form the basis of this Complaint.

C. Related Proceedings And Commission Orders.

1. The Docket No. EL01-88 proceeding and Opinion Nos. 480 and 480-A.

In response to a complaint filed against the EOCs by the Louisiana Public Service Commission, and after an extensive hearing and initial decision, the Commission issued Opinion Nos. 480 and 480-A in Docket No. EL01-88.⁵ The Commission determined that the allocation of production costs under the Entergy System Agreement among the EOCs was no longer just and reasonable, and adopted a +/- 11 percent numerical bandwidth in order to maintain "rough production cost equalization" and reduce "drastic rate disparities" among the EOCs. Opinion No. 480 at P 144. Generally, under this bandwidth mechanism, each of the EOCs' actual production costs are compared to that EOC's respective allocation of the Entergy system average variable and fixed production costs to determine the dollar and percentage disparity. If an Operating Company has a disparity that exceeds +/- 11 percent, then the Operating Company is required to pay or receive an Equalization Payment to bring the disparity within the established bandwidth. The Commission also determined that any reallocation of production costs among the EOCs necessitated by its percentage bandwidth remedy must be implemented

⁵ *La. Pub. Serv. Comm'n v. Entergy Servs., Inc.*, Opinion No. 480, 111 FERC ¶ 61,311, *order on reh'g*, Opinion No. 480-A, 113 FERC ¶ 61,282 (2005), *aff'd in part and remanded in part*, No. 05-1462, slip op. (D.C. Cir. Apr. 15, 2008) (*per curiam*) ("No. 05-1462 Decision").

prospectively starting with costs incurred in calendar year 2006, and rejected arguments that refunds should be provided for earlier periods. Opinion No. 480 at P 145; Opinion No. 480-A at P 55.

The Commission addressed certain implementation matters in an order issued on November 17, 2006 in the Docket No. EL01-88 proceeding. *Ia. Pub. Serv. Comm'n v. Entergy Servs. Inc.*, 117 FERC ¶ 61,203 (2006) ("November 17 Order"). In this order, the Commission accepted Entergy Services' proposal to include the Equalization Payments in Service Schedule MSS-3 and record such amounts in Account 555. *Id.* at P 31. The Commission expressly stated that Service Schedule MSS-3 can be used "both for pricing energy exchanged among the Operating Companies *and* also to calculate and provide for any rough production cost equalization payments." *Id.* The Commission added "[t]o alleviate the concerns of the protestors that combining the two functions of Service Schedule MSS-3 will be confusing, we direct Entergy to make transparent and separate in its billing the amounts applicable to each of the two functions of Service Schedule MSS-3." *Id.* at P 32. The Commission also added that Opinion Nos. 480 and 480-A did not require Entergy to separate the energy and capacity components of the Equalization Payments. *Id.*

In the November 17 Order, the Commission also accepted Entergy Services' proposal to recover the costs of the Equalization Payments for a given year over a seven-month period commencing with service provided in June of the following year, with the first year of Equalization Payments being based on the production costs incurred by the EOCs in 2006. *Id.* at P 46. Thus, the Equalization Payments associated with the production costs in calendar year 2006 would be assessed and recovered among the

EOCs under Service Schedule MSS-3 starting in June 2007 and ending in December of that year.

Various parties to the Docket No. EL01-88 proceeding filed petitions for review of Opinion Nos. 480 and 480-A. On April 15, 2008, the D.C. Circuit issued its No. 05-1462 Decision. While the court largely upheld the Commission's findings in Opinion Nos. 480 and 480-A, it found that the Commission erred in not applying the bandwidth mechanism prior to calendar year 2006 and therefore not ordering refunds (in the form of Equalization Payments among the EOCs) for the prior period. No. 05-1462 Decision, slip op. at 34-38. The court remanded the matter back to the Commission for further proceedings. *Id.* at 37-38. As of this date, the court's mandate has not been issued and thus the Commission has not acted on the remand order.

2. The Docket No. ER07-956 proceeding.

The Docket No. ER07-956 proceeding arises from the May 29, 2007 filing ("May 29 Filing") by Entergy Services on behalf of EAI and the other EOCs of rates pursuant to Service Schedule MSS-3 purportedly to implement Opinion Nos. 480 and 480-A. As part of this filing, Entergy Services calculated the payments and receipts under the Service Schedule MSS-3 bandwidth formula for calendar year 2006. Entergy Services determined that the only operating company to have a disparity that initially was outside of the +/- 11 percent bandwidth was EAI, whose costs were below the average production costs as determined by Entergy Services. Entergy Services asserted that this required EAI to make Equalization Payments to the other EOCs totaling \$257.1 million to obtain the rough equalization mandated by Opinion Nos. 480 and 480-A.

By order issued July 26, 2007, the Commission accepted the May 29 Filing subject to refund, hearing and settlement judge procedures. *Entergy Servs., Inc.*,

120 FERC ¶ 61,094 (2007) (“July 26 Order”). The Commission in that order stated “the proper allocation of bandwidth payments and receipts to wholesale customers may be addressed by the parties under the hearing and settlement judge procedures established in this order.” *Id.* at P 17.

On August 3, 2007, AmerenUE filed a motion to intervene out-of-time, which was granted by order of the Chief Judge on August 9, 2007. While a number of settlement conferences were held, settlement efforts were not successful, and the proceeding was set for hearing. AmerenUE participated actively in the settlement discussions. As of the date of this Complaint, Entergy Services has filed direct testimony, as have Staff and intervenors, including AmerenUE. AmerenUE and other participants filed cross-answering testimony in the Docket No. ER07-956 proceeding on March 26, 2008. Entergy Services filed rebuttal testimony on April 28, 2008.

II. COMPLAINT.

A. Respondent’s Collection Of The Equalization Payment Costs Through The Service Agreement Is Contrary To That Agreement’s Plain Language And To The Filed Rate Doctrine.

1. The relevant section of the Service Agreement only allows for the recovery of purchased energy expenses charged to Account 555, and the Equalization Payment costs are not purchased energy expenses.

Respondents have billed AmerenUE under the FPER component of the Service Agreement a total of approximately \$14.5 million relating to the Equalization Payments EAI was obliged to provide to the other EOCs. Recovery of any or all of the Equalization Payments by allocating them to AmerenUE under the Service Agreement is contrary to that agreement’s plain language and terms because these costs are not purchased energy expense charged to Account 555. Rather, the Equalization Payments

are required because EAI's actual production costs were lower than EAI's allocated share of the Entergy system average production costs by more than the 11 percent bandwidth to offset above system average production costs experienced by other EOCs. The Equalization Payments thus do not represent the expense to EAI for any purchase of energy by EAI. Because the recovery of these costs is contrary to the Service Agreement and is not allowed by any other filed tariff or rate schedule, Respondent's actions to recover these costs violate FPA section 205 and the filed rate doctrine and thus are unlawful. See FPA section 205(c) and (a), 16 U.S.C. § 824d(c) and (a) (requiring public utilities to file all rates and charges with the Commission and requiring Commission approval for changes to same); *N.Y. Power Auth. v. Consol. Edison Co.*, 115 FERC ¶ 61,088, at P 15 (2006) (stating "[u]nder the Federal Power Act and the filed rate doctrine, [a public utility] can only charge the amount specified in its filed tariff"); *Midwest Indep. Transmission Sys. Operator, Inc.*, 111 FERC ¶ 61,062, at P 28 (2005); ("Commission may order refunds for past periods where a public utility has either misapplied a rate formula or otherwise charged rates contrary to the filed rate"), *reh'g denied*, 119 FERC ¶ 61,109 (2007).

Appendix A to the Service Agreement establishes the FPER rate formula, and provides as follows:

FUEL AND PURCHASED ENERGY RATE¹

FPER = FUEL AND PURCHASED ENERGY RATE (\$/kWh)

FPER = NEC/NKWH

WHERE:

NEC = NET ENERGY COST DURING THE CURRENT BILLING MONTH

NEC = FE + PE + RDIF - DPE - MSER - SSER

WHERE:

FE = FUEL EXPENSE (ACCOUNTS 501, 518, AND 547)

PE = PURCHASED ENERGY EXPENSE CHARGED TO ACCOUNT 555

RDIF - EAI's GRAND GULF RETAINED SHARE ENERGY AS REDUCED BY ANY SALES OUTSIDE OF EAI'S NET AREA MULTIPLIED BY THE DIFFERENTIAL (\$/kWh) BETWEEN EAI'S AVOIDED COST AND EAI'S GRAND GULF FUEL CHARGE

DPE - ENERGY EXPENSE DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS

MSEK - REVENUES FROM SALE OF ENERGY TO ENTERGY POWER POOL

SSER - REVENUES FROM SALE OF ENERGY TO UTILITIES OUTSIDE THE ENTERGY SYSTEM AS ADJUSTED TO ELIMINATE ANY RETAIL GRAND GULF PHASE-IN EFFECTS AND AS REDUCED BY ANY MARGIN ON SALES FROM EAI'S GRAND GULF RETAINED SHARE

NKWH - NET ENERGY ASSOCIATED WITH NET ENERGY COST (NEC)

$NKWH \cdot NAR \cdot CG \cdot (DE \cdot COP) \cdot 1.09 \cdot CU$

WHERE:

NAR - EAI NET AREA ENERGY REQUIREMENT

CG - CO-GENERATION ENERGY NOT INCLUDED IN "NAR"

DE - ENERGY INCLUDED IN "NAR" THAT IS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS INCLUDING ENERGY FROM CUSTOMER RESOURCES CO-OWNED WITH EAI

COP - DEDICATED ENERGY INCLUDED IN "DE" THAT IS PURCHASED BY EAI FROM CUSTOMERS

CU = COMPANY USE ENERGY

NOTE: (1) THE FUEL AND PURCHASED ENERGY RATE SHALL BE RECALCULATED EACH MONTH BASED ON THE ACTUAL COSTS AND ASSOCIATED ENERGY FOR THAT MONTH

Schukar Affidavit, Attachment 1.⁶

AmerenUE understands that Respondents have been charging AmerenUE an allocated portion of the Equalization Payments under the PE (purchased energy) component of the FPER rate formula, which is defined as "Purchased Energy Expense Charged to Account 555." *Id.* at P 8. However, this provision only allows for the recovery of purchased energy expense. While the Commission has authorized the FOCs to reflect the costs of any Equalization Payments in Account 555, *see* November 17 Order at P 31, the PE component of FPER rate formula does not allow EAI to pass-through or recover the Equalization Payments, which are not a purchased energy expense.

⁶ AmerenUE has corrected the spelling of the word "purchased" in the formula for the PE component.

Significantly, while the Commission's Uniform System of Accounts recognizes that Account 555 - "Purchased Power" encompasses different cost categories, including the cost of purchased power for resale, spinning reserve capacity costs, net settlements for the exchange of electricity or power, etc., *see* 18 C.F.R. Part 101, Account 555 instructions, the PE component of the rate formula only allows for the recovery of purchased energy expense.

Furthermore, it is clear from the Commission's orders that the Equalization Payments are not purchased energy expenses. In Opinion No. 480-A, the Commission found that the Equalization Payments represented net settlements for the exchange of energy and for transactions under pooling arrangements that could be included in Account 555. *See* Opinion No. 480-A at P 106. These are not costs EAI has incurred to purchase energy; instead these are payments EAI must provide to other EOCs because EAI's production costs were lower than the Entergy system average production costs by more than the 11 percent bandwidth. Moreover, rather than consisting of purchased energy expense only, the Equalization Payments *can* include capacity and energy costs, even if both are charged to Account 555. November 17 Order at P 32.

In addition, the fact that the Commission in its November 17 Order required the EOCs to separately break out this category of costs in Account 555 from other costs for purposes of the Equalization Payments shows that the Commission did not view the Equalization Payments as the same as an energy expense. November 17 Order at PP 27, 31-32. This transparency would not have been required if the Commission intended for the Equalization Payments to be classified as, or limited to, purchased energy expense. Moreover, the Equalization Payments are intended to avoid "drastic rate disparities" between the EOCs and achieve a "rough equalization" of the EOCs' overall *production*

costs. See Opinion No. 480 at P 144. Especially in instances where EAI must make a payment to the other EOCs because its costs were below the system average cost, such payment does not represent any costs EAI has incurred to purchase energy.

Finally, AmerenUE notes that there are no provisions of the Service Agreement that allow for the recovery of the Equalization Payments. None of the other components of the FPER rate formula allow for the recovery of such costs, and Respondents have not sought to recover these costs under any component of the FPER rate formula other than PE. Additionally, and as noted above, the Service Agreement establishes a fixed monthly charge of \$11.25/kW-month for capacity and does not allow for the recovery of capacity costs through the FPER nor does it permit recovery of the Equalization Payments since the capacity charges are fixed.⁷

B. Recovery Of The Equalization Payment Costs Through The Service Agreement Is Contrary To The Parties' Intent In Developing The Service Agreement.

Just as it is certain that recovery of the Equalization Payment costs is contrary to the Service Agreement's plain language, it is also clear that any such cost recovery is contrary to the Service Agreement's intent. As explained by Mr. Schukar, the Service Agreement replaced a predecessor agreement between the parties entered into in 1991

⁷ As noted above, the Commission has characterized the Equalization Payments as reflecting both energy and capacity production cost components. November 17 Order at PP 27, 31. However, in the Docket No. ER07-956 proceeding, Respondents have taken the position that "no component of" EAI's Equalization Payment costs "can be attributed to disparities in fixed production costs." See Response of Entergy Services, Inc. to FERC Staff Data Request Question 1-2(c), page 3 of 4. This data response was provided as Exhibit No. AMN-10 to AmerenUE's February 4, 2008 prepared direct testimony filed in that case and is included as Exhibit II hereto.

("1991 Agreement").⁸ Schukar Affidavit at P 12. While the 1991 Agreement contained certain peaking rates, one of the key changes agreed to in the Service Agreement was the removal of these rates in order to protect AmerenUE from the certainty of energy cost increases attributable to the peaking resources. *Id.* Instead, the peaking rate was rolled into the base rate for both the capacity and energy charges under the Service Agreement. *Id.* The Service Agreement also increased the amount of capacity to be taken from 160 MW to 165 MW, and reflected a relatively high fixed capacity charge of \$11.25/kW-month associated with base resources. *Id.* at PP 12-13.

As Mr. Schukar explains, the changes from the 1991 Agreement as implemented in the current Service Agreement, and this treatment of the Service Agreement as a base load resource with a relatively high fixed capacity charge, show the Service Agreement is intended to provide AmerenUE with energy prices typical of base resources and certainty and protection against any large energy-related price increases such as those associated with the natural gas-fired combined-cycle generation of peaking resources. *Id.*

Moreover, the Service Agreement requires capacity to be delivered to AmerenUE at the White Bluff 500 kV transmission bus unless that capacity is unavailable. Service Agreement, Section 2.3. This provision shows that the parties' intent was that AmerenUE would be served primarily from the White Bluff facility rather than from the Entergy system as a whole. This undermines any claim that AmerenUE should be forced to pay any portion of EAI's Equalization Payments made to the other FOCs.

⁸ The 1991 Agreement was entered into between Union Electric Company and Arkansas Power & Light Company, AmerenUE's and EAI's predecessors respectively.

C. Quantification Of Harm.

Consistent with section 385.206(b)(4) of the Commission's regulations, 18 C.F.R. § 385.206(b)(4), and as indicated above, AmerenUE states that Respondents have collected from AmerenUE approximately \$14.5 million associated with calendar year 2006 through the unauthorized inclusion of the Equalization Payments in the Service Agreement's FPER. These amounts were reflected in invoices for the months July 2007 through January 2008. Respondents can be expected to attempt to recover from AmerenUE an allocated portion of any future Equalization Payments EAI is obligated to provide in the future and for any periods authorized in the proceedings on remand. The amount of such payments, and the costs that Respondents may attempt to recover for AmerenUE, most likely will vary from year-to-year due to changes in the amount of the Equalization Payment costs, and the load to which these costs are allocated. However, AmerenUE expects that EAI will continue to be required to make Equalization Payments during most or all of the period during which the Service Agreement remains in effect.

As of this point, Respondents have not provided AmerenUE with a precise breakdown of the amount of Equalization Payment costs reflected in EAI's invoices to AmerenUE to date, and AmerenUE has been unable to ascertain this amount in the Docket No. ER07-956 proceeding. However, based on the drastic increase in the per unit energy charge under invoices issued in July 2007 and beyond, AmerenUE estimates that EAI has sought to recover slightly more than \$2 million in costs associated with the Equalization Payments in each of the seven monthly invoices beginning with the July 5, 2007 invoice, for service provided in the months June 2007 through December 2007, for an aggregate amount of approximately \$14.5 million. Schukar Affidavit at P 7. The

harm to AmerenUE may be further increased depending on the outcome of the remand proceedings required by the D.C. Circuit's No. 05-1462 Decision.

AmerenUE requests as part of this proceeding or the Docket No. ER07-956 proceeding, that Respondents be required to provide a detailed and transparent accounting showing the extent to which they have sought to recover any portion of the Equalization Payment costs from AmerenUE. AmerenUE reserves the right to contest any such accounting, as appropriate.

In accordance with section 385.206(b)(4) of the Commission's regulations, 18 C.F.R. § 385.206(b)(4), AmerenUE states that, to the best of its knowledge at this time, this Complaint does not present any operational or nonfinancial impacts.

D. Respondents Should Be Obligated To Refund With Interest All Amounts Collected From AmerenUE In Violation Of The Service Agreement.

AmerenUE further requests that the Commission require Respondents to provide refunds with interest for any amounts collected in violation of the Service Agreement. While FPA section 206 generally establishes a refund date no earlier than the date a complaint is filed, 16 U.S.C. § 824c(b), the Commission has held that refunds for periods prior to the filing of a complaint are appropriate when, as here, such refunds are necessary to enforce the filed tariff provisions. *See N.Y. Power Auth. v. Consol. Edison Co.*, 116 FERC ¶ 61,240, at P 21 (2006) (in ordering retroactive relief for violations of filed rate schedule, Commission was not changing any rate on file, but was enforcing the filed rates, terms and condition of the relevant rate schedules). Accordingly, the Commission should require Respondents to provide refunds with interest calculated pursuant to 18 C.F.R. § 35.19a for all amounts unlawfully collected or invoiced on or after July 5, 2007. This is the date of the first invoice in which EAI unlawfully billed

AmerenUE for the Equalization Payment costs. Such refunds would also include any amounts billed for periods prior to 2006 as a result of any proceedings resulting from the No. 05-1462 Decision.

Finally, this Complaint raises issues similar to those raised by AmerenUE in the Docket No. ER07-956 proceeding and issues that may be raised in any proceedings on remand resulting from the No. 05-1462 Decision. AmerenUE requests that the Commission hold this Complaint in abeyance until the date that the Commission issues an order on the merits in Docket No. ER07-956, or order consolidation of all of these proceedings so that all issues regarding the appropriate recovery of the Equalization Payments under the Service Agreement can be addressed in one comprehensive proceeding. AmerenUE notes that there have been at least two other complaints filed against the Entergy companies arising out of the Docket No. ER07-956 proceeding. See *La. Pub. Serv. Comm'n v. Sys. Energy Resources, Inc.*, Docket No. FI.08-50 (filed March 31, 2008) and *La. Pub. Serv. Comm'n v. Entergy Corp.*, Docket No. FI.08-51 (filed March 31, 2008).

E. Statement Regarding Informal Dispute Resolution.

Consistent with section 385.206(b)(9) of the Commission's regulations, 18 C.F.R. § 385.206(b)(9), AmerenUE states that other than settlement discussions that occurred in Docket No. ER07-956, it has not engaged in informal or alternative dispute resolution ("ADR") procedures, nor has AmerenUE contacted the Commission's Enforcement Hotline or Dispute Resolution Service. Given the outcome of Docket No. ER07-956 settlement discussions, AmerenUE does not believe that the use of ADR procedures is likely to be successful.

III. ADDITIONAL INFORMATION.

A. Communications.

AmerenUE requests that all correspondence, communications, pleadings, and other documents related to this proceeding be addressed to the following persons:

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B. Service Of Complaint.

Consistent with section 385.206(c), 18 C.F.R. § 385.206(c), AmerenUE states that copies of this Complaint have been served on the following parties simultaneously with the filing of this Complaint:

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consolidation of these two proceedings, as well as any related proceedings resulting from the No. 05-1462 Decision.

Respectfully submitted,

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April 30, 2008

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Exhibit I

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Union Electric Company,)	Docket No. EL08-_____
Complainant)	
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v.)	
Entergy Arkansas, Inc. and)	
Entergy Services, Inc.,)	
Respondents)	

**AFFIDAVIT OF
SHAWN E. SCHUKAR**

1. My name is Shawn E. Schukar. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103. I am employed by Ameren Services Company ("Ameren Services") as Vice President, Strategic Initiatives. Ameren Services provides shared services and support for the subsidiaries of Ameren Corporation ("Ameren"). My current duties as Vice President, Strategic Initiatives include coordinating corporate activities associated with climate change and regional transmission organizations, and other key corporate strategic initiatives.

2. This affidavit is intended to provide background and support for the complaint being filed today ("Complaint") by Union Electric Company (d/b/a AmerenUE or "AmerenUE") against Entergy Arkansas, Inc. ("EAI") and Entergy Services, Inc. ("Entergy Services," and collectively "Respondents"). In that Complaint, AmerenUE seeks an order from the Federal Energy Regulatory Commission ("Commission") compelling EAI and Entergy Services to adhere to the rates, terms and conditions of an existing "Service Agreement between Entergy Arkansas, Inc. and Union

Electric Company d/b/a AmerenUE” (“Service Agreement”) and to cease assessing AmerenUE a charge that is contrary to that agreement. A copy of the Service Agreement is included as Attachment 1 to my affidavit.

3. The Service Agreement is a long-term power sales agreement between EAI and AmerenUE that is on file with the Commission. The Service Agreement was entered into under EAI’s Rate Schedule SP and requires EAI to provide AmerenUE with 165 megawatts (“MW”) of capacity and energy as specified in the agreement. Service Agreement, section 2.3. The currently effective Service Agreement was filed with and accepted by the Commission in Docket No. ER99-2731, and replaced a prior “Agreement for Wholesale Power Service” between AmerenUE and Arkansas Power & Light Company (“APL”) executed on March 12, 1991, as amended (“1991 Agreement”). A copy of the 1991 Agreement is included as Attachment 2.
4. The Service Agreement establishes a fixed monthly charge of \$11.25/kW-month for capacity. Service Agreement, section 4.2. The Service Agreement also utilizes a formulaic Fuel and Purchased Energy Rate (“FPER”) to determine the energy rate that is set forth in Appendix A to the Service Agreement. *Id.* section 4.3 and Appendix A. The PE (purchased energy) component of the FPER rate formula allows for the recovery of “PURCHASED ENERGY EXPENSE CHARGED TO

ACCOUNT 555.”¹ Notably, the PE component does not allow for the recovery of any other expenses that are charged to Account 555.

5. The Complaint arises from Respondents’ efforts to recover from AmerenUE a portion of certain rough production cost equalization payments (“Equalization Payments”) EAI was obliged to provide to the other Entergy Operating Companies (“EOCs”) under the Service Agreement despite the fact that such cost recovery is not permitted by the Service Agreement. The obligation of the EOCs to provide Equalization Payments to each other arose in Opinion Nos. 480 and 480-A, in which the Commission, in response to a complaint filed by the Louisiana Public Service Commission, found the existing methodology for the allocation of production costs among the EOCs was no longer just and reasonable. As a result, the Commission adopted a +/- 11 percent numerical bandwidth in order to maintain “rough production cost equalization” among the EOCs. The Commission later stated that the EOCs could record the costs of any Equalization Payments or amounts of any Equalization Payments received in Account 555.

6. While AmerenUE does not object to the transfer of Equalization Payments between the EOCs, AmerenUE does object to the recovery of any portion of such costs from AmerenUE under the Service Agreement. EAI first began to charge AmerenUE an allocated portion of its Equalization Payment costs on July 5, 2007, when it sent AmerenUE a bill for service

¹ I have corrected the spelling of the word “PURCHASED” from the Service Agreement.

under the Service Agreement for June 2007. A copy of this invoice is included as Attachment 3 hereto and reflects approximately \$2 million in Equalization Payment costs. This constituted a substantial increase in the charges under the Service Agreement compared to the energy charge and total charge reflected in the invoices AmerenUE received from EAI before July 2007. These earlier invoices are included as part of Attachment 3.

7. Other invoices were issued in the months of August 2007, through January 2008, for service provided in the months of July 2007, through December 2007. Each of the invoices included additional monthly charges of approximately \$2 million attributable to the portion of the Equalization Payment costs allocated to AmerenUE, for a total amount billed to AmerenUE to date of approximately \$14.5 million. This billing of AmerenUE for any portion of EAI's Equalization Payment costs is contrary to the Service Agreement's express terms, and AmerenUE objects to Respondents' efforts to recover these costs through the Service Agreement through the PE component of the FPER.
8. The FPER formula rate is defined as EAI's net energy cost for the current billing month ("NEC") divided by EAI's net energy associated with the NEC. In calculating the monthly NEC, the formula includes various line items. Of particular relevance here, the formula includes a line item for "PE" or "Purchased Energy Expense Charged to Account 555." AmerenUE understands that Respondents' view the "PE" component of the FPER formula as the "hook" for including an allocated portion of EAI's Equalization Payments from the bandwidth formula under Opinion

Nos. 480 and 480-A in AmerenUE's energy rate under the Service Agreement. This position ignores the plain language of the Service Agreement and is contrary to that agreement. The FPER formula in the Service Agreement establishes a specific category of Account 555 costs that may be recovered. It clearly states that the amount charged to Account 555 to be included in the "PE" component must be for "Purchased Energy Expense." Payments made to the EOC's are not a "Purchased Energy Expense" of serving AmerenUE.

9. I also note that the Commission has recognized that that the Equalization Payments could include both capacity and energy production cost component costs. However, as I stated above, the Service Agreement establishes a fixed monthly charge of \$11.25/kW-month for capacity, and does not allow for recovery of capacity costs through the PFER rate formula or PE component.
10. As of this point, Respondents have not provided AmerenUE with a precise breakdown of the costs reflected in the PE component, so AmerenUE is not aware of the exact magnitude of the costs EAI has attempted to recover. However, based on an examination of historical charges and current usage patterns, AmerenUE has determined that EAI invoiced AmerenUE slightly over \$2 million of Equalization Payment costs in each of the seven invoices issued in July 2007 through January 2008 (for service provided during the months of June 2007 through December 2007).

11. I would also state that in addition to being contrary to the express terms of the Service Agreement, any allocation of these Equalization Payment costs to AmerenUE is inconsistent with the parties' intent and purpose when entering into the currently effective Service Agreement. There are a number of factors that support this conclusion.
12. The first factor is comparing the Service Agreement to its predecessor 1991 Agreement. Specifically, the predecessor 1991 Agreement was revised to remove peaking rates in order to protect AmerenUE from known energy cost increases to its energy and capacity rates attributable to peaking resources. In 1991, AmerenUE and APL entered into the predecessor wholesale electric power service agreement that provided for 160 MW of capacity and energy. See Attachment 2, Section 4.1. Consistent with the service being provided, the 1991 Agreement, as amended, included both a peaking rate along with a base rate for both the capacity and energy charges. In 1999, the 1991 Agreement came up for discussion between the parties. As a result of these discussions, AmerenUE negotiated with EAI to renew the agreement, and these negotiations resulted in certain revisions to the 1991 Agreement, as amended. In particular, the amount of service was increased to 165 MW in consideration for losses and the agreement was extended through 2008. At that time, AmerenUE prepared a document summarizing the differences between the 1991 Agreement, as amended, and the revised agreement that became the currently effective Service Agreement in 1999. See Attachment 4. As shown in the analysis, the peaking rate was rolled

into the base rate for both the capacity and energy charges under the Service Agreement.

13. The peaking rate was eliminated to recognize that the 165 MW of wholesale electric power service constitutes a base load type resource for AmerenUE to meet its load service obligations. Moreover, as discussed earlier and reflected in the 1999 analysis, the parties agreed to a fixed capacity charge of \$11.25/kW-month. The combination of a base load resource and this relatively high fixed capacity charge was intended to provide AmerenUE with energy price certainty and protection against any large price increases such as those associated with the natural gas-fired generation of peaking units. Respondents' efforts to recover a portion of the Equalization Payment costs through the Service Agreement's PE component are contrary to both this intent and the Service Agreement's plain language.

14. This concludes my affidavit.

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Union Electric Company,)	Docket No. EL08-_____
Complainant)	
)	
v.)	
)	
Entergy Arkansas, Inc. and)	
Entergy Services, Inc.,)	
Respondents)	

Shawn E. Schukar, being first duly sworn, deposes and states that he is the Shawn E. Schukar referred to in the document entitled "Affidavit of Shawn E. Schukar," that he has read the same and is familiar with the contents thereof, and that the facts set forth therein are true and correct to the best of his knowledge, information, and belief in this proceeding.

Shawn E. Schukar

Subscribed and sworn to before me, the undersigned notary public, this 25th day of April, 2008.

Debra K. Patterson

Notary Public

My Commission expires: _____



Attachment 1

Docket No.: ER99-2731-000
Company: Entergy Operating Co.
Service Agreement No.: 38
Under FERC El. Tariff No.: 1R4
Filing Date: 4-30-99
Effective Date: 4-1-99

**SERVICE AGREEMENT
BETWEEN
ENTERGY ARKANSAS, INC.
AND**

**UNION ELECTRIC COMPANY d/b/a AMEREN UE
MARKET RATE (SCHEDULE SP) SALES**

THIS AGREEMENT, terminates, replaces and supersedes the AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE dated March 12, 1991, between UNION ELECTRIC COMPANY and ARKANSAS POWER & LIGHT COMPANY, is made and entered into this 1st day of April, 1999, by and between ENTERGY ARKANSAS, INC. (hereinafter referred to as "EAI") and UNION ELECTRIC COMPANY d/b/a AMEREN UE ("Ameren"), an electric utility under applicable Federal and/or state laws, collectively referred to as the "Parties" and singularly as "Party".

In consideration of mutual benefits from the covenants herein set forth, EAI and Ameren do hereby agree as follows:

Section 1. TERM OF SERVICE AGREEMENT

The AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE dated March 12, 1991, between UNION ELECTRIC COMPANY and ARKANSAS POWER & LIGHT COMPANY, is hereby terminated effective on April 1, 1999.

The term of this Service Agreement shall commence as of April 1, 1999 and shall terminate December 31, 2008. Thereafter, this Service Agreement shall continue for successive

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annual terms until terminated by either Party upon sixty (60) months prior written notice to the other Party, or as provided in Section 5.3.

Section 2. SERVICE(S) TO BE PROVIDED

2.1 EAI will provide service under Rate Schedule SP in accordance with the terms of that Rate Schedule and this Service Agreement. To the extent that the terms of this Agreement and Rate Schedule SP conflict, the terms of this Agreement shall prevail. This Service Agreement will be filed with the Federal Energy Regulatory Commission ("FERC").

2.2 Pursuant to Section E of the Terms and Conditions of Rate Schedule SP, transmission and ancillary services to effectuate power sale transactions under Rate Schedule SP and this Service Agreement shall be obtained by Ameren. Such service will be pursuant to Entergy's Pro Forma Open Access Tariff, or its successor, as required. Ameren shall have the roll over rights associated with the transmission service provided under the AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE dated March 12, 1991 between UNION ELECTRIC COMPANY and ARKANSAS POWER & LIGHT COMPANY which this Agreement terminates, replaces and supersedes.

2.3 EAI shall provide, at the White Bluff Steam Electric Station 500 kV transmission bus, 165,000 kW of Capacity from the effective date of this agreement until this agreement is terminated. When capacity from White Bluff Steam Electric Station is unavailable EAI shall select and provide this capacity at another available generator bus, unless otherwise constrained as described in Section 3.1, herein.

2.4 The monthly energy (kWh) to be applied to the Fuel and Purchased Energy Rate shall be the total energy scheduled under this Agreement at the White Bluff Steam Electric Station 500 kV transmission bus.

Section 3. SERVICE CONDITIONS

3.1 Curtailment of Power Supply: EAI shall have the right to curtail delivery of any portion or all of the power it may be providing to Ameren at any time under this Agreement but only in the event EAI would otherwise have to curtail service to its firm retail or firm wholesale customers. EAI agrees to provide as much advance notice as possible to Ameren in the event such curtailment becomes probable.

Section 4. BILLING AND PAYMENTS

4.1 Bills for amounts due to EAI hereunder rendered shall be submitted, and payment shall be due, in accordance with the terms of Rate Schedule SP.

4.2 The Capacity Rate shall be \$11.25/kW-month and remain at this level.

4.3 The Energy Rate shall be the Fuel and Purchased Power Energy Rate (FPER), as contained in Appendix A.

Section 5. MISCELLANEOUS PROVISIONS

5.1 Force Majeure: In case either Party should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and

imposed upon the Parties by this Agreement by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, storm, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or judge granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, demands or priorities of governmental and administrative agencies or bodies, explosion, act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect; then such Party shall not be liable to the other Party for or on account of any loss, damage, injury, or expense (including consequential or incidental damages and cost of replacement power) resulting from or arising out of such delay or prevention; provided, however, that such Party shall use due and, in its judgment, practicable diligence to remove the cause or causes thereof; and further provided, that neither Party shall be required by the foregoing provisions to settle a strike or other labor dispute except when, according to its own best judgment, such a settlement is deemed advisable.

5.2 Responsibility and Indemnification: With regard to transactions pursuant to this Agreement, each Party hereto agrees to operate and maintain its electrical equipment or conduct its operations with reasonable diligence and care and in accordance with prudent utility practices. EAI and Ameren each expressly agree to defend, indemnify and save harmless the other and their respective servants, agents, employees and representatives from and against any and all claims, demands, costs, or expense (including attorney's fees) for loss, damage, or injury to any person, property, including environmental damage, or interest arising out of or in any way related to this Agreement to the extent such loss, damage, or injury is proximately caused by negligent or willful

act or omissions of the indemnifying party. This Agreement in no way creates a contractual relationship of one Party with the customers of the other Party; neither does it create a duty thereto. Neither party is liable for consequential or incidental damages to their respective customers which includes loss of production and/or revenue.

5.3 Regulation: EAI and Ameren recognize that this Service Agreement must be filed with the FERC. If this Service Agreement is substantially changed by the FERC, either party, if adversely affected thereby, may in its sole judgment, request that negotiations be reopened to address the changes mandated by FERC. Both Parties shall then negotiate in good faith in an attempt to alleviate said adverse effects. Such request shall be made, in writing, within thirty (30) days of a final decision (after Request for Rehearing) of the FERC, and negotiations shall commence within seven days of such request. If, after fourteen (14) days of negotiations, the parties are unable to reach a settlement, the party adversely affected shall have the right to submit the issue to arbitration. Such arbitration shall be held in Little Rock, Arkansas, under the rules of the American Arbitration Association. Such arbitration shall be binding upon the Parties, and judgement may be entered in any court having jurisdiction. If the arbitration decision requires FERC approval, and such approval, is denied by FERC, the parties shall again negotiate in good faith pursuant to the timetable set out above. However, if at the end of that negotiation, no agreement is reached, the Parties may terminate the agreement without penalty, in which case the March 12, 1991 Agreement shall continue in effect.

5.4 Creditworthiness: Either Party may request Adequate Assurance of the other Party's ability to perform its future obligations under this Agreement should the creditworthiness

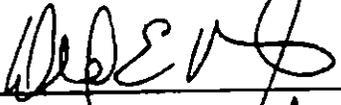
or financial responsibility of either Party become unsatisfactory to the other Party, as a result of, (i) a reduction in the Credit Rating of either Party by either Standard & Poor's Corporation or its successors ("S&P") to below "BBB" or by Moody's Investors Service, Inc. or its successors ("Moody's") to below "Baa2"; or (ii) an event of bankruptcy or insolvency of either Party; or (iii) failure to make any payments or deliveries, except as provided for herein, under this Agreement when due. "Adequate Assurance" shall mean proof of ability to perform in the form (at the choice of the requesting Party) of (i) a standby irrevocable letter of credit from an entity satisfactory to the requesting Party, (ii) a guaranty from a creditworthy third party entity, all in form, amount and substance acceptable to the requesting Party, or (iii) other acceptable collateral as determined between both Parties.

5.5 Successors and Assigns: This Agreement shall bind and inure to the benefit of the Parties hereto, their successors and assigns, only with the prior written consent of the Parties. Such consent shall not be unreasonably withheld or withheld to prevent this Agreement from binding or inuring to the benefit of the surviving entity in any corporate reorganization, merger, consolidation, or acquisition involving a Party in which the Party is not a surviving entity.

5.6 Representations and Warranties: Each Party warrants that it has the corporate power and authority to execute, deliver, and perform all the terms and provisions of this Service Agreement.

IN WITNESS WHEREOF, the Parties caused this Agreement to be executed as of the day and year first above written by their duly authorized representatives.

Union Electric Company (Ameren UE)



Title: Senior Vice President

Date: 4/15/99

Entergy Arkansas, Inc.



Title: President/CEO

Date: 4/8/99

Appendix A

FUEL AND PURCHASED ENERGY RATE

FPER = FUEL AND PURCHASED ENERGY RATE (\$/kWh)

FPER = NEC / NKWH

WHERE:

NEC = NET ENERGY COST DURING THE CURRENT BILLING MONTH

NEC = FE + PE + RDIF - DPE - MSER - SSER

WHERE:

FE = FUEL EXPENSE (ACCOUNTS 501, 518, AND 547)

PE = PURCHASED ENERGY EXPENSE CHARGED TO ACCOUNT 555

RDIF = EAI'S GRAND GULF RETAINED SHARE ENERGY AS REDUCED BY ANY SALES OUTSIDE OF EAI'S NET AREA MULTIPLIED BY THE DIFFERENTIAL (\$/kWh) BETWEEN EAI'S AVOIDED COST AND EAI'S GRAND GULF FUEL CHARGE

DPE = ENERGY EXPENSE DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS

MSER = REVENUES FROM SALE OF ENERGY TO ENTERGY POWER POOL

SSER = REVENUES FROM SALE OF ENERGY TO UTILITIES OUTSIDE THE ENTERGY SYSTEM AS ADJUSTED TO ELIMINATE ANY RETAIL GRAND GULF PHASE-IN EFFECTS AND AS REDUCED BY ANY MARGIN ON SALES FROM EAI'S GRAND GULF RETAINED SHARE

NKWH = NET ENERGY ASSOCIATED WITH NET ENERGY COST (NEC)

NKWH = NAR + CG - (DE - COP) - 1.09 * CU

WHERE:

NAR = EAI NET AREA ENERGY REQUIREMENT

CG = CO-GENERATION ENERGY NOT INCLUDED IN "NAR"

DE = ENERGY INCLUDED IN "NAR" THAT IS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS INCLUDING ENERGY FROM CUSTOMER RESOURCES CO-OWNED WITH EAI

COP = DEDICATED ENERGY INCLUDED IN "DE" THAT IS PURCHASED BY EAI FROM CUSTOMERS

CU = COMPANY USE ENERGY

NOTE:

- (1) **THE FUEL AND PURCHASED ENERGY RATE SHALL BE RECALCULATED EACH MONTH BASED ON THE ACTUAL COSTS AND ASSOCIATED ENERGY FOR THAT MONTH**

Attachment 2

AGREEMENT
FOR
WHOLESALE POWER SERVICE
BETWEEN
ARKANSAS POWER & LIGHT COMPANY
AND
UNION ELECTRIC COMPANY

AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE
TABLE OF CONTENTS

<u>ARTICLE</u>	<u>TITLE</u>	<u>PAGE</u>
1	TERM OF AGREEMENT	2
2	AP&L'S OBLIGATIONS TO DELIVER POWER	2
3	UE'S OBLIGATIONS	3
4	CONTRACT CAPACITY	4
5	RATES AND BILLING	5
6	FORCE MAJEURE	16
7	RESPONSIBILITY OF PARTIES	17
8	WAIVERS	17
9	ASSIGNMENT	18
10	NOTICES	18
11	REGULATORY APPROVAL	19
12	ENTIRE AGREEMENT	19
APPENDIX A	ENERGY RATE	
APPENDIX B	RATE FORMULAS	
APPENDIX C	TRANSMISSION LOSS FACTOR	

AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE

THIS AGREEMENT FOR WHOLESALE ELECTRIC POWER SERVICE (hereinafter called "Agreement"), made and entered into this 12th day of MARCH, 1991 by and between UNION ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Missouri (hereinafter called UE) and ARKANSAS POWER & LIGHT COMPANY, a corporation organized and existing under the laws of the State of Arkansas (hereinafter called AP&L).

WITNESSETH THAT:

WHEREAS, AP&L is engaged in the business of generating, purchasing, transmitting and distributing electric capacity and energy in, among other places, various parts of the State of Arkansas; and

WHEREAS, AP&L and UE have entered into a Contract for Purchase and Sale of Certain Assets and Real Estate and Assignment of Easements, Leases and Licenses dated July 31, 1990 (Sale Contract) and

WHEREAS, AP&L, UE and Associated Electric Cooperative, Inc. are parties to an Interchange Agreement dated April 11, 1977 and last amended on June 27, 1984 (3-Party EHV Agreement); and

WHEREAS, under the terms of the above referenced Sale Contract, UE agrees to purchase certain quantities of capacity and energy from AP&L at wholesale; and

WHEREAS, under the terms of the above referenced Sale Contract, AP&L agrees to sell UE the specified quantities of capacity and energy;

NOW, THEREFORE, UE and AP&L, in consideration of the mutual promises and covenants herein contained, do hereby agree as follows:

ARTICLE 1 TERM OF AGREEMENT

The effective date of this Agreement shall be the day following the Closing Date as defined in the Sale Contract. The Agreement shall have a primary term of ten years from its effective date. UE shall have the right to extend the Agreement for an additional period of six (6) years beyond the primary term by giving AP&L written notice at least 36 months prior to the end of the primary term. If the Agreement is so extended by UE, it shall then remain in effect beyond the six (6) year extension period on a year-to-year basis until cancelled by either party upon at least sixty (60) months prior written notice.

In the event any of the regulatory approvals required for closing the Sale Contract is reversed or substantially modified by a court order so as to require or permit the termination of the Sale Contract after the Closing Date, as that date is defined in the Sale Contract, then both parties shall have the unilateral right to terminate the effectiveness of both this Agreement and the Sale Contract by giving the other party thirty (30) days written notice.

ARTICLE 2 AP&L'S OBLIGATIONS TO DELIVER POWER

2.1 The term "power" as used in this Agreement shall mean electric capacity (KW) and energy (KWH).

2.2 AP&L shall make power available to UE under this Agreement in the quantities set out in Article 4 subject to the limitations set forth herein.

2.3 AP&L agrees that it will plan for and maintain facilities capable of delivering the capacity provided for in Article 4, except in the case of Force Majeure as provided for in Article 6 below.

2.4 Power to be delivered under this Agreement shall be delivered at AP&L's points of interconnection with UE as defined in the above referenced 3-Party EHV Agreement (Interconnection Points).

2.5 At least five (5) days prior to the first day of each month AP&L will provide UE its best estimate of the Fuel and Purchased Energy Rate, or the Energy Rate, as defined in Articles 5.1 and 5.2, respectively, whichever may be applicable, for the coming month. Further, AP&L agrees to notify UE on a best efforts basis if the actual Fuel and Purchased Energy Rate (or Energy Rate) for any month is anticipated to exceed the estimate for that month by more than \$0.002/Kwh, or, if a significant event occurs which may substantially impact the price or availability of energy for that or future months.

ARTICLE 3 UE'S OBLIGATIONS

3.1 During the term hereof, and under the terms and conditions set forth herein, UE will purchase power from AP&L in the quantities and under the terms set out in Articles 4 & 5 and will receive the power at the Interconnection Points.

3.2 UE shall provide a schedule of power to be delivered under this Agreement to Entergy Corporation's System Operation Center (SOC) a minimum of sixteen (16) hours in advance of such delivery, unless otherwise agreed by the SOC. UE shall have the right to request alteration of scheduled power on an hour by hour basis. However, permission to make such an alteration shall be at the sole discretion of the SOC, but shall not be unreasonably withheld.

ARTICLE 4 CONTRACT CAPACITY

4.1 The term "Base Capacity" as used herein shall mean the simultaneous maximum capacity (KW) AP&L is obligated to deliver at the Interconnection Points on a 60-minute basis during the term of this Agreement exclusive of Peaking Capacity as defined in Article 4.2 below. On the effective date of this Agreement the Base Capacity shall be 120,000 KW and shall remain at that level during the primary term of this Agreement. If UE elects to extend the Agreement pursuant to the provisions of Article 1 above, UE may increase the Base Capacity up to 160,000 KW during the extension period by designating such increased Base Capacity amount in its extension notice. However, in no event shall the Base Capacity be less than 120,000 KW during such extension period.

4.2 The term "Peaking Capacity" as used herein shall mean the additional simultaneous capacity (KW) above the Base Capacity AP&L is obligated to deliver at the Interconnection Points on a 60-minute basis. On the effective date of this Agreement the Peaking Capacity shall be zero (0) KW. On January 1, 1995 the Peaking Capacity shall increase to 40,000 KW and remain at that level during the remainder of the primary term of this Agreement. If UE extends this Agreement pursuant to the provisions of Article 1, the Peaking Capacity shall be zero (KW) during such extension period. UE shall be required to take or pay for certain quantities of energy associated with the Peaking Capacity as provided for in Article 5.1.3.4 (Peaking Energy).

4.3 The maximum amount of capacity AP&L shall be obligated to deliver to the Interconnection Points on a simultaneous 60-minute basis at any time under this Agreement shall be the sum of the then currently effective Base Capacity and the then currently effective Peaking Capacity. AP&L agrees to

supply power up to this level for delivery to UE as scheduled by UE pursuant to Article 3.2 above.

4.4 Curtailment of Power Supply

AP&L shall have the right to curtail delivery of any portion or all of the power it may be providing to UE at any time under the Agreement but only in the event AP&L would otherwise have to curtail service to its firm retail or firm wholesale customers. AP&L agrees to provide as much advance notice as possible to UE in the event such curtailment becomes probable.

ARTICLE 5

RATES AND BILLING

5.1 Primary Term

5.1.1 Base Rates

AP&L and UE agree that the rates used to determine the amounts which UE shall pay to AP&L during the primary term of this Agreement for production service, transmission service, and energy associated with Base Capacity as described in Article 4 above will consist of a fixed rate of \$13.25/KW - month (Demand Rate) together with the Fuel and Purchased Energy Rate (FPER), as contained in Appendix A, and shall be referred to collectively hereafter as Base Rates. The Base Rates shall be applied each month to the corresponding billing determinants as defined in Article 5.1.3, to determine the amounts UE shall pay to AP&L for Base Capacity and for all energy delivered except energy associated with the Peaking Capacity as provided for in Article 5.1.3.4.

5.1.2 Peaking Rates

AP&L and UE agree that the rates used to determine the amounts UE shall pay to AP&L during the primary term of this Agreement for Peaking Capacity and associated Peaking Energy, as defined in Article 4 above, will be as set out in Articles 5.1.2.1 and 5.1.2.2, respectively (Peaking Rates). The Peaking Rates shall be applied each month to the corresponding peaking billing determinants as defined in Articles 5.1.3.3 and 5.1.3.4 below to determine the amounts UE shall pay to AP&L for Peaking Capacity and Peaking Energy.

5.1.2.1 The initial Peaking Capacity Rate to become effective on January 1, 1995, shall be \$2.15/KW-month. This rate shall then be increased on January 1, 1996 and on each January 1 thereafter by multiplying the previously effective Peaking Capacity Rate by 1.03. For billing purposes the parties agree that the Peaking Capacity Rate as determined above in any year shall be increased by a fixed adder of \$1.60/KW-month to cover transmission and certain production costs.

5.1.2.2 The initial Peaking Energy Rate to become effective on January 1, 1995 shall be \$ 0.052/KWH. This rate shall then be increased on January 1, 1996 and on each January 1 thereafter by multiplying the previously effective Peaking Energy Rate by 1.03.

5.1.3 Billing Determinants

5.1.3.1 Base Billing Capacity

The monthly Base Billing Capacity (KW) to be applied to the Demand Rate shall be determined by first determining the larger of a) the currently effective Base Capacity (KW) and b) the difference between the maximum amount of capacity (KW) scheduled by UE under this Agreement during any 60 minute period during the twelve (12) months ending with the current

month and the then currently effective Peaking Capacity (KW). The monthly Base Billing Capacity shall be the amount determined above as increased by a transmission loss factor of 3.12%.

5.1.3.2 Base Billing Energy

The monthly Base Billing Energy (KWH) to be applied to the Fuel and Purchased Energy Rate shall be the total energy scheduled for delivery under this Agreement to the Interconnection Points, less any energy associated with Peaking Capacity as provided for in Article 5.1.3.4 below, as increased by a transmission loss factor of 3.12%.

5.1.3.3 Peaking Billing Capacity

The monthly Peaking Billing Capacity shall be equal to the Peaking Capacity (KW), as increased by a transmission loss factor of 3.12%.

5.1.3.4 Peaking Billing Energy

The Peaking Energy shall be 1200 KWH for each KW of Peaking Capacity in each calendar year. On or before the first workday of each month, UE shall notify AP&L as to the amount of Peaking Energy to be billed for the just completed billing month. In the event UE fails to designate the Peaking Energy in any month, the Peaking Energy for that month is agreed to be zero, except that in December the Peaking Energy shall be the amount necessary to cause the total Peaking Energy for that calendar year to total 1200 KWH per KW of Peaking Capacity.

The Peaking Billing Energy for any billing month shall be the Peaking Energy for that month as increased by a transmission loss factor of 3.12%.

5.2 Extension Period

5.2.1 Rates

AP&L and UE agree that the rates used to determine the amounts which UE shall pay to AP&L during any extension of the primary term of this Agreement for production service, transmission service, and energy associated with Base Capacity as described in Article 4 above will be determined by application of the Monthly Production Demand Rate (MPDR), the Monthly Transmission Demand Rate (MTDR), and the Energy Rate (ER), respectively, as contained in Appendix B (Rates). The Rates shall be applied each month to the corresponding billing determinants, as defined in Article 5.2.7, to determine the amounts UE shall pay to AP&L for Base Capacity and associated energy.

5.2.2 Initial Rates

The Rates which are to be initially effective upon the effective date of any extension of this Agreement shall be determined by applying the Rate Formulas contained in Appendix B to the most currently available calendar year actual data. However, it is understood and agreed that if AP&L begins incurring new production demand costs after the end of the calendar year used for the initial rate determination, then the initial Monthly Production Demand Rate may be modified in the manner provided for in Article 5.2.5 below. The initial Rates shall be submitted to UE as far as possible in advance of the first billing under this Article 5.2 and shall be subject to refund as provided in Article 5.2.4 below.

5.2.3 Annual Redetermination of Rates

The Rates shall be redetermined on or about March 1 of each year based on actual data for the immediately prior calendar year and may be redetermined on an interim basis as provided for in Article 5.2.5 below.

Each year the redetermined Rates shall be submitted to the Federal Energy Regulatory Commission (FERC) pursuant to the procedures set out in Article 5.2.4 below and shall remain in effect for twelve months unless redetermined under the provisions of Article 5.2.5 below.

5.2.4 Informational Filing Requirements

5.2.4.1 On or about March 1 of each year AP&L agrees to provide the FERC and UE with informational schedules, consisting of the following documents, which show the operation of the Formula Rates and the resulting service charges for each year during which the Agreement is in effect:

- 1) Comparison of current and redetermined Rates and revenues
- 2) Development of redetermined Rates
- 3) Supporting workpapers
- 4) Development of redetermined Transmission Loss Factor and supporting workpapers.

The resulting charges will take effect as of March 1 of the year in which the informational schedules are submitted. If the FERC staff or UE, after review of such informational schedules, should determine that a hearing is needed to investigate the cost determinations contained therein, such a hearing may be requested by an appropriate written filing with the FERC within 30 days after AP&L files with the Commission its Form 1 for the prior calendar year. AP&L will provide UE a copy of said Form 1 within two (2) days after it is filed with the FERC. AP&L and UE agree that such a hearing, if instituted by the Commission, will be for the sole purpose of reviewing, pursuant to Section 205 of the Federal Power Act, the data contained in the informational schedules that form the input components of the Formula Rates contained in Appendix B. It is contemplated that in the event the FERC Staff or UE request such a hearing, the FERC may issue an order no later than 30 days after such request establishing procedures under Section 205 of

the Federal Power Act for a hearing. It is further agreed by the Parties that any increases in charges resulting from the operation of the Formula Rates will be subject to refund for the time during which they are effective pending the outcome of such a hearing to determine the justness and reasonableness of such informational schedules, or until it is determined that no such hearing will be instituted, whichever period is shorter. There will be no suspension of such charges if a hearing is ordered.

5.2.4.2 Procedures for Changes to Formula Rates

Either AP&L or UE may propose changes to or elimination of the Rate Formulas contained in Appendix B only in 2004 and every third year thereafter. If AP&L or UE intends to propose changes in any eligible year, it must give written notice no later than December 1 of the year prior to such eligible year. Nothing contained herein shall be construed as affecting in any way AP&L's right to make unilaterally an application in 2004 and every third year thereafter to the FERC or any successor agency, for a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, under Section 205 of the Federal Power Act, or any amendatory or superseding law, and pursuant to FERC's rules and regulations promulgated thereunder. It is understood and agreed that the foregoing provisions give AP&L the right to request a unilateral rate change in 2004 and every third year thereafter, and also the right to implement the proposed rates, subject to refund, on the requested effective date or at the end of any suspension which may be imposed pursuant to Section 205 of the Federal Power Act or any amendatory or superseding law,

under which the regulatory commission may suspend the operation of such schedule and defer the use of such rate. It is further understood that nothing contained herein shall be construed as affecting in any way the right of UE to make unilaterally in 2004 and every third year thereafter an application to the FERC or any successor agency, for a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, under Section 206 of the Federal Power Act, or any amendatory or superseding law, and pursuant to FERC's rules and regulations promulgated thereunder.

5.2.4.3 Staff's Right of Investigation

AP&L and UE agree that the Staff of the FERC will have the right to request an investigation of the Formula Rates contained in this Agreement only in 2004 and every third calendar year thereafter. If the Staff of the FERC should determine that a hearing is needed to investigate the Formula Rates or any component thereof, such a hearing may be requested by an appropriate filing with the FERC prior to May 31 of that year. It is agreed that such a hearing, if instituted by the FERC, will be for the purpose of reviewing, pursuant to Section 205 of the Federal Power Act, the justness and reasonableness of the Formula Rates contained in this Agreement. It is contemplated that in the event the Staff of the FERC requests such a hearing, the FERC may issue an order establishing procedures for such a hearing under Section 205 of the Federal Power Act on or before July 1 of that year. It is further agreed that, in the event the FERC orders such a hearing, any increase in charges resulting from the operation of the Formula Rates in the calendar year 2004 and every third year thereafter will be subject to refund pending the outcome of such a hearing to determine the justness and reasonableness of the Formula Rates. If the

Staff of the FERC determines that an investigation of the Formula Rates is not necessary and does not request a hearing on the justness and reasonableness of the Formula Rates as contained in Appendix B, the Formula Rates will operate in accordance with their terms, subject however, to the right to review the informational schedules, as described in Article 5.2.4.1 of this Agreement.

5.2.5 Interim Redetermination

In the event there are changes in production plant in service (variable PPLT), demand related production D&M expense (variable POMD), or purchased power (variable FPUR) during a year which would increase or decrease AP&L's currently effective MPDR by \$0.25/KW - month or more, AP&L may redetermine the MPDR on an interim basis, if it is an increase, and will redetermine the MPDR, if it is a decrease. In the event such changes occur in these variables, the determination of the change in the MPDR shall be made by recalculating the MPDR to reflect the known or estimated changes in the affected variables (including the variable NCAP if there are directly related capacity changes) on an annualized basis and comparing the resulting rate to the MPDR then in effect. All variables other than PPLT, POMD, FPUR, and NCAP shall utilize the values contained in the development of the MPDR then in effect. An interim redetermination under this Article 5.2.5 shall not be made due to a change in AP&L's capability as reflected in variable NCAP unless there are associated cost changes.

If the MPDR is redetermined on an interim basis under the provisions of this Article 5.2.5, AP&L shall make an informational filing with the FERC and provide a copy to UE. The redetermination filing shall contain the following:

1. Statement of basis for the change.
2. Redetermination of the MPDR.
3. Support for the values of the variables utilized in determining the change in the MPDR.

The procedures for reviewing and correcting an interim redetermination shall be the same as those specified in Article 5.2.4 above.

AP&L agrees to notify UE at the time of each annual redetermination if any changes are expected to occur in the coming twelve months which might cause a redetermination under this Article 5.2.5 and to provide an estimate of the change in the MPDR. However, failure to so notify UE shall not waive or abrogate any of AP&L's rights or duties under this Article 5.2.5.

5.2.6 Transmission Loss Factor

The transmission loss factor to be utilized in determining monthly billing quantities as provided for in Article 5.2.7 below shall be determined on or about March 1 of each year by applying the Transmission Loss Factor formula contained in Appendix C to actual data for the prior calendar year (Transmission Loss Factor). The Transmission Loss Factor so determined shall become effective for bills rendered on or after April 1 of that year (for service in the preceding month) and shall remain in effect for twelve months. The annual redetermination of the Transmission Loss Factor shall be included with the filing of the annual Rate redetermination, shall include all appropriate workpapers, and shall be subject to the same review procedures as the Rates.

5.2.7 Billing Determinants

5.2.7.1 Production Billing Capacity

The monthly Production Billing Capacity (KW) to be applied to the Monthly Production Demand Rate shall be determined by first determining the larger of a) the currently effective Base Capacity (KW) and b) the maximum amount of capacity (KW) scheduled by UE under this Agreement during any 60 minute period during the twelve (12) months ending with the current month. The monthly Production Billing Capacity shall be the amount determined above as increased by the Transmission Loss Factor.

5.2.7.2 Transmission Billing Capacity

The monthly Transmission Billing Capacity (KW) to be applied to the Monthly Transmission Demand Rate shall be equal to the Production Billing Capacity for that month as determined under Article 5.2.7.1 above.

5.2.7.3 Billing Energy

The monthly Billing Energy (KWH) to be applied to the Energy Rate shall be the total energy scheduled for delivery under this Agreement to the Interconnection Points as increased by the Transmission Loss Factor.

5.3 Billing

5.3.1 Bills for power shall be rendered on or about the fifth workday of each month for service in the prior month and shall be paid by wire transfer to AP&L's designated agent within twenty (20) days after UE's date of receipt of the bill. Amounts not paid by the due date shall accrue interest until paid at the rate established by the FERC for interest on refunds under 18 CFR Section 35.19(a).

5.3.2 The monthly billing to UE shall include the following:

(1) All appropriate charges for power computed in accordance with this Article 5 including charges for both Base Capacity and Peaking Capacity, as applicable. However, the billing for energy associated with Base Capacity shall reflect AP&L's best estimate of the Fuel and Purchased Energy Rate or the Energy Rate, whichever is applicable, as defined in Appendices A and B, respectively, for the just completed calendar month together with a debit or credit adjustment to correct the corresponding estimate utilized in the prior month billing.

(2) All applicable sales taxes and other revenue-based taxes, fees, and charges in accordance with federal, state and local law.

5.3.3 If UE should default in any payment that may become due hereunder or default in the performance of any other agreements hereunder, and such default has not been cured within fifteen (15) days after notice of such default, AP&L may, at any time during the continuance of such default, on five (5) days written notice and without liability therefore, suspend service hereunder to UE until such default is cured. Such suspension shall not lessen or change UE's obligation or affect the amount which shall become due and payable hereunder. Provided, however, that this Agreement shall not be cancelled for non-payment of bills in the event of any bona fide dispute as to the proper amount of such bill, if UE shall timely pay those portions of such bill which UE does not dispute. Any amount withheld and later determined to be properly billed shall accrue interest from the original due date. If UE agrees to pay a disputed bill and later it is determined that the bill was improper, then AP&L shall reimburse UE the difference plus interest from the date AP&L received payment of the disputed bill until

refunded. Interest amounts shall be determined pursuant to the FERC requirements as set out in 18 CFR Section 35.19(a).

ARTICLE 6 FORCE MAJEURE

The provisions of this Article 6, FORCE MAJEURE, shall control over any other provision in this Agreement which may be construed as contradictory or inconsistent with the provisions of this Article 6. If AP&L is forced to suspend, reduce, or interrupt service because of any emergency conditions, reasonably beyond the control of AP&L including, without limitation, floods, fires, ice, wind, storms, lightning, equipment failure, strikes, lockouts, Acts of God or of the public enemy, or acts, orders or directives of the Federal or State Government or Court, then AP&L need not deliver any power that it is unable to deliver by reason of such conditions; nor shall UE be required to pay any charges for power not used by reason of such conditions for the period of time and to the extent that such suspension, shutdown, interruption or interference makes it impractical to deliver such power. In the event AP&L suspends, reduces, or interrupts service under this Article 6 during any month, then the charges to UE for production and transmission service for that month shall be reduced by the ratio of the number of hours such suspension, reduction or interruption was in effect to the number of hours in that month.

AP&L will use reasonable diligence to make service available and to supply steady and continuous service but does not guarantee the service against irregularities or interruptions due to causes beyond its reasonable control. UE will use reasonable diligence to maintain its operations so that continuous service can be accepted but does not guarantee the receipt

of service against irregularities or interruptions due to causes beyond its reasonable control.

Whenever possible, each party will promptly notify the other of any such suspension, shutdown, interruption or interference. For purposes of this Article, such emergency conditions shall not be deemed to extend beyond the time required, by the exercise of reasonable diligence, to resume delivery or use of power in the quantity that would have been delivered and used but for such force majeure. However, the settlement of strikes or lockouts shall be entirely within the discretion of the party having difficulty and the above requirement that any force majeure shall be remedied with all reasonable diligence shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of AP&L or UE.

ARTICLE 7 RESPONSIBILITY OF PARTIES

Each party assumes all responsibility on its side of the Interconnection Points for the power supplied or taken as well as for the electrical installation, appliances and apparatus used in connection therewith and shall indemnify and save harmless the other party from and against all claims for injury or damage to persons or property occasioned by, or in any way resulting from, such service or the use thereof on its respective side of the Interconnection Points.

ARTICLE 8 WAIVERS

Any waiver at any time by either of the parties hereto of its rights with respect to a default under this Agreement or with respect to any other matter arising in connection with this Agreement shall not be deemed a

waiver with respect to any subsequent default or matter. Any delay short of the statutory period of limitation in exerting or enforcing any right shall not be deemed a waiver of such right. Nothing herein contained, however, nor any action taken by either of the parties as a remedy for breach of this Agreement by the other Party shall impair any other remedy which such party may have at law or in equity for any breach of this Agreement.

ARTICLE 9 ASSIGNMENT

The provisions hereof shall be binding under and inure to the benefit of the parties hereto, their successors and assigns. Neither party may assign this Agreement except with the consent of the other party, and only to a person, firm or corporation acceptable to the other party, and at the time of such assignment capable of performing, and which shall assume performance of the assigning party's obligations hereunder. Neither party shall use these requirements to unreasonably preclude assignment by the other party. Upon such assignment and assumption, the assigning party shall be discharged from its obligation hereunder and shall not be responsible for any failure of performance on the part of the assignee.

ARTICLE 10 NOTICES

Any notice or demands for performance required or permitted under any of the provisions of this Agreement shall be deemed to have been given on the date such notice, in writing, is deposited in the U.S. Mail, postage prepaid, certified or registered mail, addressed to:

UNION ELECTRIC COMPANY
President
P. O. Box 149
St. Louis, Missouri 63166

or to:

Arkansas Power & Light Company
President
P.O. Box 551
Little Rock, Arkansas 72203

as the case may be; or in such other form or to such other address as either party shall stipulate.

ARTICLE 11 REGULATORY APPROVAL

The effectiveness of this Agreement is contingent upon its final approval by the FERC without modification. The parties to this Agreement will cooperate to promptly obtain such acceptance and approval. This Agreement may be modified only with the mutual consent of AP&L and UE and the approval, if necessary, of the FERC.

ARTICLE 12 ENTIRE AGREEMENT

This Agreement and Appendices A, B, and C attached hereto constitute the entire agreement between parties hereto with reference to the subject matter hereof and supersedes all previous understandings and agreements whether written or oral, including the Agreement for Wholesale Power Service between Arkansas Power & Light Company and Union Electric Company dated July 31, 1990.

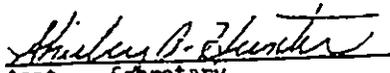
IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT FOR
ELECTRIC SERVICE as of the day and year first above written.

ARKANSAS POWER & LIGHT COMPANY

By 

President & Chief Operating Officer
Title

ATTEST:

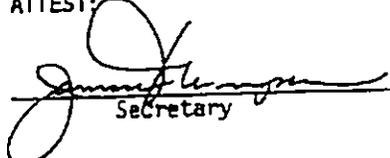

Asst. Secretary

UNION ELECTRIC COMPANY

By 

President
Title

ATTEST:


Secretary

Union Electric
2000
St. Louis, Missouri 63102
314-254-2554

(314) 554-2554
FAX: 554-3066



July 12, 1991

Ms. Anne Ritchey
1000 Savers Federal Building
320 West Capitol Avenue
Little Rock, Arkansas 72201

Re: Sale of Missouri Properties

Dear Anne:

Enclosed is a signed copy of the First Amendment to the Agreement For Wholesale Power Service Between AP&L and UE. The amendment is dated July 12, 1991.

Yours truly,

A handwritten signature in cursive script, appearing to read "Paul A. Agathen".

Paul A. Agathen
General Attorney

cc w/encl: Mac Norton, Reid & Priest
Jim Swaarengen

bcc w/encl: C. W. Mueller
M. A. Borkowski
G. L. Rainwater
Corp. File (Original)
DRJ/Legal File

FIRST AMENDMENT TO THE AGREEMENT
FOR WHOLESALE POWER SERVICE

BETWEEN

ARKANSAS POWER & LIGHT COMPANY

AND

UNION ELECTRIC COMPANY

Arkansas Power & Light Company and Union Electric Company hereby agree that the Agreement for Wholesale Electric Power Service, dated March 12, 1991, (the "Agreement") is amended as follows:

Appendix A and Appendix B to the Agreement are deleted in their entirety and the revised Appendix A and Appendix B attached hereto are substituted therefore.

This Amendment dated and effective this 12th day of July, 1991.

ARKANSAS POWER & LIGHT COMPANY

By: *John R. Marshall*
John R. Marshall
Vice President, Customer Services

ATTEST:

By: *Shirley A. Hunter*
Name: Shirley A. Hunter
Title: Assistant Secretary

UNION ELECTRIC COMPANY

By: *Earl K. Dille*
Name: Earl K. Dille
Title: President

ATTEST:

By: *G.L. Waters*
Name: G. L. WATERS
Title: UNIT SECRETARY

A P P E N D I X A

FUEL AND PURCHASED ENERGY RATE

FUEL AND PURCHASED ENERGY RATE⁽¹⁾

FPER = FUEL AND PURCHASED ENERGY RATE (\$/KWH)

$$FPER = \frac{NEC}{NKWH}$$

WHERE:

NEC = NET ENERGY COST DURING THE CURRENT BILLING MONTH

NEC = FE + PE + RDIF - DPE - MSER - SSER

WHERE:

FE = FUEL EXPENSE (ACCOUNTS 501, 518, AND 547)

PE = PURCHASED ENERGY EXPENSE CHARGED TO ACCOUNT 555

RDIF = AP&L'S GRAND GULF RETAINED SHARE ENERGY AS REDUCED BY ANY SALES OUTSIDE OF AP&L'S NET AREA MULTIPLIED BY THE DIFFERENTIAL (\$/KWH) BETWEEN AP&L'S AVOIDED COST AND AP&L'S GRAND GULF FUEL CHARGE

DPE = ENERGY EXPENSE DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS

MSER = REVENUES FROM SALE OF ENERGY TO MIDDLE SOUTH POWER POOL

SSER = REVENUES FROM SALE OF ENERGY TO UTILITIES OUTSIDE THE MIDDLE SOUTH SYSTEM AS ADJUSTED TO ELIMINATE ANY RETAIL GRAND GULF PHASE-IN EFFECTS AND AS REDUCED BY ANY MARGIN ON SALES FROM AP&L'S GRAND GULF RETAINED SHARE

NKWH = NET ENERGY ASSOCIATED WITH NET ENERGY COST (NEC)

NKWH = NAR + CG - (DE - COP) - 1.09 * CU

WHERE:

NAR = AP&L NET AREA ENERGY REQUIREMENT

CG = CO-GENERATION ENERGY NOT INCLUDED IN "NAR"

DE = ENERGY INCLUDED IN "NAR" THAT IS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS INCLUDING ENERGY FROM CUSTOMER RESOURCES CO-OWNED WITH AP&L

COP = DEDICATED ENERGY INCLUDED IN "DE" THAT IS PURCHASED BY AP&L FROM CUSTOMERS

CU = COMPANY USE ENERGY

NOTE: (1) THE FUEL AND PURCHASED ENERGY RATE SHALL BE RECALCULATED EACH MONTH BASED ON THE ACTUAL COSTS AND ASSOCIATED ENERGY FOR THAT MONTH

A P P E N D I X B
R A T E F O R M U L A S

RATE FORMULAS

GENERAL NOTES

1. THE TEST YEAR SHALL BE THE CALENDAR YEAR USED TO DETERMINE THE VALUE OF THE VARIOUS PARAMETERS IN THE FOLLOWING RATE FORMULAS.
2. ALL BALANCE SHEET ITEMS UNLESS OTHERWISE SPECIFIED REFLECT ENDING BALANCES FOR THE TEST YEAR.
3. MATERIALS AND SUPPLIES, FUEL INVENTORY, AND PREPAID TAXES AND INSURANCE SHALL BE INCLUDED ON THE BASIS OF A 13 MONTH AVERAGE ENDING WITH DECEMBER OF THE TEST YEAR.
4. ALL EXPENSE ITEMS UNLESS OTHERWISE SPECIFIED REFLECT ACTUAL AMOUNTS FOR THE TEST YEAR. HOWEVER, IF A NEW GENERATING UNIT IS ADDED DURING THE TEST YEAR, THE RELATED EXPENSE MAY BE INCLUDED ON AN ESTIMATED ANNUAL BASIS.
5. THE TERM "ANNUALIZED" SHALL MEAN THE RESULT OF MULTIPLYING EXPENSE AMOUNTS FOR DECEMBER OF THE TEST YEAR BY TWELVE (12).
6. ALL DEMAND AND ENERGY CONCEPTS REFLECT TEST YEAR ACTUAL AMOUNTS UNLESS OTHERWISE SPECIFIED.

7. THE MONTHLY PRODUCTION DEMAND RATE IS TO BE REDETERMINED EACH MONTH TO REFLECT THE MONTH TO MONTH CHANGES IN NET PRODUCTION CAPACITY PAYMENTS OR RECEIPTS (VARIABLE CAPEQ) UNDER THE MIDDLE SOUTH SYSTEM AGREEMENT AND THE NET PURCHASE OR SALE OF CAPACITY UNDER THE MIDDLE SOUTH SYSTEM AGREEMENT THAT IS INCLUDED IN AP&L'S NET CAPABILITY. HOWEVER, ALL OTHER PARAMETERS SHALL BE BASED ON PRIOR YEAR DATA AND SHALL REMAIN UNCHANGED UNTIL THE NEXT ANNUAL FORMULA RATE REDETERMINATION.

EACH MONTH, THE FINAL BILLING SHALL REFLECT A MONTHLY PRODUCTION DEMAND RATE MODIFIED TO INCLUDE THE ACTUAL CAPACITY PAYMENTS OR RECEIPTS AND THE ACTUAL NET PURCHASE OR SALE OF CAPACITY FOR THE MONTH BEING BILLED. THE BILLINGS FOR EACH MONTH SHALL HAVE THE FOLLOWING ITEMS ATTACHED TO ALLOW THE CUSTOMER TO VERIFY THE MONTHLY PRODUCTION DEMAND RATE FOR THE BILLING MONTH:

- (1) COPY OF ATTACHMENTS 5 AND 6 FROM THE MIDDLE SOUTH SYSTEM BILLING FOR THE MONTH.
 - (2) COPY OF GRAND GULF BILL AND COST OF SERVICE SUMMARY PAGE FOR THE BILLING MONTH
 - (3) COPY OF THE REDETERMINATION OF THE MONTHLY PRODUCTION DEMAND RATE FOR THE BILLING MONTH.
8. IN THE EVENT EITHER THE STATUTORY STATE OR FEDERAL CORPORATE INCOME TAX RATES CHANGE AFTER THE ANNUAL RATE REDETERMINATION IS SUBMITTED IN ANY YEAR, THEN THE RATES SHALL BE REDETERMINED ON AN INTERIM BASIS TO REFLECT SUCH TAX RATE CHANGE. ALL OTHER PARAMETERS SHALL REMAIN UNCHANGED. THE REDETERMINED RATES SHALL BECOME EFFECTIVE COMMENCING WITH THE BILLING MONTH IN WHICH THE TAX RATE(S) CHANGE. ANY SUCH REDETERMINATION SHALL BE SUBMITTED TO THE FERC AND THE CUSTOMER(S) AND SHALL CONSIST OF THE FOLLOWING:

- (1) TRANSMITTAL LETTER SETTING OUT BASIS FOR THE CHANGE
- (2) COPY OF DOCUMENTATION SUPPORTING THE CHANGE IN STATUTORY TAX RATE(S)
- (3) RATE COMPARISON SHOWING EFFECT OF THE RATE CHANGE ON EFFECTED CUSTOMERS
- (4) REDETERMINATION OF THE RATES REFLECTING THE REVISED TAX RATE(S)

COMMON PARAMETERSCOST OF CAPITAL

CC = BEFORE TAX COST OF CAPITAL

$$CC = D * DR + \frac{PF * PR + CE * CR}{TX}$$

WHERE:

D = EMBEDDED COST RATE OF LONG-TERM DEBT CONSISTING OF FIRST MORTGAGE BONDS, POLLUTION CONTROL BONDS, AND AP&L'S LIABILITY TO THE DEPARTMENT OF ENERGY FOR SPENT NUCLEAR FUEL

DR = DEBT CAPITALIZATION RATIO

PF = EMBEDDED COST RATE OF PREFERRED STOCK

PR = PREFERRED STOCK CAPITALIZATION RATIO

CE = RATE OF RETURN ON COMMON EQUITY AS DETERMINED BY THE ARKANSAS PUBLIC SERVICE COMMISSION IN AP&L'S MOST RECENT RETAIL RATE PROCEEDING IN WHICH A FINAL NON-APPEALABLE ORDER, INCLUDING ANY ORDER APPROVING A SETTLEMENT AGREEMENT, HAS BEEN ISSUED WHICH ADDRESSES THAT ISSUE

CR = COMMON EQUITY CAPITALIZATION RATIO

TX = COMPOSITE CORPORATE AFTER TAX RATE

$$TX = (1 - S)(1 - F)$$

WHERE:

S = STATUTORY STATE CORPORATE INCOME TAX RATE

F = STATUTORY FEDERAL CORPORATE INCOME TAX RATE

ACCUMULATED DEFERRED INCOME TAXES

ADIT = ACCUMULATED DEFERRED INCOME TAXES

$$ADIT = ADTL + ITC$$

WHERE:

ADTL = THE BALANCE IN ACCOUNT 282 LESS ANY AMOUNTS ASSOCIATED WITH THE PHASE-IN OF GRAND GULF UNIT 1 AND ANY AMOUNT ASSOCIATED WITH AN EXCESS CAPACITY ADJUSTMENT.

ITC = ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3% PORTION ONLY

COMMON PARAMETERS (Cont'd)PLANT RATIOS

PPR = PRODUCTION PLANT RATIO

TPR = TRANSMISSION PLANT RATIO

DPR = DISTRIBUTION PLANT RATIO

$$PPR = \frac{PPLT}{PPLT + TPLT + DPLT}$$

$$TPR = \frac{TPLT}{PPLT + TPLT + DPLT}$$

$$DPR = \frac{DPLT}{PPLT + TPLT + DPLT}$$

WHERE:

PPLT = PRODUCTION PLANT IN SERVICE

TPLT = TRANSMISSION PLANT IN SERVICE

DPLT = DISTRIBUTION PLANT IN SERVICE

LABOR RATIOS

PLR = PRODUCTION LABOR RATIO

TLR = TRANSMISSION LABOR RATIO

DLR = DISTRIBUTION LABOR RATIO

$$PLR = \frac{PL}{PL + TL + DL}$$

$$TLR = \frac{TL}{PL + TL + DL}$$

$$DLR = \frac{DL}{PL + TL + DL}$$

WHERE:

PL = PRODUCTION LABOR

TL = TRANSMISSION LABOR

DL = DISTRIBUTION LABOR

COMMON PARAMETERS (Cont'd)

A&G EXPENSE

AG = A&G EXPENSE

AG = 0.8566 * AGXP

WHERE:

AGXP = TOTAL A&G EXPENSE CONSISTING OF ACCOUNTS (920 - 935)

OTHER TAX RATE

OTR = OTHER TAX RATE

DTR = $\frac{CSFXP + RPTXP + FICA * (1 - CSLR)}{PLT}$

WHERE:

CSFXP = ANNUALIZED CAPITAL STOCK FRANCHISE TAX EXPENSE

RPTXP = ANNUALIZED REAL AND PERSONAL PROPERTY TAX EXPENSE

FICA = ANNUALIZED FICA TAX EXPENSE

CSLR = RATIO OF CUSTOMER SERVICES/CUSTOMER ACCOUNTING PAYROLL TO
TOTAL PAYROLL CHARGED TO O&M EXPENSE

PLT = SUM OF PRODUCTION, TRANSMISSION AND DISTRIBUTION PLANT

ENERGY RATE

ER = ENERGY RATE (\$/KWH)

$$ER = \frac{NEC}{NKWH} + EADD$$

WHERE:

NEC = NET ENERGY COST DURING THE CURRENT BILLING MONTH

$$NEC = FE + PE + RDIF - DPE - MSER - SSER$$

WHERE:

FE = FUEL EXPENSE (ACCOUNTS 501, 518, AND 547)

PE = PURCHASED ENERGY EXPENSE CHARGED TO ACCOUNT 555

RDIF = AP&L'S GRAND GULF RETAINED SHARE ENERGY AS REDUCED BY ANY SALES OUTSIDE OF AP&L'S NET AREA MULTIPLIED BY THE DIFFERENTIAL (\$/KWH) BETWEEN AP&L'S AVOIDED COST AND AP&L'S GRAND GULF FUEL CHARGE

DPE = ENERGY EXPENSE DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS

MSER = REVENUES FROM SALE OF ENERGY TO MIDDLE SOUTH POWER POOL

SSER = REVENUES FROM SALE OF ENERGY TO UTILITIES OUTSIDE THE MIDDLE SOUTH SYSTEM AS ADJUSTED TO ELIMINATE ANY RETAIL GRAND GULF PHASE-IN EFFECTS AND AS REDUCED BY ANY MARGIN ON SALES FROM AP&L'S GRAND GULF RETAINED SHARE

NKWH = NET ENERGY ASSOCIATED WITH NET ENERGY COST (NEC)

$$NKWH = NAR + CG - (DE - COP) - 1.09 * CU$$

WHERE:

NAR = AP&L NET AREA ENERGY REQUIREMENT

CG = CO-GENERATION ENERGY NOT INCLUDED IN "NAR"

DE = ENERGY INCLUDED IN "NAR" THAT IS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS INCLUDING ENERGY FROM CUSTOMER RESOURCES CO-OWNED WITH AP&L

COP = DEDICATED ENERGY INCLUDED IN "DE" THAT IS PURCHASED BY AP&L FROM CUSTOMERS

CU = COMPANY USE ENERGY

ENERGY RATE (Cont'd)

EADD = ENERGY ADDER RATE (\$/KWH)

$$EADD = \frac{ERB * CC + POME}{KWHT}$$

WHERE:

ERB = ENERGY RATE BASE

ERB = CME - CMEDR + FINV

WHERE:

CME = GENERAL PLANT - AP&L'S OWNERSHIP SHARE OF COAL MINING EQUIPMENT

CMEDR = GENERAL PLANT - COAL MINING EQUIPMENT DEPRECIATION RESERVE (AP&L SHARE)

FINV = FUEL INVENTORY

CC = BEFORE TAX COST OF CAPITAL

POME = ENERGY RELATED PRODUCTION O&M EXPENSE CONSISTING OF ACCOUNTS 510, 512, 513, 528, 530, 531, 544, 551, AND 553

KWHT = NET ENERGY

KWHT = NAR + CG - (DE - COP) - 1.09 * CU

WHERE:

NAR = AP&L NET AREA ENERGY REQUIREMENT

CG = CO-GENERATION ENERGY NOT INCLUDED IN "NAR"

DE = ENERGY INCLUDED IN "NAR" THAT IS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS INCLUDING ENERGY FROM CUSTOMER RESOURCES CO-OWNED WITH AP&L

COP = DEDICATED ENERGY INCLUDED IN "DE" THAT IS PURCHASED BY AP&L FROM CUSTOMERS

CU = COMPANY USE ENERGY

MONTHLY PRODUCTION DEMAND RATE

MPDR = MONTHLY PRODUCTION DEMAND RATE (\$/KW/MONTH)

$$MPDR = \frac{PRB * CC + PXP + ITCWO * PPR/TX}{12 * NCAV}$$

WHERE:

PRB = PRODUCTION RATE BASE

PRB = PPLT - PDR + (GPLT-GDR) * PLR + INPLT - INDR + (MS+PPT+ADIT) * PPR

WHERE:

PPLT = PRODUCTION PLANT IN SERVICE

PDR = PRODUCTION PLANT DEPRECIATION RESERVE EXCLUDING NUCLEAR
DECOMMISSIONING RESERVE

GPLT = GENERAL PLANT EXCLUDING COAL MINING EQUIPMENT

GDR = GENERAL PLANT DEPRECIATION RESERVES EXCLUDING COAL
MINING EQUIPMENT

PLR = PRODUCTION LABOR RATIO

INPLT = INTANGIBLE PLANT

INDR = ACCUMULATED AMORTIZATION OF INTANGIBLE PLANT

MS = MATERIALS & SUPPLIES

PPT = PREPAYMENTS EXCLUDING MISCELLANEDOUS PREPAYMENTS

ADIT = ACCUMULATED DEFERRED INCOME TAXES

PPR = PRODUCTION PLANT RATIO

CC = BEFORE TAX COST OF CAPITAL

MONTHLY PRODUCTION DEMAND RATE (Cont'd)

PXP = PRODUCTION RELATED EXPENSES

$PXP = POMD + CAPEQ + FPUR + AG * PLR + PDX + DEC + GD\bar{X} * PLR + INDX + OTR * PPLT$

WHERE:

POMD = DEMAND RELATED PRODUCTION O&M EXPENSE CONSISTING OF ACCOUNTS 500, 502-507, 511, 514, 517, 519-525, 529, 532, 535-543, 545, 546, 548-550, 552, 554 AND 556

CAPEQ = AP&L'S GRAND GULF DEMAND CHARGES IN ACCOUNT 555 AS REDUCED BY AP&L'S GRAND GULF RETAINED SHARE PLUS THE NET TOTAL OF PRODUCTION CAPACITY PAYMENTS (+) AND RECEIPTS (-) UNDER THE MIDDLE SOUTH SYSTEM AGREEMENT AS REDUCED BY AP&L'S GRAND GULF RETAINED SHARE PORTION OF INCREMENTAL SCHEDULE MSS-1 EFFECTS ASSOCIATED WITH AP&L'S ALLOCATED SHARE OF GRAND GULF

FPUR = TOTAL CHARGES TO ACCOUNT 555 LESS AP&L'S GRAND GULF DEMAND CHARGES LESS ANY AMOUNTS DIRECTLY ASSIGNED TO SPECIFIC CUSTOMERS LESS ANY AMOUNTS INCLUDED IN THE ENERGY RATE

AG = A&G EXPENSE

PDX = ANNUALIZED PRODUCTION DEPRECIATION EXPENSE EXCLUDING NUCLEAR DECOMMISSIONING AMORTIZATION

DEC = AP&L'S TOTAL COMPANY NUCLEAR DECOMMISSIONING REVENUE REQUIREMENT MOST RECENTLY APPROVED BY THE ARKANSAS PUBLIC SERVICE COMMISSION FOR THE CALENDAR YEAR IN WHICH THE RATE REDETERMINATION IS SUBMITTED

GD \bar{X} = ANNUALIZED GENERAL DEPRECIATION EXPENSE EXCLUDING COAL MINING EQUIPMENT

INDX = ANNUALIZED INTANGIBLE PLANT AMORTIZATION EXPENSE

OTR = OTHER TAX RATE

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

NCAP = AP&L'S NET CAPABILITY (KW) IN DECEMBER OF THE TEST YEAR INCLUDING OWNED GENERATING CAPABILITY AND FIRM PURCHASED CAPABILITY AS REDUCED BY 1) CAPABILITY DEDICATED TO SPECIFIC CUSTOMERS, AND 2) BY AP&L'S GRAND GULF RETAINED SHARE, AND AS FURTHER ADJUSTED BY THE NET PURCHASE (+) OR SALE (-) OF CAPABILITY UNDER THE MIDDLE SOUTH UTILITIES SYSTEM AGREEMENT

MONTHLY TRANSMISSION DEMAND RATE

MTDR = MONTHLY TRANSMISSION DEMAND RATE (\$/KW/MONTH)

$$MTDR = \frac{TRB * CC - TFR + TXP + ITCWO * TPR/TX}{12 * TKW}$$

WHERE:

TRB = TRANSMISSION RATE BASE

TRB = TPLT - TDR + (GPLT - GDR) * TLR + (MS + PPT + ADIT) * TPR

WHERE:

TPLT = TOTAL TRANSMISSION PLANT

TDR = TRANSMISSION DEPRECIATION RESERVE

GPLT = TOTAL GENERAL PLANT - EXCLUDING COAL MINING EQUIPMENT

GDR = GENERAL PLANT DEPRECIATION RESERVES - EXCLUDING COAL MINING EQUIPMENT

TLR = TRANSMISSION LABOR RATIO

MS = MATERIALS & SUPPLIES

PPT = PREPAYMENTS EXCLUDING MISCELLANEOUS PREPAYMENTS

ADIT = ACCUMULATED DEFERRED INCOME TAXES

TPR = TRANSMISSION PLANT RATIO

CC = BEFORE TAX COST OF CAPITAL

MONTHLY TRANSMISSION DEMAND RATE (Cont'd)

TFR = TRANSMISSION RELATED REVENUE IN ACCOUNT 456

TFR = TEQ + TR

WHERE:

TEQ = TRANSMISSION EQUALIZATION REVENUE RECEIVED UNDER
SCHEDULE MSS-2 OF THE MIDDLE SOUTH SYSTEM AGREEMENT

TR = OTHER TRANSMISSION RELATED REVENUE IN ACCOUNT 456

TXP = TOTAL TRANSMISSION EXPENSE

TXP = TOM + AG * TLR + TDX + GDX * TLR + TPLT * OTR

WHERE:

TOM = TRANSMISSION O&M EXPENSE

AG = A&G EXPENSE

TDX = ANNUALIZED TRANSMISSION DEPRECIATION EXPENSE

GDX = ANNUALIZED GENERAL PLANT DEPRECIATION EXPENSE - EXCLUDING
COAL MINING EQUIPMENT

OTR = OTHER TAX RATE

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

TKW = AP&L'S NET AREA SYSTEM PEAK DEMAND AS INCREASED BY SCHEDULED
TRANSMISSION DELIVERIES AT THE TIME OF THE SYSTEM PEAK WHICH
ARE NOT INCLUDED IN THE NET AREA PEAK DEMAND

A P P E N D I X C
T R A N S M I S S I O N L O S S F A C T O R

TRANSMISSION LOSS FACTOR

TLF = TRANSMISSION LOSS FACTOR (1)

$$TLF = \frac{TDLF + TELF}{2}$$

WHERE:

TDLF = TRANSMISSION DEMAND LOSS FACTOR (2)

$$TDLF = \frac{GEN + NI - TIL - 1.01 * SIL}{TIL + 1.01 * SIL + NPI + MFT + SPAS + ASD}$$

WHERE,

GEN = NET ENERGY PRODUCED BY ALL GENERATING UNITS IN AP&L'S
LOAD CONTROL AREA

NI = NET ENERGY FLOWING INTO (+) OR OUT OF (-) AP&L'S LOAD
CONTROL AREA AS METERED AT ALL POINTS OF INTERCONNECTION
WITH OTHER SYSTEMS

TIL = TOTAL ENERGY DELIVERED TO AP&L'S CUSTOMER LOADS SERVED
AND METERED AT TRANSMISSION VOLTAGE

SIL = TOTAL ENERGY DELIVERED TO AP&L CUSTOMER LOADS SERVED BELOW
TRANSMISSION VOLTAGE AS METERED ON THE SECONDARY SIDE OF
THE SUBSTATION TRANSFORMERS SUPPLYING SUCH LOADS

NPI = NET MIDDLE SOUTH UTILITIES (MSU) POOL ENERGY INTERCHANGE
REPRESENTING THE NET ENERGY DELIVERED TO THE MSU POOL BY
AP&L FROM ALL RESOURCES

$$NPI = MEO - MEI + APC \quad (3)$$

WHERE,

MEO = TOTAL ENERGY DELIVERED BY AP&L TO THE MSU POOL
INCLUDING ANY ENERGY FROM GENERATION UNITS OR OTHER
RESOURCES THAT ARE ALLOCATED TO OR OWNED BY OTHER
MSU OPERATING COMPANIES

MEI = TOTAL ENERGY DELIVERED TO AP&L FROM THE MSU POOL
INCLUDING ANY ENERGY FROM GENERATING UNITS OR OTHER
RESOURCES OUTSIDE OF AP&L'S LOAD CONTROL AREA WHICH
ARE ALLOCATED TO OR OWNED BY AP&L

APC = TOTAL ENERGY FROM AP&L RESOURCES WHICH IS SOLD OUTSIDE
THE MSU SYSTEM

MFT = GROSS ENERGY SCHEDULED INTO AP&L'S LOAD CONTROL AREA AS A RESULT OF MSU FLOW-THRU TRANSACTIONS (ENERGY WHICH MSU SIMULTANEOUSLY PURCHASES FROM ONE INTERCONNECTED UTILITY AND SELLS TO ANOTHER INTERCONNECTED UTILITY)

SPAS = NET ENERGY SCHEDULED OUT OF (+) OR INTO (-) AP&L'S LOAD CONTROL AREA AS A RESULT OF ALL TRANSACTIONS BETWEEN AND THE SOUTHWESTERN POWER ADMINISTRATION (3)

ASO = GROSS ENERGY SCHEDULED OUT (NOT REDUCED BY ENERGY SCHEDULED IN) OF AP&L'S LOAD CONTROL AREA ASSOCIATED WITH ALL TRANSACTIONS INVOLVING THE ARKANSAS ELECTRIC COOPERATIVE CORPORATION (AECC) EXCEPT THOSE INVOLVING THE SPA

TELF = TRANSMISSION ENERGY LOSS FACTOR

$$TELF = \frac{\sum (GEN + NI - TIL - 1.01 * SIL)}{\sum (TIL + 1.01 * SIL + NPI + MFT + SPAS + ASO)} \quad (4)$$

NOTES:

- 1) TRANSMISSION LOSS FACTOR IS TO BE CALCULATED AS A DECIMAL FRACTION AND ROUNDED TO FOUR DECIMAL PLACES.
- 2) THE VALUE OF ALL VARIABLES UTILIZED IN CALCULATING TELF SHALL BE THE VALUE FOR THE CLOCK HOUR DURING WHICH AP&L'S MAXIMUM NET AREA LOAD OCCURRED FOR THE CALENDAR YEAR FOR WHICH THE CALCULATIONS ARE BEING MADE.
- 3) THE VALUE OF THIS VARIABLE SHALL BE ZERO IF CALCULATED TO LESS THAN ZERO.
- 4) THE VALUES FOR EACH VARIABLE FOR EACH HOUR OF THE YEAR ARE TO BE SUMMED TO DETERMINE THE TOTAL YEAR VALUE. THE VALUE OF EACH VARIABLE FOR EACH HOUR SHALL BE DETERMINED INDEPENDENTLY USING THE ABOVE DEFINITIONS.

Attachment 3

June 4, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of May 2007 in the amount of \$3,838,642.04. Also enclosed is a Pro Forma Invoice Number 2063289. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on June 25, 2007 to ENTERGY ARKANSAS, INC., account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number 28460 in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. David Baugh (T-PKWD-3G)

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63156-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF:
 MAILED ON:
 DUE DATE:

MAY 2007
 6/4/07
 6/25/07

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000	KW @	\$11.25 /kw	\$1,856,250.00
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ENERGY CHARGE:

122,559,000	kWh @	\$0.0127390 /kWh	1,561,279.10
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP	416,916.54
OTHER ADJUSTMENTS (See Separate Attachment)	<u>4,198.40</u>
<u>TOTAL CURRENT MONTH</u>	<u>3,838,642.04</u>

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

\$3,838,642.04

AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:

MAY 2007

PRIOR MONTH(s) ADJUSTMENTS

ADJUSTED MONTH	kWh BILLED	ESTIMATED RATE BILLED OR LAST REVISED	ACTUAL RATE	DIFFERENCE	ADJUSTMENT AMOUNT (\$)
FORMULA ENERGY RATE: APRIL 2007	118,712,000	0.0100370	0.0135490	0.0035120	\$416,916.54
OTHER ADJUSTMENTS (See Separate Attachment)					4,329.60 <u>(133.20)</u>
TOTAL PRIOR MONTH(s) ADJUSTMENTS					<u>\$421,112.94</u>

15201

July 5, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of June 2007 in the amount of \$6,278,144.31. Also enclosed is a Pro Forma Invoice Number 2064889. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on July 26, 2007 to ENTERGY ARKANSAS, INC., account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number 28460 in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. David Baugh (T-PKWD-3G)

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF: JUNE 2007
 MAILED ON: 7/5/07
 DUE DATE: 7/26/07

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000	KW @	\$11.25 /kw	\$1,856,250.00
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ENERGY CHARGE:

118,550,000	kWh @	\$0.0290510 /kWh	3,443,996.05
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP	977,898.26
OTHER ADJUSTMENTS (See Separate Attachment)	0.00

<u>TOTAL CURRENT MONTH</u>	6,278,144.31
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<u>PREVIOUS BALANCE:</u>	0.00
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TOTAL AMOUNT DUE	<u><u>\$6,278,144.31</u></u>
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AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:

JUNE 2007

PRIOR MONTH(s) ADJUSTMENTS

ADJUSTED MONTH	kWh BILLED	ESTIMATED RATE BILLED OR LAST REVISED	ACTUAL RATE	DIFFERENCE	ADJUSTMENT AMOUNT (\$)
FORMULA ENERGY RATE: MAY 2007	122,559,000	0.0127390	0.0207180	0.0079790	5977,898.26
OTHER ADJUSTMENTS (See Separate Attachment)					0.00
TOTAL PRIOR MONTH(s) ADJUSTMENTS					<u>5977,898.26</u>

August 3, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of July 2007 in the amount of **\$6,294,371.42**. Also enclosed is a Pro Forma Invoice Number **2066483**. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on **August 24, 2007** to **ENTERGY ARKANSAS, INC.**, account number **812276557**, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. David Baugh (T-PKWD-3G)

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF: JULY 2007
 MAILED ON: AUGUST 3, 2007
 DUE DATE: AUGUST 24, 2007

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000	KW @	\$11.25 /kw	\$1,856,250.00
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ENERGY CHARGE:

120,199,000	kWh @	\$0.0318270 /kWh	3,825,573.57
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP	612,547.85
OTHER ADJUSTMENTS (See Separate Attachment)	0.00

<u>TOTAL CURRENT MONTH</u>	6,294,371.42
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<u>PREVIOUS BALANCE:</u>	0.00
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TOTAL AMOUNT DUE	<u><u>\$6,294,371.42</u></u>
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AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:

JULY 2007

PRIOR MONTH(S) ADJUSTMENTS

	ADJUSTED MCNTH	kWh BILLED	ESTIMATED RATE BILLED OR LAST REVISED	ACTUAL RATE	DIFFERENCE	ADJUSTMENT AMOUNT (\$)
FORMULA ENERGY RATE:	JUNE 2007	118,550,000	0.0290510	0.0342180	0.0051670	\$612,547.85
OTHER ADJUSTMENTS (See Separate Attachment)						0.00 <u>0.00</u>
TOTAL PRIOR MONTH(S) ADJUSTMENTS						<u>\$612,547.85</u>

PRIOR MONTHS ADJUSTMENTS - OTHER ATTACHMENT

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

BILL COMPONENT	SERVICE MONTH	REVISED BILL KW/kWh	\$	ORIGINAL BILL KW/kWh	\$	INCREASE (DECREASE)	ADD'L CHARGE (CREDIT)
Capacity		0	\$0.00	0	\$0.00	0	\$0.00
Energy		0	\$0.00	0	\$0.00	0	\$0.00
Prior Month Adjustment-Energy Rate			\$0.00		\$0.00		\$0.00
Prior Month Adjustment-Other							\$0.00
TOTAL BILL			\$0.00		\$0.00		\$0.00

EXPLANATION FOR REVISION:

BILL COMPONENT	SERVICE MONTH	REVISED BILL KW/kWh	\$	ORIGINAL BILL KW/kWh	\$	(DECREASE)	CHARGE (CREDIT)
Capacity		0	\$0.00	0	\$0.00	0	\$0.00
Energy		0	\$0.00	0	\$0.00	0	\$0.00
Prior Month Adjustment-Energy Rate			\$0.00		\$0.00		\$0.00
Prior Month Adjustment-Other							\$0.00
TOTAL BILL			\$0.00		\$0.00		\$0.00

EXPLANATION FOR REVISION:

AMEREN SERVICES	FOR MONTH OF:	JULY 2007
P. O. BOX 66149	PREPARED:	AUGUST 3, 2007
ST. LOUIS, MO 63166-6149	DUE DATE:	ANNUALLY
ATTN: FUEL ACCOUNTING, MAIL CODE 220 (ESTIMATE FOR BOOKING)		

IN ACCOUNT WITH ENTERGY ARKANSAS, INC.
 PLEASE REMIT TO:
 ACCOUNTS RECEIVABLE
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107

STATEMENT SUMMARIZING ENERGY SUPPLIED
 BY ENTERGY TO UNION ELECTRIC BOUNDARY LINE
 CUSTOMERS UNDER THE SERVICE AREA BOUNDARY
 AGREEMENT DATED MARCH 12, 1992.

ENERGY PROVIDED TO U. E. CUSTOMERS:

	<u>\$/KWH</u>	
25,000 KWH @	\$0.031827 (FPER)	
	\$0.044250 (ADDER)	
	\$0.076077 TOTAL (NER)	\$2,130.16

TOTAL FOR MONTH OF	JULY 2007	\$2,130.16
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THIS BILLING IS FOR RECORDING ONLY. AN ANNUAL BILLING WILL BE RENDERED
 BY ENTERGY IN APRIL OF EACH YEAR COVERING THE PERIOD FROM MARCH THROUGH
 FEBRUARY BASED ON ACTUAL ENERGY DELIVERED AND ACTUAL MONTHLY
 RATES INCURRED BY ENTERGY DURING THE PERIOD.

REVISED

September 28, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is a revised power and energy billing for the service month of August 2007 in the amount of \$6,003,843.11

The bill was revised to correct the energy quantity billed (original quantity was understated by 400,000 kWh) due to a book-out change related to Cargill on August 27, 2007. The resulting adjustment, a charge of \$13,818.80, will be shown as a prior month adjustment on the September 2007 service bill.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)

ENTERGY ARKANSAS, INC.

HOURS IN MONTH

INPUT VARIABLES FOR CURRENT

SCHEDULED KWH

CURRENT MONTH DATA:

MONTH BILLING:

BEFORE LOSSES

FOR MONTH OF:

AUGUST 2007

BILLING ENERGY (Total Scheduled by AE
(Source EA&R, ISB)

120,717,000

MAILED ON:

SEPTEMBER 5, 2007

CUR. MO. EST. RATE FOR BILLING

\$0.0345470

DUE DATE:

SEPTEMBER 26, 2007

(DUE IN 21 DAYS)

PRIOR MONTH ADJUSTMENT DATA:

PRIOR MO. EST. RATE BILLED

\$0.0318270

FOR MONTH OF:

JULY 2007

PRIOR MO. ACTUAL RATE

\$0.0316370

PRIOR MO. kWh BILLED

120,199,000

AMEREN SERVICES

FOR MONTH OF:

AUGUST 2007

P. O. BOX 66149

MAILED ON:

SEPTEMBER 5, 2007

ST. LOUIS, MO 63166-6149

DUE DATE:

SEPTEMBER 26, 2007

ATTN: FUEL ACCOUNTING, MAIL CODE 220

REVISED BILL 9/28/07

IN ACCOUNT WITH ENTERGY ARKANSAS, INC

PLEASE REMIT TO:

P.O. BOX 8107

BATON ROUGE, LOUISIANA 70891-8107

CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000 KW @

\$11.25 /kw

\$1,856,250.00

ENERGY CHARGE:

120,717,000 kWh @

\$0.0345470 /kWh

4,170,410.20

PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP

(22,837.81)

OTHER ADJUSTMENTS (See Separate Attachment)

20.72

TOTAL CURRENT MONTH

6,003,843.11

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

\$6,003,843.11

PRIOR MONTHS ADJUSTMENTS - OTHER ATTACHMENT

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

BILL COMPONENT	SERVICE MONTH	REVISED BILL 8/31/07 KW/kWh	\$	ORIGINAL BILL 6/4/07 KW/kWh	\$	INCREASE (DECREASE)	ADD'L CHARGE (CREDIT)
Capacity	MAY 2007	165,000	\$1,856,250.00	165,000	\$1,856,250.00	0	\$0.00
Energy	MAY 2007	122,560,000	\$1,561,291.84	122,559,000	\$1,561,279.10	1,000	\$12.74
Prior Month Adjustment-Energy Rate	MAY 2007		\$421,112.94		\$421,112.94		\$0.00
Prior Month Adjustment-Other	MAY 2007						\$0.00
TOTAL BILL			\$3,838,654.78		\$3,838,642.04		\$12.74

EXPLANATION FOR REVISION:

The bill was revised to correct the energy quantity billed (original quantity was understated by 1,000 kWh).

BILL COMPONENT	SERVICE MONTH	REVISED BILL 8/31/07 KW/kWh	\$	ORIGINAL BILL 7/5/07 KW/kWh	\$	(DECREASE)	CHARGE (CREDIT)
Capacity	JUN. 2007	165,000	\$1,856,250.00	165,000	\$1,856,250.00	0	\$0.00
Energy	JUN. 2007	118,550,000	\$3,443,996.05	118,550,000	\$3,443,996.05	0	\$0.00
Prior Month Adjustment-Energy Rate	JUN. 2007		\$977,906.24		\$977,898.26		\$7.98
Prior Month Adjustment-Other	JUN. 2007						\$0.00
TOTAL BILL			\$6,278,152.29		\$6,278,144.31		\$7.98

EXPLANATION FOR REVISION:

The bill was revised to correct the true-up of the previous month energy rate and energy quantity billed.

NOTE: THIS BILL IS TO BE BOOKED AS CURRENT MONTH OF ANNUAL BILLING.
SAVE (COPY) HISTORY MONTHLY IN "UEMOCUBK (2)"

AMEREN SERVICES	FOR MONTH OF:	AUGUST 2007
P. O. BOX 66149	PREPARED:	SEPTEMBER 5, 2007
ST. LOUIS, MO 63166-6149	DUE DATE:	ANNUALLY
ATTN: FUEL ACCOUNTING, MAIL CODE 220	(ESTIMATE FOR BOOKING)	

IN ACCOUNT WITH ENTERGY ARKANSAS, INC.
PLEASE REMIT TO:
ACCOUNTS RECEIVABLE
P.O. BOX 8107
BATON ROUGE, LOUISIANA 70891-8107

STATEMENT SUMMARIZING ENERGY SUPPLIED
BY ENTERGY TO UNION ELECTRIC BOUNDARY LINE
CUSTOMERS UNDER THE SERVICE AREA BOUNDARY
AGREEMENT DATED MARCH 12, 1992.

ENERGY PROVIDED TO U. E. CUSTOMERS:

	\$/KWH	
31,181 KWH @	\$0.034547 (FPER)	
	\$0.044250 (ADDER)	
	\$0.078797 TOTAL (NER)	\$2,456.97
TOTAL FOR MONTH OF	AUGUST 2007	\$2,456.97

THIS BILLING IS FOR RECORDING ONLY. AN ANNUAL BILLING WILL BE RENDERED
BY ENTERGY IN APRIL OF EACH YEAR COVERING THE PERIOD FROM MARCH THROUGH
FEBRUARY BASED ON ACTUAL ENERGY DELIVERED AND ACTUAL MONTHLY
RATES INCURRED BY ENTERGY DURING THE PERIOD.

NOTE: CHANGE MONTHLY RATE TO ESTIMATED FPER USED FOR UNION ELECTRIC BILLING.

October 2, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of **September 2007** in the amount of **\$4,938,244.97**. Also enclosed is a Pro Forma Invoice Number **2069339**. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on **October 23, 2007** to **ENTERGY ARKANSAS, INC.**, account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)

PRIOR MONTHS ADJUSTMENTS - OTHER ATTACHMENT

AMEREN SERVICES

P. O. BOX 66149

ST. LOUIS, MO 63166-6149

ATTN: FUEL ACCOUNTING, MAIL CODE 220

BILL COMPONENT	SERVICE MONTH	REVISED BILL 9/28/07 KW/kWh	\$	ORIGINAL BILL 9/5/07 KW/kWh	\$	INCREASE (DECREASE)	ADD'L CHARGE (CREDIT)
Capacity	AUG. 2007	165,000	\$1,856,250.00	165,000	\$1,856,250.00	0	\$0.00
Energy	AUG. 2007	120,717,000	\$4,170,410.20	120,317,000	\$4,156,591.40	400,000	\$13,818.80
Prior Month Adjustment-Energy Rate	AUG. 2007		(\$22,817.09)		(\$22,817.09)		\$0.00
Prior Month Adjustment-Other	AUG. 2007		\$0.00		\$0.00		\$0.00
TOTAL BILL			\$6,003,843.11		\$5,990,024.31		\$13,818.80

EXPLANATION FOR REVISION:

The bill was revised to correct the energy quantity billed (original quantity was understated by 400,000 kWh) due to a bookout with Cargill on August 27th that was omitted from the original quantity.

NOTE: THIS BILL IS TO BE BOOKED AS CURRENT MONTH OF ANNUAL BILLING.
SAVE (COPY) HISTORY MONTHLY IN "UEMOCUBK (2)

AMEREN SERVICES FOR MONTH OF: SEPTEMBER 2007
P. O. BOX 66149 PREPARED: OCTOBER 2, 2007
ST. LOUIS, MO 63166-6149 DUE DATE: ANNUALLY
ATTN: FUEL ACCOUNTING, MAIL CODE 220 (ESTIMATE FOR BOOKING)

IN ACCOUNT WITH ENTERGY ARKANSAS, INC.
PLEASE REMIT TO:
ACCOUNTS RECEIVABLE
P.O. BOX 8107
BATON ROUGE, LOUISIANA 70891-8107

STATEMENT SUMMARIZING ENERGY SUPPLIED
BY ENTERGY TO UNION ELECTRIC BOUNDARY LINE
CUSTOMERS UNDER THE SERVICE AREA BOUNDARY
AGREEMENT DATED MARCH 12, 1992.

ENERGY PROVIDED TO U. E. CUSTOMERS:

		<u>\$/KWH</u>	
28,289	KWH @	\$0.035717	(FPER)
		\$0.044250	(ADDER)
		\$0.078967	TOTAL (NER)
			\$2,262.19

TOTAL FOR MONTH OF SEPTEMBER 2007 \$2,262.19

THIS BILLING IS FOR RECORDING ONLY. AN ANNUAL BILLING WILL BE RENDERED
BY ENTERGY IN APRIL OF EACH YEAR COVERING THE PERIOD FROM MARCH THROUGH
FEBRUARY BASED ON ACTUAL ENERGY DELIVERED AND ACTUAL MONTHLY
RATES INCURRED BY ENTERGY DURING THE PERIOD.

NOTE: CHANGE MONTHLY RATE TO ESTIMATED FPER USED FOR UNION ELECTRIC BILLING.

November 2, 2007

**Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220**

Gentlemen:

Enclosed is the power and energy billing for the service month of **October 2007 in the amount of **\$4,943,450.40**. Also enclosed is a Pro Forma Invoice Number **2070889**. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.**

Please make your payment by wire transfer on **November 23, 2007 to **ENTERGY ARKANSAS, INC.**, account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.**

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

**Mario Montagnino
Major Accounts Billing**

Enclosure

**cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)**

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF:
 MAILED ON:
 DUE DATE:

OCTOBER 2007
 NOV. 2, 2007
 NOV. 23, 2007

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000	KW	\$11.25 /kw	\$1,856,250.00
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ENERGY CHARGE:

90,435,000	kWh	\$0.0365590 /kWh	3,306,213.17
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP	(219,012.77)
OTHER ADJUSTMENTS (See Separate Attachment)	0.00

TOTAL CURRENT MONTH

4,943,450.40

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

<u>\$4,943,450.40</u>

AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:

OCTOBER 2007

PRIOR MONTH(S) ADJUSTMENTS

	<u>ADJUSTED MONTH</u>	<u>kWh BILLED</u>	<u>ESTIMATED RATE BILLED OR LAST REVISED</u>	<u>ACTUAL RATE</u>	<u>DIFFERENCE</u>	<u>ADJUSTMENT AMOUNT (\$)</u>
FORMULA ENERGY RATE:	SEPTEMBER 2007	75,888,000	0.0357170	0.0328310	(0.0028860)	(\$219,012.77)
OTHER ADJUSTMENTS (See Separate Attachment)						0.00
TOTAL PRIOR MONTH(S) ADJUSTMENTS						<u>(\$219,012.77)</u>

October 2007 Invoice pd in November 2007

	VOUME	DOLLARS	Price to be Uploaded into Zainet	Prices Per APL Invoice	Diff
October '07					
ZN Total					
Demand	189,000	\$ 1,858,250.00			
Energy	92,720	\$ 3,306,218.17	35.65803678	36.659	-0.900963
Total from Invoice		\$ 5,162,463.17			
Diff between Inv and ZN		\$ (3.41)			
Prior Month Adjustment					
September '07					
ZN Total					
Demand					
Energy from SEP Invoice					
Energy Adjustment from OCT Inv					
SEP Adjusted Total for Energy		\$ 2,491,478.93			
SEP Adjusted Total		\$ 4,347,728.93			
Diff between Inv and ZN		\$ (0.30)			
Total Amount Paid to APL		\$ 4,943,450.40			

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF: NOVEMBER 2007
 MAILED ON: DEC. 4, 2007
 DUE DATE: DEC. 26, 2007

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000	KW	\$11.25 /kw	\$1,856,250.00
---------	----	-------------	----------------

ENERGY CHARGE:

107,662,000	kWh	\$0.0293120 /kWh	3,155,788.54
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP	(630,965.00)
OTHER ADJUSTMENTS (See Separate Attachment)	0.00

TOTAL CURRENT MONTH

4,381,073.54

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

\$4,381,073.54

**AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:**

NOVEMBER 2007

PRIOR MONTH(S) ADJUSTMENTS

<u>ADJUSTED MONTH</u>	<u>kWh BILLED</u>	<u>ESTIMATED RATE BILLED OR LAST REVISED</u>	<u>ACTUAL RATE</u>	<u>DIFFERENCE</u>	<u>ADJUSTMENT AMOUNT (\$)</u>
FORMULA ENERGY RATE: OCTOBER 2007	90,435,000	0.0365590	0.0295820	(0.0069770)	(\$630,965.00)
OTHER ADJUSTMENTS (See Separate Attachment)					0.00
TOTAL PRIOR MONTH(S) ADJUSTMENTS					<u>(\$630,965.00)</u>

December 4, 2007

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of **November 2007** in the amount of **\$4,381,073.54**. Also enclosed is a Pro Forma Invoice Number **2072309**. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on **December 26, 2007** to **ENTERGY ARKANSAS, INC.**, account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Ms. Holly H. Hoang (T-WOOD-0)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Troclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)

November 2007 Invoice pd in December 2007

	VOUME	DOLLARS	Price to be Uploaded into Zainet	Prices Per APL Invoice	Diff
ZN Total	November '07				
Demand	165,000	\$ 1,856,250.00			
Energy	106,720	\$ 3,065,788.54	29.55550026	29.312	0.2435
Total from Invoice		\$ 5,012,038.54			
Diff between Inv and ZN		\$			
Prior Month Adjustment	October '07				
ZN Total					
Demand	165,000	\$ 1,856,250.00			
Energy from OCT Invoice	92,720	\$ 3,306,213.17			
Energy Adjustment from NOV Inv		\$ (830,966.00)			
OCT Adjusted Total for Energy		\$ 2,675,248.17	28.85297854	29.582	-0.729021
OCT Adjusted Total		\$ 4,531,498.17			
Diff between Inv and ZN		\$ -			
Total Amount Paid to APL		\$ 4,381,073.54			

Total Equalization Charge \$251,000,000
 Monthly Eq. Charge (7 Mo) \$35,857,143

Month	2006 Sales	2006 Eq/MWh	2007 Est. Sales	2007 Est. Eq/MWh	Days	MWh Available	MWh Scheduled	UE Est. Charge	UE 2006 Based Charge
Jun-07	2,377,600	\$15.08	2,557,093	\$14.02	30	118,800	118,800	\$1,865,897	\$1,791,651
Jul-07	2,800,482	\$13.79	2,803,350	\$13.77	31	122,760	120,200	\$1,855,570	\$1,657,409
Aug-07	2,851,711	\$13.52	3,034,270	\$11.82	31	122,760	120,717	\$1,426,559	\$1,632,367
Sep-07	1,986,304	\$18.05	2,153,306	\$16.85	30	118,800	75,888	\$1,263,697	\$1,369,945
Oct-07	1,869,101	\$19.16	2,085,262	\$17.20	31	122,760	90,435	\$1,555,076	\$1,734,920
Nov-07	1,894,766	\$18.92	1,914,543	\$18.73	30	118,800	107,662	\$2,016,363	\$2,037,429
Dec-07	2,095,363	\$17.11			31	122,760	122,760		\$2,100,745

	Little Rock Cooling Degree Days		Little Rock Heating Degree Days	
	2007	2006	2007	2006
June	454.5	419.5		
July	476	590		
August	687.5	602		
September	296	248		
October	137.5	81.5	111.5	170.5
November	8.5	7.5	374.5	359

January 3, 2008

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of **December 2007** in the amount of **\$5,452,148.57**. Also enclosed is a Pro Forma Invoice Number **2073552**. Please reference this invoice number on your payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on **January 24, 2008** to **ENTERGY ARKANSAS, INC.**, account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)

ENTERGY ARKANSAS, INC.

HOURS IN MONTH

INPUT VARIABLES FOR CURRENT

SCHEDULED KWH

CURRENT MONTH DATA:

MONTH BILLING:

BEFORE LOSSES

FOR MONTH OF:

DECEMBER 2007

BILLING ENERGY (Total Scheduled by AE)

122,326,000

MAILED ON:

JAN. 3, 2008

(Source EA&R, ISB)

DUE DATE:

JAN. 24, 2008

CUR. MO. EST. RATE FOR BILLING

\$0.0283390

(DUE IN 21 DAYS)

PRIOR MONTH ADJUSTMENT DATA:

PRIOR MO. EST. RATE BILLED

\$0.0293120

FOR MONTH OF:

NOVEMBER 2007

PRIOR MO. kWh BILLED

107,662,000

PRIOR MO. ACTUAL RATE

\$0.0305130

AMEREN SERVICES

P. O. BOX 66149

ST. LOUIS, MO 63166-6149

ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF:

DECEMBER 2007

MAILED ON:

JAN. 3, 2008

DUE DATE:

JAN. 24, 2008

IN ACCOUNT WITH ENTERGY ARKANSAS, INC

PLEASE REMIT TO:

P.O. BOX 8107

BATON ROUGE, LOUISIANA 70891-8107

CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000 KW @

\$11.25 /kw

\$1,856,250.00

ENERGY CHARGE:

122,326,000 kWh @

\$0.0283390 /kWh

3,466,596.51

PRIOR MONTH ADJUSTMENT (\$):

FORMULA ENERGY RATE TRUE-UP

129,302.06

OTHER ADJUSTMENTS (See Separate Attachment)

0.00

TOTAL CURRENT MONTH

5,452,148.57

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

\$5,452,148.57

AMEREN SERVICES
 SUPPLEMENTAL BILLING DATA
 MONTH OF SERVICE:

DECEMBER 2007

PRIOR MONTH(s) ADJUSTMENTS

	ADJUSTED MONTH	kWh BILLED	ESTIMATED RATE BILLED OR LAST REVISED	ACTUAL RATE	DIFFERENCE	ADJUSTMENT AMOUNT (\$)
FORMULA ENERGY RATE:	NOVEMBER 2007	107,662,000	0 0293120	0 0305130	0.0012010	\$129,302.06
OTHER ADJUSTMENTS (See Separate Attachment)						0.00
TOTAL PRIOR MONTH(s) ADJUSTMENTS						<u>\$129,302.06</u>

December 2007 Invoice pd in January 2008

	VOUME	DOLLARS			
	Dec-07		Price to be Uploaded into Zalnet	Prices Per APL Invoice	Diff
ZN Total	122,925	\$ 5,322,845.09			
Demand	165,000	\$ 1,856,250.00			
Energy	122,760	\$ 3,468,598.51	28.23881158	28.339	-0.10019
Total from Invoice		<u>\$ 5,322,846.51</u>			
Diff between Inv and ZN		\$ (1.42)			
Prior Month Adjustment	Nov-07				
ZN Total	106,940	\$ 5,141,332.36			
Demand	165,000	\$ 1,856,250.00			
Energy from Nov Invoice	106,775	\$ 3,155,788.54			
Energy Adjustment from Dec Inv		<u>\$ 129,302.08</u>			
Nov Adjusted Total for Energy		<u>\$ 3,285,090.60</u>	30.76647717	30.513	0.253477
Nov Adjusted Total		<u>\$ 5,141,340.60</u>			
Diff between Inv and ZN		\$ (8.24)			
Total Amount Paid to APL		\$ 5,452,148.57			

Total Equalization Charge \$251,000,000
 Monthly Eq. Charge (7 Mo) \$35,857,143

Month	2006 Sales	2006 Eq/MWh	2007 Est. Sales	2007 Est. Eq/MWh	Days	MWh Available	MWh Scheduled	UE Est. Charge	UE 2006 Based Charge
Jun-07	2,377,600	\$15.06	2,657,093	\$14.02	30	118,800	118,800	\$1,666,887	\$1,791,651
Jul-07	2,600,462	\$13.79	2,603,350	\$13.77	31	122,760	120,200	\$1,655,570	\$1,657,409
Aug-07	2,651,711	\$13.52	3,034,270	\$11.82	31	122,760	120,717	\$1,428,596	\$1,632,387
Sep-07	1,986,304	\$16.05	2,153,306	\$16.86	30	118,800	75,888	\$1,263,697	\$1,388,945
Oct-07	1,989,101	\$19.18	2,085,282	\$17.20	31	122,760	90,435	\$1,566,076	\$1,734,820
Nov-07	1,994,786	\$18.92	1,914,543	\$18.73	30	118,800	107,662	\$2,018,363	\$2,037,429
Dec-07	2,095,383	\$17.11	2,123,598	\$16.88	31	122,760	122,326	\$2,065,485	\$2,093,316

	Little Rock Cooling Degree Days		Little Rock Heating Degree Days	
	2007	2006	2007	2006
June	454.6	419.5		
July	478	590		
August	607.5	802		
September	296	249		
October	137.5	81.8	111.6	170.6
November	9.5	7.5	374.6	368
December	0	0	606.6	566

February 8, 2008

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the revised power and energy billing for the service month of **January 2008** in the amount of **\$3,702,075.16**. The bill was revised due to a reduction in the estimated energy rate resulting from removal of the FERC mandated system agreement payment. This billing is rendered in accordance with the Service Agreement for Wholesale Power dated April 1, 1999.

Please make your payment by wire transfer on **February 25, 2008** to **ENTERGY ARKANSAS, INC.**, account number **812276557**, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy account number **28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)
Mr. Seth Cureington (T-PKWD-3D)

AMEREN SERVICES
P. O. BOX 66149
ST. LOUIS, MO 63166-6149
ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF: JANUARY 2008
MAILED ON: FEB.4, 2008
DUE DATE: FEB. 25, 2008
REVISED BILL 2/8/2008

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
PLEASE REMIT TO:
P.O. BOX 8107
BATON ROUGE, LOUISIANA 70891-8107
CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
ARKANSAS, INC. AND AMEREN UE.

CAPACITY CHARGE:

165,000 KW @ \$11.25 /kw \$1,856,250.00 ✓

ENERGY CHARGE:

122,684,000 kWh @ \$0.0112520 /kWh 1,380,440.37 ✓

PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP 441,719.19

OTHER ADJUSTMENTS (See Separate Attachment) 23,665.60

TOTAL CURRENT MONTH 3,702,075.16

PREVIOUS BALANCE: 0.00

TOTAL AMOUNT DUE \$3,702,075.16

January 2008 paid in February.

	VOUME	DOLLARS	Price to be Uploaded into Zainet	Prices Per APL invoice	Diff
Jan-08					
ZN Total	122,875	\$ 3,236,688.42			
Demand	185,000	\$ 1,856,250.00			
Energy	122,710	\$ 1,380,440.37	11.24961592	11.252	-0.00238
Total from Invoice		<u>\$ 3,236,690.37</u>			
Diff between Inv and ZN		\$ (1.95)			
Dec-07					
Prior Month Adjustment					
ZN Total	122,925	\$ 5,788,228.25			
Demand	185,000	\$ 1,856,250.00			
Energy from Dec Invoice	122,760	\$ 3,466,596.51			
Energy Adjustment from Dec Inv		<u>\$ 465,384.79</u>			
Dec Adjusted Total for Energy		<u>\$ 3,931,981.30</u>	32.02982486	31.95	0.079825
Dec Adjusted Total		<u><u>\$ 5,788,231.30</u></u>			
Diff between Inv and ZN		\$ (3.05)			
Total Amount Paid to APL		\$ 3,702,075.16			

March 4, 2008

Ameren Services
P. O. Box 66149
St. Louis, MO 63166-6149
Attn: Fuel Accounting, Mail Code 220

Gentlemen:

Enclosed is the power and energy billing for the service month of **February 2008** in the amount of **\$3,040,040.57**. Also enclosed is a Pro Forma Invoice Number **2076432**. Please reference this invoice number on your payment. This billing is rendered in accordance with the *Service Agreement for Wholesale Power* dated April 1, 1999.

Please make your payment by wire transfer on **March 25, 2008** to ENTERGY ARKANSAS, INC., account number 812276557, Capital One (ABA 065000090) New Orleans, Louisiana and include your Entergy **account number 28460** in the addenda field.

If you have any questions, please call me at (501) 377-3633 or email me at mmontag@entergy.com.

Sincerely,

Mario Montagnino
Major Accounts Billing

Enclosure

cc: Ms. Dion C. Couvillon (L-ENT-6A)
Ms. Karen A. Kraft (A-TCBY-23F)
Mr. Robert L. Robinette (A-TCBY-25B)
Mr. Randy J. Trosclair (L-ENT-6F)

AMEREN SERVICES
 P. O. BOX 66149
 ST. LOUIS, MO 63166-6149
 ATTN: FUEL ACCOUNTING, MAIL CODE 220

FOR MONTH OF: FEBRUARY 2008
 MAILED ON: MARCH 4, 2008
 DUE DATE: MARCH 25, 2008

IN ACCOUNT WITH ENTERGY ARKANSAS, INC
 PLEASE REMIT TO:
 P.O. BOX 8107
 BATON ROUGE, LOUISIANA 70891-8107
 CUSTOMER NO. 28460

BILLING FOR CAPACITY AND ENERGY AS PER THE SERVICE
 AGREEMENT EFFECTIVE APRIL 1, 1999, BETWEEN ENTERGY
 ARKANSAS, INC. AND AMEREN UE

CAPACITY CHARGE:

165,000	KW @	\$11.25 /kw	6k \$1,856,250.00
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ENERGY CHARGE:

114,815,000	kWh @	\$0.0104910 /kWh	67 1,204,524.17
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PRIOR MONTH ADJUSTMENT (S):

FORMULA ENERGY RATE TRUE-UP			67 (20,733.60)
OTHER ADJUSTMENTS (See Separate Attachment)			0.00

TOTAL CURRENT MONTH

3,040,040.57

PREVIOUS BALANCE:

0.00

TOTAL AMOUNT DUE

\$3,040,040.57

AMEREN SERVICES
SUPPLEMENTAL BILLING DATA
MONTH OF SERVICE:

FEBRUARY 2008

PRIOR MONTH(s) ADJUSTMENTS

	ADJUSTED <u>MONTH</u>	kWh <u>BILLED</u>	ESTIMATED RATE BILLED OR LAST <u>REVISED</u>	ACTUAL <u>RATE</u>	<u>DIFFERENCE</u>
FORMULA ENERGY RATE:					
	JANUARY 2008	122,684,000	0.0112520	0 0110830	(0.0001690)
OTHER ADJUSTMENTS (See Separate Attachment)					
TOTAL PRIOR MONTH(s) ADJUSTMENTS					

ADJUSTMENT
AMOUNT (\$)

(\$20,733.60)

0.00

(\$20,733.60)

Attachment 4

ENTERGY CAPACITY AGREEMENT

Summary

The "Agreement For Wholesale Power Service Between Arkansas Power & Light Company And Union Electric Company" signed March 12, 1991 has recently come up for renewal. The existing agreement calls for AP&L (Entergy) to deliver 160 MW around the clock of capacity and energy to the Entergy/Ameren interconnect until March of 2002. UE (Ameren) holds the right to extend the agreement into March, 2008 and both parties hold the right to file with FERC for a change in rates in 2004.

Asides from simplifying the existing agreement, the revised agreement extends the capacity and energy deliveries through the end of 2008, fixes the cost base components (canceling a 3% annual escalator on 25% of the capacity/energy) determining the deal economics and eliminates the rights of either party to file a rate change in 2004. The anticipated "all in" cost of the revised agreement compares favorably to Ameren's forward price curve. It also provides the daily option for Ameren to either bring the energy home or market the energy within the Entergy control area or to it's interconnects.

A comparison of the major contract differences follows.

Term

Existing: Until March 2002

Ameren right to extend until March 2008

Continues beyond March 2008 unless cancelled by either party with 60 month notice

Revised: Begins April 1, 1999 through December 31, 2008

Continues beyond December 31, 2008 unless cancelled by either party with 60 month notice

Delivery Point

Existing: Entergy point of intersection with Ameren (We oftentimes sell the energy back to Entergy but are precluded from selling at the more liquid/profitable "into Entergy" location)

Revised: Entergy's White Bluff Station

Ameren will receive rollover rights associated with the transmission service provided in the 1991 agreement.

Volume

Existing: 160 MW (includes base-120 and peaking-40) plus losses of 3.12%

Peaking capacity becomes base capacity after 2002 at Ameren's option

Revised: 165 MW including losses

Curtailment

Existing: Only if curtailing native load

Revised: Same

Rate

Existing: Capacity

Base rate- \$13.26/KW month including transmission
Peaking rate- \$4.02/KW month with annual 3% escalator

Energy

Base rate- Entergy's cost based fuel and purchased energy rate formula (approx. \$8.50/MWh average in 1998)

Peaking rate- \$58/MWh in 1998, 3% increase each year until 2002

Revised: Capacity

Base rate- \$11.25/KW month plus transmission (\$1.09/KW month)
Peaking rate- Rolled into base rate

Energy

Base rate- Same as in existing agreement
Peaking rate- Rolled into base rate

Exhibit II

ENTERGY SERVICES, INC.
FEDERAL ENERGY REGULATORY COMMISSION
Docket No. ER07-956-001

Response of: Entergy Services, Inc.
to the First Set of Data Requests

Prepared at the Direction of: Michael
Schnitzer/Bruce Louiselle/John Hurstell

of Requesting Party: Commission Trial Staff

Question No.: STAFF 1-2

Part No.:

Addendum:

Question:

On page 39, lines 5-6, of Exhibit ESI-1, Mr. Schnitzer claims that the Commission "clearly" stated that the production cost disparity between Entergy Arkansas and the other Operating Companies is "energy related". On page 14, lines 5-20, of Exhibit ESI-6, Mr. Louiselle quotes the Commission as stating "each operating utility should share in the overall capacity costs of the system in rough proportion to the benefits it receives (i.e., that its demand is met) from that system. Given the tremendous disparities in size and loads among the operating utilities, the only legitimate way to ensure that approximate parity between costs borne and benefits received is to ensure approximate equalization of cost responsibility on a per unit of demand basis. In other words, an allocation scheme that would not achieve a rough equalization of production costs on a demand basis would be, in the absence of a rational explanation, unduly discriminatory because there would be no basis for disparity among similarly situated entities."

- a. Does Entergy admit or deny that in the quote by Mr. Louiselle, the Commission clearly stated that production cost disparities among the Operating Companies must be measured on a "unit of demand basis"? Please explain.
- b. Does Entergy admit or deny that it allocates Entergy System non-nuclear capacity costs and non-nuclear fixed production expenses (SFPC) to each Operating Company in Section 30.13 of the System Agreement on the basis of demand? Please explain.
- c. Other than the language in the Commission's order in *Louisiana Public Service Commission v. Entergy Services, Inc.*, 119 FERC ¶ 61,095 at P35 (2007), please provide all bases and documents known to Entergy that support the proposition that the component of Entergy Arkansas' Bandwidth payments associated with "SFPC" of Section 30.13 of the System Agreement should not be considered as "capacity" or as "demand-related" when interpreting the terms of Entergy Arkansas' contract with

Question No.: Staff 1-2

AmerenUE at issue in this proceeding.

- d. Other than the language in the Commission's order in *Louisiana Public Service Commission v. Entergy Services, Inc.*, 119 FERC ¶ 61,095 at P35 (2007), please provide all bases and documents known to Entergy or Mr. Schnitzer that reconcile Mr. Schnitzer's claim in Exhibit ESI-1 that all of Entergy Arkansas' Bandwidth payments should be considered to be energy related with the fact that Section 30.13 of the System Agreement allocates a significant amount of System production costs on the basis of demand.
- e. Do economy purchases made by Operating Companies or Entergy Services acting as agent for one or more Operating Companies sometimes include an explicit capacity charge? Please explain.
- f. If the answer to (e) is yes, is Entergy Arkansas prohibited from passing the capacity component of the economy purchase through the AmerenUE contract at issue in this proceeding? Please explain.
- g. If the answer to (f) is yes, why did Entergy Arkansas agree to less than full ratable recovery of economy purchases in the AmerenUE contract at issue in this proceeding?
- h. Separate from any Entergy Arkansas-AmerenUE contract considerations but with full consideration given to other Entergy Arkansas wholesale power customers' and retail customers' legitimate interests, please explain and describe Entergy's position as to how AmerenUE's just and reasonable share of Entergy Arkansas' Bandwidth Payment should be determined.
- i. Assume that Entergy Arkansas' contract with AmerenUE was a fixed rate contract, i.e., both the capacity and energy rates were fixed for the life of the contract. Would Entergy agree or disagree that some share of Entergy Arkansas' Bandwidth Payment should be attributed to the AmerenUE service even if Entergy Arkansas was unable to pass this cost through to AmerenUE? Please explain.
- j. Is it Entergy's position in this proceeding that the just and reasonable share of Entergy Arkansas' Bandwidth Payment attributable to the AmerenUE power sale is exactly equal to the amount of the Bandwidth Payment that the AmerenUE contract by its explicit terms passes through the monthly energy adjustment provisions? Please explain.

Response:

Question No.: Staff 1-2

- a. Admit. However, the quote referenced in this request is from FERC Opinion No. 292, 41 FERC 61,238, at 61,617 (1987). FERC Opinion Nos. 480 and 480-A, as well as the subsequent EL01-88 orders on compliance accepting the Bandwidth formula, provide how the production cost disparities among the Operating Companies must be measured. Nevertheless, in FERC Opinion No. 292 the reference to "unit of demand" was to average demand, which mathematically is equal to the variable "ER."
- b. Admit.
- c. The Bandwidth remedy recently established in FERC's Opinions 480 and 480-A sets forth the Commission's rough production cost standard. These orders clearly state how each Operating Company should share in the overall total production costs of the System. The Bandwidth formula explicitly identifies (and differentiates) each Operating Company's share of the overall fixed production costs of the System (SFPC) and each Operating Company's share of the overall variable production costs of the System (SVPC). Overall fixed production costs are allocated among the Operating Companies on a demand-basis (DR) and overall variable production costs are allocated on an energy-basis (ER). The Bandwidth formula ensures that each Operating Company's actual production costs are within 11% of its respective share of the System's production costs. In 2006, Entergy Arkansas' fixed production costs were actually *higher* than its allocated share of the System's fixed production costs. However, its variable production costs were well below its allocated share of the System's variable production costs, therefore a Bandwidth payment had to be made. The difference between Entergy Arkansas' variable production costs and its allocated share of System variable production costs is actually larger than its required Bandwidth payment. Therefore no component of the Bandwidth payment can be attributed to disparities in fixed production costs; the Bandwidth payment is entirely attributable to variable production costs. Thus the apparent premise of the question – that there is a component of the Bandwidth payment that is "associated with SFPC" – is incorrect.
- d. See the Company's response to (1-2c) and the attached documents (specifically, pages 11 – 13 of Mr. Schnitzer's Rebuttal testimony before the Arkansas Public Service Commission in Docket 06-101-U, pages 5 – 9 of Mr. Schnitzer's Surrebuttal testimony in that same proceeding, and an updated version of the figure included on page 9 of Mr. Schnitzer's Surrebuttal testimony -- the update being based on the Company's actual Bandwidth filing).
- e. Economy purchases made by the Operating Companies or Entergy Services acting as agent for one or more Operating Companies have not included explicit capacity charges.

Question No.: Staff 1-2

- f. See the Company's response to Staff 1-2 (e).
- g. See the Company's response to Staff 1-2 (e) and (f).
- h. As is noted in the Company's response to (1-2c), because the difference between Entergy Arkansas' variable production costs and its allocated share of System variable production costs is larger than its required Bandwidth payment and no component of the Bandwidth payment is associated with fixed costs, the Company believes that it is just and reasonable to allocate Bandwidth payment costs to AmerenUE like it does other energy-related expenses -- based on AmerenUE's energy-ratio share of these costs. This is exactly the amount of the Bandwidth payment that the current service agreement between Entergy Arkansas and Union Electric Company (d/b/a Ameren UE) attributes to AmerenUE.
- i. See the Company's objection response to STAFF 1-2i.
- j. Yes. See the Company's response to (1-2h).

Exhibit III

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Union Electric Company,)	Docket No. EL08-_____
Complainant)	
)	
v.)	
)	
Entergy Arkansas, Inc. and)	
Entergy Services, Inc.,)	
Respondents)	

NOTICE OF COMPLAINT

Take notice that on April 30, 2008, Union Electric Company (d/b/a AmerenUE or "AmerenUE") filed a complaint pursuant to sections 206 and 309 of the Federal Power Act ("FPA"), 16 U.S.C. §§ 824e and 825h, and section 385.206 of the Federal Energy Regulatory Commission's ("Commission") regulations issued thereunder, against Entergy Arkansas, Inc. and Entergy Services, Inc. (collectively "Respondents"). In the Complaint, AmerenUE ultimately seeks an order from the Commission compelling Respondents to adhere to the rates, terms and conditions of an existing, Commission-approved long-term Service Agreement between EAI and AmerenUE, cease charging AmerenUE a charge in violation of that agreement and in violation of the filed rate doctrine, and provide AmerenUE with refunds, including interest calculated pursuant to 18 C.F.R. § 35.19a, for all overcollections.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: