

RESOLUTION NO. 88-07

WHEREAS, the Formula Rates of Arkansas Power & Light Company (AP&L), chargeable to the City of Conway, Arkansas and other co-owners of the White Bluff and Independence Steam Electric Stations, have recently been the subject of administrative litigation in Federal Energy Regulatory Commission (FERC) Docket No. ER82-705-002 for rates payable during the 1987-88 contract year; and,

WHEREAS, AP&L in November, 1987 filed an Application for Increases in Wholesale Rates to Conway and others in FERC Docket No. ER88-94-000 to commence in the 1988-89 contract year; and,

WHEREAS, all the principal parties to the referenced FERC proceedings, including the FERC staff, have agreed upon a methodology to settle the two (2) open Dockets which will not cause an increase in wholesale electric rates to the City of Conway, Arkansas; and,

WHEREAS, the Board of Directors of the Conway Corporation has approved, by Resolution, the Settlement Agreement attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CONWAY, ARKANSAS:

THAT, the City Council herewith concurs in the approval of the said Settlement Agreement.

PASSED: 3-7-88

Signed David G. Kinley
David G. Kinley, Mayor

Signed Martha Hartwick
Martha Hartwick, City Clerk

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Arkansas Power & Light Company) Docket No. ER82-705-002,
et al.

PREAMBLE TO SETTLEMENT AGREEMENT

1. On March 11, 1987, Arkansas Power & Light Company (AP&L or Company) filed redetermined charges derived from formula rates on file for eight customers, including the Cities of Conway, West Memphis, Jonesboro, Osceola, and Hope, Arkansas, the Cities of Campbell and Thayer, Missouri, and the Arkansas Electric Cooperative Corporation. These customers, together with the Cities of Benton, North Little Rock and Prescott, Arkansas and the Farmers Electric Cooperative Corporation, intervened in the proceeding.

2. On May 29, 1987, the Commission's Trial Staff filed a request for an investigation of the formulary rates for which AP&L had filed redetermined charges. By order issued June 26, 1987, the Commission set the formula rates for hearing. The proceeding was assigned to Administrative Law Judge Samuel Z. Gordon.

3. A prehearing conference was held on July 9, 1987, after which the parties filed memoranda listing the issues to be resolved. A procedural schedule was established. After discovery, the filing of testimony and various procedural

motions, the parties met to discuss settlement. An informal conference at the Commission was held on January 20, 1988. Shortly thereafter, a settlement was reached and by order issued February 2, 1988, the Presiding Judge suspended the procedural schedule. That settlement, to which all customers under the formulas at issue have agreed, is embodied in the Settlement Agreement contained herein.

SETTLEMENT AGREEMENT

4. The undersigned parties agree as follows:

(a) The March 11, 1987, redetermination of charges under the rate formulas will be accepted without modification, except that the Federal income tax rate will be changed to 38 percent, and refunds will be paid accordingly, with interest calculated pursuant to Section 35.19a of the Commission's Regulations. The issue of how to treat AP&L's rail tariff refund resulting from the May 13, 1987, ICC decision will be the subject of a separate filing with the FERC, which AP&L will submit by March 31, 1988.

(b) The current rate formulas will remain effective until modified by agreement, changed in accordance with applicable law, or changed in accordance with other provisions of this agreement, except that the definitions of Federal and State income tax rates will be modified in accordance with the

testimony of FERC Staff witness Ken Barnes filed in this proceeding.

(c) The March 1, 1988 redetermination of the formula rates will include, but not be limited to, the following features:

- (i) Rate of return on equity will be as last determined by the Arkansas Public Service Commission for AP&L, which was 13% at year-end 1987.
- (ii) 34 percent Federal income tax rate, subject to changes in the Federal Income Tax rate.
- (iii) The variable LD (accumulated deferred income taxes - liberalized depreciation) will be developed in the same manner as in the March 11, 1987 redetermination. Specifically, deferred tax balances related solely to AP&L's Arkansas and Missouri retail jurisdictions will be excluded. This relates to account 282.
- (iv) The transmission loss factor will be 3.61 percent prospectively from March 1, 1988, until changed, as provided in this agreement.

(d) The parties agree to conduct negotiations in good faith to revise the formula rates, by June 1, 1988 if possible, to recognize changes in AP&L's cost structure and otherwise to provide more just and reasonable rates. If agreement is

reached, the revised formulas will be filed with the FERC to become effective in the Company's March 1, 1989 redetermination.

(e) The parties agree to work together to attempt to develop a new method for calculating transmission losses to take effect March 1, 1989.

(f) Upon Commission approval of this settlement, AP&L will withdraw its application in Docket No. ER88-94-000. Pending such approval, AP&L will seek to hold Docket No. ER88-94-000 in abeyance.

(g) If the parties cannot agree to revised formulas by June 1, 1988, AP&L is free to make whatever filings it desires and the parties reserve the right to make any objections thereto. If such filing is submitted by October 1, 1988, the parties agree to support the effectiveness of the filing subject to refund as of March 1, 1989, including any notice and suspension period. If such filing is made by AP&L after October 1, 1988, the parties agree that the effective date of the filing, subject to refund, will be extended for a like period after March 1, 1989. Thereafter, if formula rates are to be continued, redeterminations of charges under the formula rates would take effect as of March 1 of each year.

(h) In the event that the parties do not agree to the revised formulas and AP&L files revised formulas, the parties

agree that the Company shall not be required to include Period II data in support of its filing. The Company will ask for waiver of the Period II filing requirements at the time it files for its new rates, and the parties will support such request for waiver. In the event that AP&L does not file revised formulas, the parties shall not be required to support waiver of the Period II filing requirements.

5. The Power Coordination, Interchange and Transmission Service Agreements filed in Docket Nos. ER80-373, ER82-705, ER83-86, ER83-230, and ER83-297, as modified by prior settlement agreements, shall remain in effect, except as modified or superseded by the provisions of this Settlement Agreement.

6. This Agreement is expressly contingent upon its approval by the Federal Energy Regulatory Commission without modification, unless such modifications as the Federal Energy Regulatory Commission may require are agreed to by the parties. All parties to this Agreement will cooperate in seeking its acceptance and approval by the Federal Energy Regulatory Commission. If this Agreement is not accepted and approved by the Federal Energy Regulatory Commission without modification, then: (i) it shall not be binding on any party; (ii) all parties shall in that event be deemed to have reserved all their respective rights and remedies in this proceeding; (iii)

this Settlement Agreement shall not be part of the record in such proceeding, and all discussions and negotiations thereon shall be privileged; and (iv) the parties shall not be obliged to negotiate further, other than to discuss in good faith whether the modifications required by the Federal Energy Regulatory Commission are acceptable to them.

7. Nothing in this Settlement Agreement shall constitute an admission by any party of the correctness or applicability of any claim, defense, rule or interpretation of law, allegation of fact, principle or method of ratemaking or cost of service determination; except, the settlement rates reflect that all post-1980 property has been fully normalized by the Company, bringing this property within the ambit of Section 168 of the Internal Revenue Code adopted as part of the Economic Recovery Tax Act of 1981. This Settlement Agreement is made upon the explicit understanding that it constitutes a negotiated settlement with respect to rates, terms and conditions contained in the proposed agreements in this proceeding. It is also agreed that the parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost-of-service determination, or design of rate schedule, or terms or conditions of service, or the application of any rule or interpretation of law that may underlie, or be thought to

underlie, this Settlement; except that the parties agree that the settlement rates reflect that all post-1980 property has been fully normalized by the Company. It is further agreed that in any future negotiation or proceedings whatsoever (other than any proceeding involving the honoring, enforcement or construction of this Settlement Agreement or the revision to any rate schedules to be filed with the Commission pursuant to this Settlement Agreement) the parties shall not be bound or prejudiced by this Settlement Agreement.

Agreed to this ____ day of _____, 1988.

CITY OF HOPE, ARKANSAS

By _____

ARKANSAS POWER & LIGHT COMPANY

By _____

ARKANSAS ELECTRIC COOPERATIVE CORPORATION

By _____

CITY OF CONWAY, ARKANSAS

By _____

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO, ARKANSAS

By _____

CITY OF WEST MEMPHIS, ARKANSAS

By _____

CITY OF OSCEOLA, ARKANSAS

By _____

CITY OF CAMPBELL, MISSOURI

By _____

CITY OF THAYER, MISSOURI

By _____

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**BILLING COMPARISONS
1986 BILLING DETERMINATES**

	AP&L CURRENT	AP&L PROPOSED	INCREASE (DECREASE)	AP&L SETTLEMENT	INCREASE (DECREASE)
PEAKING POWER DEMAND	\$408,000	\$408,000	\$0	\$408,000	\$0
PRODUCTION DEMAND	\$577,738	\$628,944	\$51,206	\$529,240	(\$48,498)
TRANSMISSION DEMAND	\$931,589	\$1,200,319	\$268,730	\$812,080	(\$119,509)
DISTRIBUTION DEMAND	\$310,071	\$403,200	\$93,129	\$292,845	(\$17,226)
PEAKING POWER ENERGY	\$988,800	\$988,800	\$0	\$988,800	\$0
ENERGY ADDER	\$12,144	\$18,261	\$6,117	\$12,144	\$0
ENERGY	\$86,874	\$87,387	\$513	\$86,874	\$0
TOTAL	\$3,315,216	\$3,734,911	\$419,695	\$3,129,983	(\$185,233)
% CHANGE FROM CURRENT			12.66%		-5.59%

**BILLING COMPARISONS
1987 BILLING DETERMINATES**

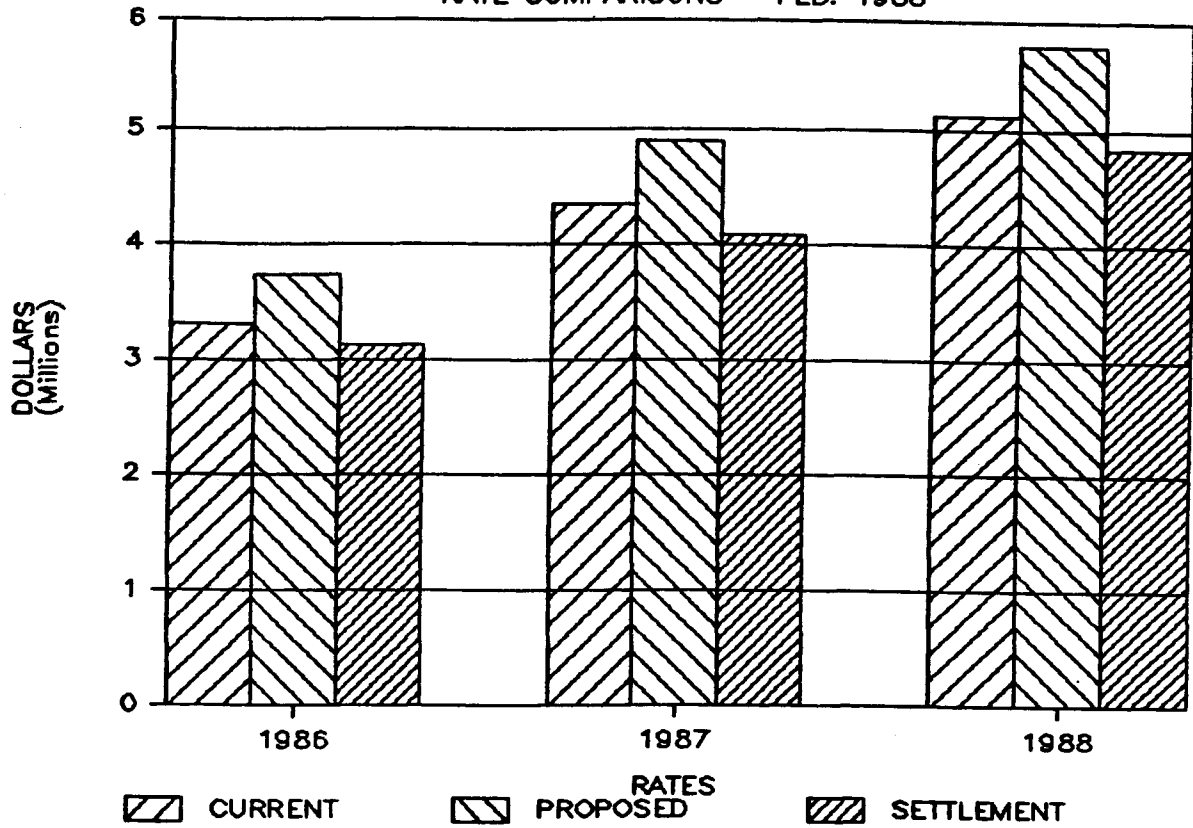
	AP&L CURRENT	AP&L PROPOSED	INCREASE (DECREASE)	AP&L SETTLEMENT	INCREASE (DECREASE)
PEAKING POWER DEMAND	\$411,000	\$411,000	\$0	\$411,000	\$0
PRODUCTION DEMAND	\$1,453,287	\$1,582,065	\$128,778	\$1,343,323	(\$109,964)
TRANSMISSION DEMAND	\$1,018,574	\$1,312,393	\$293,819	\$887,908	(\$130,666)
DISTRIBUTION DEMAND	\$339,023	\$403,200	\$64,177	\$320,188	(\$18,835)
PEAKING POWER ENERGY	\$988,800	\$988,800	\$0	\$988,800	\$0
ENERGY ADDER	\$26,781	\$40,271	\$13,490	\$26,781	\$0
ENERGY	\$111,693	\$170,844	\$59,151	\$111,693	\$0
TOTAL	\$4,349,158	\$4,908,573	\$559,415	\$4,089,693	(\$259,465)
% CHANGE FROM CURRENT			12.86%		-5.97%

**BILLING COMPARISONS
1988 BILLING DETERMINATES**

	AP&L CURRENT	AP&L PROPOSED	INCREASE (DECREASE)	AP&L SETTLEMENT	INCREASE (DECREASE)
PEAKING POWER DEMAND	\$423,000	\$423,000	\$0	\$423,000	\$0
PRODUCTION DEMAND	\$2,079,523	\$2,263,805	\$184,282	\$1,942,312	(\$137,211)
TRANSMISSION DEMAND	\$1,062,804	\$1,369,382	\$306,578	\$926,459	(\$136,345)
DISTRIBUTION DEMAND	\$353,744	\$403,200	\$49,456	\$334,091	(\$19,653)
PEAKING POWER ENERGY	\$1,018,464	\$1,018,464	\$0	\$1,018,464	\$0
ENERGY ADDER	\$37,235	\$55,990	\$18,755	\$37,235	\$0
ENERGY	\$157,515	\$244,973	\$87,458	\$157,515	\$0
TOTAL	\$5,132,285	\$5,778,814	\$646,529	\$4,839,076	(\$293,209)
% CHANGE FROM CURRENT			12.60%		-5.71%

CONWAY CORPORATION

RATE COMPARISONS - FEB. 1988



APRIL CURRENT RATES
1986 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
TOTAL COST	\$400,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000
PRODUCTION DEMAND		(5192)	(5192)	(5192)	(5192)	(5192)	(3881)	8174	8174	8174	8174	8174	8174
DEMAND RATE		11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78
TOTAL	\$577,738	\$0	\$0	\$0	\$0	\$0	\$0	\$96,290	\$96,290	\$96,290	\$96,290	\$96,290	\$96,290
TRANSMISSION DEMAND		69238	69238	69238	69238	69238	69983	79931	79931	79931	79931	79931	79931
DEMAND RATE		1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
TOTAL	\$931,589	\$72,008	\$72,008	\$72,008	\$72,008	\$72,008	\$72,782	\$83,128	\$83,128	\$83,128	\$83,128	\$83,128	\$83,128
DISTRIBUTION DEMAND		66575	66575	66575	66575	66575	67291	76857	76857	76857	76857	76857	76857
DEMAND RATE		0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
TOTAL	\$318,071	\$23,967	\$23,967	\$23,967	\$23,967	\$23,967	\$24,225	\$27,669	\$27,669	\$27,669	\$27,669	\$27,669	\$27,669
PEAKING POWER ENERGY DEMAND		0	0	0	0	1800000	1800000	1800000	1800000	1800000	0	0	0
PEAKING POWER RATE		0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$988,800	\$0	\$0	\$0	\$0	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$0	\$0	\$0
ENERGY FOR AODER		0	0	0	0	0	0	4497749	0	0	0	0	0
ENERGY AODER		0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$12,144	\$0	\$0	\$0	\$0	\$0	\$0	\$12,144	\$0	\$0	\$0	\$0	\$0
ENERGY AVE. RATE		0.0113	0.009	0.0076	0.0135	0.0108	0.0148	0.019315	0.0162	0.0221	0.0157	0.0195	0.0157
TOTAL	\$86,874	\$0	\$0	\$0	\$0	\$0	\$0	\$86,874	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$3,315,217	\$129,975	\$129,975	\$129,975	\$129,975	\$327,735	\$328,767	\$537,864	\$438,846	\$438,846	\$241,086	\$241,086	\$241,086

APIL PROPOSED RATES
1986 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
TOTAL COST	\$400,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000
PRODUCTION DEMAND		-4154	-4154	-4154	-4154	-4154	-3104	6539	6539	6539	6539	6539	6539
DEMAND RATE		16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03
TOTAL	\$628,944	\$0	\$0	\$0	\$0	\$0	\$0	\$104,824	\$104,824	\$104,824	\$104,824	\$104,824	\$104,824
TRANSMISSION DEMAND		69238	69238	69238	69238	69238	69983	79931	79931	79931	79931	79931	79931
DEMAND RATE		1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
TOTAL	\$1,200,319	\$92,779	\$92,779	\$92,779	\$92,779	\$92,779	\$93,777	\$107,100	\$107,100	\$107,100	\$107,100	\$107,100	\$107,100
DISTRIBUTION DEMAND		105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000
DEMAND RATE		0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
TOTAL	\$403,200	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
PEAKING POWER ENERGY DEMAND		0	0	0	0	1800000	1800000	1800000	1800000	1800000	1800000	1800000	1800000
PEAKING POWER RATE		0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$980,800	\$0	\$0	\$0	\$0	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760
ENERGY FOR ADDER		0	0	0	0	0	0	1497749	0	0	0	0	0
ENERGY ADDER		0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406
TOTAL	\$18,261	\$0	\$0	\$0	\$0	\$0	\$0	\$18,261	\$0	\$0	\$0	\$0	\$0
ENERGY AVE. RATE		0.0113	0.009	0.0076	0.0135	0.0108	0.0148	0.019429	0.0162	0.0221	0.0157	0.0195	0.0152
TOTAL	\$87,387	\$0	\$0	\$0	\$0	\$0	\$0	\$87,387	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$3,734,911	\$160,379	\$160,379	\$160,379	\$160,379	\$358,139	\$582,939	\$477,292	\$477,292	\$477,292	\$477,532	\$279,532	\$279,532

AP&L SETTLEMENT RATES
1986 DETERMINATES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL												
PEAKING POWER DEMAND	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
TOTAL COST	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000
PRODUCTION DEMAND	(5192)	(5192)	(5192)	(5192)	(4589)	7799	7799	7799	7799	7799	7799	7799
DEMAND RATE	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31
TOTAL	\$0	\$0	\$0	\$0	\$0	\$88,207	\$88,207	\$88,207	\$88,207	\$88,207	\$88,207	\$88,207
TRANSMISSION DEMAND	68978	68978	68978	68978	68978	79631	79631	79631	79631	79631	79631	79631
DEMAND RATE	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
TOTAL	\$62,770	\$62,770	\$62,770	\$62,770	\$65,445	\$72,164	\$72,164	\$72,164	\$72,164	\$72,164	\$72,164	\$72,164
DISTRIBUTION DEMAND	66575	66575	66575	66575	66575	76857	76857	76857	76857	76857	76857	76857
DEMAND RATE	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
TOTAL	\$22,636	\$22,636	\$22,636	\$22,636	\$22,636	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131
PEAKING POWER ENERGY	0	0	0	0	1800000	1800000	1800000	1800000	1800000	0	0	0
DEMAND RATE	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$0	\$0	\$0	\$0	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$0	\$0	\$0
ENERGY FOR ADDER	0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$0	\$0	\$0	\$0	\$0	\$12,144	\$12,144	\$0	\$0	\$0	\$0	\$0
ENERGY AVE. RATE	0.0115	0.009	0.0076	0.0135	0.0108	0.0148	0.019315	0.0162	0.0221	0.0157	0.0195	0.01
TOTAL	\$0	\$0	\$0	\$0	\$0	\$86,874	\$86,874	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$5,129,963	\$119,405	\$119,405	\$119,405	\$317,165	\$318,084	\$517,580	\$418,562	\$418,562	\$220,802	\$220,802	\$220,802

APRIL CURRENT RATES
1987 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
TOTAL COST	\$411,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$35,000	\$35,000	\$35,000
PRODUCTION DEMAND		8174	8174	8174	8174	8174	8174	9000	12905	12905	12905	12905	1
DEMAND RATE		11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70
TOTAL	\$1,453,287	\$96,290	\$96,290	\$96,290	\$96,290	\$96,290	\$96,290	\$115,444	\$152,021	\$152,021	\$152,021	\$152,021	\$152,021
TRANSMISSION DEMAND		79931	79931	79931	79931	79931	79931	81232	83716	83716	83716	83716	83716
DEMAND RATE		1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
TOTAL	\$1,018,574	\$83,120	\$83,120	\$83,120	\$83,120	\$83,120	\$83,120	\$84,481	\$87,065	\$87,065	\$87,065	\$87,065	\$87,065
DISTRIBUTION DEMAND		76057	76057	76057	76057	76057	76057	78100	80496	80496	80496	80496	80496
DEMAND RATE		0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
TOTAL	\$339,023	\$27,669	\$27,669	\$27,669	\$27,669	\$27,669	\$27,669	\$28,119	\$28,979	\$28,979	\$28,979	\$28,979	\$28,979
PEAKING POWER ENERGY DEMAND		0	0	0	0	0	0	1000000	1000000	1000000	1000000	0	0
PEAKING POWER RATE		0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$900,000	\$0	\$0	\$0	\$0	\$0	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$0	\$0
ENERGY FOR ADDER		0	0	0	0	0	0	3391029	5959427	0	0	0	0
ENERGY ADDER		0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$26,701	\$0	\$0	\$0	\$0	\$0	\$1,533	\$9,150	\$16,090	\$0	\$0	\$0	\$0
ENERGY AVE. RATE		0.0113	0.0089	0.0076	0.0135	0.0108	0.01022	0.011608	0.011162	0.0221	0.0157	0.0195	0.01
TOTAL	\$111,693	\$0	\$0	\$0	\$0	\$0	\$5,002	\$39,372	\$66,519	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$4,349,150	\$241,086	\$241,086	\$241,086	\$241,086	\$241,086	\$416,101	\$500,334	\$582,134	\$499,824	\$303,064	\$303,064	\$303,064

APAL PROPOSED RATES
1987 DETERMINATES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER DEMAND	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.75	1.75
PEAKING POWER RATE	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$35,000	\$35,000	\$35,000
TOTAL COST	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$112,179	\$112,179	\$112,179
PRODUCTION DEMAND	6539	6539	6539	6539	6539	6539	7840	10324	10324	10324	10324	10324
DEMAND RATE	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03
TOTAL	\$104,820	\$104,820	\$104,820	\$104,820	\$104,820	\$104,820	\$125,675	\$165,494	\$165,494	\$165,494	\$165,494	\$165,494
TRANSMISSION DEMAND	79931	79931	79931	79931	79931	79931	81232	83716	83716	83716	83716	83716
DEMAND RATE	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
TOTAL	\$107,100	\$107,100	\$107,100	\$107,100	\$107,100	\$107,100	\$108,051	\$112,179	\$112,179	\$112,179	\$112,179	\$112,179
DISTRIBUTION DEMAND	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000
DEMAND RATE	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
TOTAL	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
PEAKING POWER ENERGY DEMAND	0	0	0	0	0	0	0	0	0	0	0	0
PEAKING POWER RATE	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENERGY FOR ADDER	0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENERGY AVE. RATE	0.0113	0.009	0.0076	0.0135	0.0108	0.0148	0.019429	0.0162	0.0221	0.0157	0.0195	0.02
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573	\$1,908,573

APAL SETTLEMENT RATES
1987 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.75	1.75
TOTAL COST	\$411,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$35,000	\$35,000	\$35,000
PRODUCTION DEMAND		7799	7799	7799	7799	7799	7799	9419	12512	12512	12512	12512	12512
DEMAND RATE		11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31
TOTAL	\$1,343,323	\$88,207	\$88,207	\$88,207	\$88,207	\$88,207	\$88,207	\$106,529	\$141,511	\$141,511	\$141,511	\$141,511	\$141,511
TRANSMISSION DEMAND		79631	79631	79631	79631	79631	79631	83402	83402	83402	83402	83402	83402
DEMAND RATE		0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
TOTAL	\$887,908	\$72,464	\$72,464	\$72,464	\$72,464	\$72,464	\$72,464	\$73,644	\$75,896	\$75,896	\$75,896	\$75,896	\$75,896
DISTRIBUTION DEMAND		76857	76857	76857	76857	76857	76857	78108	80496	80496	80496	80496	80496
DEMAND RATE		0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
TOTAL	\$280,188	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$26,557	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369
PEAKING POWER ENERGY DEMAND		0	0	0	0	0	0	0	0	0	0	0	0
PEAKING POWER RATE		0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412	0.0412
TOTAL	\$988,880	\$0	\$0	\$0	\$0	\$0	\$0	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760	\$197,760
ENERGY FOR ADDER		0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER		0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$26,781	\$0	\$0	\$0	\$0	\$0	\$0	\$9,158	\$16,090	\$16,090	\$16,090	\$16,090	\$16,090
ENERGY AVE. RATE		0.0113	0.009	0.0076	0.0135	0.0108	0.01022	0.011688	0.011162	0.0221	0.0157	0.0195	0.0172
TOTAL	\$111,693	\$0	\$0	\$0	\$0	\$0	\$5,882	\$39,372	\$66,519	\$66,519	\$66,519	\$66,519	\$66,519
TOTAL EXPENSE	\$4,089,693	\$220,802	\$220,802	\$220,802	\$220,802	\$220,802	\$425,896	\$487,819	\$559,145	\$476,535	\$279,775	\$279,775	\$279,775

AP&L CURRENT RATES
1988 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.80	1.80
TOTAL COST	\$423,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$36,000	\$36,000	\$36,000
PRODUCTION DEMAND		12905	12905	12905	12905	12905	12905	12905	12905	12905	12905	12905	12905
DEMAND RATE		11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78	11.78
TOTAL	\$2,079,523	\$152,021	\$152,021	\$152,021	\$152,021	\$152,021	\$152,021	\$152,021	\$203,075	\$203,075	\$203,075	\$203,075	\$203,075
TRANSMISSION DEMAND		83716	83716	83716	83716	83716	83716	83716	83716	83716	83716	83716	83716
DEMAND RATE		1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
TOTAL	\$1,062,004	\$87,065	\$87,065	\$87,065	\$87,065	\$87,065	\$87,065	\$87,065	\$90,670	\$90,670	\$90,670	\$90,670	\$90,670
DISTRIBUTION DEMAND		88496	88496	88496	88496	88496	88496	88496	88496	88496	88496	88496	88496
DEMAND RATE		0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
TOTAL	\$353,744	\$28,979	\$28,979	\$28,979	\$28,979	\$28,979	\$28,979	\$28,979	\$30,179	\$30,179	\$30,179	\$30,179	\$30,179
PEAKING POWER ENERGY		0	0	0	0	0	0	0	0	0	0	0	0
PEAKING POWER RATE		0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436
TOTAL	\$1,010,164	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$203,693	\$203,693	\$203,693	\$203,693	\$203,693
ENERGY FOR ADDER		0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER		0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$37,235	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,754	\$13,754	\$13,754	\$13,754	\$13,754
ENERGY AVE. RATE		0.0113	0.009	0.009	0.0135	0.0108	0.01022	0.011608	0.01162	0.0221	0.0157	0.0195	0.02
TOTAL	\$157,515	\$0	\$0	\$0	\$0	\$0	\$15,396	\$81,475	\$56,868	\$3,785	\$0	\$0	\$0
TOTAL EXPENSE	\$5,152,285	\$303,064	\$303,064	\$303,064	\$303,064	\$586,757	\$526,220	\$607,183	\$633,231	\$566,865	\$359,925	\$359,925	\$359,925

APAL PROPOSED RATES
1988 DETERMINATES

	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PEAKING POWER DEMAND		20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.80	1.80
TOTAL COST	\$423,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$36,000	\$36,000	\$36,000
PRODUCTION DEMAND		10324	10324	10324	10324	10324	10324	10324	10324	13791	13791	13791	13791
DEMAND RATE		16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03	16.03
TOTAL	\$2,263,805	\$165,494	\$165,494	\$165,494	\$165,494	\$165,494	\$165,494	\$165,494	\$165,494	\$221,070	\$221,070	\$221,070	\$221,070
TRANSMISSION DEMAND		83716	83716	83716	83716	83716	83716	83716	83716	87183	87183	87183	87183
DEMAND RATE		1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
TOTAL	\$1,369,382	\$112,179	\$112,179	\$112,179	\$112,179	\$112,179	\$112,179	\$112,179	\$112,179	\$116,825	\$116,825	\$116,825	\$116,825
DISTRIBUTION DEMAND		105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000	105000
DEMAND RATE		0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
TOTAL	\$403,200	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
PEAKING POWER ENERGY DEMAND		0	0	0	0	0	0	0	0	0	0	0	0
PEAKING POWER RATE		0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436
TOTAL	\$1,018,464	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$203,693	\$203,693	\$203,693	\$203,693
ENERGY FOR ADDER		0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER		0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406	0.00406
TOTAL	\$55,990	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENERGY AVE. RATE		0.0113	0.009	0.0076	0.0135	0.0108	0.0148	0.019429	0.0162	0.0221	0.0157	0.0195	0.0172
TOTAL	\$244,973	\$0	\$0	\$0	\$0	\$0	\$22,295	\$136,369	\$82,523	\$3,785	\$0	\$0	\$0
TOTAL EXPENSE	\$5,778,813	\$346,273	\$346,273	\$346,273	\$346,273	\$346,273	\$549,966	\$578,377	\$714,832	\$713,393	\$614,669	\$487,495	\$487,495

AP&L SETTLEMENT RATES
(1988 DETERMINATES)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.75 \$35,000	20000 1.80 \$36,000	20000 1.80 \$36,000
PEAKING POWER DEMAND	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
PEAKING POWER RATE	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.80	1.80
TOTAL COST	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$36,000	\$36,000
PRODUCTION DEMAND	12512	12512	12512	12512	12512	12512	12512	12512	12512	12512	12512	12512
DEMAND RATE	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31	11.31
TOTAL	\$1,942,312	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511	\$1,941,511
TRANSMISSION DEMAND	83401	83401	83401	83401	83401	83401	83401	83401	83401	83401	83401	83401
DEMAND RATE	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
TOTAL	\$926,459	\$75,895	\$75,895	\$75,895	\$75,895	\$75,895	\$75,895	\$75,895	\$75,895	\$75,895	\$79,039	\$79,039
DISTRIBUTION DEMAND	80496	80496	80496	80496	80496	80496	80496	80496	80496	80496	80496	80496
DEMAND RATE	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
TOTAL	\$334,091	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369	\$27,369	\$28,502	\$28,502
PEAKING POWER ENERGY	0	0	0	0	0	0	0	0	0	0	0	0
PEAKING POWER RATE	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.042436	0.043709	0.043709
TOTAL	\$1,018,464	\$0	\$0	\$0	\$203,693	\$203,693	\$203,693	\$203,693	\$203,693	\$203,693	\$0	\$0
ENERGY FOR ADDER	0	0	0	0	0	0	0	0	0	0	0	0
ENERGY ADDER	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
TOTAL	\$57,235	\$0	\$0	\$0	\$0	\$4,067	\$18,951	\$13,754	\$17,285	\$162	\$0	\$0
ENERGY AVE. RATE	0.0113	0.009	0.0076	0.0135	0.0108	0.01022	0.011608	0.011162	0.0221	0.0157	0.0195	0.012
TOTAL	\$157,515	\$0	\$0	\$0	\$0	\$15,396	\$81,475	\$56,868	\$3,785	\$0	\$0	\$0
TOTAL EXPENSE	\$4,839,076	\$279,774	\$279,774	\$279,774	\$483,467	\$582,930	\$583,893	\$607,195	\$540,829	\$333,888	\$333,888	\$333,888

RESOLUTION

WHEREAS, the Formula Rates of Arkansas Power & Light Company (AP&L), chargeable to the City of Conway, Arkansas and other co-owners of the White Bluff and Independence Steam Electric Stations, have recently been the subject of administrative litigation in Federal Energy Regulatory Commission (FERC) Docket No. ER82-705-002 for rates payable during the 1987-88 contract year; and,

WHEREAS, AP&L in November, 1987 filed an Application for Increases in Wholesale Rates to Conway and others in FERC Docket No. ER88-94-000 to commence in the 1988-89 contract year; and,


WHEREAS, all the principal parties to the referenced FERC proceedings, including the FERC staff, have agreed upon a methodology to settle the two (2) open Dockets which will not cause an increase in wholesale electric rates to the City of Conway, Arkansas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONWAY CORPORATION:

THAT, the Settlement Agreement attached to and hereby made a part of this Resolution is hereby approved by the Board of Directors of the Conway Corporation.

PASSED: March 2, 1988

Signed 
Frank E. Robins, III, President

Signed 
Luke Gordy, Secretary-Treasurer